Realex Properties Corp.

ANNUAL INFORMATION FORM

FOR THE YEAR ENDED SEPTEMBER 30, 2008

Dated: December 4, 2008

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GLOSSARY OF TERMS

The following is a glossary of certain terms used in this Annual Information Form and, unless otherwise indicated, in the Appendices.

"**ABCA**" means the *Business Corporations Act* (Alberta);

"**affiliate**" or "**associate**" when used to indicate a relationship with a person or company has the meaning as set forth in the *Securities Act* (Alberta);

"**AIF**" means this annual information form;

"**Amalgamation**" means the amalgamation of Recap and HyperSub;

"**Asset Manager**" means Realex Asset Management Inc., a corporation incorporated under the ABCA;

"**Board**" means the board of directors of Realex;

"**Common Shares**" means the voting common shares in the capital of Realex as constituted on the date hereof;

"**Circular**" means the joint management information circular of Recap and Hyper dated August 23, 2006;

"**GAAP**" means Canadian generally accepted accounting principles;

"**Gross Book Value**" means, at any time, the consolidated book value of the assets of the Corporation, as shown on its then most recent consolidated balance sheet, plus the amount of accumulated amortization for buildings, tenant improvements, equipment, in place lease values, below and above market leases, and tenant relationship values shown thereon;

"**Hyper**" means Hyper Energy Inc., a predecessor name of the Corporation;

"**HyperSub**" means 1250775 Alberta Ltd., a corporation incorporated under the ABCA which amalgamated with Recap pursuant to the Amalgamation on September 29, 2006 to form Realex Properties Subsidiary Corp., a wholly-owned subsidiary of the Corporation;

"**Initial Portfolio**" means the commercial real estate properties acquired by the Corporation on October 3, 2006, comprised of the Barclay Centre, West Chambers, Parkland County, Grande Prairie, Fort St. John, Brooks and East Village Site properties more particularly described in this AIF under the heading "Summary of Realex Properties";

"**Manager**" means Realex Property Management Inc., a corporation incorporated under the ABCA;

"**Managing Corporations**" means Rosebridge Capital Corp. Inc., Quantico Capital Corp. and Law Investments Ltd., the corporations that control the Manager;

"**Network**" means Network Capital Inc.;

"**Non-Voting Shares**" means the non-voting common shares in the capital of Realex as constituted on the date hereof;

"**Optionors**" means Westhills Development Corp., Quantico Capital Corp., Law Investments Ltd., Tokay Resources Ltd., Brodco Investments Inc., Silvester Real Estate Services Inc., DL Investments Corp., 722193 Alberta Ltd. and 726176 Alberta Ltd., as vendors of one or more of the Initial Portfolio;

"**Person**" means any individual, partnership, association, body corporate, trustee, executor, administrator, legal representative, government, regulatory authority or other entity;

"**Preferred Shares**" means the Preferred Shares in the capital of Realex as constituted on the date hereof;

"**Preferred Shares Series A**" means a series of Preferred Shares in the capital of Realex designated as Preferred Shares Series A as constituted on the date hereof;

"**Real Property**" means property which in law is real property and includes, whether or not the same would in law be real property, leaseholds, mortgages, undivided joint interests in real property (whether by way of tenancy-in-common, joint tenancy, co-ownership, joint venture or otherwise), any interests in any of the foregoing and securities of corporations, trusts, limited partnerships or other legal entities whose sole or principal purpose and activity is to invest in, hold and deal in real property;

"**Realex**" or the "**Corporation**" means Realex Properties Corp., a corporation continued under the ABCA and, where the context requires, includes its subsidiaries;

"**Realex Principals**" means Joseph Killi, Harold Milavsky and Marc Sardachuk;

"**Realex Properties**" means the properties more particularly described in this AIF under the heading "Summary of Realex Properties";

"**Realex Team**" means the management team currently managing the Realex Properties as described under the heading "Officers";

"**Recap**" means Recap Energy Inc., a corporation continued under the ABCA which amalgamated with Hypersub pursuant to the Amalgamation on September 29, 2006 to form Realex Properties Subsidiary Corp., a wholly-owned subsidiary of the Corporation;

"s**ubsidiary**" has the meaning set forth in the *Securities Act* (Alberta);

"**Tax Act**" means the *Income Tax Act* (Canada), as amended from time to time, including the regulations promulgated thereunder;

"**TSX**" means the Toronto Stock Exchange;

"**TSXV**" means the TSX Venture Exchange;

Words importing the singular number only include the plural and vice versa and words importing any gender includes all genders.

All dollar amounts set forth in this AIF are in Canadian dollars, except where otherwise indicated.

NOTES REGARDING THIS AIF

Date of Information

Unless otherwise specified, information in this AIF is presented as at September 30, 2008, being the last day of the most recently completed fiscal year of Realex.

Forward Looking Information

This AIF contains or incorporates by reference information that constitutes ‘‘forward-looking information’’ or ‘‘forward-looking statements’’ (collectively ‘‘forward-looking information’’) within the meaning of applicable securities legislation. Forward-looking information is included throughout this AIF, including among other places, under the headings ‘‘General Development of the Business’’, ‘‘Description of the Corporation’’, ‘‘Directors and Officers”, ‘‘Legal Proceedings and Regulators Actions’’ and ‘‘Interest of Management and Others In Material Transactions’’. This forward-looking information includes, among others, statements regarding:

- business strategy and plans;
- business development plans and estimated timing;
- acquisitions and dispositions;
- new projects, including the timing;
- anticipated construction of facilities;
- estimated environmental compliance costs;
- the merits or anticipated outcome or timing of pending litigation; and
- other expectations, beliefs, plans, goals, objectives, assumptions, information and statements about possible future events, conditions, results of operations or performance.

Often, but not always, forward-looking information uses words or phrases such as: ‘‘expects’’, ‘‘does not expect’’ or ‘‘is expected’’, ‘‘anticipates’’ or ‘‘does not anticipate’’, ‘‘plans’’ or ‘‘planned’’, ‘‘estimates’’ or ‘‘estimated’’, ‘‘projects’’ or ‘‘projected’’, ‘‘forecasts’’ or ‘‘forecasted’’, ‘‘believes’’, ‘‘intends’’, ‘‘likely’’, ‘‘possible’’, ‘‘probable’’, ‘‘scheduled’’, ‘‘positioned’’, ‘‘goal’’, ‘‘objective’’ or states that certain actions, events or results ‘‘may’’, ‘‘could’’, ‘‘would’’, ‘‘might’’ or ‘‘will’’ be taken, occur or be achieved.

By their nature, forward-looking statements involve numerous assumptions, inherent risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and various future events will not occur. Although management of Realex believes that the expectations reflected in the forward-looking statements are reasonable, there can be no assurance that future results, levels of activity, performance or achievements will occur as anticipated. Information regarding rental revenues, plans for development, and potential acquisitions assumes that the prevalent economic conditions will not materially affect the business.

Undue reliance should not be placed on forward-looking information. Forward-looking information is based on current expectations, estimates and projections that involve a number of risks which could cause actual results to vary and, in some instances to differ materially from those anticipated by Realex and described in the forward-looking information contained in this AIF. The material risk factors include, but are not limited to:

- the risks of the competition within Realex’s business;
- the risk of international, national and regional economic conditions,
- the uncertainty of estimates and projections relating to the real estate industry;
- potential delays or changes in plans with respect to development projects or capital expenditures;
- fluctuations in interest rates;
- the outcome and effects of any future acquisitions and dispositions;
- the ability of Realex to integrate any assets it may acquire or the performance of those assets;
- health, safety and environmental risks;
- uncertainties as to the availability and cost of financing and changes in capital markets;

- uncertainties related to the litigation process, such as possible discovery of new evidence or acceptance of novel legal theories;
- changes in general economic and business conditions;
- the possibility that government policies or laws may change or governmental approvals may be delayed or withheld;
- Realex's ability to implement its business strategy.

The foregoing list of risk factors is not exhaustive. Additional information on these and other factors that could affect Realex's operations or financial results are included under the heading ''Risk Factors'' and elsewhere in this AIF. In addition, information is available in Realex's other reports on file with Canadian securities regulatory authorities. Forward-looking information is based on the estimates and opinions of Realex's management at the time the information is presented. Realex assumes no obligation to update forward-looking information should circumstances or management's estimates or opinions change, except as required by law.

Note Regarding Financial Information

Financial data included in this AIF has been prepared in accordance with GAAP. This AIF should be read in conjunction with Realex's management's discussion and analysis and audited consolidated financial statements and appended notes ("Consolidated Financial Statements") for the year ended September 30, 2008.

CORPORATE STRUCTURE

Incorporation

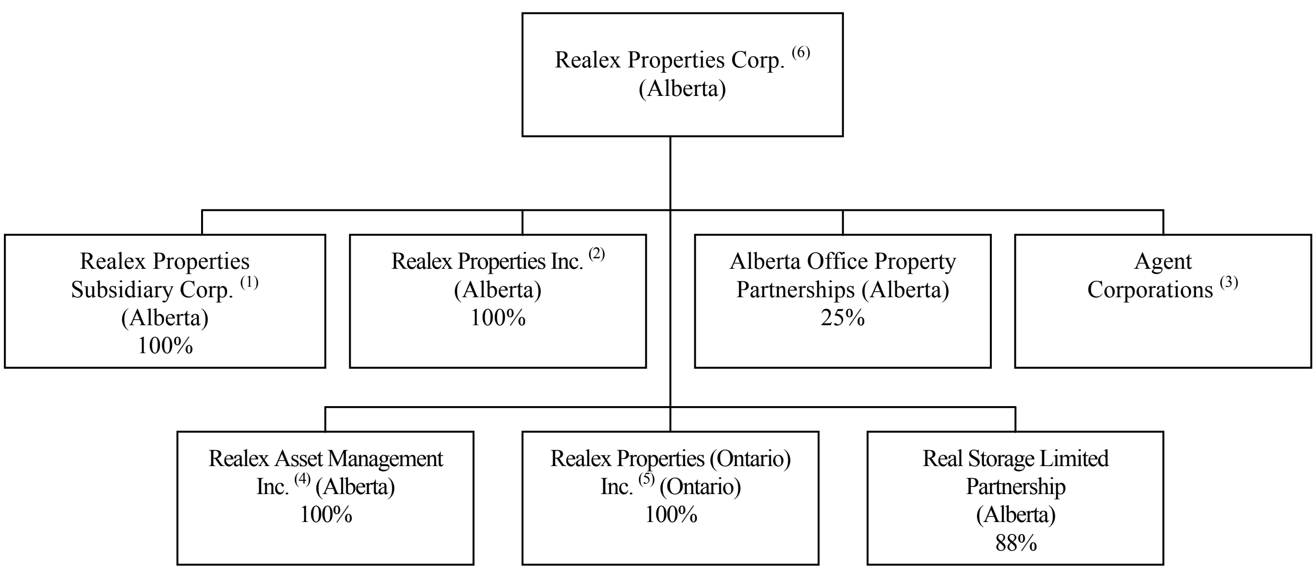
Realex was incorporated under the *Canada Business Corporations Act* as "Hyperchip Inc." on September 23, 1997. The Corporation was continued under the *Business Corporations Act* (New Brunswick) on October 20, 1999 and changed its name to 510453 N.B. Inc. on October 1, 2004. On February 18, 2005, the Corporation was continued under the ABCA and amended its articles to include Non-Voting Shares and to change its name to "Hyper Energy Inc."

On September 29, 2006, the Corporation amended its articles to delete restrictions on transferability of shares and number of shareholders, to amend the rights, privileges, restrictions and conditions attaching to its Common Shares and Non-Voting Shares, to add the Preferred Shares to its capital structure and to change its name to Realex Properties Corp. On the same day, Realex also amended its articles to effect a one for ten consolidation of its Common Shares and Non-Voting Shares.

The head office of Realex is located at 1200, 606 – 4th Street SW, Calgary, Alberta T2P 1T1 and the registered office of Realex is located at 3700, 400 – 3rd Avenue SW, Calgary, Alberta, T2P 4H2.

Intercorporate Relationships

The following chart sets out the intercorporate relationships between the Corporation and its principal subsidiaries as at September 30, 2008. Such subsidiaries are wholly-owned by the Corporation, except agent corporations which are owned in proportion to the Corporation's interest in the specific properties, Alberta Office Property Partnership in which the Corporation has a 25% interest and Real Storage Limited Partnership in which the Corporation has an 88% variable interest, subject to change. The beneficial ownership interests in the Realex Properties are held by the Corporation.



Notes:

(1) Formed by the amalgamation of Recap and HyperSub on September 29, 2006.
(2) A company incorporated for the purpose of protecting the Realex name and, in certain cases, acting as an agency company.
(3) Single purpose corporations utilized to hold legal title to the Realex Properties.
(4) Provides property and asset management services.
(5) Provides property management services.
(6) Holds the beneficial interest in the bulk of the real property.

GENERAL DEVELOPMENT OF THE BUSINESS

The Corporation was originally incorporated and organized to pursue the development of an internet protocol routing system, designed to meet the requirements of internet traffic routing. The Corporation committed significant resources to the development of the system but ultimately undertook a proposal under the *Bankruptcy and Insolvency Act* (Canada) approved by the Quebec Superior Court on January 20, 2005. As a consequence, the technology, including proprietary rights, was transferred to a new corporation and Realex retained limited cash balances and certain tax attributes arising from its expenditures in the development of the since-transferred technologies.

It was determined to change the Corporation's strategic focus to the acquisition, development and management of real estate properties in western Canada.

On September 29, 2006, Realex and its wholly-owned subsidiary, HyperSub, completed the following series of transactions which resulted in the recapitalization of Realex and Realex's listing on the TSXV:

(i) Realex completed a private placement of 113,320,000 subscription receipts at a price of $0.2868 per subscription receipt for aggregate gross proceeds of approximately $32,500,000, each subscription receipt being convertible into one pre-consolidation Common Share and one pre-consolidation Non-Voting Share of Realex in the event the Amalgamation were to be completed;

(ii) Realex consolidated its Common Shares and Non-Voting Shares on a one for ten basis;

(iii) HyperSub and Recap completed the Amalgamation, pursuant to which the holders of common shares of Recap received 1.38075 Common Shares and 1.38075 Non-Voting Shares for each Recap common share held;

(iv) in connection with the Amalgamation, 113,320,000 subscription receipts were converted into 11,332,000 Common Shares and 11,332,000 Non-Voting Shares; and

(v) Realex completed a private placement of 2,250,000 additional Common Shares and 1,934,100 additional Non-Voting Shares at a price of $1.195 per share for aggregate proceeds of $5 million to certain insiders and entities controlled by insiders of the Corporation. See "Interest of Management and Others in Material Transactions".

Concurrently with the closing of these transactions, Mr. Joseph Killi was appointed to the Board, the prior management team of the Corporation resigned and the current management team assumed control of Realex.

On October 3, 2006, Realex exercised certain rights to acquire the Initial Portfolio from the Optionors for aggregate consideration of $190,537,000. This consideration consisted of approximately $6,443,000 in cash, the assumption of approximately $43,957,000 of net indebtedness associated with the Initial Portfolio and other closing adjustments, and the issuance of 7,029,889 Common Shares (at a deemed per share value of $1.195), 68,756,236 Non-Voting Shares (at a deemed per share value of $1.195) and 49,454 Preferred Shares Series A (at a deemed per share value of $1,000). Realex also acquired limited recourse promissory notes from the Optionors having an aggregate principal equal to the aggregate redemption value of the Preferred Shares Series A, being $49,454,000. The promissory notes are repayable on December 31, 2013, bear interest at 6.1% per annum and recourse thereunder is limited to the Preferred Shares Series A. Realex is able to set off any amount due pursuant to the promissory notes against any amount payable on the redemption of or distributions on the Preferred Shares Series A.

Immediately following the acquisition of the Initial Portfolio, six new members were elected to the Board pursuant to, and in accordance with, a shareholder resolution passed at a meeting of the shareholders of Hyper held on September 20, 2006.

On February 28, 2007, Realex acquired a 100% interest in the Southwood property, a 75,172 square foot industrial warehouse located in Edmonton, Alberta for an aggregate acquisition cost of $7,533,000 in cash. Additionally, Realex acquired a 15% interest in the Centre 70 property, a 132,329 square foot suburban office building and related parking facility located in Calgary, Alberta for an aggregate acquisition cost of $4,757,000. The purchase price was satisfied with the proceeds of a new mortgage totalling $2,813,000 and by the payment of the balance from cash on hand.

On June 1, 2007, Realex acquired a 25% interest in a 422,147 square foot Alberta office property portfolio ("Alberta Office Property Partnership Portfolio") located in Edmonton and Calgary, Alberta for an aggregate acquisition cost of $23,048,000. The purchase price was funded with the proceeds of a new mortgage totalling $14,394,000 and by the payment of the balance from cash on hand.

On October 15, 2007, Realex acquired a 50% interest in a 133,509 square foot office building ("BMO Building") located in Edmonton, Alberta for an aggregate acquisition cost of approximately $23,513,000. The purchase price was satisfied from cash on hand (including advances under the operating line).

On October 31, 2007, Realex acquired a 50% interest in a 96,804 square foot office building located in Edmonton, Alberta and a 50% interest in a 26,381 square foot industrial building located in Sherwood Park, Alberta (collectively "TAG Portfolio") for an aggregate acquisition cost of approximately $11,851,000. The purchase price was satisfied with the assumption of an existing mortgage of approximately $2,891,000 and from cash on hand (including advances under the operating line).

On January 31, 2008, the Corporation entered into a new partnership, Real Storage, the principle business of which is the ownership, operation and development of self-storage facilities in Canada. Concurrent with its formation, the partnership acquired three self storage facilities consisting of a 63,200 square foot recently completed facility located in Windermere, BC, and two facilities totalling over 129,000 square feet under development in Sherwood Park and Fort Saskatchewan, Alberta. The purchase price to the partnership was approximately $13,746,000, including acquisition costs. The Corporation satisfied its share of the acquisition cost from cash on hand (including advances from the Corporation's credit facilities). Real Storage is consolidated in the accounts of the Corporation as it is a variable interest entity (see Note 11 of the Consolidated Financial Statements).

On August 14, 2008, Real Storage acquired a 63,000 square foot recently completed facility located in Black Diamond, Alberta. The purchase price was approximately $4,172,000, including acquisition costs. Real Storage satisfied the purchase price with an advance under its development line of credit of $2,113,000, and by the payment of the balance from cash provided by Realex.

On September 11, 2008, Real Storage acquired a development site in Abbotsford, BC. The purchase price to Real Storage was approximately $3,671,000, including acquisition costs. The purchase price was satisfied with a vendor take back mortgage of $1,800,000, and by the payment of the balance from cash provided by Realex.

On September 11, 2008, Real Storage acquired a redevelopment site in Toronto, Ontario. The purchase price to Real Storage was approximately $3,482,000, including acquisition costs. The purchase price was satisfied with cash provided by Realex.

On September 15, 2008, the Corporation acquired a 10,700 square foot expansion and other site improvements completed by the tenant at the Grande Prairie industrial property for a cost of approximately $2,267,000. The purchase price was satisfied with cash on hand.

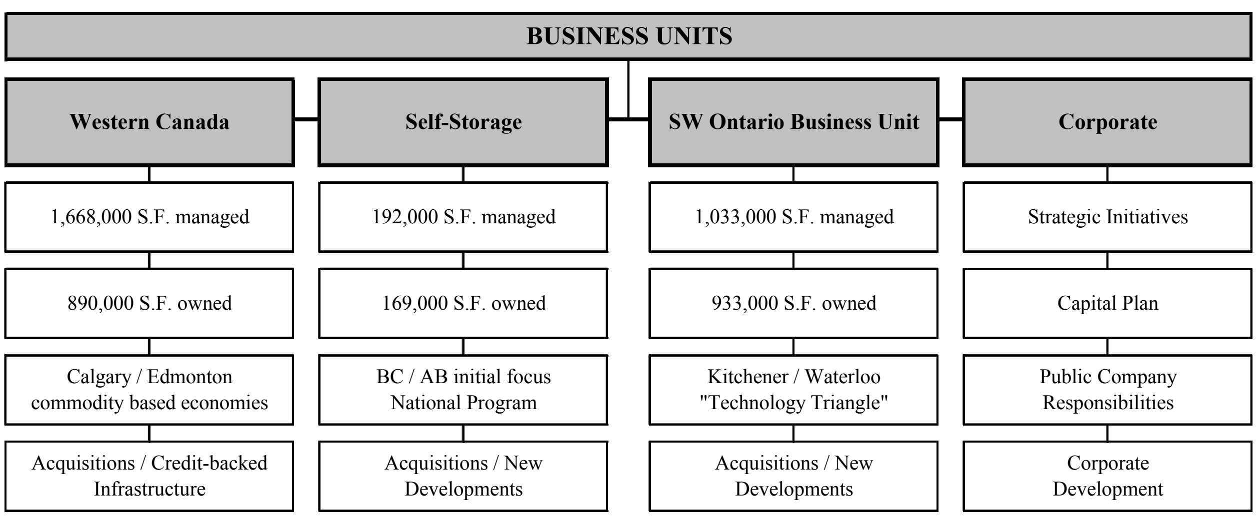
On September 30, 2008, the Corporation completed the acquisition of 100% interests in a portfolio of six office buildings located in Kitchener and Waterloo, Ontario comprising approximately 933,000 square feet of rentable area, 2000 parking stalls and 470,000 square feet of development entitlements and also a property management company, which currently manages the properties acquired and also has third party management contracts in place for 100,000 square feet of additional commercial space (collectively, these transactions constitute the "Acquisition"). Costs attributable to the properties were $140,179,000 after taking into account adjustments for costs of acquisition, the difference between principal amount and fair value of assumed mortgages, provisions for future income tax liabilities and the difference between the contractual price of the share consideration and the share price recorded for accounting purposes. Net assets acquired was $63,124,000, after assumption of existing mortgages on five income properties totaling $65,964,000, vendor take back mortgages of $10,500,000, the difference between principal amount and fair value of assumed mortgages of $2,818,000, the provision for future income tax liabilities of $3,946,000 and other adjustments totaling $537,000. The consideration paid for the net assets acquired consisted of cash of $45,346,000 and the issuance of 7,444,071 common shares and 8,014,575 non voting shares at a deemed fair value of $1.15 per share. Principals of certain of the vendors became a director and officer, respectively, of the Corporation after closing.

The cash component of the Acquisition was funded from the proceeds of an acquisition loan of $25,000,000 and the issuance of 11,906,435 Common Shares and 11,906,435 Non-Voting Shares for gross proceeds of $27,385,000.

DESCRIPTION OF THE BUSINESS

Summary

Realex owns, acquires, develops and manages real estate properties in its core markets of Calgary and Edmonton as well as other select markets in Alberta and western Canada and in the Ontario region of Kitchener Waterloo. The operations are underpinned by a quality property portfolio with good internal growth potential, well-positioned land holdings and a professional and experienced management teams with expertise in all sectors of the real estate industry. The management teams are organized into three business units, each with the capability of establishing and executing strategies, including acquiring, operating and developing properties consistent with Realex's acquisition criteria. The corporate management team is responsible for setting overall corporate strategies, corporate development, financing, public company compliance and oversight of the operations of the business units. Realex's management organization is illustrated in the chart below.



Realex focuses on acquiring and developing properties that have strong cash flows, superior growth opportunities and good locations in an effort to maximize overall return on investment. Realex's guiding principle is to focus on value creation and retention through sound, ethical business, financial and property management practices.

Objectives

Management believes the diverse skills and experience of the Realex Team and alliances with strategic partners afford Realex the opportunity to pursue a broad range of real estate investment growth opportunities including:

(1) Acquisition of income producing properties directly or through partnerships or other arrangements that offer Realex enhanced yields from management and performance based revenue sharing;

(2) Acquiring privately held real estate portfolios using structures that address the management, succession and estate planning needs of the owners;

(3) Developing or redeveloping properties identified as being underutilized and having good upside potential;

(4) Entering into public-private partnerships; and

(5) Internal growth.

Acquisition of Income Producing Properties

The Realex Team's acquisition strategy is to seek high quality assets that are well located and offer the potential for uplift in value through releasing, redevelopment or expansion. Currently, the primary geographic focus of the investment strategy is Alberta and western Canada and the Kitchener/Waterloo area of Ontario. There are no restrictions on the types of properties that Realex will consider acquiring and Realex is not subject to any diversification or geographical requirements.

Realex may finance the acquisition of additional properties through the payment of cash raised pursuant to additional offerings of debt or equity securities, mortgage financing, and the assumption of debt and/or the issuance of securities to the vendor of such properties.

The Realex Team recognizes that the competitive nature of today's marketplace calls for an innovative and highly skilled management team to identify suitable investment returns. In situations where going-in returns are below the Realex Team's targeted thresholds, the Realex Team intends to form alliances with institutions in Canada, or the United States in pursuing acquisition opportunities, thereby leveraging its returns through management and leasing. A strong network of strategic partners has been established to potentially provide funding for a variety of opportunities. Examples of past and current alliances include:

Project	**Strategic Partner(s)**
Calgary Courthouse Centre Proposal, Calgary (bid)	Cohos Evamy Partners, ABN AMRO, PCL Construction, Johnson Controls Inc.
Nexen Tower, Calgary	Ontario Public Service Employees Union (OPSEU) Pension Trust
Alberta Office Property Partnership Portfolio	GE Real Estate
BMO Building and TAG Portfolio	U.S. based fund manager

Acquisition of Private Real Estate Holdings

The Realex Team believes there is a unique opportunity to acquire property portfolios owned by private holders in order to implement estate and succession plans and facilitate intergenerational transfers of assets in an efficient manner. Real estate tends to be illiquid, and dividing interests among heirs and successors can be problematic in cases where successors have divergent financial objectives and skills. The Realex Team proposes to offer solutions to both of these concerns. Private holders of real estate will have the opportunity to move their assets into a vehicle that offers professional management, cost savings through economies of scale, and portfolio diversification. The September 30, 2008 acquisition of the Kitchener Waterloo property portfolio, together with the property management company, is a prime example of this type of initiative. The Realex Team has in place a process of identifying, contacting and determining interest from such private property owners. Realex intends to continue to advance this initiative. The Realex Team also believes that many of the portfolios held privately offer considerable uplift potential as the assets are typically under-managed and not maximized to their full potential.

Acquisition and Development of Undeveloped or Under-utilised Land

The Realex Properties have several unique development opportunities within the existing portfolio, including the self storage sites, East Village Site and the expansion lands. See "Description of Realex Properties." Longer term, Barclay Centre has a density entitlement of 1.4 million square feet which provides a redevelopment opportunity in the centre of downtown Calgary. The Realex Team seeks to maximize the potential of those developments while, at the same time, minimizing risk through pre-leasing and pre-financing. Other opportunities will be pursued where the potential for value creation exists.

Public-Private Partnerships

Public-private partnerships, is an area in which the Realex Team has considerable experience and has developed a base of contacts with potential partners. Public-private partnerships consist of non-government entities building, operating and financing properties and other infrastructure projects for government clients. In the case of public-private partnerships, the Realex Team has previously established consortiums to pursue such undertakings on an economically attractive basis. Examples include:

Calgary Courthouse Centre	The Realex Team led a consortium to bid on the $500 million project. The consortium consisted of Cohos Evamy Partners, ABN AMRO, PCL Construction and Johnston Controls Inc. Out of more than 25 proponents, the Realex Team was short-listed as one of the three final proponents. The public-private partnership model for the project was eventually abandoned by the Government of Alberta.
Calgary School Board	The Realex Team has been pre-qualified to work with the Calgary School Board on infrastructure initiatives.
Calgary Health Region	The Realex Team has been pre-qualified to work with the Calgary Health Region on infrastructure initiatives.
National Portrait Gallery	A joint bid with the Plenary Group was submitted May 2008. The federal government subsequently cancelled the project.

Internal Growth

The Realex Team intends to generate internal growth and create additional value by:

- Efficiently managing (or cause to be managed) Realex's portfolio of properties to improve operating margins, control expenses and, wherever possible, provide in its leases the ability to pass-through utility charges, property taxes and other operating costs;
- Maintaining and enhancing occupancy levels and minimizing turnover through programs aimed at increasing tenant satisfaction and retention;
- Increasing lease rates and all other sources of revenue in a manner that is competitive and consistent with the quality, location and services being offered;
- Promoting income growth and property value appreciation by expanding and renovating its properties; and
- Where economically viable, demolishing and redeveloping properties to enhance development densities, income streams and long-term value appreciation.

Asset Considerations

In considering whether a property meets the criteria for acquisition or development by Realex the following factors will be considered:

- The cash flow potential, after providing for all necessary capital, leasing, development and financing costs, etc.;
- The quality of the design and construction, current physical condition, environmental concerns, occupancy levels and tenant quality;
- The location and proximity to services and amenities valued by the existing or potential tenant(s);
- The state of infrastructure and services to the property;
- Terms and structure of existing leases, and of any constraints on managing the property;
- Opportunities to enhance value through professional property management and renovation/repositioning of the property;
- Below-market lease rates as compared to the other competing properties in the relevant market; and
- Higher than normal expenses due to inefficient operations or lack of capital.

Summary of Realex Properties

The following table sets forth information pertaining to the Realex Properties as at September 30, 2008.

Summary of Property Portfolio

Property	Location	Percent Owned	Total Area[1]	Owned Interest[1]	Parking Stalls[2]	Site Area (Acres)[2]	Percent Leased	Property Type
Income Properties								
Barclay Centre								
444 Seventh	Calgary, AB	100%	251,804	251,804	48	0.83	100%	Office
606 Fourth	Calgary, AB	100%	133,837	133,837	-	0.30	100%	Office
Barclay Parkade	Calgary, AB	100%	N/A	N/A	178	0.30	N/A	Parkade
Riverbend Atrium	Calgary, AB	25%	88,669	22,167	242	3.00	93%	Office
Centre 70	Calgary, AB	15%	132,329	19,850	300	1.95	100%	Office
Stockman Centre	Calgary, AB	25%	62,433	15,608	159	1.76	96%	Office
West Chambers	Edmonton, AB	100%	92,236	92,236	242	0.66	95%	Office
Bank of Montreal	Edmonton, AB	50%	133,509	66,755	-	0.71	100%	Office
GE St. Albert	Edmonton, AB	50%	96,804	48,402	425	6.00	100%	Office
Plaza 124	Edmonton, AB	25%	152,841	38,210	272	1.00	94%	Office
Capital Centre	Edmonton, AB	25%	64,756	16,189	290	0.90	99%	Office
Morgex Building	Edmonton, AB	25%	53,000	13,250	239	4.75	100%	Office
Market Square	Kitchener, ON	100%	237,593	237,593	915	3.95	90%	Office/Retail
Galleria	Kitchener, ON	100%	236,251	236,251	347	1.79	89%	Office
50 Queen	Kitchener, ON	100%	169,616	169,616	218	0.88	94%	Office
235 King	Kitchener, ON	100%	100,798	100,798	80	0.57	99%	Office
22 Fredrick	Kitchener, ON	100%	95,780	95,780	36	0.72	80%	Office
70 King	Kitchener, ON	100%	7,841	7,841	5	0.88	0%	Retail/Parking
32 King	Kitchener, ON	100%	N/A	N/A	58	0.88[5]	N/A	Parking
20 Spetz	Kitchener, ON	100%	N/A	N/A	56	0.57[5]	N/A	Parking
Accelerator	Waterloo, ON	100%	92,808	92,808	388	5.46[7]	100%	Office
Southwood	Edmonton, AB	100%	75,172	75,172	58	4.50	100%	Industrial
Parkland	Parkland County, AB	100%	34,904	34,904	13	9.04	100%	Industrial
Grande Prairie	Grande Prairie, AB	100%	27,058	27,058	10	13.20	100%	Industrial
Fort St. John	Fort St. John, BC	100%	17,405	17,405	10	29.65	100%	Industrial
Brooks	Brooks, AB	100%	14,305	14,305	10	5.22	100%	Industrial
GE Turbine	Sherwood Park, AB	50%	26,381	13,191	30	1.53	100%	Industrial
Total Income Properties			2,398,130	1,841,030	4,629	101.00	95%[3]	

Property	Location	Percent Owned	Total Area(1)	Owned Interest(1)	Rental Units(2)	Site Area (Acres)(2)	Percent Leased	Property Type
Property Under Development								
Windermere	Windermere, BC	88%(6)	63,200	55,616(6)	391	5.75	40%	Self Storage
Black Diamond	Black Diamond, AB	88%(6)	65,000	57,200(6)	399	5.50	N/A	Self Storage
Fort Sask.	Fort Sask., AB	88%(6)	62,000	54,560(6)	386	3.51	N/A	Self Storage
Sherwood Park	Sherwood Park, AB	88%(6)	67,000	58,960(6)	505	3.93	N/A	Self Storage
Toronto	Toronto, ON	88%(6)	N/A	N/A	N/A	1.08	N/A	Self Storage
Abbotsford	Abbotsford, BC	88%(6)	N/A	N/A	N/A	2.29	N/A	Self Storage
			257,200	226,336	1,681	22.06		
Land Available for Development								
East Village Site	Calgary, AB	33%	248,000(4)	82,667	N/A	0.88(5)		Residential
Fort St. John	Fort St. John, BC	100%	N/A	N/A	N/A	16.50(5)		Industrial
Windermere	Windermere, BC	88%(6)	N/A	N/A	N/A	2.47(5)		Self Storage
			248,000	82,667	N/A	19.85		

Notes:

(1) Total Area represents rentable square feet with Owned Interest being Realex's net ownership interest.
(2) Represents totals for the entire property.
(3) Weighted average.
(4) Reflects anticipated gross rentable area that can be built on site under current development controls, which anticipates up to 248 condominium units.
(5) Acreage expected to be available for expansion of existing buildings or new development.
(6) Variable Interest Entity - See Note 10 of the Consolidated Financial Statements.
(7) Under 99 year land lease

Description of Realex Properties

Barclay Centre, Calgary (385,641 square feet)

Realex owns a 100% interest in this property. The Barclay Centre complex covers an entire city block adjacent to Calgary's Light Rail Transit system and consists of three separate buildings – the 251,804 square foot 444 Seventh building, with 48 parking stalls, the 133,837 square foot 606 Fourth building and the 178 stall Barclay Parkade. The 444 Seventh building was completely redeveloped in 1998, with the existing building being stripped down to its concrete structure including the removal of the outdated, exterior curtain wall, demolition of all interiors and an asbestos abatement program. The redevelopment also entailed building a new Plus 15 connection, new exterior façade, new mechanical, electrical, life safety and elevator control systems and construction of a recessed curtain-wall "lantern" to give the building a modern, front elevation. The entire transformation of the 444 Seventh building from its vacant state into a modern, high quality office complex was accomplished in twelve months. In 1999 and 2000, respectively, this building was recognized by BOMA (Building Owners and Managers Association) with awards for "Building of the Year" and "Building of the Century (Modernized)".

The 606 Fourth building and Barclay Centre Parkade were also extensively renovated and modernized in 1998. The parkade was cored and structurally repaired to extend its useful life well into the future while the interior of the 606 Fourth building was fully renovated including the addition of a two story atrium and a Plus 15 connection to the neighbouring tower. Both the 606 Fourth building and the 444 Seventh building were completed on time and on budget and fully leased within the twelve-month redevelopment period.

Barclay Centre is considered to be well located within Calgary's downtown core and retains a special zoning designation that allows for development of a new complex of up to 1.4 million square feet of office space. This would require demolition of the existing structures. The property is 100% leased.

Riverbend Atrium, Calgary (88,669 square feet)

Realex holds a 25% interest in this property which is located in southeast Calgary and has excellent access to major arteries including Glenmore Trail. Originally constructed in 1981, the building was renovated in 2001. Riverbend Atrium is an 88,669 square foot office building located on 3 acres and includes 242 parking stalls. The building is 93% leased.

Centre 70, Calgary (132,329 square feet)

Realex holds a 15% interest in this property which is located on the popular Macleod Trail corridor in Calgary, south of Glenmore Trail. Centre 70 is a 132,329 square foot office building with a retail component situated on 1.95 acres and includes 300 parking stalls. The building is 100% leased.

Stockman Centre, Calgary (62,433 square feet)

Realex holds a 25% interest in this property which is located in northeast Calgary. Stockman Centre is a 62,433 square foot office building located on 1.76 acres and includes 159 parking stalls. The building is 96% leased.

West Chambers, Edmonton (92,236 square feet)

Realex holds a 100% interest in this property. The West Chambers Building in Edmonton is a 92,236 square foot suburban office tower located on 0.66 acres and includes 242 parking stalls. The building is 95% leased at this time with an ongoing marketing program in place.

Bank of Montreal, Edmonton (133,509 square feet)

Realex holds a 50% interest in this property which is located in downtown Edmonton. The building was built in 1985. Bank of Montreal is a 133,509 square foot office building on 0.71 acres. The building is 100% leased.

GE St. Albert, Edmonton (96,804 square feet)

Realex holds a 50% interest in this property which is located northwest Edmonton. The building was built in the mid 1980's and extensively renovated in 2005. GE St. Albert is a 96,804 square foot office building on 6 acres and includes 425 parking stalls. The building is 100% leased.

Plaza 124, Edmonton (152,841 square feet)

Realex holds a 25% interest in this property, which is located on a highly visible corner in the 124th Street commercial corridor of west Edmonton. Plaza 124 is a 152,841 square foot seven story office building located on 1 acre and includes 272 parking stalls. The building is 94% leased.

Capital Centre, Edmonton (64,756 square feet)

Realex holds a 25% interest in this property which is located on the western edge of Edmonton's downtown core in a desirable mixed use neighbourhood. Capital Centre is a 64,756 square foot office building with a retail component located on 0.9 acres and includes 290 parking stalls. The building is 99% leased.

Morgex Building, Edmonton (53,000 square feet)

Realex holds a 25% interest in this property which is located northwest Edmonton. The building was custom built by Hewlett Packard in 1985 and extensively renovated in 1995. The Morgex Building is a 53,000 square foot office building on 4.75 acres and includes 239 parking stalls. The building is 100% leased.

Market Square, Kitchener (237,593 square feet)

Realex holds a 100% interest in this property which covers an entire city block and is located in the central area of downtown Kitchener. The building was constructed in 1974 with significant re-development and building additions in 1975 and 1986. Market Square is comprised of office/retail totalling 237,593 square feet with a 915 stall parkade. The building is situated on 3.95 acres and is 90% leased.

Galleria, Kitchener (236,251 square feet)

Realex holds a 100% interest in this property which is located in the central area of downtown Kitchener. The building was constructed in 1981 and renovated between 2001 and 2005 The Galleria is comprised of two adjoining office towers (8 and 11 stories) totalling 236,251 square feet, connected underground by three levels of parking (320 stalls) plus 27 surface stalls. The building is situated on 1.79 acres and is 89% leased at this time with an ongoing marketing program in place.

50 Queen, Kitchener (169,616 square feet)

Realex holds a 100% interest in this property which is located in the central area of downtown Kitchener. The building was constructed in 1978 and extensively renovated between 2000 and 2004 Commerce House is a 169,616 square foot, eleven-storey office building located on 0.88 acres and includes 218 underground parking stalls. The building is 94% leased.

235 King, Kitchener (100,798 square feet)

Realex holds a 100% interest in this property which is located in the central area of downtown Kitchener. The building was constructed in 1977. 235 King is a 100,798 square foot, six-storey office building located on 0.57 acres and includes 80 underground and surface parking stalls. The building is 99% leased.

22 Frederick Street, Kitchener (95,780 square feet)

Realex holds a 100% interest in this property which is located in the central area of downtown Kitchener. The building was constructed in 1973 and renovated between 1985 and 1999. 22 Frederick is a 95,780 square foot, twelve-storey office building located on 0.72 acres with 36 surface parking stalls. The building is 80% leased.

70 King, Kitchener (7,841 square feet)

Realex holds a 100% interest in this property which is located in the central area of downtown Kitchener. The building was constructed in 1977 and is currently being refurbished. 70 King is a 7,841 square foot, two-storey heritage building located on 0.88 acres and with 5 surface parking stalls. The building is subject to a lease agreement once renovations are completed. Occupancy is expected to occur in April 2009.

32 King, Kitchener (Development Site)

Realex holds a 100% interest in this property/development site which is located in the central area of downtown Kitchener. The land use classification permits a wide variety of commercial development primarily focusing on small retail outlets with residential and office uses above. This development site is located on 0.88 acres and includes 58 parking stalls.

20 Spetz, Kitchener (Development Site)

Realex holds a 100% interest in this property/development site, which is located in the central area of downtown Kitchener. The land use classification permits a wide variety of commercial development primarily focusing on small retail outlets with residential and office uses above. This development site is located on 0.57 acres and includes 56 parking stalls.

Accelerator, Waterloo (92,808 square feet)

Realex holds a 100% leasehold interest in this property located in Waterloo. Constructed in 2006, this 92,808 square foot, three-storey office building is situated on 5.46 acres and includes 388 surface parking stalls. The building is 100% leased.

Southwood Centre, Edmonton (75,172 square feet)

Realex holds a 100% interest in this property, which is an industrial warehouse property located in Edmonton's Papaschase Industrial Park. Constructed in 1999, this 75,172 square foot building is situated on 4.5 acres of business industrial zoned land adjacent to the Whitemud Freeway with close proximity to the Queen Elizabeth II Highway. The building is 100% leased with the two tenants being the sole occupants since inception.

Parkland, Parkland County (34,904 square feet)

This property is 100% owned by Realex. The property is located immediately west of Edmonton in Parkland County and is comprised of a 34,904 square foot combination industrial/office building on 9.04 acres of land. The property is entirely leased to Peak Energy Services Trust ("**Peak**") on a long term basis expiring in February 2020. The facility was completed in 2005 and is fully operational with considerable expansion capacity. The Realex Team anticipates that, with the expected continued growth of the resource industry in Alberta, further need for the expansion of this building is possible.

Grande Prairie (27,058 square feet)

This property is 100% owned by Realex. This property is located in Grande Prairie, Alberta, and is comprised of a 27,058 square foot combination industrial/office building on 13.2 acres of land. The property is entirely leased to Peak on a long term basis expiring in February 2020. The facility was completed in 2005 and is fully operational with considerable expansion capacity.

Fort St. John, British Columbia (17,405 square feet)

This property is 100% owned by Realex. The Fort St. John facility comprises a 17,405 square foot combination office/industrial building on 29.65 acres of land in Fort St. John, British Columbia. The Fort St. John facility was completed in June 2006 and has been entirely leased to Peak until October 2021. The total site includes 13 acres currently used for the in-place building and outside storage, a 2.5 acre site that contains a 975 square foot residence on it and approximately 14 acres that is used for storm water retention with the ability for it to be improved to accommodate Peak's future growth in the region.

Brooks, Alberta (14,305 square feet)

This property is 100% owned by Realex. The Brooks facility comprises a 14,305 square foot combination office/industrial building in Brooks, Alberta. The Brooks facility was completed in June 2006 and has been entirely leased to Peak until October 2021. The entire 5.22 acres site has been improved and has been sublet in its entirety to Central Alberta Well Services.

GE Turbine, Sherwood Park (26,381 square feet)

Realex holds a 50% interest in this property which is located in Sherwood Park. The building was built in 2003. GE Turbine is a 26,381 square foot industrial building on 1.53 acres and includes 30 parking stalls. The building is 100% leased.

Real Storage, Windermere (63,200 square feet)

Realex holds an 88% variable interest (subject to change) in this self storage property, which is located in Windermere, British Columbia. Constructed in 2007, this self storage property contains 391 rental units. The site is 5.75 acres and is 40% leased. Of the total acreage, 2.47 acres is available for future development.

Real Storage, Black Diamond (65,000 square feet)

Realex holds an 88% variable interest (subject to change) in this property, which is located in Black Diamond, Alberta. Development was completed in 2008. This property contains 399 rental units and is located on 5.5 acres.

Real Storage, Fort Saskatchewan (62,000 square feet)

Realex holds an 88% variable interest (subject to change) in this self storage property under development, which is located in Fort Saskatchewan, Alberta. The site is 3.51 acres. Development is expected to be completed by December 31, 2008 and will include approximately 386 rental units.

Real Storage, Sherwood Park (67,000 square feet)

Realex holds an 88% variable interest (subject to change) in this self storage property under development, which is located in Sherwood Park, Alberta. Development is expected to be completed by December 31, 2008 and will include approximately 505 rental units. The site is 3.93 acres.

Real Storage, Abbotsford (104,700 square feet upon development completion)

Realex holds an 88% variable interest (subject to change) in this self storage property under development, which is located in Abbotsford, British Columbia. The site is 2.95 acres.

Real Storage, Toronto (96,400 square feet upon development completion)

Realex holds an 88% variable interest (subject to change) in this self storage property under development, which is located in Toronto, Ontario. The site is 1.08 acres.

East Village Site, Calgary

The Realex Team led a co-ownership acquisition of the East Village 38,000 square foot site in 2006 as an initial entry point into downtown Calgary's last available redevelopment area. The City of Calgary's draft Area Redevelopment Plan (ARP) for East Village calls for a complete revitalization of the district, which spans an area of approximately 15 blocks. The East Village ARP calls for the complete replacement of existing infrastructure (sewers, water and roads) and raising areas located near the Bow River to an elevation above the 100 year flood plain, with funding provided through a long term property tax based infrastructure funding program. The City of Calgary has commenced infrastructure improvements in 2008. Redevelopment momentum for East Village is building with area residents in support of the prospect for redevelopment of the district which is projected to include new city parks, a commercial district, post-secondary educational institutions, and multi-residential development to accommodate up to 10,000 people.

The East Village site is identified, under the East Village ARP, as a high-density residential property allowing for 6.5 times site coverage, the highest allowable residential density in the district. Early concept plans show the possibility of developing a 234 unit, twin tower apartment-style condominium above a 14-unit townhome podium. The finished complex would allow for exceptional views of the Bow River to the north and the Fort Calgary heritage site to the east. Realex views this property as a site which may be traded for a commercial site in the future.

Nexen Tower and Adjacent Development Site Right of First Refusal

Entities controlled by the Realex Principals, a director of Realex and another owner have granted Realex rights of first refusal and offer in respect of a 50% interest in the 632,659 square foot Nexen Tower located in Calgary, Alberta. This right of first refusal and offer are subordinate to a prior right of first refusal granted to the co-owner who holds the remaining 50% interest in the property. There is no certainty that any acceptable offer will be made to the owners so as to trigger the right of first offer or refusal, or that the holder of the prior right of first refusal will not exercise its rights.

Entities controlled by the Realex Principals, a director of Realex and another owner also granted Realex similar rights of first refusal and offer in respect of a 100% interest in a development site adjacent to the Nexen Tower. The terms of such rights of first refusal and offer provide that the grantors may complete one or more joint sales or transfers to third parties of up to 50% of such development property, without first offering the property to Realex.

University of Waterloo Technology Park Development Site

Entities controlled by Manfred Conrad and Adrian Conrad, a director and an officer of Realex, respectively, have granted Realex an option to purchase, at a pre-agreed price, a 96,500 square foot office building ("**InnoTECH Building**") located in the University of Waterloo research park. If Realex exercises the option it will be entitled to joint venture participation rights in adjacent development lands.

Description of Property Leases

An important characteristic of the Realex Properties property portfolio is the strong credit quality of its tenants, ensuring the long-term sustainability of rental revenues. Major tenants are listed below. All leases, with the exception of the National Energy Board, Justice Canada, Johnson Inc, Public Works and Government Services Canada leases, are structured on a triple net basis which provides for the recovery of all operating and administration costs, property taxes and repairs and maintenance costs. As at September 30, 2008, the following are summaries of the major tenancies within the property portfolio and corresponding lease expiries.

Summary of Major Tenants

Tenant	Property	Location	Owned Interest (s.f.)	% of Total Owned Area	Expiry of Tenant's Lease(s)
National Energy Board	444 Seventh Building	Calgary	110,072	5.98%	2013
Peak Energy Services Trust	Various[(1)]	Various[(1)]	93,672	5.09%	2020, 2021
Stantec Consulting Ltd.	Market Square	Kitchener	79,872	4.34%	2017
Penn West Trust	444 Seventh Building	Calgary	71,807	3.90%	2016
MCAP Service Corporation	Galleria	Kitchener	69,054	3.75%	2019
Public Works	Galleria and 50 Queen	Kitchener	68,152	3.70%	2013, 2016
Region of Waterloo	235 King and Accelerator	Kitchener and Waterloo	60,717	3.30%	2013, 2030
The Record	Market Square	Kitchener	55,476	3.01%	2019
Justice Canada	606 Fourth and BMO Building	Calgary and Edmonton	54,285	2.95%	2009, 2011, 2014
Husky Energy	444 Seventh Building	Calgary	54,238	2.95%	2013
			717,345	38.97%	

Notes:

(1) Peak is the sole tenant in the Parkland County, Grande Prairie, Fort St. John and Brooks properties.

Lease Expiries by Year Ended December 31

	Owned Interest Area (s.f)	% of Total Realex Area
2008 (remainder of year)	46,813	2.54%
2009	192,741	10.47%
2010	79,363	4.31%
2011	132,273	7.18%
2012	47,249	2.57%
2013	452,155	24.56%
2014	148,223	8.05%
Thereafter	642,799	34.92%
Current vacancy	99,414	5.40%
	1,841,030	100.00%

Indebtedness

Indebtedness of the Corporation consists of mortgages, an acquisition line, development loan and a revolving operating facility. As at September 30, 2008 indebtedness consisted of the following balances:

Mortgages payable (including fair value adjustment of $1,207,634)	$ 210,198,711
Acquisition line	25,000,000
Development loan	11,362,193
Operating line	7,277,000
Deferred financing costs	(1,276,346)
Total	$ 252,561,558

The acquisition line has a term of nine months from draw down (September 29, 2008) subject to a six month extension. Interest is payable based on 30 day bankers acceptance rate plus a margin.

The development loan consists of a non-revolving term facility provided to Real Storage authorized to a maximum of $17.4 million. Interest is payable based on the lender's prime rate plus a margin.

The operating line is subject to review by the lender by June 30, 2009. The facility is authorized to a maximum of $35 million of which $26.3 million is available for draws at September 30, 2008 of which $7.3 million is drawn. Interest is payable on any funded balance based on the bank's prime rate plus a margin. A standby fee is payable on any undrawn balances.

The following table sets forth the principal repayments in respect of mortgages payable on the Realex Properties (assuming debt is not renewed on maturity) as at September 30, 2008.

Mortgage Repayments

	Payment of Mortgages Maturing				
Fiscal Year	**Mandatory Principal Repayments**	**Maturity Payments**	**Total**	**Percentage of Total**	**Weighted Average Interest Rate of Total Debt**
2009	$ 4,294,932	$ 4,375,003	$ 8,669,935	4.15%	5.47%
2010	4,360,020	20,437,500	24,797,520	11.87%	5.31%
2011	4,608,295	-	4,608,295	2.21%	5.61%
2012	4,858,666	1,500,000	6,358,666	3.04%	5.47%
2013	5,148,577	2,800,000	7,948,577	3.80%	5.67%
2014 and beyond	28,157,278	128,450,806	156,608,084	74.93%	5.74%
TOTAL	**$ 51,427,768**	**$ 157,563,309**	**$ 208,991,077**	**100.00%**	**5.57%**

Summary of Mortgages Payable Debt

Property	% Ownership	Balance at September 30, 2008[3]	Monthly Payment (Principal and Interest) [3]	Interest Rate	Maturity Date
Mortgages					
Barclay Centre					
444 Seventh Building	100%	$47,909,308	$319,606	5.990%	May 1, 2021
606 Fourth Building & Barclay Centre Parkade	100%	23,957,918	160,547	6.040%	June 1, 2021
West Chambers Building	100%	7,594,805	48,774	5.310%	August 1, 2015
Parkland County	100%	3,109,492	20,503	5.522%	March 1, 2015
Grand Prairie	100%	2,073,304	13,671	5.522%	March 1, 2015
Fort St. John	100%	3,381,599	27,912	6.250%	November 1, 2016
Brooks	100%	1,783,593	14,781	6.250%	November 1, 2016
Centre 70	15%	2,755,116	15,432	5.250%	April 1, 2017
Southwood Centre	100%	4,881,688	30,958	5.585%	June 30, 2014
Plaza 124	25%	5,402,005	20,843[2]	4.630%[2]	June 20, 2010
Capital Centre	25%	2,202,603	8,498[2]	4.630%[2]	June 20, 2010
Morgex Building	25%	1,623,816	6,265[2]	4.630%[2]	June 20, 2010
Riverbend Atrium	25%	2,861,776	11,042[2]	4.630%[2]	June 20, 2010
Stockman Centre	25%	2,347,300	9,057[2]	4.630%[2]	June 20, 2010
GE St. Albert	50%	2,743,718	25,711	5.242%	September 1, 2009
BMO	50%	14,798,668	95,437	5.868%	December 1, 2017
GE Turbine	50%	1,300,000	7,338	6.680%	June 1, 2013
Galleria	100%	18,285,331	115,129	5.154%	October 1, 2015
Market Square	100%	20,151,857	126,321	5.104%	October 1, 2015
50 Queen	100%	12,143,335	76,457	5.154%	October 1, 2015
235 King	100%	5,386,751	34,355	5.277%	September 1, 2015
Accelerator	100%	9,997,094	34,355	5.230%	January 1, 2017
22 Frederick	100%	6,000,000	33,750	6.750%	January 1, 2010
22 Frederick	100%	4,500,000	18,750	5.000%	October 1, 2013
Real Storage - Abbotsford	100%[4]	1,800,000	8,250[5]	5.500%[5]	September 9, 2010
TOTAL		$208,991,077	$1,283,742	5.57%[1]	

Notes:
(1) Weighted average interest rate.
(2) Interest only at 30 days bankers acceptance plus a margin.
(3) Reflects Realex's share.
(4) Variable Interest Entity – See Note 10 of the Consolidated Financial Statements.
(5) Interest only at prime rate plus a margin.

Lending

Realex participates in a mortgage lending program administered by a third party. Our investment guidelines include adequate security on real estate, guarantees and satisfactory loan to value ratios. The Board has limited to $15 million the amount that can be invested in this or similar programs. As at September 30, 2008, the Corporation had $6.4 million invested in the program, bearing a weighted average interest rate of 16%.

Competition Conditions

Realex competes for suitable real estate investments with individuals, corporations and institutions (both Canadian and foreign) which are currently seeking or which may in the future seek real estate investments similar to those sought by Realex. Some of these investors may have greater financial resources than those of Realex. An increase in the availability of investment funds, and an increase in interest in real estate investments, would tend to increase competition for real estate investments, thereby increasing purchase prices and reducing yields therefrom. These intensified competitive conditions in the acquisition market may exist for all forms of real estate, including commercial properties. Nonetheless, Management remains confident that it will continue to be able to acquire properties that are well located, of high quality and are financially accretive over the long term.

Economic Dependence

The Corporation is not economically dependent on any one real estate investment.

Environmental

Realex owns and manages real property and as such is subject to various Canadian federal, provincial and municipal environmental laws and regulations. Under these laws, Realex may be held liable for the costs of removal or remediation of certain hazardous or toxic substances, whether or not the Corporation knew of, or was responsible for, the presence of the hazardous or toxic substances. The costs of any required remediation or removal of these substances could be material, and are generally not limited in amount. The presence of these substances or failure to remediate such substances properly may also have an adverse effect on the ability of Realex to sell or rent a property, or to borrow money using the property as collateral, and could potentially result in claims against Realex. Realex is not aware of any material non-compliance with environmental laws at any of its properties nor is it aware of any pending or threatened investigations by environmental regulatory authorities in connection with any of its properties or any material pending or threatened claims relating to environmental conditions at its properties. No assurance can be given that environmental laws will not result in significant liability to the Corporation in the future or otherwise adversely affect the Corporation's business, financial condition or results of operations.

Employees

As at and for the year ended September 30, 2008, the Corporation had a total of 51 employees.

Risk Factors

In addition to other risks and uncertainties described elsewhere in this AIF, the operation of Realex's business is subject to the following risks, each of which should be carefully considered.

Real Estate Industry

All real estate investments are subject to varying degrees of risk depending on the nature of the property in question. The value of Realex's investments in its properties is subject to changes in general economic conditions (such as the availability and cost of mortgage funds), local conditions (such as the over supply of a real estate product or a reduction in demand for real estate properties in any particular area), the attractiveness of such properties to current and potential tenants, the competition from others with similar developments and the ability of Realex to adequately maintain and improve its properties pursuant to its business plan at an economic cost.

Need for Further Financing

Realex will require additional financing to implement its business plan. The ability of Realex to arrange such financing in the future will depend in part upon prevailing capital market conditions as well as the business performance of Realex. There can be no assurance that Realex will be successful in its efforts to arrange additional financing on satisfactory terms. If additional financing is raised by the issuance of securities, control of Realex may change and owners may suffer additional dilution. If Realex is unable to secure adequate or satisfactory financing as required, it could be seriously and adversely affected.

Realex may be unable to obtain financing to maintain an appropriate capital structure. There is no certainty that financing will be available upon the maturity of any existing mortgage at interest rates equal to or lower than the interest rate payable under an expiring mortgage, or on other terms as favourable as the original term of the existing mortgage, or at all.

If Realex is unable to refinance its indebtedness on acceptable terms, or at all, Realex may need to dispose of one or more of its properties upon disadvantageous terms. Prevailing interest rates or other factors at the time of refinancing could increase its interest expense, and if Realex mortgages property to secure payment of indebtedness and is unable to make mortgage payments, the mortgagee could foreclose upon such property or appoint a receiver to receive an assignment of Realex's rents and leases. This could have a material adverse effect on the business, financial condition and results of Realex.

Economic Conditions

As Realex depends on lease income for a substantial portion of its revenue, Realex's operating results are sensitive to prevailing economic conditions, including changes in local, regional and national economic conditions, particularly as they may affect lease rates in its properties. Realex's operating results in individual markets could be adversely affected by local or regional economic downturns, which could have a material adverse effect on the business, financial condition and results of Realex.

Dependence on Key Personnel

The success of Realex is largely dependent upon the quality of its management and personnel including the officers and employees of the Manager (see “Material Contracts”). Loss of the services of such persons, or the inability to attract personnel of equal ability, could have a material adverse effect on the business, financial condition and results of Realex. Realex has not purchased "key man" insurance on any of its directors, officers or key employees, and has no current plans to do so.

Demand Risk

The value of real property and any improvements thereon may depend on the strength of the commercial property market in Realex's target markets. Realex's income would be adversely affected if there was a marked increase in the current vacancy rates or decrease in the market lease rates for its properties.

Upon the expiry of any lease, there can be no assurance that the lease will be renewed on similar or better terms or the tenant replaced. The ability of Realex to lease unleased properties will be affected by many factors. Any failure to replace a departing major tenant on similar or better terms or lease unleased properties on a timely basis or at all could have a material adverse effect on the business, financial condition and results of Realex.

Credit and Default Risk

Credit risk arises from the possibility that tenants may experience financial difficulty and be unable to fulfill their lease commitments. Further risks arise in the event that borrowers default on the repayment of their mortgages to Realex.

In the event of default by a tenant, Realex may experience delays in enforcing its rights as lessor and may incur significant costs in protecting its investment. In addition, a tenant may seek the protection of bankruptcy, insolvency or similar laws. Realex cannot evict a tenant solely because of its bankruptcy. A court, however, may authorize a tenant to reject and terminate its lease with Realex. In such a case, Realex's claim against the tenant for unpaid, future rent would be subject to a statutory limit that might be substantially less than the remaining rent owed under the lease. The loss of rental payments from tenants and costs of re-leasing could have a material adverse effect on the business, financial condition and results of Realex.

Fixed Costs

Certain expenditures, including mortgage payments, insurance costs and related property taxes, must be made regardless of whether Realex's properties are producing sufficient income to service such expenses. Realex's properties are subject to mortgages, which require debt service payments. If Realex is unable or unwilling to make required mortgage payments on any property owned by it, losses could be sustained as a result of the mortgagee's exercise of its right of foreclosure or power of sale, as applicable. In addition, interest rates on variable rate debt are subject to fluctuations and may affect the viability of a particular property.

Illiquidity

Real estate is relatively illiquid relative to publicly traded securities. Such illiquidity will limit Realex's ability to adjust its portfolio in response to changing economic or investment conditions. Financial difficulties of other property owners that result in distress sales could depress real estate values in markets in which Realex operates. If Realex was required to liquidate its assets, there is a risk that it would realize sale proceeds of less than the current book value of the properties that have been or are to be acquired by Realex.

Lack of Sole Control Over Certain Properties

Realex owns, and may acquire properties that it will own, through joint ventures, partnerships and co-tenancies. Investments in partnerships, joint ventures, co-tenancies or other entities may involve risks not present were a third party not involved, including the possibility that Realex's partners, co-owners or co-venturers might become bankrupt or otherwise fail to fund their share of required capital contributions and debt repayments. The Corporation is contingently liable for certain obligations of its partners, co-owners or co-venturers in its partnerships, co-ownership or joint venture activities. Additionally, Realex's partners, co-venturers or co-owners might at any time have economic or other business interests or goals, which are inconsistent with Realex's business interests or goals. Realex will not have sole control of certain major decisions relating to these properties, including decisions relating to: the sale of the properties; refinancing; timing and amount of distributions of cash from such properties; and capital improvements.

Insurance Risks

Uninsured losses or losses in excess of Realex's insurance coverage could have a material adverse effect on the business, financial condition and results of Realex. Realex maintains comprehensive liability, fire, flood (where appropriate), extended coverage and rental loss insurance with respect to its properties with policy specifications, limits and deductibles customary with respect to similar properties. Certain types of losses, however, may be either uninsurable or not economically insurable, such as losses due to earthquakes and other extreme weather phenomena, riots, acts of war or terrorism. Should an uninsured loss occur, Realex could lose its investment in, and anticipated income from, a property. In addition, even if any such loss is insured, Realex may be required to pay a significant deductible on any claim for recovery of such a loss prior to the insurer's obligation to reimburse Realex for the loss, or the amount of the loss may exceed Realex's coverage for the loss.

Competition for Real Estate Investments

Realex competes for suitable real estate investments with individuals, corporations and institutions (both Canadian and foreign) which are currently seeking or which may in the future seek real estate investments similar to those sought by Realex. Some of these investors may have greater financial resources than those of Realex. An increase in the availability of investment funds, and an increase in interest in real estate investments, would tend to increase competition for real estate investments, thereby increasing purchase prices and reducing yields therefrom. In addition, Realex may require additional financing to complete future real estate acquisitions which may not be available on terms acceptable to Realex.

Environmental Liabilities

Under various federal and provincial environmental laws and regulations, a current or previous owner or operator of real property may be held liable for the costs of removal or remediation of certain hazardous or toxic substances, including, without limitation, asbestos-containing materials or oil-related items that could be located on, in or under such property. Such laws and regulations often impose liability whether or not the owner or operator knew of, or was responsible for, the presence of the hazardous or toxic substances. The costs of any required removal or remediation of these substances could be material. The liability of an owner or operator is generally not limited under such laws and regulations and could exceed a property's value or even the value of the total assets of the owner or operator. The presence of these substances or failure to remediate such substances properly may also have an adverse effect on an owner or operator's ability to sell or lease a property, or to borrow money using the property as collateral. In connection with the ownership or operation of its properties, Realex could be liable for such type of costs as well as for certain other costs, including governmental fines and damages for injuries caused to persons or property. As a result, the presence, with or without Realex's knowledge, of hazardous or toxic substances at a property held or operated by Realex could have a material adverse effect on the business, financial condition and results of Realex.

Risks Relating to Taxation, Reassessment, Compliance and Regulatory Changes

Realex may be subject to certain provisions of the Tax Act and applicable provincial income tax legislation relating to characterization of costs incurred in its business which affects whether such costs are deductible and, if deductible, the rate at which they may be deducted for the purposes of calculating taxable income. Realex has reviewed its income tax returns with respect to the characterization of the costs incurred in its historic operations as well as other matters generally applicable to all corporations, including the ability to offset future income against prior year losses, and has found no basis for change or amendment. Realex has filed all required income tax returns and believes that it has complied fully with the provisions of the Tax Act and applicable provincial income tax legislation, but such returns are subject to review and reassessment, and have not been audited by income tax authorities. Realex may potentially be subject to a higher than expected past or future tax liability as well as interest and penalties in the event of a successful reassessment of Realex, and such amount could be material.

Costs resulting from changes in real estate and other tax laws, environmental and other compliance laws and federal, provincial or municipal regulatory schemes could have a material adverse effect on the business, financial condition and results of Realex.

Due to the nature of the transactions undertaken with respect to the acquisition of the Initial Portfolio, to the extent that Realex ultimately sells any of the Initial Properties that it has acquired, Realex will realise a significant capital gain and recaptured capital cost allowance upon such sales.

Risk of Insolvency of Optionors

Distributions and redemptions on the 49,454 Preferred Shares Series A of Realex issued on October 3, 2006 will in effect offset repayments made pursuant to certain limited recourse promissory notes provided to Realex by the Optionors. Consequently, the insolvency of the Optionors, or any of them could have a material adverse effect on Realex's ability to collect on such promissory notes and on the business, financial condition and results of Realex.

Conflicts of Interest

There are potential conflicts of interest to which some of the directors and officers may be subject in connection with Realex's operations. Conflicts of interest, if any, will be subject to and governed by the procedures and remedies set forth in the ABCA, and in accordance with current recommended corporate governance practices. If the Corporation does not exercise options or other rights, properties owned or controlled, directly or indirectly, by directors and officers of the Corporation could compete with properties owned by the Corporation.

Management of Growth

Realex may be subject to growth-related risks including capacity constraints and pressure on internal systems and controls. The ability of Realex to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of Realex to deal with this growth could have a material adverse effect on the business, financial condition and results of Realex.

Relationship with the Manager

The financial performance of Realex is dependent in part on the performance of the Manager (see "Material Contracts"), as property and leasing manager in operating certain of Realex's properties efficiently and effectively.

Zoning and Approvals

Future acquisitions may require zoning and other approvals from local government agencies. The process of obtaining such approvals may take months, and there can be no assurance that the necessary approvals for any particular project will be obtained. Holding costs accrue while regulatory approvals are being sought, and delays could render future acquisitions uneconomic.

Potential Absence of Profits

There is no assurance that Realex will earn profits in the future, or that profitability, if achieved, will be sustained. The success of Realex will ultimately depend on its ability to generate revenues from its properties, such that business development and marketing activities may be financed by revenues from operations instead of external financing. There is no assurance that future revenues will be sufficient to generate the required funds to continue such business development and marketing activities.

DIVIDENDS AND DIVIDEND POLICY

The Corporation has not paid any dividends during the year ended September 30, 2006. For the years ended September 30, 2008 and 2007 the Corporation paid the following dividends:

		Dividend Rate per Share	
Record Date	**Payment Date**	**Common**	**Non-Voting**
February 28, 2007	March 15, 2007	$0.0075	$0.0075
May 31, 2007	June 15, 2007	$0.0075	$0.0075
August 31, 2007	September 15, 2007	$0.0075	$0.0075
December 31, 2007	January 15, 2008	$0.0075	$0.0075
February 29, 2008	March 14, 2008	$0.0075	$0.0075
May 30, 2008	June 13, 2008	$0.0075	$0.0075
August 29, 2008	September 12, 2008	$0.0075	$0.0075

On December 28, 2007 the Corporation paid a dividend to all shareholders of Preferred Shares Series A in the amount of $10.1104 per share to shareholders of record on December 13, 2007. The shareholders of the Preferred Shares Series A shares consented to the offset of such dividend payable to amounts owed by the shareholders to the Corporation under promissory notes.

There are no restrictions in the constating documents of the Corporation which prevent the Corporation from paying dividends. Provisions of the ABCA limit the payment of dividends in certain circumstances. The Corporation has not established a policy in respect of the payment of dividends.

DESCRIPTION OF CAPITAL STRUCTURE

General Description of Capital Structure

The following is a summary of the material rights, privileges, restrictions and conditions attached to the Common Shares, Non-Voting Shares and Preferred Shares. The summary is qualified in its entirety by the full text of such attributes contained in the articles of Realex**.**

There are currently three authorized classes of shares of Realex, as follows:

- an unlimited number of Common Shares;
- an unlimited number of Non-Voting Shares; and
- an unlimited number of Preferred Shares, issuable in series.

There are no provisions in the articles of the Corporation granting the holders of Non- Voting Shares the right to convert their Non-Voting Shares into Common Shares or any similar right designed to enable them to participate in a take-over bid, other than as set forth in the Corporation's Shareholder Rights Plan. Pursuant to the Corporation's Shareholder Rights Plan, certain transactions, including any formal takeover bid in respect of Common Shares or Non-Voting Shares, require that a take-over bid must be made to all holders of Common Shares and all holders of Non-Voting Shares for identical consideration per share in order to avoid prohibitive levels of dilution upon the exercise of rights granted under such Plan.

Common Shares

The holders of Common Shares are entitled to notice of, to attend and to one vote per Common Share at any meeting of Shareholders other than one called solely for holders of other classes of shares.

The holders of Common Shares shall be entitled to receive dividends as and when declared by the Board of Directors of the Corporation on the Common Shares as a class, subject to prior satisfaction of all preferential rights to dividends attached to shares of other classes of shares of the Corporation ranking in priority to the Common Shares in respect of dividends.

The holders of Common Shares shall be entitled in the event of any liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding-up its affairs, and subject to prior satisfaction of all preferential rights to return of capital on dissolution attached to all shares of other classes of shares of the Corporation ranking in priority to the Common Shares in respect of return of capital on dissolution, to share rateably, together with the holders of the Non-Voting Shares and of shares of any other class of shares of the Corporation ranking equally with the Common Shares in respect of return of capital on dissolution, in such assets of the Corporation as are available for distribution.

Non-Voting Shares

The holders of Non-Voting Shares are entitled to receive notice of and to attend any meeting of the shareholders of the Corporation (other than meetings of a class or series of shares of the Corporation other than the Non-Voting Shares as such) provided that, except as referred to in the Corporation's articles or as required by law, the holders of the Non-Voting Shares are not entitled as such to vote at any meeting of the shareholders of the Corporation. The holders of the Non-Voting Shares are entitled to receive all informational documents and other communications:

(a) required to be sent to the holders of Common Shares by applicable law or by any stock exchange on which the shares of the Corporation are listed; and

(b) voluntarily sent by the Corporation to the holders of Common Shares in connection with any meeting of shareholders.

The holders of Non-Voting Shares shall be entitled to receive dividends as and when declared by the Board of Directors of the Corporation on the Non-Voting Shares as a class, subject to prior satisfaction of all preferential rights to dividends attached to shares of other classes of shares of the Corporation ranking in priority to the Non-Voting Shares in respect of dividends, provided that no dividend may be declared in respect of, or any other benefit conferred upon the holders of, Common Shares unless concurrently therewith a dividend equal to the dividend declared, or other benefit conferred, per Common Share is declared in respect of, or conferred upon the holders of Non-Voting Shares per Non-Voting Share.

The holders of Non-Voting Shares shall be entitled, in the event of any liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding-up its affairs, and subject to prior satisfaction of all preferential rights to return of capital on dissolution attached to all shares of other classes of shares of the Corporation ranking in priority to the Non-Voting Shares in respect of return of capital on dissolution, to share, together with the holders of Common Shares and of shares of any other class of shares of the Corporation ranking equally with the Non-Voting Shares in respect of return of capital on dissolution, in such assets of the Corporation as are available for distribution on the basis that holders of Non-Voting Shares shall be entitled to receive the same amount per Non-Voting Share as the amount per Common Share the holders of Common Shares are entitled to receive on such distribution.

Preferred Shares

The Preferred Shares may be issued, from time to time, in one or more series with such rights, privileges, restrictions and conditions as the Board may determine. The Preferred Shares are entitled to preference over the Non-Voting Shares and the Common Shares and over any other shares ranking junior to the Preferred Shares with respect to the payment of dividends and in the distribution of assets in the event of the liquidation, dissolution or winding-up of the Corporation.

Preferred Shares Series A

Subject to applicable law, the holders of the Preferred Shares Series A ("Series A Shareholders") are not entitled as such to any voting rights or to receive notice of or to attend any meeting of Shareholders. Each Preferred Share Series A entitles the holder thereof to a cumulative annual cash dividend as and when declared equal to 6.1% of the aggregate of the stated value of such share and the amount of accrued and unpaid dividends thereon. In the event of the distribution of the assets of the Corporation among its shareholders for the purpose of winding up its affairs, each holder of Preferred Shares Series A shall be entitled to receive $1,000 per Preferred Share Series A, together with any accrued and unpaid dividends thereon. The Corporation may redeem some or all of outstanding the Preferred Shares Series A after December 31, 2013, and a Series A Shareholder may require the Corporation to retract some or all of its Preferred Shares Series A at any time on or after December 31, 2013, in either case at a price equal to $1,000 plus all accrued and unpaid dividends thereon. If a Series A Shareholder is indebted to the Corporation at the time of redemption or retraction, as the case may be, the Corporation may set-off the full amount of such indebtedness against the applicable redemption price or retraction price. The Corporation may not declare or pay dividends on the Common Shares, the Non-Voting Shares or on any other shares ranking junior to the Preferred Shares with respect to dividends if, subsequent to such dividend, the Corporation would be unable to redeem or retract all of the outstanding Preferred Shares Series A.

In addition, while the Preferred Shares Series A are outstanding the Corporation may not, except in certain circumstances:

(a) issue any shares ranking prior to or on a parity with the Preferred Shares Series A;

(b) declare, pay or set aside for payment any dividends on the Common Shares, Non-Voting Shares or any other shares of the Corporation ranking junior to the Preferred Shares Series A as to the payment of dividends;

(c) redeem, purchase or make any capital distribution in respect of any shares of the Corporation ranking junior to or on a parity with the Preferred Shares Series A Shares in the event of the liquidation, dissolution or winding-up of the Corporation; or

(d) set aside any money or make any payments for any sinking fund or other retirement fund applicable to any shares of the Corporation ranking junior to the Preferred Shares Series A, unless all dividends for the last completed period for which dividends are payable have been paid in respect of the Preferred Shares Series A and all other shares ranking senior to or on a parity with the Preferred Shares Series A in respect of the payment of dividends.

The Preferred Shares Series A are not transferable in whole or in part without the prior written consent of the Board, which consent may be unreasonably withheld.

Options

As of September 30, 2008, Realex has outstanding share options that, if exercised, would result in the further issuance 13,179,417 Non-Voting Shares. The outstanding share options also include a one-time grant of 4,550,000 options (the "performance options") granted in October 2006 that were subject to certain performance criteria which have not been met. The balance of the share options outstanding have been granted in accordance with the Corporation's share option plan. The total number of options the Corporation can grant under the plan, excluding the performance options, to employees and consultants can not exceed the sum of 10% of the issued and outstanding shares and the performance options. Share options are all subject to vesting requirements, as established by the Board of Directors. As of the date of the AIF, 4,443,302 of the options to acquire Non-Voting Shares had vested.

MARKET FOR SECURITIES

The Common Shares and Non-Voting Shares are listed on the TSXV under the symbol "RLX" and "RLX.A", respectively. The Preferred Shares Series A of Realex are not listed on an exchange.

Trading Price and Volume

The following table sets forth the monthly reported high and low trading prices and trading volumes of the Common Shares and Non-Voting shares as reported by the TSXV from October 1, 2007 to November 30, 2008:

	COMMON			**NON-VOTING**		
	Price			**Price**		
Month	**High**	**Low**	**Volume**	**High**	**Low**	**Volume**
October, 2007	$1.20	$1.11	72,212	$1.20	$1.11	45,083
November, 2007	$1.15	$0.95	434,006	$1.11	$0.94	102,927
December, 2007	$1.20	$0.92	130,239	$1.12	$0.95	248,465
January, 2008	$1.16	$0.95	85,000	$1.12	$0.90	27,750
February, 2008	$1.05	$0.86	335,674	$1.00	$0.81	439,312
March, 2008	$1.00	$0.75	226,427	$0.90	$0.74	75,078
April, 2008	$1.15	$0.75	1,942,232	$0.80	$0.75	2,480,608

	COMMON			NON-VOTING		
	Price			Price		
Month	**High**	**Low**	**Volume**	**High**	**Low**	**Volume**
May, 2008	$1.00	$0.80	211,595	$0.92	$0.65	215,300
June, 2008	$1.05	$0.80	268,064	$1.15	$0.95	444,393
July, 2008	$1.28	$1.02	389,476	$1.15	$0.86	252,066
August, 2008	$1.12	$0.75	24,192	$1.02	$0.84	240,609
September, 2008	$1.05	$0.69	62,335	$1.05	$0.81	48,144
October, 2008	$0.82	$0.55	96,858	$0.94	$0.60	11,878
November, 2008	$0.55	$0.35	890,200	$0.65	$0.35	206,600

ESCROWED SECURITIES

As at November 30, 2008, they were no escrowed securities.

DIRECTORS AND OFFICERS

Directors and Officers

The names, principal occupations and municipalities of residence of Realex's directors and officers, as well as the year each director first became a director, are set out below. Each director is appointed to serve until the next annual meeting or until his successor is elected or appointed.

Directors

Name and Province of Residence	Year of appointment or election	Principal Occupation During Past 5 Years
MANFRED CONRAD **Ontario, Canada**	2008	President, The Cora Group Inc. (a private real estate company)
BARRY E. EMES[(1)(2)(3)] Alberta, Canada	2006	Corporate Director and lawyer. Prior to July 31, 2006, Partner, Stikeman Elliott LLP (a law firm).
BAHAA FALTOUS Alberta, Canada	2007	President, Moli Industries Ltd. (a steel design, fabrication and erection company) and President, JEC Enterprises Inc. (a land development company)
LES JOHANNESEN[(1)] Alberta, Canada	2008	Chartered Accountant and Businessman.
JOSEPH F. KILLI Alberta, Canada	2006	Vice-Chairman, Realex Properties Corp. Chairman, and, prior to February 28, 2006, Chief Executive Officer of Parkbridge Lifestyle Communities Inc. Prior to December 23, 2004, Managing Partner of Parkbridge 2003 Limited Partnership.

Name and Province of Residence	Year of appointment or election	Principal Occupation During Past 5 Years
HAROLD P. MILAVSKY Alberta, Canada	2006	Chairman, Realex Properties Corp. Chairman of the Board of Quantico Capital Corp.(a private real estate company)
GARY E. PERRON(2) Alberta, Canada	2006	Managing Director and Senior Vice-President of BMO Nesbitt Burns Inc. (an investment bank).
DAVID V. RICHARDS Alberta, Canada	2005	President and Managing Director of Network Capital Inc. (a private venture capital company).
MARC D. SARDACHUK Alberta, Canada	2006	President and Chief Executive Officer of Realex; prior to September 29, 2006, President of Law Investments Ltd. (a private real estate company)
ANTONIE VANDEN BRINK(1,2) Alberta, Canada	2006	President and Chief Executive Officer of Tokay Resources Ltd. (a private investment company)

Notes:
(1) Member of the Audit Committee
(2) Member of the Governance and Compensation Committee
(3) Lead Independent Director

Officers

Name and Province of Residence	Position with Realex	Officer Since	Principal Occupation During Past 5 Years
HAROLD P. MILAVSKY Alberta, Canada	Chairman	September 29, 2006	Chairman, Realex Properties Corp. Chairman of the Board of Quantico Capital Corp (a private real estate company.)
JOSEPH F. KILLI Alberta, Canada	Vice-Chairman	September 29, 2006	Vice-Chairman, Realex Properties Corp. Chairman, and, prior to February 28, 2006, Chief Executive Officer of Parkbridge Lifestyle Communities Inc. Prior to December 23, 2004, Managing Partner of Parkbridge 2003 Limited Partnership.
MARK D. SARDACHUK Alberta, Canada	President	September 29, 2006	President and Chief Executive Officer of Realex since September 29, 2006. Director and officer of the Manager. President of Law Investments Ltd.
MARK A. SUCHAN Alberta, Canada	Vice President, Chief Financial Officer and Corporate Secretary	September 29, 2006	Chief Financial Officer, Vice President and Secretary, Realex since September 29, 2006. Prior thereto, Chief Financial Officer of Calloway Real Estate Investment Trust (a public real estate

Name and Province of Residence	Position with Realex	Officer Since	Principal Occupation During Past 5 Years
			investment trust) since July 2002.
MITCHELL J. BRODY Alberta, Canada	Vice President, Operations	September 29, 2006	Vice President Operation, Realex since September 29, 2006. Prior thereto, Vice President, Realex Property Management Inc.
ADRIAN CONRAD **Ontario, Canada**	Vice President, South Western Ontario	September 30, 2008	Vice President, South Western Ontario Realex since September 30, 2008. Prior thereto, President of Cora Management Inc.
PATRICK KRYCZKA Alberta, Canada	Vice President, Corporate Development	May 28, 2007	Vice President, Business Development, Realex since May 28, 2007. Prior thereto, Vice President, Calgary Region, of Redcliff Realty Group
PATRICK SEWARD **Ontario, Canada**	Vice President, Mergers and Acquisitions	January 15, 2008	Vice President, Mergers and Acquisitions, Realex since January 15, 2008. Prior thereto, Director Corporate Planning and Development of Morguard Corporation

As of November 19, 2008, the directors and executive officers of the Corporation, as a group, own, directly or indirectly, or exercise control or direction over 21,022,920 Common Shares (48.1% of class), 79,479,226 Non-Voting Shares (72.5% of class) and 43,678 Preferred Shares Series A (88.3% of class).

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

To the best of the knowledge of management of the Corporation, no person who is a director or executive officer of the Corporation, or a person or company that is the direct or indirect owner of, or who exercises control or direction over, a sufficient number of voting shares of the Corporation so as to materially affect the control of the Corporation:

(a) is, as at the date of this AIF or has been, within the 10 years before the date of this AIF, a director or executive officer of any company, that:

(i) while that person was acting in that capacity, was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days;

(ii) while that person was acting in the capacity, was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or

(iii) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

(b) has, within the 10 years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, officer or shareholder.

Conflicts of Interest

Directors and officers of the Corporation may, from time to time, be involved with the business operations of other issuers in which case a conflict may arise. Such conflicts must be disclosed in accordance with, and are subject to such other procedures and remedies, as applicable, under provincial corporate legislation. Any conflicts of interest which arise among Realex and its directors and officers in respect of an investment are and will be governed by the procedures and remedies set forth in the ABCA and in accordance with current recommended corporate governance practices.

Other than as set forth below, management of the Corporation is not aware of any existing or potential material conflicts of interest between the Corporation and its directors and officers:

(a) Joseph F. Killi, Harold P. Milavsky and Mark D. Sardachuk, directors and officers of Realex, either alone or with members of their respective families, wholly-own and control the Managing Corporations which, in turn, (i) own the voting shares of the Manager which is the manager of the Initial Portfolio and entitled to fees in respect thereof; and (ii) until November 1, 2007, wholly-owned the Asset Manager which is the manager of any assets acquired by Realex other than the Initial Portfolio and entitled to fees in respect thereof;

(b) Mitchell J. Brody, an officer of Realex, with members of his family, wholly-owns and controls Brodco Investments Inc. which, in turn, owns the non-voting shares of the Manager which is the manager of the Initial Portfolio and entitled to fees in respect thereof;

(c) A co-ownership interest of 33⅓% in the East Village property is held by Realex. Two other co-owners hold the remaining co-ownership interest. Gary Perron, a director of one of the co-owners, is also a director of Realex;

(d) Joseph F. Killi, Harold P. Milavsky, Marc D. Sardachuk and Mitchell J. Brody, directors and/or officers of Realex, are directors and/or officers of the Manager which is the manager of the Initial Portfolio and is entitled to fees in respect thereof and are directors and/or officers of the Asset Manager which is the manager of any assets acquired by Realex in addition to the Initial Portfolio and entitled to fees in respect thereof;

(e) Joseph F. Killi, Harold P. Milavsky, Marc D. Sardachuk and Antonie Vanden Brink, directors and/or officers of Realex, are directors and/or officers of corporations that own certain interests in the Nexen Tower and the development site adjacent to the Nexen Tower for which the Corporation has rights of first refusal and offer; and

(f) Manfred Conrad and Adrian Conrad, directors and/or officers of Realex, are directors and/or officers of corporations that own certain interests in the Innotech Building and other development sites for which the Corporation has an option to purchase and joint venture participation rights.

PROMOTERS

Mr. Richards is considered a promoter of the Corporation in that he took the initiative to complete the proposal and related transactions described under Corporate Structure and General Development of the Business on pages 4 and 5 of this AIF. Messers. Killi, Milavsky, Richards and Sardachuk are considered promoters of the Corporation in that they took the initiative to complete the amalgamation, private placement, acquisition of properties and related transactions described under Corporate Structure and General Development of the Business on page 5 of this AIF. Mr. Killi owns, directly or indirectly, 2,167,020 Common Shares, representing 5.0% of the issued and outstanding Common Shares, 12,202,516 Non-Voting Shares representing 11.1% of the issued and outstanding Non-Voting Shares and 8,300 Preferred Shares Series A representing 16.8% of the issued and outstanding Preferred Shares Series A. Mr. Milavsky owns, directly or indirectly, 2,167,019 Common Shares, representing 5.0% of the issued and outstanding Common Shares, 12,200,888 Non-Voting Shares representing 11.1% of the issued and outstanding Non-Voting Shares and 8,297 Preferred Shares Series A representing 16.8% of the issued and outstanding Preferred Shares Series A. Mr. Sardachuk owns, directly or indirectly, 728,649 Common Shares, representing 1.7% of the issued and outstanding Common Shares, 4,031,771 Non-Voting Shares representing 3.7% of the issued and outstanding Non-Voting Shares and 2,824 Preferred Shares Series A representing 5.7% of the issued and outstanding Preferred Shares Series A. Mr. Richards owns or controls, directly or indirectly 1,180,471 Common Shares, representing 2.7% of the issued and outstanding Common Shares and 6,390,900 Non-Voting Shares representing 5.8% of the issued and outstanding Non-Voting Shares

LEGAL PROCEEDINGS AND REGULATORS ACTIONS

Realex is party to various legal claims and litigation which have arisen in the normal course of business. These claims do not exceed and are considerably less than 10% of the current value of the Corporation. While there can be no assurance that any particular claim will be resolved in the Corporation's favour, Realex does not believe that the outcome of any claims or potential claims of which it is aware will have a material adverse effect on its financial position, results of operations or liquidity.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

As of September 30, 2008, no director, senior officer or associate of a director or senior officer nor, to the knowledge of the directors or senior officers of Realex after having made reasonable inquiry, any person or company who beneficially owns, directly or indirectly, voting securities of Realex carrying more than 10% of the voting rights attached to any class of voting securities of Realex outstanding at the date hereof, or any associate or affiliate thereof, had any material interest, direct or indirect, in any material transaction of Realex or its affiliates nor do any such persons have a material interest, direct or indirect, in any proposed transaction of Realex or its affiliates other than as set forth below:

(a) David V. Richards, a director of the Corporation, is the President and Managing Director of Network Capital Corp. ("Network"), of which his wife is the sole shareholder. Network, together with certain funds it manages, acquired 407,321 Common Shares and 407,321 Non-Voting Shares as a result of the amalgamation of Recap Energy Inc. and a wholly-owned subsidiary of the Corporation on September 29, 2006. In addition, Network was paid a success fee consisting of 350,000 Non-Voting Shares upon the completion of the amalgamation and Network, together with certain funds it manages, received 1,202,384 Common Shares from the Corporation pursuant to convertible debentures of the Corporation provided to such entities in connection with the Corporation's prior bankruptcy proceedings;

(b) Certain entities controlled by, or associates of, Joseph F. Killi, Harold P. Milavsky and Marc D. Sardachuk, directors and/or officers of the Corporation, lease an aggregate of 9,627 square feet of commercial real estate space from the Corporation at blended lease rates of approximately $31 per square foot. The lease rates were based on an assessment of market lease rates for equivalent properties at the time the leases were entered into by the Corporation. The Corporation has received rent including recoveries and parking rent of approximately $445,000 pursuant to these leases during the year ended September 30, 2008;

(c) Joseph F. Killi, Harold P. Milavsky, Gary E. Perron, Marc D. Sardachuk, Bahaa Faltous, Antonie Vanden Brink, and Mitchell J. Brody, directors and/or officers of Realex, either alone or with members of their respective families, wholly-own and control certain Optionors. Such Optionors received a portion of the consideration (consisting in the aggregate of approximately $6,356,000 in cash, the assumption of approximately $44,166,000 of net indebtedness, 7,029,000 Common Shares, 68,756,236 Non-Voting Shares and 49,454 Preferred Shares Series A of Realex) paid by Realex in connection with the acquisition of the Initial Portfolio on October 3, 2006;

(d) Joseph F. Killi, Harold P. Milavsky, Marc D. Sardachuk and Mitchell J. Brody, directors and/or officers of the Corporation, either alone or with members of their respective families, indirectly wholly-own and control the Manager. The Manager provides management services in respect of the Initial Portfolio and is entitled to fees from the Corporation in consideration for the provision of such services. See "Material Contracts";

(e) Joseph F. Killi, Harold P. Milavsky and Mark D. Sardachuk, directors and officers of the Corporation, either alone or with members of their respective families, formerly indirectly owned and controlled the Asset Manager. The Asset Manager provided property management services in respect of all commercial real estate properties acquired by the Corporation other than the Initial Portfolio and certain asset management services in respect of all real estate properties of the Corporation and was entitled to fees from the Corporation in consideration for the provision of such services. Effective November 1, 2007, the Corporation acquired all the shares of the Asset Manager. See "Material Contracts";

(f) Joseph F. Killi, Harold P. Milavsky, Marc D. Sardachuk and Mitchell J. Brody are directors and/or officers of the Manager are entitled to receive compensation from such entities in consideration for services rendered to such entities as directors and/or officers;

(g) In connection with the assumption of $49,454,000 of indebtedness by the Corporation, certain associates of Joseph F. Killi, Harold P. Milavsky, Gary E. Perron, Marc D. Sardachuk, Antonie Vanden Brink and Bahaa Faltous issued promissory notes to the Corporation in an aggregate principal of $49,454,000 bearing interest at the rate of 6.1% per annum on October 3, 2006;

(h) In connection with the acquisition by the Corporation of the Initial Portfolio on October 3, 2006, Joseph F. Killi, Harold P. Milavsky, Gary E. Perron, Marc D. Sardachuk, Antonie Vanden Brink, Bahaa Faltous, and Mitchell J. Brody, directors and/or officers of the Corporation, either alone or with members of their respective families, wholly owned and controlled certain entities which received an aggregate of approximately $6,351,028 in cash, 7,029,889 Common Shares, 68,723,117 Non-Voting Shares and 49,454 Preferred Shares Series A from the Corporation and an aggregate of $93,104,382 of indebtedness of such entities was assumed by the Corporation;

(i) On February 1, 2007, certain entities controlled by Joseph F. Killi, Harold P. Milavsky, Marc D. Sardachuk and Antonie Vanden Brink granted the Corporation rights of first refusal and offer in respect of their respective interests in the Nexen Tower located in Calgary, Alberta and in a site adjoining the Nexen Tower, subject in the former case to a prior right of first refusal held by a co-owner of the Nexen Tower; and

(j) Manfred Conrad and Adrian Conrad, directors and/or officers of the Corporation either alone or with members of their respective families, wholly-own and control certain vendors which sold properties and a management company to the Corporation on September 30, 2008. Such vendors received the consideration (consisting in the aggregate of approximately $45.3 million in cash, 7,444,071 Common Shares and 8,014,575 Non-Voting Shares of Realex) paid by Realex in connection with the acquisition of the properties and management company.

(k) On September 30, 2008, an entity controlled by Manfred Conrad and Adrian Conrad granted the Corporation an option to acquire the InnoTECH Building located in Waterloo, Ontario. If the

Corporation exercises the option it will be entitled to joint venture participation rights in adjacent development lands.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Common Shares and Non-Voting Shares is Computershare Trust Company of Canada, at its principal offices in Calgary, Alberta, and Toronto, Ontario.

MATERIAL CONTRACTS

The Corporation entered into the following material contracts outside the ordinary course of business during its most recently completed financial year or in previous years and such material contracts remained outstanding at September 30, 2008:

Management Agreements with the Manager

On October 3, 2006, the Corporation assumed from the Optionors obligations under various management agreements for each of the commercial real estate properties that are part of the Initial Portfolio and are managed by the Manager. After the initial three to five year term, each management agreement is subject to automatic two to five year extension terms unless (in the case of certain of the Initial Properties) notice in writing that the agreement will not be extended is provided by either party prior to the end of the then current term, or if the agreement is terminated by the Corporation in the case of the default or insolvency of the Manager, or; (in the case of the other Initial Properties), notice in writing is provided by either party prior to the end of the then current term that the agreement will not be extended (which notice may only be given by the Corporation by reason of the Manager's failure to manage such property in accordance with management standards for similar quality buildings), or in the case of the default or insolvency of the Manager. The Manager provides all management services including leasing, tenant improvement work, building operation and maintenance, accounting and budgeting. Fees paid to the Manager consist of property management fees typically recovered from tenants in accordance with the fees specified in lease agreements and are based on a percentage of gross rental revenue ranging from 3% to 4% or a percentage of operating costs (typically 15% of all operating costs) including property taxes. Exceptions to the standard fee structure pertain to gross rent leases where the rental amount paid by the tenant is inclusive of operating costs, property taxes and management fees established at the time the lease is entered into and escalated at a predetermined percentage over the life of the lease. In these cases, the management fees are calculated on the basis of either 15% of the actual operating costs, including property taxes, or a fixed percentage of the gross rental revenue derived from the specific tenancy which is governed by a gross rent lease. The Manager is obligated to pay all employee costs in respect of management services provided as well as office costs and all third party costs which are not recoverable under management agreements or tenancy agreements relating to the Initial Portfolio. The Corporation provides options to purchase shares of the Corporation to certain of the employees of the Manager. These management agreements with the Manager in respect of the Initial Properties will remain in place notwithstanding, and are not affected by, the acquisition by the Corporation of the share of the Asset Manager referred to below.

Other Material Contracts

Agreements dated February 1, 2007 providing the Corporation with rights of first offer and rights of first refusal relating to the Nexen building and adjacent development site are disclosed under the heading "Interests of Management And Others in Material Transactions", item (i).

Agreements dated September 30, 2008 providing the Corporation with an option to acquire the InnoTECH Building and participate in development of adjacent lands are disclosed under the heading "Interests of Management And Others in Material Transactions", item (k).

ADDITIONAL INFORMATION

Additional information relating to the Corporation, including our disclosure documents, reports, statements or other information that it files with the Canadian securities regulatory authorities, may be found on SEDAR at www.sedar.com and on the Corporation's website at www.realexproperties.ca. Additional information including a copy of our Audit Committee Charter, information relating to directors' and officers' remuneration and indebtedness, principal holders of our securities and securities authorized for issuance under equity compensation plans is contained in our information circular for our most recent annual meeting of shareholders that involved the election of directors. Additional financial information is provided in the Corporation's Consolidated Financial Statements and management's discussion and analysis for its most recently completed financial year.