



DUNDEE INTERNATIONAL REAL ESTATE INVESTMENT TRUST

Annual Information Form

March 30, 2012

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GLOSSARY OF TERMS

When used in this annual information form, the following terms have the meanings set forth below unless expressly indicated otherwise:

“5.5% Debentures” means the 5.5% convertible unsecured subordinated debentures of the REIT due July 31, 2018;

“2007 Act” means the Luxembourg act of 13 February 2007 on specialized investment funds, as amended;

“2010 Act” means the Luxembourg act of 17 December 2010 concerning undertakings for collective investment, as amended;

“Acquisition” has the meaning given to that term under “General”;

“AFFO” means FFO subject to certain adjustments, including: (i) amortization of fair value mark-to-market adjustments on mortgages acquired, amortization of deferred financing and leasing costs, and compensation expense related to deferred unit incentive plans, (ii) adjusting for any differences resulting from recognizing property revenues on a straight-line basis, and (iii) deducting a reserve for normalized maintenance capital expenditures and leasing costs, as determined by us. Other adjustments may be made to AFFO as determined by our Trustees in their discretion;

“Adjusted Unitholders’ Equity” means, at any time, the aggregate of: (a) the amount of unitholders’ equity; and (b) the amount of accumulated depreciation and amortization recorded on the books and records of the REIT, its subsidiaries and the Dundee FCPs in respect of their properties, in each case calculated in accordance with IFRS;

“Administrative Services Agreement” means the amended and restated administrative services agreement dated December 12, 2011 between the REIT and certain of its Subsidiaries and DRMC, as described under “Real Estate Management and Advisory Services – Administrative Services – Administrative Services Agreement”;

“affiliate” has the meaning given to that term in NI 45-106;

“AIF” means the annual information form of the REIT;

“annuitant” means any plan of which a holder of Units acts as a Trustee or a carrier;

“Asset Management Agreement” means the asset management agreement dated August 3, 2011 between, among others, the REIT and DRC, as described under “Real Estate Management and Advisory Services – Asset Management”;

“Board of Trustees” means the board of Trustees of the REIT;

“bps” has the meaning given to that term under “Description of the Business – Principal Market and Competitive Conditions – Outlook”;

“Business Day” means any day other than a Saturday or a Sunday on which Schedule I Canadian chartered banks are open for business in Toronto, Ontario;

“Caroline Deutsche Post leases” means the leases pertaining to the Caroline Portfolio;

“Caroline Fixtures” means Caroline Fixtures I GmbH, a limited liability company (*Gesellschaft mit beschränkter Haftung*) established under the laws of Germany;

“Caroline Holdings” means Caroline Holdings S.à r.l., a limited liability company (société à responsabilité limitée) established under the laws of Luxembourg;

“Caroline Portfolio” means a portfolio of approximately 1,200 properties of which the Initial Properties were a subset;

“CBCA” means the Canada Business Corporations Act, as amended from time to time;

“CDS” means CDS Clearing and Depository Services Inc.;

“Change of Control” means the acquisition by any person, or group of persons acting jointly or in concert, of voting control or direction over 66²/₃% or more of the votes attaching, collectively, to (a) outstanding REIT Units; and (b) REIT Units issuable upon the conversion or exercise in accordance with their terms of securities convertible into or carrying the right to acquire REIT Units;

“Class A Managers” means the members of the board of managers of Lorac to be appointed by Caroline Holdings;

“Class B Managers” has the meaning given to that term in our IPO Prospectus under “Our Structure and Formation – Consequences of the Offering and Acquisition”;

“Client” means, collectively, the REIT and its Subsidiaries;

“Closing” means the closing of the Offering and the Acquisition;

“closing market price” has the meaning given to that term under “Declaration of Trust and Description of REIT Units – Unit Redemption Right”;

“Code of Conduct” has the meaning given to that term under “Trustees and Executive Officers – Governance and Board of Trustees”;

“Conversion Price” means the price per Unit at which each Debenture will be convertible into Units;

“CRA” means the Canada Revenue Agency;

“CSSF” means Commission de surveillance du secteur financier of Luxembourg;

“Current Market Price” means the volume weighted average trading price of the Units on the TSX on which the Units are quoted for trading for the 20 consecutive trading days ending on the fifth trading day immediately preceding the date of the applicable event;

“Custodian” has the meaning given to that term under “Real Estate Management and Advisory Services – Administrative Services – Services Performed by the Custodian”;

“Custodian Agreement” has the meaning given to that term under “Real Estate Management and Advisory Services – Administrative Services – Services Performed by the Custodian”;

“Debentureholders” means holders of Debentures;

“Debentures” means the 5.5% Debentures and any other series of convertible unsecured subordinated debentures of the REIT outstanding from time-to-time;

“Debenture Trustee” means Computershare Trust Company of Canada;

“Declaration of Trust” means the amended and restated declaration of trust of the REIT dated August 3, 2011, as described under “Declaration of Trust and Description of REIT Units”;

“Deferred Trust Units” means deferred trust units issued pursuant to the Deferred Unit Incentive Plan;

“Deferred Unit Incentive Plan” means the deferred unit incentive plan of the REIT;

“Definitive Debentures” means Debentures in registered and definitive form;

“Depository” means CDS or its successor;

“Deutsche Post” means Deutsche Post AG;

“Deutsche Post leases” means the lease agreements between DPI and Lorac in respect of the Initial Properties;

“Deutsche Postbank” or **“Postbank”** means Deutsche Postbank AG;

“Deutsche Telekom” means Deutsche Telekom AG;

“Distribution Date” means date on which the Trustees have determined that a distribution will be made by the REIT to the Unitholders;

“Distribution Record Date” means, unless otherwise determined by our Trustees, the last Business Day of each month of each year, except for the month of December where the Distribution Record Date shall be December 31;

“DPI” means Deutsche Post Immobilien GmbH, a limited liability company (*Gesellschaft mit beschränkter Haftung*) established under the laws of Germany, a wholly-owned Subsidiary of Deutsche Post;

“DP Real Estate” means Deutsche Post Real Estate Germany GmbH, a limited liability company (*Gesellschaft mit beschränkter Haftung*) established under the laws of Germany, a wholly-owned Subsidiary of Deutsche Post;

“DRC” means Dundee Realty Corporation, a corporation governed by the laws of British Columbia, a Subsidiary of Dundee Corporation;

“DRIP” means the distribution reinvestment plan of the REIT;

“DRMC” means Dundee Realty Management Corp., a corporation governed by the laws of Ontario and a wholly-owned Subsidiary of Dundee REIT;

“Dundee FCPs” means, Lorac acting in its own name but for the account of, respectively, each of Dundee International (Luxembourg) Fund 1 FCP, Dundee International (Luxembourg) Fund 2 FCP, Dundee International (Luxembourg) Fund 3 FCP, Dundee International (Luxembourg) Fund 4 FCP, Dundee International (Luxembourg) Fund 5 FCP, Dundee International (Luxembourg) Fund 6 FCP, Dundee International (Luxembourg) Fund 7 FCP, Dundee International (Luxembourg) Fund 8 FCP,

Dundee International (Luxembourg) Fund 9 FCP, Dundee International (Luxembourg) Fund 10 FCP, Dundee International (Luxembourg) Fund 11 FCP, Dundee International (Luxembourg) Fund 12 FCP, Dundee International (Luxembourg) Fund 13 FCP, Dundee International (Luxembourg) Fund 14 FCP and Dundee International (Luxembourg) Fund 15 FCP, each an FCP, the sole unitholder of which is a Dundee FCP Unitholder, and “**Dundee FCP**” means any one of the foregoing, unless the context requires the Dundee FCP to refer to the relevant Dundee FCP itself;

“**Dundee FCP Unitholders**” means, collectively, Dundee International (Luxembourg) Investments 1 S.à r.l., Dundee International (Luxembourg) Investments 2 S.à r.l., Dundee International (Luxembourg) Investments 3 S.à r.l., Dundee International (Luxembourg) Investments 4 S.à r.l., Dundee International (Luxembourg) Investments 5 S.à r.l., Dundee International (Luxembourg) Investments 6 S.à r.l., Dundee International (Luxembourg) Investments 7 S.à r.l., Dundee International (Luxembourg) Investments 8 S.à r.l., Dundee International (Luxembourg) Investments 9 S.à r.l., Dundee International (Luxembourg) Investments 10 S.à r.l., Dundee International (Luxembourg) Investments 11 S.à r.l., Dundee International (Luxembourg) Investments 12 S.à r.l., Dundee International (Luxembourg) Investments 13 S.à r.l., Dundee International (Luxembourg) Investments 14 S.à r.l. and Dundee International (Luxembourg) Investments 15 S.à r.l., each a limited liability company (*société à responsabilité limitée*) established under the laws of Luxembourg, and wholly-owned Subsidiaries of Dundee Lux Holdco, and “**Dundee FCP Unitholder**” means any one of the foregoing;

“**Dundee Fixtures**” means Dundee International (Germany) Fixtures GmbH, a limited liability company (*Gesellschaft mit beschränkter Haftung*) established under the laws of Germany, and a wholly-owned Subsidiary of Dundee Lux Holdco;

“**Dundee Germany Sub-Manager**” means Dundee International (Germany) Advisors GmbH, a limited liability company (*Gesellschaft mit beschränkter Haftung*) established under the laws of Germany, and a wholly-owned Subsidiary of Dundee Lux Manager;

“**Dundee Gibraltar**” means Dundee (Gibraltar) Limited, a corporation governed by the laws of the British Territory of Gibraltar, and a wholly-owned Subsidiary of Dundee LP;

“**Dundee LP**” means Dundee International (Cayman) L.P., a limited partnership established under the laws of the Cayman Islands, of which the REIT is the sole limited partner;

“**Dundee LP Agreement**” means the limited partnership agreement governing Dundee LP, as it may be amended and/or restated from time to time;

“**Dundee Lux Holdco**” means Dundee International (Luxembourg) Holdings S.à r.l., a limited liability company (*société à responsabilité limitée*) established under the laws of Luxembourg, and a wholly-owned Subsidiary of Dundee Gibraltar;

“**Dundee Lux Manager**” means Dundee International (Luxembourg) Advisors S.à r.l., a limited liability company (*société à responsabilité limitée*) established under the laws of Luxembourg, and a wholly-owned Subsidiary of Dundee Lux Holdco;

“**Dundee REIT**” means Dundee Real Estate Investment Trust, an unincorporated open-ended real estate investment trust governed by the laws of the Province of Ontario;

“**EBITDA**” means earnings before interest, taxes, depreciation and amortization, as adjusted under the German tax law in respect of certain German tax matters;

“**EEA**” means European Economic Area;

“Event of Default” has the meaning given to it in the Trust Indenture, and includes the occurrence and continuation of any one or more of the following events with respect to the Debentures: (a) failure for 15 days to pay interest on the Debentures when due; (b) failure to pay principal or premium, if any, on the Debentures, whether at the Maturity Date, upon redemption, by declaration of acceleration or otherwise; (c) an unremedied breach of any material covenant or condition of the Trust Indenture by the REIT after a 30 day cure period following notice of such breach; or (iv) certain events of bankruptcy, insolvency or reorganization of the REIT under bankruptcy or insolvency laws;

“Exchange Agreement” means the exchange agreement dated August 5, 2011 between the REIT, Dundee Lux Holdco and LSF, as described under “Exchangeable Notes – Exchange Agreement”;

“Exchange Number” means the aggregate number of Units into which the Exchangeable Notes are exchangeable in accordance with their terms and the terms of the Exchange Agreement, being initially 8,000,000 Units, subject to customary adjustments pursuant to the terms of the Exchange Agreement, as described under “Exchangeable Notes”;

“Exchangeable Notes” means Exchangeable Notes, Series A and Exchangeable Notes, Series B, together in the aggregate principal amount of €58.6 million;

“Exchangeable Notes, Series A” means notes of Dundee Lux Holdco having the rights and attributes specified therein, including the right to exchange such notes for Units on the terms and subject to the conditions of the Exchange Agreement;

“Exchangeable Notes, Series B” means notes of Dundee Lux Holdco having the rights and attributes specified therein, including the right to exchange such notes for Units on the terms and subject to the conditions of the Exchange Agreement;

“Extraordinary Resolutions” means resolutions passed at meetings of the holders of Debentures by votes cast thereat by holders of not less than 66 $\frac{2}{3}$ % of the principal amount of the then outstanding Debentures present at the meeting or represented by proxy, or rendered by instruments in writing signed by the holders of not less than 66 $\frac{2}{3}$ % of the principal amount of the then outstanding Debentures, binding on all holders of Debentures once passed;

“Facility” has the meaning given to that term under “Indebtedness”;

“FAPI” has the meaning given to that term under “Risk Factors – Tax considerations relating to FAPI may affect our financial condition”;

“FCP” means a *fonds commun de placement*, an unincorporated contractual co-ownership arrangement governed under the laws of Luxembourg by its prospectus for private placement and its management regulations;

“FCP Units” means units of the Dundee FCPs;

“FFO” means net income in accordance with IFRS, excluding: (i) fair value adjustments on investment properties; (ii) gains (or losses) from sales of investment properties; (iii) amortization of tenant incentives; (iv) fair value adjustments and other effects of redeemable units classified as liabilities and the Exchangeable Notes; (v) acquisition costs expensed as a result of the purchase of a property being accounted for as a business combination; and (vi) deferred income tax expense, after adjustments for equity accounted entities, joint ventures and non-controlling interests calculated to reflect FFO on the same basis as consolidated properties;

“Fixtures Purchase Agreement” means the Fixtures Purchase Agreement dated August 3, 2011 between Caroline Fixtures and Dundee Fixtures;

“Framework Agreement” means the Framework Agreement dated May 18, 2011 between DRC, the REIT, Dundee Lux Holdco, Lorac, Sub-Fund I, Caroline Holdings, Caroline Fixtures and LSF, as amended, as described under “Agreements Relating to Our Acquisition of the Initial Properties – Framework Agreement”;

“GDR” means German Democratic Republic (*Deutsche Demokratische Republik*);

“German VAT” means value added tax pursuant to the German *Value Added Tax Act (Umsatzsteuergesetz or UStG)* as published on February 21, 2005, and as amended from time to time;

“GLA” means gross leasable area, but excludes gross leasable area resulting from parking space, where applicable;

“Global Debentures” means Debentures issued in the form of fully-registered global Debentures;

“GRI” means all income from a property less the amount of operating and other costs recovered from the tenants of such property pursuant to their respective leases;

“Hudson Advisors Germany” means Hudson Advisors Germany GmbH, a limited liability company (*Gesellschaft mit beschränkter Haftung*) established under the laws of Germany, the sub-asset manager of Hudson Advisors Lux;

“Hudson Advisors Lux” means Hudson Advisors Luxembourg S.à r.l., a limited liability company (*société à responsabilité limitée*) established under the laws of Luxembourg, the asset manager of Sub-Fund I;

“IFRS” means International Financial Reporting Standards as issued by the International Accounting Standards Board and as adopted by the Canadian Institute of Chartered Accountants in Part I of The Canadian Institute of Chartered Accountants Handbook – Accounting, as amended from time to time;

“Independent Trustees” has the meaning given to that term under “Trustees and Executive Officers – Governance and Board of Trustees”;

“Indemnified Claims” has the meaning given to that term under “Agreements Relating to Our Acquisition of the Initial Properties – Reallocation Agreement”;

“Initial Properties” means the income-producing properties we acquired on August 3, 2011, as set out in Schedule B;

“Initial Term” has the meaning given to that term under “Real Estate Management and Advisory Services – Asset Management”;

“Interest Payment Date” means July 31 and January 31 in each year;

“IPO Prospectus” means the prospectus of the REIT dated July 21, 2011, which was filed with the securities regulatory authority in each of the provinces of Canada and is available on SEDAR at www.sedar.com;

“Landlord” means Lorac for the account of the Dundee FCPs;

“Liability Cap” has the meaning given to that term under “Agreements Relating to Our Acquisition of the Initial Properties – Reallocation Agreement”;

“Lone Star” means, collectively, Lone Star Real Estate Fund (U.S.) L.P., and Lone Star Real Estate Fund (Bermuda), L.P.;

“Lorac” means Lorac Investment Management S.à r.l., a limited liability company (*société à responsabilité limitée*) established under the laws of Luxembourg, which, is owned, as to 50%, by Dundee Lux Holdco and, as to 50%, by Caroline Holdings and which, according to the Dundee FCPs and its corporate purpose, is entitled to act in its own name as management company but for the account of Lorac Sub-Fund I Investment Fund and the Dundee FCPs respectively;

“Lorac Governance Rules” means the Lorac governance rules, as described in “Agreements Relating to Our Acquisition of the Initial Properties – Lorac Shareholders’ Agreement”;

“Lorac Investment Fund” means Lorac acting in its own name but for the account of Lorac Investment Fund, an umbrella FCP structured as a SIF under article 71 of the 2007 Act unless the context requires to refer to Lorac Investment Fund itself;

“Lorac Share Purchase Agreement” means the share purchase agreement dated July 22, 2011 between Caroline Holdings and Dundee Lux Holdco, as described in “Agreements Relating to Our Acquisition of the Initial Properties – Lorac Share Purchase Agreement”;

“Lorac Shareholders” means Dundee Lux Holdco and Caroline Holdings as described under “Agreements Relating to Our Acquisition of the Initial Properties – Lorac Shareholders’ Agreement”;

“Lorac Shareholders’ Agreement” means the shareholders agreement dated July 22, 2011 between Dundee Lux Holdco and Caroline Holdings, as described under “Agreements Relating to Our Acquisition of the Initial Properties – Lorac Shareholders’ Agreement”;

“LP Units” means the units of Dundee LP;

“LSF” means LSF REIT Holdings S.à r.l., a limited liability company (*société à responsabilité limitée*) established under the laws of Luxembourg;

“LS Lease Agreement” means the lease agreement dated July 22, 2011 between the Dundee FCPs and the LS Tenant, as described under “Agreements Relating to Our Acquisition of the Initial Properties – LS Lease Agreement”;

“LS Parties” means Lorac, Sub-Fund I, Caroline Holdings, Caroline Fixtures and LSF;

“LS Tenant” means Caroline Real Estate Holding Luxembourg S.à r.l., a limited liability company (*société à responsabilité limitée*) established under the laws of Luxembourg;

“Luxembourg” means the Grand Duchy of Luxembourg;

“market price” has the meaning given to that term under “Declaration of Trust and Description of REIT Units – Unit Redemption Right”;

“Maturity Date” means July 31, 2018;

“MI 61-101” means Multilateral Instrument 61-101 – *Protection of Minority Shareholders*;

“**NI 45-106**” means National Instrument 45-106 – *Prospectus and Registration Exemptions*;

“**NI 52-110**” means National Instrument 52-110 – *Audit Committees*;

“**NI 58-101**” means National Instrument 58-101 – *Disclosure of Corporate Governance Practices*;

“**Non-Competition Agreement**” means the non-competition agreement dated August 3, 2011 between DRC and the REIT, as described under “Real Estate Management and Advisory Services – Non-Competition Agreement”;

“**Notes**” means the promissory notes, bonds, debentures, debt securities or similar evidences of indebtedness issued by an individual, body corporate, partnership, limited partnership, joint venture, trust or unincorporated organization, the Crown or any agency or instrumentality thereof, or any other entity recognized by law, including, without limitation, Dundee LP;

“**October 2003 Proposals**” means draft proposed amendments to the Tax Act relating to the deductibility of losses, released by the Department of Finance (Canada) for public consultation on October 31, 2003;

“**OBCA**” means the *Ontario Business Corporations Act*, as amended from time to time;

“**Offeror**” means any person making a take-over bid for REIT Units;

“**participants**” has the meaning given to the term under “Description of the Debentures – Book-entry, Delivery and Form”;

“**Person**” includes an individual, body corporate, partnership, limited partnership, joint venture, trust or unincorporated organization, the Crown or any agency or instrumentality thereof, or any other entity recognized by law;

“**Plans**” means collectively, trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans, registered disability savings plans, tax-free savings accounts and registered education savings plans under the Tax Act;

“**Property Management Agreement**” means the property and facility management agreement between the Dundee FCPs and DP Real Estate, as described under “Real Estate Management and Advisory Services – Property Management”;

“**Put Date**” means the date which is 30 days following the giving of notice to holders of Debentures of a Change of Control;

“**Put Price**” means the price equal to 101% of the principal amount of the Debentures;

“**Reallocation Agreement**” means the reallocation agreement dated July 22, 2011, as amended, between Lorac, Sub-Fund I and the Dundee FCPs, as described under “Agreements Relating to Our Acquisition of the Initial Properties – Reallocation Agreement”;

“**Reallocation Consideration**” means €736 million, subject to adjustments as set out in the Reallocation Agreement;

“**Record Date**” means the record date for the payment of interest on the Debentures, being July 15 and January 15 in each year;

“Redemption Date” has the meaning given to that term under “Declaration of Trust and Description of REIT Units – Unit Redemption Right”;

“Redemption Price” has the meaning given to that term under “Declaration of Trust and Description of REIT Units – Unit Redemption Right”;

“REIT” means Dundee International Real Estate Investment Trust, an unincorporated open-ended real estate investment trust formed on April 21, 2011 under the laws of the Province of Ontario, as described under “The REIT”;

“REIT Units” means, collectively, Units and Special Trust Units;

“Related Party” means, with respect to any person, a person who is a “related party”, as that term is defined in MI 61-101, as such rule may be amended from time to time (and including any successor rule or policy thereto);

“Renewal Terms” has the meaning given to that term under “Real Estate Management and Advisory Services – Asset Management”;

“RETT” means German real estate transfer tax (*Grunderwerbsteuer*);

“SEDAR” means the System for Electronic Documents Analysis and Retrieval;

“Senior Indebtedness” has the meaning given to that term under “Description of the Debentures – Subordination”;

“SIF” means a specialised investment fund (*Fonds d’investissement spécialisé*) under the 2007 Act;

“SIFT” means a specified investment flow-through trust or partnership for the purpose of the Tax Act;

“SIFT Rules” means the provisions of the Tax Act that apply to a SIFT, taking into account all proposed amendments to such rules;

“Special Trust Units” means units of interest in the REIT (other than Units) authorized and issued under the Declaration of Trust to a holder of securities which are exchangeable for Units, including the Exchangeable Notes;

“Subsidiary” has the meaning given to that term in NI 45-106;

“Subsidiary Securities” means the Notes or other securities of Dundee LP or such other notes or securities of a Subsidiary of Dundee LP as the Trustees may determine from time to time;

“Sub-Fund I” means Lorac, acting as management company in its own name but for the account of Sub-Fund I, a sub-fund of Lorac Investment Fund, an umbrella FCP structured as a SIF under article 71 of the 2007 Act unless the context is clear that Sub-Fund I refers to Sub-Fund I itself;

“Tax Act” means the *Income Tax Act* (Canada), as amended from time to time, and the *Income Tax Regulations* (Canada), as amended from time to time, as applicable;

“Term” has the meaning given to that term under “Real Estate Management and Advisory Services – Asset Management”;

“Total Put Price” means the Put Price plus accrued and unpaid interest up to but excluding the Put Date;

“Trust Indenture” means the trust indenture dated at August 3, 2011 between the REIT and the Debenture Trustee;

“Trustees” means the trustees of the REIT from time to time;

“Trust Liability” has the meaning given to that term under “Risk Factors – Unitholder liability may arise”;

“TSX” means the Toronto Stock Exchange;

“Underwriting Agreement” means the underwriting agreement dated July 21, 2011 between the REIT, DRC, TD Securities Inc., Scotia Capital Inc., CIBC World Markets Inc., RBC Dominion Securities Inc., BMO Nesbitt Burns Inc., Canaccord Genuity Corp., Dundee Securities Ltd., HSBC Securities (Canada) Inc., Brookfield Financial Corp., GMP Securities L.P. and National Bank Financial Inc.;

“Unit” means a unit representing an interest in the REIT (other than Special Trust Units) authorized and issued under the Declaration of Trust;

“Unitholders” means holders of Units, but **“unitholders”**, when used in lower case type, refers to all holders of REIT Units, except where the context is clear that unitholders in lower case type refers to holders of units in a Dundee FCP or Sub-Fund I;

“Unit Interest Payment Option” means the right of the REIT to elect to issue and deliver freely-tradeable Units to the Debenture Trustee in order to raise funds to satisfy all or any part of its obligations to pay interest on the Debentures in accordance with the Trust Indenture; and

“United States” means the United States of America.

GENERAL

We provide investors with the opportunity to gain exposure to commercial real estate exclusively outside of Canada. As at December 31, 2011, our portfolio consisted of approximately 12.3 million square feet of GLA of office, industrial and mixed use properties across Germany. Dundee Realty Corporation (“DRC”) is our asset manager. Our units are listed on the TSX under the trading symbol DI.UN.

The REIT is an unincorporated, open-ended real estate investment trust governed by the laws of Ontario. The REIT is a “mutual fund trust” as defined in the *Income Tax Act* (Canada), but is not a “mutual fund” within the meaning of applicable Canadian securities legislation. Our head office is located at 30 Adelaide Street East, Suite 1600, Toronto, Ontario, M5C 3H1.

We are exempt from the SIFT Rules as long as we comply at all times with our investment guidelines which, among other things, only permit us to invest in properties or assets located outside of Canada. We do not rely on the REIT exception under the Tax Act in order to be exempt from the SIFT Rules. As a result, we are not subject to the same restrictions on our activities as those which apply to Canadian real estate investment trusts that do rely on the REIT exception. This gives us flexibility in terms of the nature and scope of our investments and other activities. Because we do not own taxable Canadian property (as defined in the Tax Act), we are not subject to restrictions on the ownership of our units by non-Canadian investors.

The REIT’s investment and operating activities are limited, because our operating activities are carried out by our Subsidiaries and the Dundee FCPs. For simplicity, we use terms in this AIF to refer to our investments and operations as a whole. Accordingly, in this AIF, unless the context otherwise requires, when we use terms such as “we”, “us” and “our”, we are referring to the REIT and its Subsidiaries and the Dundee FCPs, giving effect to our acquisition of the Initial Properties. When we use expressions such as “our investments” or “our operations”, we are referring to the investments and operations of the REIT and its Subsidiaries and the Dundee FCPs as a whole. When we use expressions such as “our properties”, “our portfolio”, “we own” or “we invest in” in relation to our properties, we are referring to our ownership of and investment in our properties indirectly through our Subsidiaries and, in relation to the Initial Properties, through the Dundee FCPs holding ownership interests in the Initial Properties as described in the following paragraph. When we use expressions such as “we operate”, we are referring to our operations through our Subsidiaries and through the Dundee FCPs. When we refer to the “REIT”, we are referring only to Dundee International Real Estate Investment Trust. When we refer to “our initial public offering”, we are referring to the initial public offering of the REIT which was completed on August 3, 2011.

Legal title to the Initial Properties is registered in the name of Lorac in the German land registers. Lorac holds such legal title, acting as management company in its own name but for the account of the respective Dundee FCPs. When we refer to “our acquisition” of the Initial Properties or that we “acquired” the Initial Properties, we are referring to: (i) the reallocation of all of the rights, claims and other interests and all risks and obligations of Sub-Fund I in the Initial Properties to the Dundee FCPs; (ii) our acquisition of the fixtures pertaining to the Initial Properties; and (iii) our acquisition of 50% of the voting and equity shares of Lorac (collectively, the “**Acquisition**”), as described in this AIF.

When we refer to the Units held by Dundee Corporation, DRC and LSF, we may refer to the percentage of Units held “on a fully-exchanged basis”, which means giving effect to the exchange of all of the outstanding Exchangeable Notes for Units.

When we refer to Deutsche Post as being the lessee or the tenant of the Initial Properties, we are referring to DPI, which is a wholly-owned Subsidiary of Deutsche Post. Deutsche Post has provided a letter of support with respect to DPI and its ability to carry out its obligations under leases for the Initial Properties. See “Real Estate Portfolio”.

This AIF may contain information about the German economy or market obtained from publicly-available sources. In addition, this AIF includes information regarding Deutsche Post, Deutsche Postbank and Deutsche Telekom that has been obtained from publicly available sources. Although we believe this information is reliable, the accuracy and completeness of this information is not guaranteed. We have not independently verified this information and make no representation as to its accuracy.

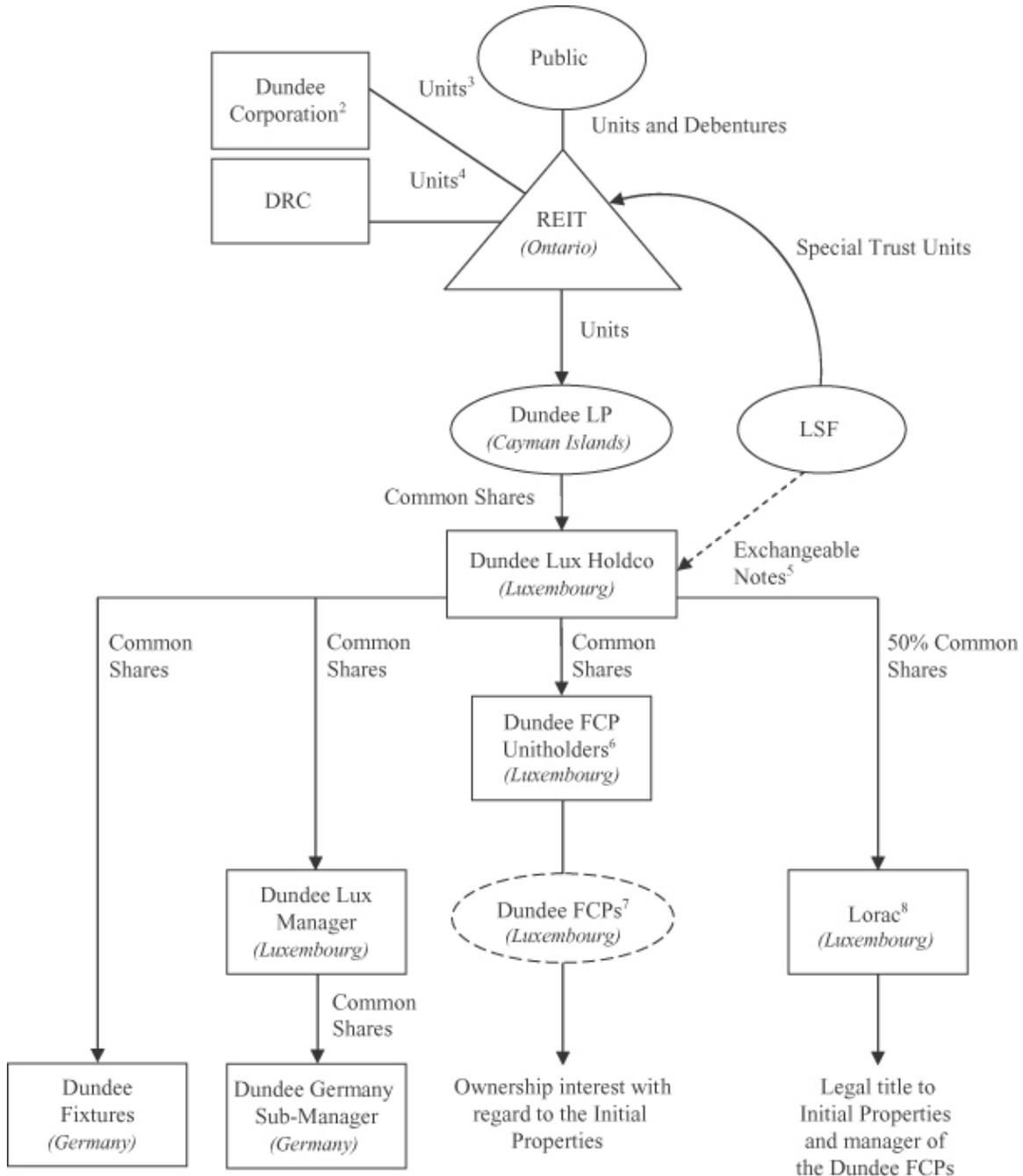
All information in this AIF set out with respect to occupancy rates, expiry dates, average contract rent and premium of market rent over contract rent of our properties does not give effect to the rent supplement described in this AIF. Where we refer to the term “market rent”, we have estimated market rent through reference to recent leasing activity in the market, leasing interest in our properties and publicly available market research.

In this AIF, references to “\$”, “dollars” or “Canadian dollars” are to Canadian dollars and references to “€” or “Euros” are to Euros. Amounts are stated in Canadian dollars unless otherwise indicated.

Unless otherwise specified, all information in this AIF is presented as at December 31, 2011.

OUR STRUCTURE

The following chart is a simplified illustration of our organizational structure as at December 31, 2011:



- (1) Except as noted, ownership interests below the REIT are 100%.
- (2) Dundee Corporation holds common shares of DRC, representing approximately 70% of the voting rights of DRC.
- (3) Dundee Corporation holds 10,000,000 Units (not including the Units held by DRC) representing approximately 19.3% of the outstanding Units on a fully-exchanged basis.
- (4) DRC holds 2,800,000 Units representing approximately 5.4% of the outstanding Units on a fully-exchanged basis.
- (5) Exchangeable into 8,000,000 Units representing approximately 15.4% of the outstanding Units on a fully-exchanged basis, in accordance with the terms of the Exchange Agreement.
- (6) There are 15 separate Dundee FCP Unitholders.
- (7) There are 15 separate Dundee FCPs.
- (8) The remaining 50% of the common shares of Lorac are held by Caroline Holdings.

Our principal Subsidiary entities are described below:

Dundee LP

Dundee LP is our principal Subsidiary and the vehicle through which we make investments. It is an exempt limited partnership formed under the laws of the Cayman Islands. Dundee LP is authorized to issue an unlimited number of LP Units. The general partner of Dundee LP, a corporation governed by the laws of the Cayman Islands, is a wholly-owned Subsidiary of the REIT. Subject to the provisions of the Dundee LP Agreement, the general partner of Dundee LP has all necessary powers to manage, control and operate the activities and affairs of Dundee LP and to do or cause to be done any and all acts necessary, appropriate, convenient or incidental thereto. Dundee LP may be dissolved or terminated only with the unanimous written consent of the general partner and the REIT.

Dundee Lux Holdco

Dundee Lux Holdco is a limited liability company established under the laws of Luxembourg. It is the primary holding company through which we make investments in Europe. Subject to the provisions of its constituting documents, the managers of Dundee Lux Holdco have all necessary powers to manage, control and operate the activities of Dundee Lux Holdco.

The Dundee FCPs

Our indirect interest in the Initial Properties is held through the Dundee FCPs. FCPs (*fonds commun de placement*) are undertakings for collective investment organized as mutual investment funds under the provisions of the 2010 Act. FCPs do not have a legal personality. FCPs in Luxembourg are not subject to any taxes other than a tax of 0.05% per annum of their net asset value (*taxe d'abonnement*). There is generally no withholding tax on distributions made by FCPs to their unitholders.

Under the contractual arrangement, FCPs are represented and managed by a management company, acting in its own name but for the account of the relevant FCP, that is required to always act in the exclusive interests of the FCP's unitholders pursuant to the FCP's prospectus for private placement and its management regulations.

FCPs are required to maintain a minimum net asset value of at least €1.25 million and are subject to the approval and ongoing supervision of the CSSF. FCPs are also required to designate a custodian bank, which must be a bank located in Luxembourg, or a Luxembourg branch of a bank with its registered office in another EEA member state, to safe keep the assets or securities of the FCPs. In addition, the management company may appoint a Luxembourg-based central administration agent to calculate the net asset value of the FCP, to maintain FCP's accounts, effect subscriptions, redemptions, deposits and withdrawals and manage other FCP transactions.

The Dundee FCPs were established with an initial term of 10 years, subject to renewal. Lorac acts as management company of the Dundee FCPs. Each of the Dundee FCP Unitholders holds all of the FCP Units of one of the Dundee FCPs.

In accordance with the restrictions contained in each Dundee FCP's prospectus for private placement, the Dundee FCPs will not acquire any real estate properties other than the Initial Properties unless such acquisition is of a real estate property that is related to an existing Initial Property. Furthermore, the Dundee FCPs cannot engage in any business or trade activity, such as construction and development of a real estate property, unless such construction or development is a repositioning of the Initial Properties.

GENERAL DEVELOPMENT OF THE BUSINESS

Completion of Initial Public Offering and Acquisition of the Initial Properties

The REIT was established on April 21, 2011 as a real estate investment trust formed to invest in real estate outside of Canada.

On August 3, 2011, we completed our initial public offering of 27,000,000 Units at a price of \$10.00 per Unit and \$140,000,000 aggregate principal amount of 5.5% Debentures for aggregate gross proceeds of \$410,000,000. Concurrently with our initial public offering, Dundee Corporation and DRC purchased a total of 12,000,000 Units at a price of \$10.00 per Unit for aggregate proceeds of \$120,000,000. These proceeds (net of issue costs and working capital requirements), together with €58,609,003 (approximately \$80 million at then-current exchange rates) of proceeds from the sale of Exchangeable Notes to LSF and €328.5 million (approximately \$448 million at then-current exchange rates) in term debt financing, were used to acquire the Initial Properties.

On August 29, 2011, we completed the issuance of an additional 4,050,000 Units at a price of \$10.00 per Unit and \$21,000,000 aggregate principal amount of 5.5% Debentures for aggregate gross proceeds of \$61,500,000. We issued these securities pursuant to the exercise of the over-allotment option by the underwriters for our initial public offering. We used the net proceeds from these additional issuances for general trust purposes.

Under applicable Canadian securities laws, the Acquisition of the Initial Properties was considered a “significant acquisition”. We filed a business acquisition report on Form 51-102F4 in respect of the Acquisition.

For information regarding the Initial Properties, see “Real Estate Portfolio”.

Current Discussions Regarding Acquisitions and Dispositions

Consistent with our past practices and in the normal course of business, we are engaged in discussions with respect to possible acquisitions of new properties and dispositions of existing properties in our portfolio. However, there can be no assurance that any of these discussions will result in a definitive agreement and, if they do, what the terms or timing of any acquisition or disposition would be. We expect to continue current discussions and actively pursue other acquisition, investment and disposition opportunities.

RECENT DEVELOPMENTS

Acquisitions

On February 29, 2012, we completed the purchase of approximately 99.74% of Grammophon Büroпарк in Hannover, Germany. The aggregate purchase price for the asset was approximately \$34.1 million (€25.8 million) (excluding transaction costs). DRC acquired an indirect equity beneficial interest in the remaining 0.26% of Grammophon Büroпарк. The property comprises approximately 211,000 square feet of office space. At the time of acquisition, the property was 95% leased and had an average lease term of 4.2 years. As part of the acquisition, we assumed a mortgage in the principal amount of approximately €15.5 million, with a three year term bearing interest at the face rate of 4.17%. As part of the transaction we received a mark-to-market adjustment of €0.6 million reducing the effective interest rate to 2.74%.

Deutsche Post Leases

In general, our Deutsche Post leases have a fixed term of 10 years, expiring on June 30, 2018. 129 of the leases entitle Deutsche Post to terminate space in June 2012, 2014 and 2016, subject to certain limitations and requirements, including that Deutsche Post provide 12 months' prior written notice to us. On June 30, 2011, Deutsche Post gave notice to terminate 17 leases with respect to its 2012 termination rights, comprising approximately 13% of the GRI and a GLA of approximately 1.1 million square feet, and waived its second termination right in respect of 21 leases (effective June 30, 2014). We are currently in discussions with Deutsche Post and Postbank regarding leasing back up to 20% of the GLA of the properties in respect of which Deutsche Post has exercised its termination right for an average lease term of approximately 3.6 years. However, there can be no assurance that these discussions will result in a definitive agreement or, if they do, what the terms (including the amount of GLA and term) of any such leasing arrangements will be. Based on our discussions to date with Deutsche Post and Postbank, of the 17 terminated properties we understand that Postbank wishes to remain in 12 of the 15 properties which feature Postbank branches and Deutsche Post wishes to lease space in eight of the 17 properties, five of which feature Postbank branches. To the extent that Deutsche Post does not exercise all of its early termination rights with respect to any particular effective termination date, the unused portion may be carried forward. This means that Deutsche Post has the right to terminate up to 91 leases in 2014 and up to 112 leases in 2016, subject to certain limitations.

In light of the 2012 terminations, the vendor of the properties had agreed to pay us an amount equal to the lost gross rent resulting from all 2012 terminations for the period commencing on July 1, 2012, to and including June 30, 2014, provided that the amount payable by the vendor would be reduced: (i) in the event of a sale of a terminated property, by the amount which would otherwise have been payable by the vendor in respect of such property, and (ii) in respect of a new lease in a terminated property, by the amount of rental income achievable from such new lease. We recently renegotiated this arrangement with the vendor such that the vendor of the properties has agreed to pay us the full amount of €17,329,135 plus all interest accrued thereon, regardless of whether we sell, or re-lease space in, any terminated properties. This amount has been set aside in a bank account out of which we will be paid on a monthly basis (or otherwise as we request), starting from July 1, 2012 (or such earlier date as we may determine) the net rent plus prepayments of operating costs which would otherwise have been payable under the Deutsche Post leases in respect of all 2012 terminations. For a more detailed description of the Deutsche Post leases and termination rights, please see "Real Estate Portfolio".

New Board Appointment

John Sullivan was appointed to the Board of Trustees of the REIT effective November 8, 2011. Mr. Sullivan is the Chief Executive Officer of The Cadillac Fairview Corporation Limited.

Announcement of Equity Offering

On March 27, 2012, we announced that we and LSF entered into an agreement to sell 8,000,000 Units at a price of \$10.10 per Unit to a syndicate of underwriters. Pursuant to this public offering, the REIT will issue 4,000,000 Units for gross proceeds to the REIT of \$40,400,000 and LSF will sell 4,000,000 for gross proceeds to LSF of \$40,400,000. The REIT and LSF each granted the underwriters an over-allotment option to purchase up to an additional 600,000 Units (up to 1,200,000 Units in total). Closing of the offering is scheduled to occur on April 17, 2012.

DESCRIPTION OF THE BUSINESS

Objectives

We are committed to:

- managing our investments to provide stable, sustainable and growing cash flows through investments in commercial real estate located outside of Canada;
- building a diversified, growth-oriented portfolio of commercial properties based on an initial portfolio in Germany;
- capitalizing on internal growth and seeking accretive acquisition opportunities in our target markets;
- growing the value of our assets and maximizing the long-term value of our Units through the active and efficient management of our assets; and
- providing predictable and growing cash distributions per Unit, on a tax-efficient basis.

Strategy

Our core strategy is to invest in income-producing properties outside of Canada that provide stable, sustainable and growing cash flows. Our methodology to execute our strategy and to meet our objectives includes:

Optimizing the performance, value and long-term cash flow of our properties

We manage our properties to optimize their performance, value and long-term cash flow. We seek to do this by achieving high occupancy and rental rates. Together with our management team in Canada, we also have established management teams in Germany and Luxembourg, bringing a history with our properties, continuity with our major tenant and relationships with other market participants. Leasing, capital expenditure and construction initiatives are internally managed by us, while an affiliate of our major tenant continues to provide property management services for our properties and is responsible for all day-to-day operations, including the general maintenance, rent collection and administration of operating expenses and tenant leases.

Diversifying our portfolio to mitigate risk

We seek to diversify our portfolio to increase value on a per unit basis, further improve the sustainability of our distributions and strengthen our tenant profile. We anticipate that our profile in Europe, our relationships, our management teams in Germany and Luxembourg and the expertise of our board members and senior management team will provide us with opportunities to take advantage of real estate transactions available in Germany and other European countries.

Investing in stable income-producing properties outside of Canada

When considering acquisition opportunities, we look for properties with quality tenancies and strong occupancy, and assess how acquisition opportunities complement our properties and have the potential to create additional value. We pursue acquisition opportunities independently as well as by partnering with existing local operators and by growing with Canadian groups as they expand their reach outside of Canada. In considering future acquisitions, we intend to focus on countries with a stable business and

operating environment, a liquid market for real estate investments, a legal framework that provides adequate rights and protections for owners of property, and a manageable foreign investment regime. We will consider investment opportunities in income-producing properties that are accretive, provide stable, sustainable and growing cash flows and enable us to realize synergies with our portfolio of properties. The execution of this strategy will be consistently reviewed and will also include engaging in dispositions of properties and optimizing our capital structure.

Maintaining and strengthening a conservative financial profile

We operate our investments in a disciplined manner, with a focus on financial analysis and balance sheet management to ensure that we maintain a prudent capital structure and conservative financial profile. We intend to generate stable cash flows sufficient to fund our distributions while maintaining a conservative debt ratio. Our preference will be to ultimately stagger our debt maturities to mitigate our interest rate risk and limit refinancing exposure in any particular period. We have also implemented a foreign exchange hedging strategy to provide greater certainty regarding the payment of distributions to unitholders and interest to debentureholders.

Principal Market and Competitive Conditions

German economy

The German economy has long been a driver as well as a beneficiary of a globalized economy. Germany has established itself as a vital location for production sites and is a country with a favourable business environment. Similar to Canada, Germany is a country with a history of political, legal and financial stability and provides an attractive climate for long-term investment.

Recent developments

Overall, the German economy was remarkably strong in 2011 despite the ongoing uncertainty in Europe. Germany's GDP growth of 3%⁽¹⁾, which marked the second year of annual growth at or above 3%, was the highest GDP increase in 2011 of all G7 countries. While domestic demand was the main driver of growth, the country's export strength also helped to escape the worst effects of Europe's ongoing debt crisis. In addition, Germany's labour market continued to show resilience with an unemployment rate of 6.8%⁽²⁾ in December 2011. Economic activity in Germany is expected to remain stable.

(1) Statistisches Bundesamt Deutschland

(2) Deutsche Bundesbank

Economic impact on the German real estate sector

The commercial real estate market in Germany performed well in 2011 with prime rents increasing in five of the seven German key markets. In addition, at €23 billion, the transaction volume was approximately 22% higher than in 2010. There is little evidence that the European debt crisis and concerns about a global economic slowdown negatively impacted the office sector in 2011. Demand for space continued to be strong and vacancies in the office markets declined in five of the seven key markets.

Employees

As at December 31, 2011, we had 14 full-time employees. We have entered into several arrangements to ensure that our operations are properly managed in all jurisdictions. This includes arrangements for asset management services which are provided by DRC to us. See "Real Estate Management and Advisory Services".

Competitive Conditions

A description of additional competitive conditions relevant to our business is set out in our 2011 Management's Discussion and Analysis under "Risks and Our Strategy to Manage – Competition". The disclosure on that page is incorporated by reference into this AIF.

REAL ESTATE PORTFOLIO

Overview of Our Properties

As at December 31, 2011, our assets consisted of a portfolio of 292 office, mixed use and industrial properties, with a small residential component, comprising approximately 12.3 million square feet of GLA located in Germany. Our properties are strategically located in major city and town centres, often on a central square in close proximity to the main train station and/or bus station. The locations typically provide excellent visibility, access to a major street and proximity to a transportation hub and city centre pedestrian/shopping areas.

Throughout this document, we make reference to the following three asset categories:

Office

This category includes regional administration headquarters. The properties contain national and regional administration offices and are generally located just outside major city centres and typically have the highest rental rates of the three asset categories.

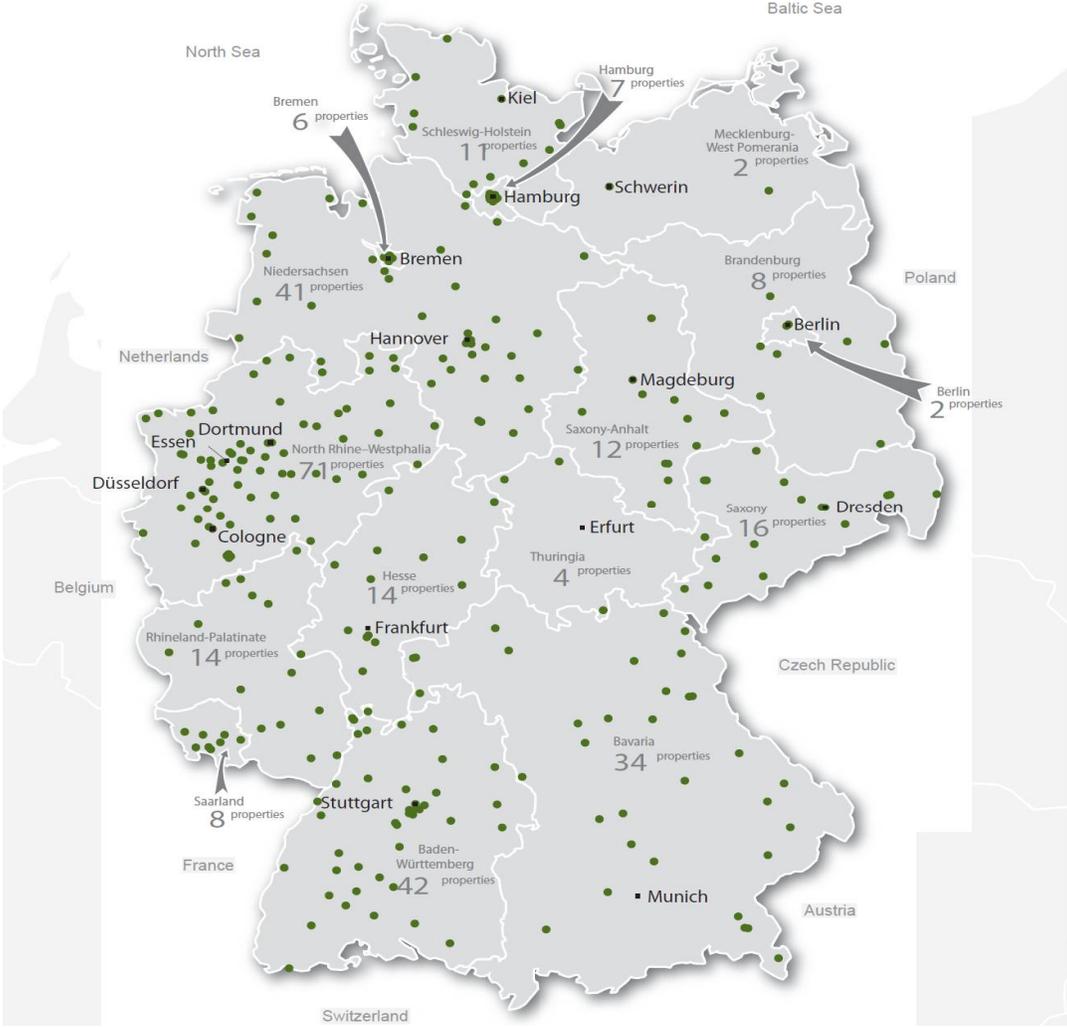
Mixed use

This category includes mixed use retail, banking and distribution properties that contain mail and distribution centres and administration offices. The properties are generally strategically located near central train stations, main retail areas and are easily accessible by public transport.

Industrial

This category includes regional logistics headquarters. The properties in this category are typically used as strategic logistics facilities that are critical elements of Deutsche Post's distribution network. The properties are mostly located near major cities and have access to significant infrastructure, including railways and highways.

The map below shows the locations of our assets in Germany. Our properties are located throughout Germany with a heavy concentration in the Western German states of North-Rhine Westphalia, Baden-Württemberg, Niedersachsen, Bavaria and Hesse.



The table below highlights the geographic diversification of our properties as of December 31, 2011.

States	Total GLA (sq. ft.)	Total GLA (%)	Weighted average occupancy (%)
Baden-Württemberg	1,623,262	13	92
Bavaria	1,461,345	12	87
Berlin	53,767	1	91
Brandenburg	141,370	1	88
Bremen	320,886	3	83
Hamburg	485,757	4	90
Hesse	1,041,500	8	90
Mecklenburg–West Pomerania	101,023	1	87
Niedersachsen	1,590,769	13	80
North Rhine–Westphalia	2,760,689	22	92
Rhineland–Palatinate	501,281	4	86
Saarland	482,671	4	91
Saxony	643,850	5	78
Saxony–Anhalt	449,226	4	85
Schleswig-Holstein	536,904	4	96
Thuringia	127,267	1	70
Total	12,321,567	100	88

A comprehensive list of all of our properties as of December 31, 2011 is attached to this AIF as Schedule B.

Tenants

Deutsche Post

Our properties were formerly owned by Deutsche Post. Deutsche Post contributes at least 90% of the GRI in 172 of our properties and between 50% and 90% of the GRI in 105 of our properties, leaving only 15 properties where less than 50% of the GRI is contributed by Deutsche Post.

Deutsche Post is an integral part of the German economy and continues to be an important part of day-to-day life in Germany. Deutsche Post is Europe's largest postal company and the only provider of universal postal services in Germany. Through its acquisition of DHL in 2002, Deutsche Post has become a global logistics market leader. It employs approximately 470,000 people in more than 200 countries and territories. As the only provider of universal postal services in Germany, Deutsche Post must provide certain minimum levels of service to German residents. On a daily basis, it serves two to three million customers through its retail outlets and delivers 66 million letters and 2.6 million parcels within Germany via mail and parcel sorting facilities. Its infrastructure network in Germany includes 82 mail centres, 33 parcel centres and 20,000 retail outlets and points of sale.

As a result of the high barriers to entry, Deutsche Post holds an approximate 87% market share of the €6.0 billion domestic mail communication market in Germany, in addition to holding an approximate 39% market share of the €6.8 billion domestic parcel market. Deutsche Post's position in the parcel market provides an opportunity for growth as businesses and consumer activities in online commerce continue to expand, thereby increasing non-letter mail volumes.

Deutsche Postbank

Pursuant to a private agreement between Deutsche Post and Deutsche Postbank (“**Postbank**”), 202 of our properties feature branches of Postbank, allowing for the delivery of integrated financial and postal services. The properties featuring Postbank branches are typically located at ground level with a view to attracting a high volume of retail and business customers seeking financial or postal services. These locations may include retail space (where consumer staples are offered for sale), a banking or investment advisory area, mailboxes for rent, an automated postal/banking services station or traditional banking teller service. Many Postbank branches in our properties have recently undergone refurbishment and now feature contemporary designs, expanded retail sections, enhanced lighting and automated postal and financial services centres. The delivery of banking and postal services are integrated such that customers can purchase consumer staples, send or receive mail or parcels and attend to their financial services needs, including by making deposits, loans, transfers, investments and purchasing insurance.

Postbank is a public company controlled by Deutsche Bank. Postbank offers retail financial services in their branches within Deutsche Post’s network, which generates increased traffic through the postal services offered in those branches. There are 4,500 branches of Deutsche Post in which selected Postbank financial services are available. Postbank offers comprehensive financial services as well as postal services in its own 1,100 branches.

With 14 million active domestic customers and over 20,000 employees, Postbank is one of Germany’s major financial services providers. Postbank’s focus is on its retail business with private customers. Postbank has the densest branch network of any bank in Germany, which makes it conveniently accessible and attractive to its retail banking customer base.

Deutsche Telekom

After Deutsche Post, Deutsche Telekom is the second-largest tenant in our properties, as measured by space occupied. Deutsche Telekom occupies approximately 1.4% of the GLA of our properties and currently generates approximately 2.5% of the portfolio’s overall GRI. The occupied space is mainly used for server and cable rooms, forming an integral part of Deutsche Telekom’s infrastructure.

Deutsche Telekom is one of the world’s leading telecommunications and information technology service companies. Deutsche Telekom Group had approximately 236,000 employees in total as of December 31, 2011.

Deutsche Post leases

Our leases with Deutsche Post, which generally expire on June 30, 2018 (many of which provide Deutsche Post with an option to extend the term until June 30, 2023), comprise approximately 75% of the GLA and account for more than 85% of the GRI of our portfolio as of December 31, 2011.

Although our Deutsche Post leases are between the Landlord and DPI, a subsidiary of Deutsche Post, as tenant, Deutsche Post has provided a letter of support pursuant to which it will ensure that DPI is managed and capitalized so as to be able to fulfill its financial obligations under the leases, with the letter of support being in place until the earlier of (a) the date of termination of the leases, and (b) 15 years after commencement of the leases.

Although structured as individual lease agreements, each of our Deutsche Post leases is commercially linked in certain ways with other leases that we did not acquire in connection with our acquisition of the Initial Properties, even though we have no interest in those other leases and the seller of the Initial Properties has no interest in our Deutsche Post leases.

The following is a summary of other material terms of our Deutsche Post leases. Some of the leases have provisions that differ from those summarized below, but we do not consider those differences to be material.

Use

In general, the Deutsche Post leases specify the designated use of the rental property in the following categories: (a) postal office, (b) delivery base, (c) logistics base, and/or (d) office use. Deutsche Post is generally responsible for maintaining any necessary permits which are required at the time of commencement of the lease term.

Rent and Rent Adjustment

The Deutsche Post leases typically require monthly rental payments which are payable in advance.

The rents under the Deutsche Post leases are subject to automatic adjustments (up or down) in relation to the consumer price index for Germany. If the consumer price index for Germany changes by more than 4.7 index points as compared to the index at the commencement of the applicable lease or the previous rent adjustment, the rent payable under the Deutsche Post leases is automatically adjusted by 100% of the index change of 4.7 points, with effect as of the time of the index change.

Termination rights and rent guarantee

In general, the Deutsche Post leases have a fixed term of 10 years, expiring on June 30, 2018. 129 of the leases entitle Deutsche Post to terminate space in June 2012, 2014 and 2016, subject to certain limitations and requirements, including that Deutsche Post provide 12 months' prior written notice to us. The vendor of the properties has agreed to pay us an amount equal to the lost gross rent resulting from all 2012 terminations for the period commencing on July 1, 2012, to and including June 30, 2014, subject to certain limitations. For further information please refer to "Recent Developments – Deutsche Post Leases".

Subletting

Under the Deutsche Post leases, Deutsche Post is entitled to sublet the leased premises, within the scope of the agreed use, to an affiliate of Deutsche Post without our consent, including to Postbank, as well as to distribution partners of Deutsche Post and Postbank. Deutsche Post may not sublet the leased premises to any other person without the consent of the Landlord, which consent may only be withheld for cause.

Maintenance and Alteration

The Landlord is generally responsible for maintenance and repair of the structural parts of the Initial Properties and replacement of common areas and is required to bear the costs for such measures. However, the Landlord may allocate certain costs for maintenance and repair of common areas to Deutsche Post in an amount not to exceed 6% of the annual net rent under the relevant Deutsche Post lease and, in any event, in an amount not to exceed 4.5% of the total annual net rent under all Deutsche Post leases and Caroline Deutsche Post leases, considered as a whole (unless the costs are deemed to be ancillary costs, as discussed below). If amounts allocated in a year are less than the foregoing limits, the unused portion may be carried-forward into the subsequent year. Given that the 4.5% limit applies to the Deutsche Post leases and the Caroline Deutsche Post leases, considered as a whole, we and Sub-Fund I have agreed not to allocate in excess of 4.5% of the total annual rent under the Deutsche Post leases (in our case) and under the Caroline Deutsche Post leases (in the case of Sub-Fund I) and to retain any excess which we may have relating to our own properties for future years.

Other than as stated above, Deutsche Post is generally responsible for the maintenance, repair, and renewal at its own cost within the leased premises.

Ancillary Costs

Each Deutsche Post lease provides that Deutsche Post will proportionately bear ancillary costs; however, property management costs cannot be charged to Deutsche Post. Ancillary costs include heating and air conditioning costs, general electricity costs, costs in connection with the operation and management of parking spaces, garages and underground parking garages, costs in connection with maintenance and cleaning of outdoor areas, costs of street and building cleaning, and all costs in connection with the observance of the duty to safeguard traffic (including snow and ice removal).

If additional costs are incurred as a result of Deutsche Post's specific requirements, these additional costs will be borne solely by Deutsche Post. To the extent possible, Deutsche Post will directly enter into agreements with the local utility suppliers for its ancillary requirements.

Protection Against Competition

Under the Deutsche Post leases, the Landlord has agreed that it will not, without the consent of Deutsche Post, lease space, set up automatic banking machines or provide advertisement opportunities to "material competitors" of Deutsche Post, Postbank or their affiliates. Material competitors are defined under the Deutsche Post leases as all mail delivery services, all courier, express and parcel services unless they are exclusively working locally and are not part of a supra-regional network or group, all providers of banking services and companies specifically listed in the Deutsche Post leases (as they may be updated from time to time by Deutsche Post with effect from and after such updates).

Fixtures Leases

The separate leasing of fixtures to a major tenant of a building is common practice in Germany. We acquired all of the fixtures located in the Initial Properties, and each of the leases of such fixtures with Deutsche Post were assigned to us. Pursuant to those fixtures leases, we lease various fixtures, such as loading bridges and freight elevators, to Deutsche Post for a similar term to that of the Deutsche Post leases for nominal rent.

Certain Legal Matters Relating to Property in Germany

Title to the Initial Properties is subject to customary encumbrances, such as easements, encroachments, zoning laws and restrictive covenants which are typical for commercial real estate properties of this type, size and age. The majority of the Initial Properties are subject to easements providing customary rights to utility lines, telecommunication cables, water pipes, rights-of-way and similar rights in favour of public authorities, utility companies or private parties. In some cases, there are limited personal easements in favour of the German National Railway to allow railway installations and operations. In one case an easement restricts the use of the Initial Property to a postal office.

Three of the Initial Properties are subject to pre-emptive rights or rights of first refusal in the event of subsequent sales of the affected properties. One of the Initial Properties is subject to an option to purchase in favour of Deutsche Post. In addition to these encumbrances, at least 36 of the Initial Properties are located in urban refurbishment, redevelopment or reallocation areas in which the sale, leasing and encumbrance of such Initial Properties requires the approval of the competent public authority. Such approval may be necessary for the granting of the first mortgages or in connection with the assignment of the existing land charges to be provided under financing agreements. We obtained an undertaking from Sub-Fund I to obtain all required public authority approvals for the execution or renewal of certain leases

in Initial Properties which are located in an urban refurbishment, redevelopment or reallocation area where prior approval was not previously obtained.

At least 58 of the Initial Properties are located in areas designated as “Public Facilities Area for Postal Services” (“*Gemeinbedarfsfläche Post*”) in a land-use plan (*Bebauungsplan*), which restricts the use of these properties to postal services. Any change of such use will only be permitted if the applicable public authority re-zones the land or waives the restrictive designation. We understand that many of the centrally located Initial Properties have also received specific permits which provide Deutsche Post with 24 hour truck access, including on Sundays and public holidays. Certain of the Initial Properties are also subject to German monument protection laws, which are similar to historic designations and oblige the owner of such building to take into account reasonable measures of conservation and maintenance of the affected buildings.

Overall, we do not believe that these encumbrances, rights or restrictions are of a material nature.

ASSESSMENTS OF THE PROPERTIES

Environmental Assessments

The Initial Properties have been the subject of certain environmental site assessment reports prepared between 2007 and 2011. A German-based consultant was selected by us in order to investigate compliance with applicable jurisdictional standards and best practices during completion of the assessments and reports. The purpose of the environmental site assessments was to assess whether evidence of potential or actual environmental contamination exists at the Initial Properties. Prior environmental site assessments were prepared between 2007 and 2008 for 285 of the Initial Properties by our consultant and a separate consultant. In 2011, our consultant prepared environmental site assessments for the remaining seven Initial Properties and updated the environmental site assessments in respect of the 285 Initial Properties for which environmental site assessments had previously been prepared. In addition, our consultant reviewed excerpts from the public register of contaminated land (*Altlastenkataster*) for each of the Initial Properties. Phase I environmental reports, including visual site inspections, were conducted on 12 Initial Properties in order to confirm the information in the public register regarding specific and/or unusual environmental issues or that no significant environmental issues exist at these properties.

Overall, a tiered-risk approach was employed to maximize utility of available resources in targeting sites with the highest risk potential. Sites were assessed and categorized into high, medium, low and no risk categories with additional consideration given to the Initial Properties identified as high risk.

42 Initial Properties were identified as having possible but non-actionable concerns mainly based on the former operation of underground fuel tanks. Given that the appropriate decommissioning of the tanks at each of these sites appears to have occurred where required, the identified risk is perceived to be diminished and can be mitigated, where necessary, in the event of any major redevelopment or excavation.

Based on the review of documentation which was available for 102 properties and visual site inspections, the environmental site assessment reports classified the possible existence of building material pollutants for 24 of the Initial Properties with a low risk and for 60 of the Initial Properties with a medium risk. Eighteen of the Initial Properties were identified as having a high risk of possible existence of building material pollutants. Of these properties, future remediation will likely be required for nine properties if there is a change of use, major refurbishment or redevelopment of the property. An additional three of these Initial Properties potentially require remediation work over the longer term and six of these Initial Properties with a high risk of possible existence of building material pollutants may require remediation

work in the short term. A further internal review of these properties has been undertaken and an environmental management plan, guided by the principles established in the REIT's Environmental Policy, was instituted for all of the Initial Properties.

We negotiated an indemnity from Sub-Fund I for any claims against us resulting from environmental damage for two other Initial Properties to a maximum of €3 million and a further indemnity from Sub-Fund I for claims against us resulting from environmental damage of which on Closing Sub-Fund I had knowledge and we did not.

We have a comprehensive environmental impairment liability insurance policy covering the Initial Properties which will reduce our exposure to any unforeseen incidents or historical issues.

Property Condition Assessments

The Initial Properties have been the subject of certain property condition assessment reports prepared between 2007 and 2011. A German-based consultant that had previous experience with many of the Initial Properties was selected in order to investigate compliance with applicable jurisdictional standards and best practices during completion of the assessments and reports. The consultant had previously inspected the majority of the Initial Properties in 2008. Any Initial Properties not physically inspected by the consultant in 2008 were physically inspected in 2011. As well, approximately 10% of the Initial Properties physically inspected in 2008 were re-inspected in 2011. Reports on properties inspected in 2008 were updated through a review of due diligence materials provided by Caroline Holdings, incorporating a specific analysis of maintenance expenditures for the years 2008 through 2010.

Property condition assessment reports were prepared for each of the Initial Properties for the purpose of assessing and documenting the existing conditions of each building and major building operating components and systems forming part of the Initial Properties. The reports catalogued ongoing repairs, maintenance and replacement of capital items in respect of the Initial Properties, and also identified and quantified major defects in materials or systems which would likely necessitate capital expenditures over the next ten years. Based on the property condition assessment reports and DRC's own inspections, the Initial Properties appear to be well maintained, in accordance with their use.

As part of our annual asset review program, we will monitor the appropriate level of repairs and maintenance and capital expenditures to ensure that the Initial Properties remain competitive. We intend to manage capital expenditures prudently and maintain the physical improvements of the Initial Properties in good condition. We will also expend capital on upgrades where appropriate, especially if we believe such spending will accelerate lease-up of vacant space and assist in the retention of expiring tenants.

INDEBTEDNESS

For the year ended December 31, 2011, our interest coverage ratio was 2.7 times. This ratio is calculated by dividing (i) net operating income from continuing operations plus interest and fee income less general and administrative expenses by (ii) interest expense from continuing operations less interest on Exchangeable Notes. As at the same date, our floating rate indebtedness was approximately 15% of total debt.

Concurrent with the closing of our initial public offering, we obtained a term loan credit facility (the "Facility") from a syndicate of German and French banks for gross proceeds of \$448.4 million (€328.5 million). The term of the Facility is five years with a two-year renewal option. Variable rate interest is payable quarterly under the Facility at a rate equal to the three-month EURIBOR, plus a margin of 200 bps and agency fees of 10 bps. Pursuant to the requirements of the Facility, we entered into an interest rate swap to fix 80% of the interest payments at 1.89% plus margin and agency fees and purchased an

instrument to cap 10% of the Facility, such that interest does not exceed 5%. Concurrent with entering into the interest rate swap, the Trust received \$9.5 million (€7 million) from the vendor of the properties and used the proceeds to buy down the swap rate by 54 bps to reflect the difference between the cost of the Facility and the negotiated cost. Effective December 30, 2011 we entered into an interest rate swap to fix the remaining 20% of the interest payments under the Facility at 3.38%. The weighted average rate of the Facility is 3.98%. Including costs, net of the payment received from the vendor, the effective interest rate under the Facility is 4.04%.

The Facility requires that at each interest rate payment date the debt service coverage ratio is equal to or above 145% and that the loan-to-value does not exceed 59% during the first three years the loan is outstanding and 54% during the final two years. As at December 31, 2011, we were in compliance with these covenants.

The Facility is secured by first ranking mortgages on all of the Initial Properties and first ranking security on the related assets acquired by us. Recourse under the Facility is limited to these secured assets.

We may voluntarily repay amounts outstanding under the Facility at any time subject to the payment of certain fixed prepayment penalties in years one to four of the term, together with customary breakage costs and the satisfaction of certain conditions. No prepayment penalties are payable for any voluntary repayment of principal in the fifth year of the term. In addition, subject to certain limitations, we may, at any time, make voluntary partial repayments of principal, plus the applicable prepayment penalty and customary breakage costs, to obtain discharges of the banks' security against specific Initial Properties subject to certain limitations. We may exercise this right to obtain conventional mortgages on such properties if we so choose. Mandatory repayments of between 110% and 125% (with the average being 115%) of the principal allocated to a particular Initial Property will be required in the event that we sell an Initial Property.

No amortization of principal under the Facility is required during the first three years after August 3, 2011 (the closing date of our initial public offering). Thereafter, interest together with amortization of principal equal to 2% per annum of the initial loan amount will be payable on a quarterly basis (including the extension term, if any). In addition, we are required to repay €100 million plus an applicable prepayment premium of 15% through dispositions or refinancings of a portion of the Initial Properties within the first two years following August 3, 2011, failing which we will be required to pay additional interest of 1% on the portion of the €100 million amount which is not repaid by the second anniversary of August 3, 2011. We are currently in discussions with various banks in respect of refinancing portions of the Facility for terms ranging from three to five years and in some cases even longer. Although there is currently limited access to debt financing in Germany, interest rates in Germany remain at historically low levels.

The terms of the Facility include conditions precedent, representations and warranties, financial and non-financial covenants, change of control acceleration rights (including on a change of control of the REIT) and events of default customary for a credit facility of this nature in Germany.

The Facility requires that all net rental income from the Initial Properties be paid into a rent collections account, to be released only after budgeted non-recoverable operating expenses (including an agreed property and asset management fee) are paid.

The Facility also includes default and cash trap covenants requiring us to maintain certain loan-to-value and debt service coverage ratios, each of which will be tested on a quarterly basis. If these ratios are not met at any time, the lenders may withhold 50% of the excess cash flow on a monthly basis as additional security for the Facility until such time as the ratios are once again satisfied. Upon satisfaction of the relevant ratio, the excess cash flow may again be distributed to us; however, any cash previously trapped

will not be released and will be used at the time of each future quarterly testing date until the ratio is satisfied for two consecutive quarters.

In addition, the Facility requires that Dundee Corporation, DRC and their affiliates maintain at least \$120 million of equity in the REIT for a two year period from August 3, 2011 (the closing date of our initial public offering) and at least \$48 million of equity for the remainder of the term of the Facility. Dundee Corporation and DRC have agreed with us to abide by this requirement.

Convertible Debentures

We have a series of convertible debentures currently outstanding. See “Description of Debentures”.

Additional Financing

We may seek additional financing with one or more financial institutions from time to time. Such financing will be used for general trust purposes, which may include the funding of our operations or future property acquisitions.

Currency Hedging Arrangements

Given that substantially all of our investments and operations are conducted in currencies other than Canadian dollars and that we will pay distributions and interest payments to Unitholders and Debentureholders, respectively, in Canadian dollars, we intend to implement active hedging programs in order to offset the risk of revenue losses and provide more certainty regarding the payment of distributions to Unitholders and interest to Debentureholders. We have entered into currency hedging arrangements with an arm’s length counterparty pursuant to which the counterparty has agreed to exchange Euros for Canadian dollars on a monthly basis at an agreed exchange rate.

The hedging arrangements have been implemented initially for a term of two years. Our Executive Committee will assess our currency hedging strategy from time to time and make recommendations to the Board of Trustees.

TRUSTEES AND EXECUTIVE OFFICERS

Trustees and Executive Officers

Pursuant to the Declaration of Trust, we may have between five and twelve Trustees at any given time, a majority of whom must be resident Canadians. Our Board of Trustees currently consists of eight Trustees.

The Trustees are elected by unitholders of the REIT at each annual meeting of unitholders for a term expiring at the conclusion of the next annual meeting or until their respective successors are elected or appointed and will be eligible for re-election. A Trustee appointed by the Trustees between meetings of unitholders or to fill a vacancy will be appointed for a term expiring at the conclusion of the next annual meeting of our unitholders or until his or her successor is elected or appointed and will be eligible for election or re-election. The nominees for election as Trustees will be determined by the Governance and Environmental Committee in accordance with the provisions of the Declaration of Trust and the charter of the Governance and Environmental Committee and will be included in the proxy-related materials to be sent to unitholders prior to each annual meeting.

Our Declaration of Trust provides that a Trustee may resign upon written notice to us and a Trustee may be removed with or without cause by a majority of the votes cast at a meeting of unitholders called for that purpose or with cause by two-thirds of the remaining Trustees.

The following table sets forth, as at March 30, 2012, selected information regarding each of our Trustees and executive officers.

Name, Province or State and Country of Residence	Position/Title	Independent	Principal Occupation
Detlef Bierbaum, Köln, Germany ⁽¹⁾⁽²⁾	Trustee since August 3, 2011, Chair	Yes	Member of the Supervisory Board, Sal. Oppenheim KAG, a fund management company
Olivier Brahin, London, United Kingdom ⁽³⁾⁽⁴⁾	Trustee since August 3, 2011	Yes	Senior Managing Director, Head of European Real Estate Investments, Lone Star Management Europe Ltd., an investment company
Michael J. Cooper, Ontario, Canada ⁽²⁾	Trustee since April 21, 2011, Vice-Chair	No	President and Chief Executive Officer, Dundee Realty Corporation, a real estate company, and Vice Chairman and Chief Executive Officer, Dundee Real Estate Investment Trust, a real estate investment trust
Brydon Cruise, Ontario, Canada ⁽¹⁾⁽³⁾⁽⁴⁾	Trustee since August 3, 2011	Yes	President and Managing Partner, Brookfield Financial, a global real estate and infrastructure bank
P. Jane Gavan, Utah, United States ⁽²⁾	Trustee since April 21, 2011, President and Chief Executive Officer of the REIT	No	President and Chief Executive Officer of the REIT
Ned Goodman, Ontario, Canada ⁽²⁾	Trustee since August 3, 2011	No	President and Chief Executive Officer, Dundee Corporation, an independent asset management company dedicated to real estate and infrastructure, energy and resources and agriculture, and President, Chief Executive Officer and Chief Investment Strategist, Ned Goodman Investment Counsel Limited, a portfolio manager
Duncan Jackman, Ontario, Canada ⁽¹⁾⁽³⁾⁽⁴⁾	Trustee since August 3, 2011	Yes	Chairman, President and Chief Executive Officer, E-L Financial Corporation Limited, an insurance holding company
Douglas Quesnel, Ontario, Canada	Chief Financial Officer and Secretary of the REIT	—	Chief Financial Officer and Secretary of the REIT

Name, Province or State and Country of Residence	Position/Title	Independent	Principal Occupation
John Sullivan, Ontario, Canada	Trustee since November 8, 2011	Yes	President and Chief Executive Officer of Cadillac Fairview Corporation, a real estate company

- (1) Member of the Audit Committee.
- (2) Member of the Executive Committee.
- (3) Member of the Compensation Committee.
- (4) Member of the Governance and Environmental Committee.

Each of the foregoing has held his or her present principal occupation for the past five years except for:

- P. Jane Gavan, who was previously and also continues to be Executive Vice President of DRC, a real estate company and the asset manager of the REIT, and a Principal of Dundee Real Estate Asset Management, a unit of DRC;
- Detlef Bierbaum, who, prior to March 2010 was a Member of the Supervisory Board at Bankhaus Sal. Oppenheim jr. & Cie, KGaA, a private investment bank and prior to April 2008, was a Partner at Bankhaus Sal. Oppenheim jr & Cie, KGaA, and currently also holds the position of Vice Chairman of Dundee Real Estate Investment Trust, a real estate investment trust;
- John Sullivan, who, prior to January 1, 2011 was the Executive Vice President, Development at Cadillac Fairview Corporation, a real estate company;
- Douglas Quesnel, who was previously and also continues to be Vice President and Chief Financial Officer of DRC, a real estate company and the asset manager of the REIT and prior to October 2009 was also and continues to be a Vice President of Dundee Realty Management Corporation, a subsidiary of Dundee REIT.

Michael J. Cooper held the position of Chair of the REIT from April 21, 2011 to August 3, 2011. Douglas Quesnel held the position of Trustee from April 21, 2011 to August 3, 2011.

As a group, our Trustees and executive officers beneficially own, or control or direct, directly or indirectly, 696,000 Units, representing approximately 2% of the issued and outstanding Units, and which do not include the Units beneficially owned by Dundee Corporation and its Subsidiaries (including DRC), and may not include Units issued pursuant to our DRIP. As at December 31, 2011, Dundee Corporation and its Subsidiaries (including DRC) held 12,800,000 Units.

Penalties or Sanctions

None of our existing Trustees or executive officers, and to the best of our knowledge, no Unitholder holding a sufficient number of our securities to affect materially the control of us, has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor making an investment decision.

Individual Bankruptcies

None of our existing Trustees or executive officers, and to the best of our knowledge, no Unitholder holding a sufficient number of our securities to affect materially the control of us, has, within the 10 years prior to 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 that individual.

Corporate Cease Trade Orders and Bankruptcies

None of our existing Trustees or executive officers, and to the best of our knowledge, no Unitholder holding a sufficient number of our securities to affect materially the control of us is, as at the date of this AIF, or has been within the 10 years before the date of this prospectus, (a) a director, chief executive officer or chief financial officer of any company that was subject to an order that was issued while the existing or proposed director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer, or (b) was subject to an order that was issued after the existing or proposed director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer, or (c) a director or executive officer of any company that, while that person was acting in that capacity, or 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. For the purposes of this paragraph, “order” means a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, in each case, that was in effect for a period of more than 30 consecutive days.

Governance and Board of Trustees

The Declaration of Trust provides that, subject to certain conditions, the Trustees have absolute and exclusive power, control and authority over our properties and assets and affairs, as if the Trustees were the sole owners of such properties and assets. Our governance practices, investment guidelines and operating policies are overseen by a Board of Trustees consisting of a minimum of five and a maximum of 12 Trustees, a majority of whom must be Canadian residents. We must also have at all times a majority of Trustees who are independent (“**Independent Trustees**”) within the meaning of NI 58-101; provided, however, that if at any time a majority of the Trustees are not independent because of the death, resignation, bankruptcy, adjudicated incompetence, removal or change in circumstance of any Trustee who was an Independent Trustee, this requirement shall not be applicable for a period of 60 days thereafter, during which time the remaining Trustees shall appoint a sufficient number of Trustees who qualify as “independent” to comply with this requirement. Pursuant to NI 58-101, an Independent Trustee is one who is free from any direct or indirect relationship which could, in the view of the Board of Trustees, be reasonably expected to interfere with a Trustee’s independent judgment. Five of the eight Trustees are Independent Trustees.

The Trustees may, between meetings of the unitholders, appoint one or more additional Trustees if, after such appointment, the total number of Trustees does not exceed one and one-third times the number of Trustees in office immediately following the last annual meeting of the unitholders. The Declaration of Trust provides that any Trustee may resign upon written notice to us. A Trustee may be removed at any time with or without cause by a majority of the votes cast at a meeting of the unitholders called for that purpose or by the written consent of the unitholders holding in the aggregate not less than a majority of the outstanding REIT Units entitled to vote thereon or with cause by a resolution passed by an affirmative

vote of not less than two-thirds of the other Trustees. Any removal of a Trustee shall take effect immediately following the aforesaid vote or resolution. A vacancy occurring among the Trustees may be filled by resolution of the remaining Trustees, so long as they constitute a quorum, or by the unitholders at a meeting of the unitholders.

The mandate of the Board of Trustees is one of stewardship and oversight of us and our investments. In fulfilling its mandate, the Board of Trustees adopted a written charter setting out its responsibility. Among other things, the Board of Trustees is responsible for (a) participating in the development of and approving a strategic plan for us; (b) supervising our activities and managing our investments and affairs; (c) approving major decisions regarding us; (d) defining the roles and responsibilities of management and determining compensation upon the recommendation of the Compensation Committee; (e) reviewing and approving the business and investment objectives to be met by management; (f) assessing the performance of and overseeing management; (g) reviewing our debt strategy; (h) identifying and managing risk exposure; (i) ensuring the integrity and adequacy of our internal controls and management information systems; (j) succession planning; (k) establishing committees of the Board of Trustees, where required or prudent, and defining their mandate; (l) maintaining records and providing reports to unitholders; (m) ensuring effective and adequate communication with unitholders, other stakeholders and the public; (n) determining the amount and timing of distributions to unitholders; (o) acting for, voting on our behalf and representing us as a holder of securities of our Subsidiaries; and (p) voting in favour of our nominees to serve as Class B Managers of Lorac.

The Board of Trustees has adopted a written position description for the Chairman of the Board of Trustees which will set out the Chairman's key responsibilities, including duties relating to setting meeting agendas of the Board of Trustees, chairing meetings of Unitholders, Trustee development and communicating with Unitholders and regulators.

We have adopted a written code of conduct (the “**Code of Conduct**”) that applies to all of our Trustees, officers and employees. The objective of the Code of Conduct is to provide guidelines for maintaining our integrity, reputation, honesty, objectivity and impartiality. The Code of Conduct addresses conflicts of interest, protecting our assets, confidentiality, fair dealing with security holders, competitors and employees, insider trading, compliance with laws and reporting any illegal or unethical behaviour. As part of the Code of Conduct, any person subject to the Code of Conduct is required to avoid or fully disclose interests or relationships that are harmful or detrimental to our best interests or that may give rise to real, potential or the appearance of conflicts of interest. Certain of the REIT's Trustees and executive officers may have conflicts of interest as a result of their current full-time positions and these conflicts will be expressly acknowledged. See “Risk Factors”. The Board of Trustees has the ultimate responsibility for the stewardship of the Code of Conduct. The Code of Conduct is available on SEDAR at www.sedar.com.

The standard of care and duties of the Trustees provided in the Declaration of Trust are similar to those imposed on directors of a corporation governed by the CBCA. Accordingly, each Trustee is required to exercise the powers and discharge the duties of his or her office honestly, in good faith and in our best interests and the holders of REIT Units and, in connection therewith, to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. The Declaration of Trust provides that each Trustee is entitled to indemnification from us from and against liability and costs in respect of any action or suit against them in respect of the exercise of the Trustee's powers and the discharge of the Trustee's duties, provided that the Trustee acted honestly and in good faith with a view to our best interests and the holders of REIT Units and in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, where the Trustee had reasonable grounds for believing that his or her conduct was lawful.

Committees of the Board of Trustees

The Board of Trustees has four committees: the Audit Committee, the Governance and Environmental Committee, the Compensation Committee and the Executive Committee. The Declaration of Trust requires that the Audit Committee, the Governance and Environmental Committee and the Compensation Committee be composed of at least three Trustees, all of whom must be Independent Trustees. The Declaration of Trust requires that a majority of the Trustees on each of these committees be residents of Canada. Each member of a committee shall serve on such committee until such member resigns from such committee or otherwise ceases to be a Trustee.

Audit Committee

NI 52-110 and the Declaration of Trust require the Board of Trustees to have an Audit Committee consisting of at least three Trustees, all of whom must be Independent Trustees. The Board of Trustees has adopted a written charter for the Audit Committee, a copy of which is attached as Schedule A to this AIF, which provides that the Audit Committee assists the Board of Trustees in fulfilling its oversight responsibilities with respect to financial reporting, including (a) reviewing our procedures for internal control with our auditors and Chief Financial Officer; (b) reviewing and approving the engagement of the auditors; (c) reviewing annual and quarterly financial statements and all other material continuous disclosure documents, including our annual information form and management's discussion and analysis; (d) assessing our financial and accounting personnel; (e) assessing our accounting policies; (f) reviewing our risk management procedures; and (g) reviewing any significant transactions outside our ordinary course of business and any pending litigation involving us.

The Audit Committee has direct communication channels with our Chief Financial Officer and our external auditors to discuss and review such issues as the Audit Committee may deem appropriate.

The Audit Committee is comprised of Messrs. Bierbaum, Cruise and Jackman, with Mr. Jackman as Chair. Each of these individuals is an Independent Trustee and "financially literate" within the meaning of NI 52-110. Each initial member of the Audit Committee possesses considerable education and experience relevant to the performance of his responsibilities as an Audit Committee member.

The Audit Committee Charter requires that all non-audit services to be provided to the REIT or any of its subsidiaries by the external auditors or any of their affiliates which are not covered by pre-approval policies and procedures approved by the Audit Committee shall be subject to pre-approval by the Audit Committee.

Auditors' Fees

The aggregate fees billed by PricewaterhouseCoopers LLP, our external auditor, or fees accrued by us in 2011 for professional services, are presented below:

	Year ended December 31, 2011
Audit fees ⁽¹⁾	145,000
Audit-related fees ⁽²⁾	65,000
Tax fees	71,000
All other fees ⁽³⁾	2,668,000

Total	2,949,000
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- (1) Includes fees for review of interim financial statements and MD&A of \$20,000.
- (2) Audit-related fees are aggregate fees billed by our external auditor in 2011 for assurance and related services that are reasonably related to the performance of the audit or review of our financial statements and are not reported under “Audit fees” in the table above.
- (3) All other fees are aggregate fees billed or accrued by us in 2011 for products and services provided by our external auditor, other than the services reported under “Audit fees”, “Audit-related fees” and “Tax advisory and compliance” in the table above. Included in this category is \$2,641,000 related to our initial public offering, which were one-time-only expenses and will not be recurring and \$27,000 related to acquisition due diligence.

The Initial Properties are held through the Dundee FCPs, which are regulated funds and which are audited by Ernst & Young SA. In addition to the fees of our external auditor referred to above, we also currently bear the fees of Ernst & Young SA for services provided to the Dundee FCPs. The aggregate fees billed by Ernst & Young SA or accrued by us in 2011 for professional services in connection with the Dundee FCPs amounted to \$593,000, of which \$208,000 pertains to the annual audit of the Dundee FCPs, \$21,000 pertains to the review of interim financial statements and \$364,000 pertains to other fees, the majority of which relate to our initial public offering.

Governance and Environmental Committee

The Declaration of Trust requires the Board of Trustees to have a Governance and Environmental Committee consisting of at least three Trustees, all of whom must be Independent Trustees. The Governance and Environmental Committee is charged with reviewing, overseeing and evaluating our governance and environmental policies. The Board of Trustees has adopted a written charter for the Governance and Environmental Committee setting out its responsibilities for: (a) assessing the effectiveness of the Board of Trustees, each of its committees and individual Trustees; (b) overseeing the recruitment and selection of candidates as Trustees; (c) organizing an orientation and education program for new Trustees; (d) considering and approving proposals by the Trustees to engage outside advisers on behalf of the Board of Trustees as a whole or on behalf of the Independent Trustees; (e) reviewing and making recommendations to the Board of Trustees concerning any change in the number of Trustees comprising the Board of Trustees; (f) reviewing the environmental state of any real property owned by us; and (g) establishing formal policies and procedures to review and monitor our environmental exposure. The Governance and Environmental Committee has established formal policies and procedures to review and monitor the environmental state of any real property owned by us which take into account CSA Staff Notice 51-533 – *Environmental Reporting Guidance*. Monitoring and review of the environmental state of our real properties, including the environmental state of the Initial Properties described under the heading “Assessment of Initial Properties” may include: (a) review of environmental liability risk assessments, (b) review of environmental incident reports, (c) inspection and monitoring of any ongoing environmental control measures, (d) review of compliance with local jurisdictional regulations and orders, and (e) preparation of a hazardous materials management plan.

The Governance and Environmental Committee is comprised of Messrs. Brahin, Cruise and Jackman, with Mr. Jackman as Chair. Each of these individuals is an Independent Trustee.

Compensation Committee

The Declaration of Trust requires the Board of Trustees to have a Compensation Committee consisting of at least three Trustees, all of whom must be Independent Trustees.

The Compensation Committee is charged with reviewing, overseeing and evaluating our compensation policies. In addition, the Board of Trustees has adopted a written charter for the Compensation Committee setting out its responsibilities for: (a) considering questions of management succession; (b) administering the Deferred Unit Incentive Plan and any unit option or purchase plan and any other compensation

incentive programs; (c) assessing the performance of management of the REIT; (d) reviewing and approving the compensation paid by us, if any, to our officers, advisers and consultants; and (e) reviewing and making recommendations to the Board of Trustees concerning the level and nature of the compensation payable to our Trustees and officers.

The Compensation Committee is comprised of Messrs. Brahin, Cruise and Jackman, with Mr. Cruise as Chair. Each of these individuals is an Independent Trustee.

Executive Committee

The Declaration of Trust requires the Board of Trustees to have an Executive Committee consisting of at least four Trustees. The Executive Committee meets on an “as needed” basis and has the authority to exercise all of the powers and discretions in the management and direction of our activities delegated to it by the Board of Trustees in accordance with our Declaration of Trust, Board and committee mandates and applicable law, including to: (a) approve or reject proposed investments by us in accordance with our investment guidelines in Western Europe (or any other country/geographic region in which we then have a significant presence), in each case of up to \$50 million (by way of debt or equity); (b) approve the assumption or granting of any mortgage of up to \$50 million (or such other amount provided the terms thereof have been reflected in our operating budget approved by the Board of Trustees for the applicable year); (c) approve the entering into of currency and interest rate derivative contracts for hedging purposes in accordance with the hedging strategy approved by the Board of Trustees; and (d) develop our strategy, risk management and staffing requirements for review and approval by the Board of Trustees. Although our Executive Committee has been delegated authority in respect of many aspects of our business, in accordance with the mandate of the Board of Trustees (attached as Appendix B to this prospectus), all material investments and transactions outside our ordinary course of business must be reviewed by, and are subject to the prior approval of, our Board of Trustees.

The Executive Committee is comprised of Messrs. Cooper, Bierbaum and Goodman and Ms. Gavan, with Mr. Cooper as Chair.

Independent Trustee Matters

In addition to requiring the approval of a majority of our Trustees, the following matters will require the approval of at least a majority of our Independent Trustees who have no interest in the matter to become effective:

- (a) making any material change to the Asset Management Agreement (including any termination thereof) or any increase in the fees payable thereunder (or any change thereto which has the effect of increasing the fees payable thereunder);
- (b) entering into any agreement or transaction in which any Related Party has a material interest or making a material change to any such agreement or transaction;
- (c) approving or enforcing any agreement entered into by us with a Related Party;
- (d) permitting any of our Subsidiaries or any Dundee FCP to acquire any real or other property in which a Related Party has an interest or to sell any interest in any real or other property to a Related Party; and
- (e) making or prosecuting any claim by or against any Related Party.

Conflict of Interest Restrictions and Provisions

The Declaration of Trust contains “conflict of interest” provisions similar to those applicable to corporations under Section 132 of the OBCA which serve to protect unitholders without creating undue limitations on us. Given that our Trustees and officers will be engaged in a wide range of real estate and other business activities, the Declaration of Trust requires each of our Trustees and officers to disclose to us if he or she is a party to a material contract or transaction or proposed material contract or transaction with us or the fact that such person is a director or officer of or otherwise has a material interest in any person who is a party to a material contract or transaction or proposed material contract or transaction with us. Such disclosure is required to be made by a Trustee (a) at the first meeting of the Trustees or the applicable committee thereof, as the case may be, at which a proposed contract or transaction is first considered, (b) if the Trustee was not then interested in a proposed contract or transaction, at the first such meeting after a Trustee becomes so interested, (c) if the Trustee becomes interested after a contract is made or a transaction is entered into, at the first such meeting after the Trustee becomes so interested, (d) at the first meeting after an interested party becomes a Trustee. Disclosure is required to be made by each of our officers as soon as the officer becomes aware that a contract or transaction or proposed contract or transaction is to be, or has been, considered by the Trustees or applicable committee thereof, as soon as the officer becomes aware of his or her interest in a contract or transaction or, if not currently an officer, as soon as such person becomes an officer. In the event that a material contract or transaction or proposed material contract or transaction is one that in the ordinary course would not require approval by Trustees or unitholders, that Trustee or officer is required to disclose in writing to the Trustees or applicable committee thereof or request to have entered into the minutes of the meeting of the Trustees or applicable committee thereof the nature and extent of his or her interest forthwith after the Trustee or officer becomes aware of the contract or transaction or proposed contract or transaction. In any case, a Trustee who has made disclosure to the foregoing effect is not entitled to vote on any resolution to approve the contract or transaction unless the contract or transaction is one relating primarily to his or her remuneration for serving as our Trustee, officer, employee or agent or one for indemnity under the indemnity provisions of the Declaration of Trust or the purchase of liability insurance. Certain of our Trustees may have conflicts of interest as a result of their current full-time positions and these conflicts will be expressly acknowledged. See “Risk Factors”.

Executive Officers

The responsibilities of our senior management includes: (a) leading our management and implementing the resolutions and policies of the Board of Trustees; (b) providing the Board of Trustees with information and advice relating to the operation of our properties, acquisitions and financings; (c) establishing, at least on an annual basis, investment and operating plans for the ensuing period; (d) conducting and supervising the due diligence required in connection with proposed acquisitions and completing any acquisitions or dispositions; (e) maintaining our books and financial records; (f) determining and preparing designations, elections and determinations to be made in connection with income and capital gains for tax and accounting purposes; (g) preparing reports and other information required to be sent to unitholders and other disclosure documents; (h) calculating all distributions; (i) communicating with unitholders and other persons, including investment dealers, lenders and professionals; and (j) administering or supervising the administration, on behalf of the Board of Trustees, of the payment of cash distributions and other distributions.

Trustees’ and Officers’ Liability Insurance

We carry Trustees’ and officers’ liability insurance. Under this insurance coverage, we will be reimbursed for insured claims where payments have been made under indemnity provisions on behalf of our Trustees and officers contained in the Declaration of Trust, subject to a deductible for each loss, which will be paid by us. Individual Trustees and officers will also be reimbursed for insured claims arising during the

performance of their duties for which they are not indemnified by us. Excluded from insurance coverage are illegal acts, acts which result in personal profit and certain other acts. In addition, we enter into indemnity agreements with each of our Trustees and officers.

REAL ESTATE MANAGEMENT AND ADVISORY SERVICES

Overview

We have entered into several arrangements to ensure that our operations are properly managed in all geographic jurisdictions.

- Overall responsibility for asset management, including the day-to-day oversight of the REIT and execution of our corporate strategy, has been contracted to DRC.
- Portfolio management for our properties is provided internally by Dundee Lux Manager by a team of employees who have years of experience with asset management of the Initial Properties through previous employment with Hudson Advisors Lux and Hudson Advisors Germany.
- Property management of the Initial Properties is performed by DP Real Estate, a company owned by Deutsche Post. DP Real Estate is an experienced operator and has a long history managing the Initial Properties.
- Administrative services such as corporate reporting, treasury and compliance is performed by a combination of experienced service providers in Canada, Luxembourg and Germany. They include DRMC (a subsidiary of Dundee REIT), DRC and Lorac. Services are provided for a fee at least sufficient to reimburse the service providers for their expenses.

As we grow, it is our intention to establish our own asset management platform to manage newly acquired assets and internalize certain administrative services should it be cost effective to do so.

Asset Management

DRC is our asset manager. Where used in this section, the term “the Client” includes, where the context permits, the REIT and any affiliates of the REIT which own, directly or indirectly, beneficially or as nominee, any of the Properties, as well as a particular Client entity where the context requires. Where used in this section, the term “Asset Manager” refers to our asset manager, DRC.

Pursuant to the Asset Management Agreement, DRC provides the following asset management services to the Client, subject to the overriding supervision and direction of the Client:

- (a) provides the services of a senior management team to provide advisory, consultation and investment management services and monitor the financial performance of the Client;
- (b) advises the Trustees on strategic matters, including potential acquisitions, dispositions, financings, and development;
- (c) provides guidance to property managers on operating and capital expenditures;
- (d) identifies, evaluates, recommends and assists in the structuring of acquisition, disposition and other transactions;

- (e) advises and assists with borrowings, issuances of securities and other capital requirements, including assistance in dealings with banks and other lenders, investment dealers, institutions and investors;
- (f) makes recommendations with respect to the payment of distributions;
- (g) provides advice in connection with the preparation of business plans and annual budgets, implements such plans and budgets and monitors the financial performance of the Client;
- (h) advises the Client with respect to investor relations strategies and activities;
- (i) advises with respect to regulatory compliance requirements, risk management policies and certain litigation matters; and
- (j) provides any additional services as may from time to time be agreed to in writing by the Client and the Asset Manager for which the Asset Manager will be compensated on terms to be agreed upon between the Asset Manager and the Client prior to the provision of such services.

DRC is entitled to the following fees for its asset management services:

- (a) a base annual management fee (which we refer to as an asset management fee) calculated and payable on a monthly basis in arrears on the first day of each month equal to 0.35% of the historical purchase price of our properties. As between all of the Client entities, each of the Client entities shall be obligated to pay such portion of the asset management fee that corresponds to the portion of the services provided by the Asset Manager to such Client entity;
- (b) an incentive fee payable by the REIT for each fiscal year equal to 15% of the REIT's AFFO per Unit in excess of \$0.93 per Unit (which is the hurdle amount for this purpose), increasing annually by 50% of the increase in the weighted average consumer price index (or other similar metric as determined by the Trustees) of the jurisdictions in which our properties are located;
- (c) a capital expenditures fee equal to 5% of all hard construction costs incurred on each capital project with costs in excess of \$1 million excluding work done on behalf of tenants or any maintenance capital expenditures;
- (d) an acquisition fee equal to: (i) 1.0% of the purchase price paid by the REIT or one or more Subsidiaries of the REIT for the purchase of a property, on the first \$100 million of properties acquired in each fiscal year; (ii) 0.75% of the purchase price paid by the REIT or one or more Subsidiaries of the REIT for the purchase of a property, on the next \$100 million of properties acquired in each fiscal year, and (iii) 0.50% of the purchase price paid by the REIT or one or more Subsidiaries of the REIT for the purchase of a property, on properties in excess of \$200 million acquired in each fiscal year; and
- (e) a financing fee equal to 0.25% of the debt and equity of all financing transactions completed for the Client.

In addition, we will reimburse DRC for all reasonable and necessary actual out-of-pocket costs and expenses incurred by DRC in connection with the performance of the services described in the Asset

Management Agreement or such other services which we and DRC agree in writing are to be provided from time to time by DRC.

Pursuant to the Asset Management Agreement, DRC may elect to receive all or part of the fees payable to it for its asset management services in Deferred Trust Units under our Deferred Unit Incentive Plan. The number of Deferred Trust Units issued to DRC will be calculated by dividing the fees payable to DRC by the market value on the relevant payment date of the Units. Market value for this purpose is the weighted average closing price of the Units on the principal market on which the Units are quoted for trading for the five trading days immediately preceding the relevant payment date. The Deferred Trust Units will vest on a five-year schedule, pursuant to which one-fifth of the Deferred Trust Units will vest, starting on the sixth anniversary of the grant date. Income Deferred Trust Units will be credited to DRC based on distributions paid by us on the Units and such Income Deferred Trust Units will vest on the same five-year schedule as their corresponding Deferred Trust Units. DRC has irrevocably elected to receive the first \$3.5 million of the fees payable to it in each year for the first five years for its asset management services in Deferred Trust Units. For a description of the Deferred Unit Incentive Plan, please refer to our most recent management information circular.

The Asset Management Agreement is for a term of ten years (the “**Initial Term**”) and is renewable for further five year terms (the “**Renewal Terms**”, and together with the Initial Term, the “**Term**”), unless and until the Asset Management Agreement is terminated in accordance with the provisions thereof. Subject only to the termination provisions in the Asset Management Agreement, DRC will automatically be rehired at the expiration of each Term. DRC has the right, at any time, but upon 180 days’ notice, to terminate the Asset Management Agreement for any reason; provided, however, DRC may not terminate the Asset Management Agreement during the Initial Term.

The REIT has the right to terminate the Asset Management Agreement in the event of default or event of insolvency of DRC (within the meaning of the Asset Management Agreement) by giving notice to DRC, which notice shall provide the reason for termination in reasonable detail and shall be effective in accordance with the provisions of the Asset Management Agreement.

The REIT may also terminate the Asset Management Agreement at the end of a Term if the Independent Trustees determine that DRC has not been meeting its obligations under the Asset Management Agreement and such termination is approved by at least two-thirds of the votes cast by unitholders at a meeting of unitholders called and held for such purpose, provided that we provide DRC with at least 12 months’ prior written notice of such termination.

Portfolio Management

We have a number of employees in Luxembourg and Germany, many of which were formerly employees of Hudson Advisors Lux and Hudson Advisors Germany that provide continuity with Deutsche Post as well as certain portfolio management services, including negotiating, settling and administering the terms of all tenancies and renewals; carrying out advertising and promotional activities; providing information to us and certain other third parties in connection with a proposed sale, financing or refinancing of any our properties; managing tenant relations; and oversight of construction, repair and maintenance initiatives. All of the portfolio management services with respect to our properties are supervised by Dundee Lux Manager in Luxembourg and carried out through certain satellite offices in Germany.

Property Management

Pursuant to the Property Management Agreement, DP Real Estate provides customary property and facility management services in respect of each of the Initial Properties, including monitoring rental payments to the Landlord on behalf of itself and the other tenants; supervising and directing the making

of renovations, repairs and maintenance; supervising technical services; maintaining heating, ventilation and air conditioning equipment and ensuring proper climate control; maintaining interior and exterior common areas of the Initial Properties; arranging and supervising security with respect to the Initial Properties; paying charges and expenses relating to the operation of the real properties; monitoring the payment of German VAT and other taxes; and other general services necessary for the management, operation and maintenance of the Initial Properties. Facility management services will only be provided for leased premises which are not leased to, or otherwise exclusively used by, tenants and the buildings and facilities which the Landlord is obligated to maintain and repair, even if they are exclusively used by a tenant. DP Real Estate may propose that a third party service provider supply such facility management services.

Pursuant to the Property Management Agreement, DP Real Estate is entitled to an annual fee of 2.2% of GRI. The Property Management Agreement provides that it cannot be terminated prior to December 31, 2015. On or after December 31, 2015, the Property Management Agreement may be terminated at the end of a calendar year upon one year's written notice. If an Initial Property is sold or reallocated, the Property Management Agreement may be partially terminated with respect to the sold or reallocated property which may trigger compensation payments to DP Real Estate if certain thresholds are exceeded.

Administrative Services

Administrative Services Agreement

The Administrative Services Agreement sets out the terms and conditions pursuant to which DRMC provides us with certain management and general administrative services, including keeping and maintaining books and records; preparing returns, filings and documents and making determinations necessary for the discharge of our obligations and those of the Trustees. Under the Administrative Services Agreement, DRMC also provides us with certain administrative and support services, including providing office space, office equipment and communications services and computer systems, providing secretarial support personnel and reception and telephone answering services, installing and maintaining signage and promotional materials and providing such other administrative services as may be reasonably required from time to time.

Under the Administrative Services Agreement, we pay DRMC a services fee sufficient to reimburse it for the expenses incurred by it in providing services under the Administrative Services Agreement as long as the expenses are identified in the current annual budget for the properties or are otherwise approved by us in writing prior to being incurred by DRMC.

The term of the Administrative Services Agreement has commenced on Closing for one year and will be automatically renewed for further one year terms. Notwithstanding the foregoing, the Administrative Services Agreement may be terminated by us at any time during the term upon 30 days' prior notice.

The Administrative Services Agreement contains an acknowledgement that DRMC and its affiliates and associates may engage in other businesses that may be similar to or competitive with our affairs. In the event of a conflict, DRMC will provide us with notice of the conflict and will be entitled to retain one or more third parties to perform the administrative services to which the conflict relates and to deduct from the fees otherwise payable to DRMC under the Administrative Services Agreement the fees payable to such third parties.

Administrative Services under the Asset Management Agreement

According to the Asset Management Agreement, DRC provides certain administrative services to us, including the preparation of budgets, financial forecasts, valuations and leasing analysis; and amounts

outstanding with respect to all receipts, disbursements and investments; the keeping and maintaining all books, records preparation of regulatory filings, including our annual information forms, management information circulars, insider trading reports, financial statements, management's discussion and analysis, business acquisition reports and press releases; the preparation of financing documents such as prospectuses; investor relations services, including the preparation of annual and quarterly reports, investor presentations and marketing materials, as well as holding quarterly conference calls with analysts and investors; the holding of annual and/or special meetings and the preparation of and arrangement for the distribution of all materials (including notices of meetings and information circulars); the preparation of reports and other disclosure documents for the Trustees and unitholders; ensuring compliance by us with all applicable laws and stock exchange rules including continuous disclosure obligations; the preparation of returns, designations, allocations, elections and determinations to be made in connection with our income and capital gains for tax and accounting purposes; monitoring our income and investments to ensure that the REIT does not become liable to pay a tax; the preparation of operational reporting such as cash flow by property and by asset types; and the preparation of executive summaries by asset type outlining asset issues along with various other matters and development reporting costs.

We pay DRC a services fee sufficient to reimburse it for the expenses reasonably incurred by it in providing administrative services under the Asset Management Agreement.

Services Performed by the Custodian

Lorac, acting as management company in its own name but for the account of the Dundee FCPs, has entered into a depository agreement (the "**Custodian Agreement**") with a bank incorporated under the laws of Luxembourg (the "**Custodian**"). Under applicable Luxembourg law, the legal duty of the Custodian is to supervise the assets (including the Initial Properties) of each Dundee FCP. The assets of the Dundee FCPs are held in a separate client account and are separately designated and segregated in the books of the Custodian as belonging to the applicable Dundee FCP. In the event of the Custodian's bankruptcy or insolvency, assets that are segregated are unavailable to the creditors of the Custodian. Annual fees in line with customary custodian bank practices in Luxembourg and out-of-pocket expenses and disbursements are paid by each Dundee FCP for the services provided by the Custodian under the Custodian Agreement.

Services Performed by Lorac

Lorac is responsible for the management of the Dundee FCPs. In conducting its management obligations, Lorac provides certain administrative services such as keeping and maintaining books and records; preparing financial statements for each of the Dundee FCPs (including the annual audit and fair market valuation); providing treasury services, including the monitoring of bank accounts with the Custodian and cash flow analysis; liaising with regulatory authorities, auditors, appraisers and lawyers for the account of the Dundee FCPs; and coordinating tax filings as required. We pay Lorac a services fee sufficient to reimburse it for the expenses incurred by it plus 5%.

Non-Competition Agreement

The Non-Competition Agreement prohibits DRC and its affiliates (excluding affiliates which are public companies as described below) from directly or indirectly acquiring an ownership interest, on its own behalf, in any real property which meets the investment criteria of the REIT, unless such investment opportunity has first been offered to us in accordance with the terms of the Non-Competition Agreement. See "Investment Guidelines and Operating Policies".

The above investment restriction will apply to real properties located outside Canada and will not apply to investments in vacant land, residential housing, multi-residential housing units, resorts, residential

condominium units, nursing homes or retirement homes. This investment restriction will not apply to: (a) passive real estate investments made by DRC or any of its affiliates which are each less than \$10 million and represent less than a 25% interest in the real property; (b) investments in properties that do not meet the investment criteria of the REIT; (c) investments in any property that will be used as office space by DRC or any affiliates; (d) investments made on behalf of fiduciary, managed or client accounts; (e) investments that result from the realization of a loan secured by the property; and (f) investments made by any affiliate of DRC that is a public company or any Subsidiaries or affiliates of such public companies (other than DRC and its direct Subsidiaries).

The Non-Competition Agreement provides that DRC and its affiliates are no longer be bound by the terms of the Non-Competition Agreement when DRC is no longer our asset manager or, in the case of any affiliate, when such entity has ceased to be an affiliate of DRC.

INVESTMENT GUIDELINES AND OPERATING POLICIES

Our investment and operating activities are limited because our operating business is carried out by our Subsidiaries and the Dundee FCPs. The investment guidelines governing our investments in real estate and other assets and the operating policies governing our investments are set out below.

Investment Guidelines

Pursuant to the Declaration of Trust and other documents governing us, our assets may be invested only in accordance with the following investment guidelines:

1. the REIT will only invest in units, notes and securities of its Subsidiaries, the Dundee FCPs and Lorac, amounts receivable in respect of such units, notes and securities, cash and similar deposits in a Canadian chartered bank or trust company and, subject to certain limitations summarized in paragraph 2 below, such other investments as the Trustees deem advisable from time to time;
2. the REIT will not make, or permit any of its Subsidiaries or the Dundee FCPs to make, any investment that could result in:
 - (a) the Units being disqualified for investment by Plans;
 - (b) the REIT or any of its Subsidiaries or the Dundee FCPs being liable under the Tax Act to pay a tax imposed under either paragraph 122(1)(b), subsection 197(2) or Part XII.2 of the Tax Act; or
 - (c) the REIT ceasing to qualify as a “mutual fund trust” for purposes of the Tax Act;
3. Subsidiaries of the REIT and the Dundee FCPs may only invest in revenue producing real properties or assets or assets ancillary thereto located outside of Canada;
4. when making investments, Subsidiaries of the REIT and the Dundee FCPs shall consider the following factors: the political environment and governmental and economic stability in the relevant jurisdiction(s), the long-term growth prospects of the assets and the economy in the relevant jurisdiction(s) and the income-producing stability of the assets;
5. Subsidiaries of the REIT and the Dundee FCPs will not invest in raw land (except for the acquisition of properties adjacent to our existing properties for the purpose of renovation or expansion of existing facilities where the total cost of all such investments does not exceed 10% of our Adjusted Unitholders’ Equity); and

6. Subsidiaries of the REIT and the Dundee FCPs may invest an amount (which, in the case of an amount invested to acquire real property, is the purchase price less the amount of any indebtedness assumed or incurred by us and secured by a mortgage on such property) up to 25% of our Adjusted Unitholders' Equity in investments or transactions outside Canada which do not otherwise comply with our investment guidelines, so long as the investment does not contravene paragraph 2 above.

For the purpose of the foregoing restrictions, the assets, liabilities and transactions of a corporation, trust, partnership or other entity in which we have an interest will be deemed to be those of the REIT on a proportionate consolidated basis. In addition, any references in the foregoing to an investment in real property will be deemed to include an investment in a joint venture arrangement that holds real property.

Pursuant to the Declaration of Trust, the investment guidelines set forth above may only be amended with the approval of at least 66²/₃% of the votes cast at a meeting of unitholders of the REIT called for that purpose except for certain amendments that may be undertaken by a majority of the Trustees pursuant to the Declaration of Trust.

Operating Policies

The Declaration of Trust and other documents governing us provide that our operations and affairs must be conducted in accordance with the following operating policies and that we will not permit any of our Subsidiaries or the Dundee FCPs to conduct its operations and affairs other than in accordance with the following operating policies:

1. to the extent our Trustees determine to be practicable and consistent with their fiduciary duty to act in the best interests of the REIT and our unitholders, any written instrument which in the judgment of our Trustees creates a material obligation of the REIT must contain a provision or be subject to an acknowledgement to the effect that the obligation being created is not personally binding upon, and that resort will not be had to, nor will recourse or satisfaction be sought from the private property of any of the Trustees, unitholders of the REIT, annuitants or beneficiaries under a plan of which a Unitholder acts as a Trustee or carrier or officers, employees or agents of the REIT, but that only property of the REIT or a specific portion thereof will be bound;
2. the REIT will only guarantee the obligations of wholly-owned Subsidiaries (other than any wholly-owned Subsidiaries that are general partners in partnerships that are not wholly-owned by the REIT) and the Dundee FCPs, provided that the REIT may guarantee the obligations of wholly-owned Subsidiaries of the REIT that are general partners in partnerships that are not wholly-owned by the REIT if the REIT has received an unqualified legal opinion that the guarantee by the REIT of the obligations of wholly-owned Subsidiaries of the REIT that are general partners in partnerships that are not wholly-owned by the REIT will not cause the REIT to cease to qualify as a "mutual fund trust" for the purposes of the Tax Act;
3. Subsidiaries of the REIT and the Dundee FCPs will not enter into any transaction involving the purchase of lands or land and improvements thereon and the leasing thereof back to the vendor where the fair market value net of encumbrances of the property being leased to the vendor together with all other property being leased by Subsidiaries of the REIT or the Dundee FCPs to the vendor and its affiliates is in excess of 15% of our Adjusted Unitholders' Equity;
4. the limitation referred to in paragraph 3 above will not apply where the lessee or sublessee is, or where the lease or sublease is guaranteed by:

- (a) a federal, provincial, state, municipal or city government, or any agency or crown corporation thereof, of any jurisdiction; or
 - (b) any corporation which has securities outstanding that have received and continue to hold an investment grade rating from a recognized credit rating agency at the time the lease or sublease is entered into, or at the time other satisfactory leasing or pre-leasing arrangements were entered into that is not less than A low or its equivalent;
5. Subsidiaries of the REIT and, subject to the restrictions applicable to each Dundee FCP under its private placement memorandum, the Dundee FCPs may engage in construction or development of real property provided such real property meets our investment guidelines and operating policies;
 6. except for the Initial Properties, title to each real property shall be held by and registered in the name of a Subsidiary of the REIT or a corporation or other entity wholly-owned, directly or indirectly, by a Subsidiary of the REIT or jointly-owned, directly or indirectly, by a Subsidiary of the REIT with joint venturers; provided that where land tenure will not provide fee simple title, a Subsidiary of the REIT or a corporation or other entity wholly-owned, directly or indirectly, by a Subsidiary of the REIT or jointly-owned, directly or indirectly, by a Subsidiary of the REIT with joint venturers will hold a land lease as appropriate under the land tenure system in the relevant jurisdiction;
 7. except for the Initial Properties, Subsidiaries of the REIT and the Dundee FCPs will have conducted environmental and other diligence, as is commercially reasonable in the circumstance, on each real property they intend to acquire with respect to the physical condition thereof, including required capital replacement programs;
 8. Subsidiaries of the REIT and the Dundee FCPs will obtain and maintain at all times insurance coverage in respect of potential liabilities of Subsidiaries of the REIT and the Dundee FCPs and the accidental loss of value of the assets of Subsidiaries of the REIT and the Dundee FCPs from risks, in amounts, with such insurers, and on such terms as the Trustees consider appropriate, taking into account all relevant factors including the practices of owners of comparable properties; and
 9. Subsidiaries of the REIT and the Dundee FCPs will maintain an interest coverage ratio, being EBITDA to interest expense, of no less than 1.4 times, where EBITDA for purposes of our operating policies is a generally accepted proxy for operating cash flow and represents earnings before interest expense, income tax expense, depreciation and amortization expense, transaction cost expense, gains/losses on disposition of property, fair value adjustments on investment properties and debt instruments and other unrealized gains/losses that may occur under IFRS.

For the purpose of the foregoing policies, the assets, liabilities and transactions of a corporation, trust, partnership or other entity in which we have an interest will be deemed to be those of the REIT on a proportionate consolidated basis. In addition, any references in the foregoing to investment in property will be deemed to include an investment in a joint venture arrangement.

Pursuant to the Declaration of Trust, the operating policies set forth above may only be amended with the approval of a majority of the votes cast at a meeting of unitholders of the REIT called for that purpose.

DISTRIBUTION POLICY

The following outlines our distribution policy, which is contained in the Declaration of Trust, but is not intended to be a complete description. You should refer to the Declaration of Trust for the full text of our distribution policy. Our distribution policy may be amended only with the approval of a majority of the votes cast at a meeting of our unitholders.

General

Our cash distribution rate in 2011 was \$0.06667 per Unit per month.

Distributions made by us are authorized by the Board of Trustees in its sole discretion out of funds legally available for distribution to our unitholders and are dependent upon a number of factors, including restrictions under applicable law and other factors described below. We believe that our estimate of AFFO constituted a reasonable basis for setting the initial distribution rate; however, we cannot assure you that the estimate will prove accurate, and actual distributions may therefore be significantly different from the expected distributions. We do not anticipate that we will be subject to Canadian tax at the REIT level, because we will not be a SIFT trust and we intend to distribute our full taxable income to unitholders each year. However, our level of distributable income will be affected by the level of foreign tax, if any, that may be payable by our Subsidiaries or the Dundee FCPs.

We cannot assure you that our estimated distributions will be made or sustained. Any distributions we pay in the future will depend upon our actual results of operations, currency exchange rates, economic conditions, debt service requirements and other factors that could differ materially from our expectations. Our actual results of operations will be affected by a number of factors, including the revenue we receive from our properties, our operating expenses, interest expense, the ability of our tenants to meet their obligations and unanticipated expenditures. For more information regarding risk factors that could materially adversely affect our actual results of operations, please see “Risk Factors”.

Distributions in respect of a month are paid on or about each Distribution Date to Unitholders of record as at the close of business on the corresponding Distribution Record Date. This means that the distribution for any month is generally paid to Unitholders of record at the close of business on the last day of the month on or about the 15th day of the following month.

In addition, on December 31 of each year, we intend to make payable to such Unitholders, a distribution of sufficient net realized capital gains and net income for the taxation year ended on that date, net of any capital losses or non-capital losses recognized on or before the end of such year such that we will not be liable for ordinary income taxes for such year, net of tax refunds. The payment of such amounts shall be made on or before the following January 15.

Where the Trustees determine that we do not have available cash in an amount sufficient to make payment of the full amount of any distribution which has been declared to be payable on the due date for such payment, the payment may, at the option of the Trustees, include the issuance of additional Units, as the case may be, or fractions of such Units, as the case may be, if necessary, having a fair market value as determined by the Trustees equal to the difference between the amount of such distribution and the amount of cash which has been determined by the Trustees to be available for the payment of such distribution in the case of the Units.

Unless the Trustees determine otherwise, immediately after any *pro rata* distribution of additional Units to unitholders, the number of outstanding Units will automatically be consolidated such that each of such holders will hold after the consolidation the same number of Units as such holder held before the distribution of additional Units. Each Unit certificate representing the number of Units prior to the

distribution of additional Units will be deemed to represent the same number of units after the non-cash distribution of additional Units and the consolidation.

Notwithstanding the foregoing, where tax is required to be withheld from a Unitholder's share of the distribution, the consolidation will result in such Unitholder holding that number of Units equal to (a) the number of Units held by such Unitholder prior to the distribution plus the number of Units received by such Unitholder in connection with the distribution (net of the number of whole and part Units withheld on account of withholding taxes) multiplied by (b) the fraction obtained by dividing the aggregate number of Units outstanding prior to the distribution by the aggregate number of Units that would be outstanding following the distribution and before the consolidation if no withholding tax were required in respect of any part of the distribution payable to any Unitholder. Such Unitholder will be required to surrender the Unit certificates, if any, representing such Unitholder's original Units, in exchange for a Unit certificate representing such Unitholder's post-consolidation Units.

Hedging Arrangements

We have implemented active hedging programs in order to offset the risk of revenue losses and provide more certainty regarding the payment of distributions to Unitholders and interest to Debentureholders. See "Indebtedness".

DRIP

We have a distribution reinvestment and unit purchase plan entitling certain holders of Units to reinvest all cash distributions made by the REIT in additional Units. The price at which Units are acquired for DRIP participants is determined by us but is generally a price per Unit calculated by reference to a five day volume weighted average closing price of the Units on the TSX on which the Units are listed preceding the relevant Distribution Date. Participants electing to reinvest cash distributions in Units pursuant to our DRIP receive a further "bonus" distribution equal to 4% of the amount of each cash distribution that they reinvest, which further distribution is also reinvested in Units. Participants may also make optional cash purchases of additional Units pursuant to the DRIP in a maximum amount of \$250,000 per year. Participants in the DRIP do not receive a bonus distribution of Units in connection with any such optional cash purchases. We may amend, suspend or terminate the DRIP at any time.

Participation in the DRIP is open to holders of Units, other than those who are resident or present in the United States. If a participant in the DRIP is not resident in Canada, participation in the DRIP is subject to applicable withholding tax. In those circumstances, cash that would otherwise be distributed to such participants by us on any given Distribution Date is reduced by the amount of applicable withholding tax, and then applied towards the purchase of additional Units pursuant to our DRIP. No brokerage commission is payable in connection with the purchase of Units under the DRIP and all administrative costs are borne by us. We use the proceeds received upon the issuance of additional Units under the DRIP for future property acquisitions, capital improvements and working capital.

DECLARATION OF TRUST AND DESCRIPTION OF REIT UNITS

The REIT is governed by the Declaration of Trust and, unless earlier terminated in accordance with the Declaration of Trust, it shall continue in full force and effect so long as any property of the REIT is held by the Trustees. Unitholders have all of the material protections, rights and remedies a shareholder would have under the CBCA, except for the right to dissent and be paid the fair value of its units that would be available if the REIT were a corporation governed by the CBCA and the REIT were to effect certain transactions, including amending its constating documents to add, change or remove any provisions restricting or constraining the issue, transfer or ownership of shares or to add, change or remove any restriction on the activities that the REIT may carry on; selling, leasing or exchanging all or substantially

all its property; or carrying out a going-private transaction or squeeze-out transaction (as such terms are defined in the CBCA or the regulations thereunder). These protections, rights and remedies are contained in the Declaration of Trust. The following is a summary, which does not purport to be complete, of certain terms of the Declaration of Trust and the REIT Units. You should refer to the Declaration of Trust for the full text of its provisions and a complete description of the REIT Units.

The Declaration of Trust authorizes the issuance of an unlimited number of two classes of units: Units and Special Trust Units. REIT Units shall be issued only as fully paid and non-assessable. Each REIT Unit when issued shall vest indefeasibly in the holder thereof.

Issued and outstanding units may be subdivided or consolidated from time to time by the Trustees with the approval of a majority of unitholders entitled to vote. Unitholder approval will not be required for an automatic consolidation as described under “Distribution Policy”.

No certificates will be issued for fractional units and fractional units will not entitle the holders thereof to vote, except to the extent such fractional units represent in the aggregate one or more whole units. Holders of Special Trust Units are not entitled to receive a certificate evidencing ownership of such units.

On December 16, 2004, the *Trust Beneficiaries’ Liabilities Act*, 2004 (Ontario), came into force. This statute provides that holders of units of a trust are not, as beneficiaries, liable for any act, default, obligation or liability of the trust if, when the act or default occurs or the liability arises, (a) the trust is a reporting issuer under the *Securities Act* (Ontario) and (b) the trust is governed by the laws of Ontario. The REIT is a reporting issuer under the *Securities Act* (Ontario) and is governed by the laws of Ontario by virtue of the provisions of the Declaration of Trust.

The Units

Each Unit represents an undivided beneficial interest in the REIT and in distributions made by the REIT, whether of net income, net realized capital gains or other amounts and, in the event of the termination or winding-up of the REIT, in its net assets remaining after the satisfaction of all its liabilities. The Units rank among themselves equally and rateably without discrimination, preference or priority. The distribution entitlement of the Units is derived from the securities held by the REIT.

Each Unit entitles the holder thereof to one vote for each whole Unit held at meetings of unitholders.

The Units are not “deposits” within the meaning of the *Canada Deposit Insurance Corporation Act* and are not insured under the provisions of such act or any other legislation. Furthermore, we are not a trust company and, accordingly, we are not registered under any trust and loan company legislation as we do not carry on nor intend to carry on the business of a trust company.

Special Trust Units

The Special Trust Units may only be issued in connection with the issuance of securities exchangeable for Units and will be used to provide voting rights with respect to the REIT to persons holding such exchangeable securities. Holders of Special Trust Units are not entitled to any share of or interest in the distributions or net assets of the REIT. The Special Trust Units are not transferable separately from the exchangeable securities to which they relate. Upon any transfer of any exchangeable securities, the corresponding Special Trust Units will automatically be transferred to the transferee of such exchangeable securities. The Special Trust Units may only be transferred to permitted transferees of Special Trust Units. In addition, as exchangeable securities are exchanged by a holder, the corresponding Special Trust Units will be automatically cancelled.

Each Special Trust Unit entitles the holder thereof to one vote at all meetings of unitholders.

Issuance of REIT Units

We may allot and issue new REIT Units from time to time as the Trustees determine, including for cash, through public offerings, through rights offerings to existing unitholders (i.e. in which unitholders receive rights to subscribe for new REIT Units in proportion to their existing holdings of REIT Units, which rights may be exercised or sold to other investors) or through private placements (i.e. offerings to specific investors which are not made generally available to the public or existing unitholders). In certain instances, we may issue new REIT Units as consideration for, or in connection with, the acquisition of new properties or assets. The price or the value of the consideration for which new REIT Units may be issued will be determined by the Trustees in their sole discretion except that Special Trust Units may only be issued in connection with the issuance of securities exchangeable into Units. Units are generally issued in consultation with investment dealers or brokers who may act as underwriters or agents in connection with offerings of Units.

The Declaration of Trust provides Dundee Corporation with a pre-emptive right pursuant to which the Trustees will not issue, or agree to issue, any Units, or any securities which are convertible or exchangeable for or into Units, to any person unless the Trustees first make an offer to Dundee Corporation to issue that number of Units or securities, at a price per Unit determined by the Trustees, necessary to maintain the percentage of the outstanding voting interest in the REIT held by Dundee Corporation and its affiliates at the date of the offer. This pre-emptive right, however, will not apply to any issuances of Units by us pursuant to the DRIP referred to under “Distribution Policy – DRIP”, the Deferred Unit Incentive Plan or under the Exchange Agreement. Dundee Corporation also has the option to purchase more than its proportionate share and, in such event, any excess portion of the Units subscribed for by it will be issued to it on the same terms and conditions as issued to any other person. Any Units not taken up by Dundee Corporation may be issued to any person within three months of the date of such offer at not less than the price offered to Dundee Corporation.

Other than the pre-emptive right granted to Dundee Corporation pursuant to our Declaration of Trust, unitholders do not have any pre-emptive rights whereby additional REIT Units are first offered to existing unitholders.

Purchase of Units

We may from time to time purchase for cancellation Units at a price per unit and on a basis determined by the Trustees in accordance with applicable securities legislation and the rules and policies of any applicable stock exchange.

Unit Redemption Right

Units are redeemable at any time on demand by the holders thereof by sending a notice to the REIT at our head office in a form approved by the Trustees and completed and executed in a manner satisfactory to the Trustees, who may require supporting documentation as to identity, capacity or authority. A Unitholder not otherwise holding a fully registered Unit certificate who wishes to exercise the redemption right will be required to obtain a redemption notice from his or her investment dealer or other intermediary who will be required to deliver the completed redemption form to the REIT. Upon receipt by us of a written redemption notice and other documents that may be required, all in a manner satisfactory to the Trustees, a holder of Units shall cease to have any rights with respect to the tendered Units, including any right to receive any distributions thereon which are declared payable after receipt of the redemption notice by us, and the holder thereof shall be entitled to receive a price per Unit (the “**Redemption Price**”) equal to the lesser of:

1. 90% of the “market price” of the Units on the principal exchange or market on which the Units are quoted for trading on the trading day prior to the day on which the Units were surrendered to the REIT for redemption (the “**Redemption Date**”); and
2. 100% of the “closing market price” of the Units on the principal exchange or market on which the Units are quoted for trading on the Redemption Date.

For the purposes of this calculation, the “market price” in respect of Units shall be an amount equal to the weighted average closing price of the Units on the principal exchange or market on which the Units are listed or quoted for trading during the period of 20 consecutive trading days ending on such date; provided that if the applicable exchange or market does not provide a closing price, but only provides the highest and lowest prices of the Units traded on a particular day, the “market price” as at a specified date will be an amount equal to the weighted average of the highest and lowest prices of the Units on the principal exchange or market on which the Units are listed or quoted for trading during the period of 20 trading consecutive trading days ending on such date; and provided further that if there was trading on the applicable exchange or market for fewer than five of the 20 trading days, the “market price” shall be an amount equal to the weighted average of the following prices established for each of the 20 trading days: (a) the weighted average of the last bid and last asking prices of the Units for each day on which there was no trading; (b) the closing price of the Units for each day on which there was trading if the exchange or market provides a closing price; and (c) the weighted average of the highest and lowest prices of Units for each day that there was trading if the exchange or market provides only the highest and lowest prices of Units traded on a particular day.

The “closing market price” in respect of the Units as at a specified date is (a) an amount equal to the closing price of Units if there was a trade on the date and the exchange or market provides a closing price; (b) an amount equal to the weighted average of the highest and lowest prices of Units if there was trading and the exchange or other market does not provide a closing price but provides only the highest and lowest trading prices of Units traded on a particular day; or (c) the weighted average of the last bid and last asking price of Units if there was no trading on the date.

The aggregate Redemption Price payable by us in respect of any Units tendered for redemption during any calendar month is satisfied by way of a cheque drawn on a Canadian chartered bank or a trust company in Canadian funds, payable no later than the last day of the calendar month following the month in which the Units were tendered for redemption, provided that the entitlement of Unitholders to receive cash upon the redemption of their Units is subject to the limitations that:

1. the total amount payable by us in respect of such Units and all other Units tendered for redemption in the same calendar month shall not exceed \$50,000, provided that the Trustees may, in their sole discretion, waive such limitation in respect of all Units tendered for redemption in any particular calendar month;
2. at the time such Units are tendered for redemption, the outstanding Units shall be listed for trading or quoted on a stock exchange or market which the Trustees consider, in their sole discretion, provides representative fair market value prices for the Units; or
3. the normal trading of outstanding Units is not suspended or halted on any stock exchange on which the Units of such series are listed (or, if not listed on a stock exchange, on any market on which the Units of such series are quoted for trading) on the Redemption Date for the Units of such series or for more than five trading days during the ten day trading period commencing immediately after the Redemption Date for the Units of such series.

If a Unitholder is not entitled to receive cash upon the redemption of Units as a result of the foregoing limitations in paragraphs 2 and 3 above, then each Unit tendered for redemption shall, subject to obtaining all applicable regulatory approvals, be redeemed by way of a distribution *in specie* of Subsidiary Securities. The fair market value of such Subsidiary Securities would be equal to the product of the Redemption Price per unit payable by us and the number of Units tendered. However, no Subsidiary Securities with a fair market value of less than \$100 will be distributed and, where the fair market value of Subsidiary Securities to be received by the former holder of Units upon redemption *in specie* would otherwise include a Subsidiary Security with a fair market value of less than a multiple of \$100, such amount will be rounded down to the next lowest multiple of \$100 and the excess will be paid in cash.

If a Unitholder is not entitled to receive cash upon the redemption of Units as a result of the limitation in paragraph 1 above, the holder will receive a combination of cash and, subject to obtaining all applicable regulatory approvals, Subsidiary Securities, determined in accordance with the Declaration of Trust.

It is anticipated that the redemption right described above will not be the primary mechanism for unitholders to dispose of their Units. Subsidiary Securities which may be distributed to Unitholders *in specie* in connection with a redemption will not be listed on any stock exchange, no market is expected to develop and such securities may be subject to an indefinite “hold period” or other resale restrictions under applicable securities laws. The Subsidiary Securities so distributed may not be qualified investments for Plans depending upon the circumstances at the time.

Meetings of Unitholders

The Declaration of Trust provides that meetings of unitholders must be called and held for the election or removal of Trustees, the appointment or removal of our auditors, the approval of amendments to the Declaration of Trust (except as described below under “Declaration of Trust and Description of REIT Units – Amendments to the Declaration of Trust and Other Documents”), the sale of our assets as an entirety or substantially as an entirety (other than as part of an internal reorganization of our assets as approved by the Trustees) and the termination of the REIT. Meetings of unitholders will be called and held annually within 180 days after the end of the fiscal year for the election of the Trustees and appointment of our auditors.

The Trustees have the power at any time to call special meetings of unitholders at such time and place in Canada as the Trustees determine. Unitholders holding in the aggregate not less than 5% of the outstanding REIT Units entitled to vote at such meeting (on a fully diluted basis) may requisition the Trustees in writing to call a special meeting of the unitholders and the Trustees shall, subject to certain limitations, call a meeting of unitholders. A requisition must state in reasonable detail the business proposed to be transacted at the meeting. Unitholders have the right to obtain a list of unitholders to the same extent and upon the same conditions as those which apply to shareholders of a corporation governed by the CBCA.

Unitholders may attend and vote at meetings of unitholders either in person or by proxy and a proxyholder need not be a unitholder. Two persons present in person or represented by proxy and representing in the aggregate at least 10% of the votes attaching to all outstanding REIT Units (on a fully diluted basis) shall constitute a quorum for the transaction of business at all such meetings. If no quorum is present at any meeting of unitholders when called, the meeting, if convened on the requisition of unitholders, will be dissolved, but in any other case will be adjourned for not less than 10 days, and at the adjourned meeting, the unitholders then present in person or represented by proxy will form the necessary quorum.

The Declaration of Trust contains provisions as to the notice required and other procedures with respect to the calling and holding of meetings of unitholders.

Book-Based System for Units; No Certificates for Special Trust Units

Units may be represented in the form of one or more fully registered unit certificates held by, or on behalf of, CDS, as custodian of such certificates for the participants of CDS, registered in the name of CDS or its nominee, and registration of ownership and transfers of Units may be effected through the book-based system administered by CDS.

No holder of Special Trust Units is entitled to a certificate or other instrument from us evidencing the holder's ownership of such units.

Amendments to the Declaration of Trust and Other Documents

The Declaration of Trust may be amended or altered from time to time. Certain amendments (including the termination of the REIT) require approval by at least 66²/₃% of the votes cast at a meeting of unitholders called for such purpose. Other amendments to the Declaration of Trust require approval by a majority of the votes cast at a meeting of unitholders called for such purpose.

The following amendments require the approval of at least 66²/₃% of the votes cast by unitholders at a meeting called for that purpose:

1. any amendment to the Declaration of Trust (subject to the exceptions outlined in the Declaration of Trust);
2. the sale of the property or assets of the REIT as an entirety or substantially as an entirety or the sale of all or substantially all of the assets of a Subsidiary (other than as part of an internal reorganization, including by way of the transfer of property or assets of the REIT or a Subsidiary of the REIT or the Dundee FCPs, as approved by the Trustees);
3. the termination of the REIT by the unitholders;
4. an exchange, reclassification or cancellation of all or part of the REIT Units;
5. the addition, change or removal of the rights, privileges, restrictions or conditions attached to the REIT Units, including, without limiting the generality of the foregoing:
 - (a) the removal or change of rights to distributions attached to the REIT Units; or
 - (b) the addition or removal of or change to conversion privileges, redemption privileges, voting, transfer or pre-emptive rights attached to the REIT Units;
6. the creation of new rights or privileges attaching to certain REIT Units;
7. any change to the existing constraints on the issue, transfer or ownership of the REIT Units; and
8. the combination, amalgamation, or arrangement of any of the REIT, Subsidiaries of the REIT or the Dundee FCPs with any other entity.

A majority of the Trustees may, without the approval of the unitholders, make certain amendments to the Declaration of Trust, including amendments:

1. to the extent deemed by the Trustees in good faith to be necessary to remove any conflicts or other inconsistencies which may exist between any of the terms of the Declaration of Trust and the provisions of any applicable law;

2. to the extent determined by the Trustees in good faith to be necessary to make any change or correction in the Declaration of Trust which is a typographical change or correction or which the Trustees have been advised by legal counsel is required for the purpose of curing any ambiguity or defect or inconsistent provision or clerical omission or mistake or manifest error contained herein;
3. to ensure compliance with applicable laws in effect from time to time;
4. (a) to create and issue one or more new classes of preferred equity securities of the REIT (each of which may be comprised of unlimited series) that rank in priority to the REIT Units (in payment of distributions and in connection with any termination or winding-up of the REIT) and/or (b) to remove the redemption right attaching to the Units and convert the REIT into a closed-end limited purpose trust; and
5. as otherwise deemed by the Trustees in good faith to be necessary or desirable.

Effect of Termination

The REIT will continue in full force and effect until such time as it is terminated by either the Trustees or unitholders. The Trust may be terminated by the vote of at least 66²/₃% of the votes cast at a meeting of the unitholders called for that purpose. The unitholders shall participate *pro rata* in any remaining distributions by the REIT.

Take-Over Bids

The Declaration of Trust contains provisions to the effect that if a take-over bid, as defined under the *Securities Act* (Ontario), is made for the Units and not less than 90% of the Units (including Units issuable upon the surrender or exchange of any securities for Units but not including any Units held at the date of the take-over bid by or on behalf of the Offeror or affiliates and associates of the Offeror) have been or are legally required to be taken up and paid for by the Offeror, the Offeror will be entitled to acquire the Units held by the remaining Unitholders who did not accept the take-over bid by requiring such Unitholders to elect (a) to transfer their Units to the Offeror on the terms on which the Offeror acquired the Units of the offerees who accepted the take-over bid, or (b) to demand payment of the fair value of the Units.

Information and Reports

We will furnish, in accordance with and subject to applicable securities legislation, to unitholders our consolidated financial statements (including quarterly and annual consolidated financial statements) and other reports as are from time to time required by applicable law, including forms needed for the completion of unitholders' tax returns under the Tax Act and equivalent provincial legislation.

Prior to each annual or any special meeting of unitholders, the Trustees will provide unitholders (along with notice of such meeting) all such information as is required by applicable law and the Declaration of Trust to be provided to such holders.

DESCRIPTION OF DEBENTURES

The following is a summary of the material attributes and characteristics of the Debentures. This summary does not purport to be complete and is subject to, and qualified in its entirety, by the terms of the Trust Indenture. A copy of the Trust Indenture will be available on SEDAR at www.sedar.com.

Convertible Debentures

The Debentures are issued under and pursuant to the provisions of the Trust Indenture. The 5.5% Debentures are limited in the aggregate principal amount to \$161,000,000. We may, however, from time to time, without the consent of the Debentureholders, issue additional or other debentures. The Debentures are issuable only in denominations of \$1,000 and integral multiples thereof. Holders of beneficial interests in the Debentures do not have the right to receive physical certificates evidencing their ownership of Debentures except under certain circumstances described under “– Book-entry, Delivery and Form”.

The 5.5% Debentures bear interest from the date of issue at 5.5% per annum, which is payable semi-annually on July 31 and January 31 in each year, commencing with January 31, 2012; the first payment included accrued and unpaid interest for the period from and including the day of the Closing to, but excluding, January 31, 2012. Interest is payable based on a 365-day year.

The interest on the Debentures is payable in lawful money of Canada as specified in the Trust Indenture. At our option, and subject to regulatory approval, we may issue and solicit bids to sell sufficient freely-tradeable Units in order to raise funds to satisfy all or any part of our obligations to pay interest on the Debentures, but, in any event, the holders of Debentures shall be entitled to receive cash payments equal to the interest otherwise payable on the Debentures. See “– Interest Payment Election”.

The principal on the Debentures is payable in lawful money of Canada or, at the option of the REIT and subject to applicable regulatory approval, by payment of freely-tradeable Units to satisfy, in whole or in part, our obligation to repay the principal amount of the Debentures, as further described under “– Payment upon Redemption or Maturity”, “– Redemption and Purchase” and “– Put Right upon a Change of Control”.

The Debentures are direct obligations of the REIT and are not secured by any mortgage, pledge, hypothec or other charge and are subordinated to all other liabilities of the REIT as described under “– Subordination”. The Trust Indenture does not restrict the REIT or its Subsidiaries from incurring additional indebtedness for borrowed money or from mortgaging, pledging or charging our real or personal property or properties to secure any indebtedness.

The Debentures are transferable, and are presented for conversion, at the principal offices of the Debenture Trustee in Toronto, Ontario.

Conversion Privilege

The 5.5% Debentures are convertible at the holder’s option into fully-paid, non-assessable and freely-tradeable Units at any time prior to 5:00 p.m. (Toronto time) on the earlier of the Maturity Date and the Business Day immediately preceding the date specified by us for redemption of the Debentures, at a conversion price of \$13.00 per Unit being a ratio of approximately 76.9231 Units per \$1,000 principal amount of Debentures. No adjustment to the Conversion Price is made for distributions on Units issuable upon conversion or for interest accrued on Debentures surrendered for conversion; however, holders converting their Debentures shall be entitled to receive, in addition to the applicable number of Units, accrued and unpaid interest in respect thereof for the period from and including the last interest payment date on their Debentures to but excluding the last record date set by us occurring prior to the date of conversion for determining the Unitholders entitled to receive a distribution on the Units. Notwithstanding the foregoing, no Debentures may be converted during the period from the close of business on the Record Date preceding the Interest Payment Date to and including such Interest Payment Date, as the registers of the Debenture Trustee will be closed during such periods.

Subject to the provisions thereof, the Trust Indenture provides for the adjustment of the Conversion Price in certain events including: (a) the subdivision or consolidation of the outstanding Units; (b) the distribution of Units to all or substantially all holders of Units by way of distribution or otherwise other than an issue of securities to holders of Units or LP Units of Dundee LP who participate in our distribution reinvestment or unit purchase plans or similar arrangements of Dundee LP; (c) the issuance of options, rights or warrants to all or substantially all holders of Units entitling them for a period of not more than 45 days after the record date to acquire Units or other securities convertible into Units at less than 95% of the then Current Market Price of the Units; and (d) the distribution to all holders of units of any units (other than Units), rights, options or warrants (other than those entitling the holders thereof for a period of 45 days to subscribe for or purchase Units or securities convertible or exchangeable into Units, evidences of indebtedness of the REIT, or other assets (other than cash distributions and equivalent distributions in securities paid in lieu of cash distributions in the ordinary course). There is no adjustment of the Conversion Price in respect of any event described in (b), (c) or (d) above if, subject to prior regulatory approval, the holders of the Debentures are allowed to participate as though they had converted their Debentures prior to the applicable record date or effective date. We are not be required to make adjustments in the Conversion Price unless the cumulative effect of such adjustments would change the Conversion Price by at least 1%.

In the case of any reclassification of the Units or a capital reorganization of the REIT (other than a change resulting only from consolidation or subdivision) or in the case of any amalgamation, consolidation, arrangement or merger of the REIT with or into any other entity, or in the case of any sale or conveyance of our properties and assets as, or substantially as, an entirety to any other entity, or a liquidation, dissolution or winding-up of the REIT, the terms of the conversion privilege shall be adjusted so that each Debenture shall, after such reclassification, capital reorganization, amalgamation, consolidation, arrangement or merger, sale or conveyance or liquidation, dissolution or winding-up, be exercisable for the kind and amount of securities or property of the REIT, or such continuing, successor or purchaser entity, as the case may be, which the holder thereof would have been entitled to receive as a result of such reclassification, capital reorganization, amalgamation, consolidation, arrangement or merger, sale or conveyance or liquidation, dissolution or winding-up, if on the effective date or record date thereof it had been the holder of the number of Units into which the Debenture was convertible prior to the effective date of such event.

No fractional Units will be issued on any conversion of the Debentures but in lieu thereof we shall satisfy such fractional interest by a cash payment equal to the Current Market Price of such fractional interest.

Payment upon Redemption or Maturity

On redemption or at the Maturity Date, we will repay the indebtedness represented by the Debentures by paying to the Debenture Trustee in lawful money of Canada an amount equal to the principal amount of the outstanding Debentures, together with accrued and unpaid interest thereon. We may, at our option, on not more than 60 days' and not less than 40 days' prior notice and subject to any required regulatory approvals, unless an Event of Default has occurred and is continuing, elect to satisfy our obligation to repay, in whole or in part, the principal amount of the Debentures which are to be redeemed or which have matured by issuing freely-tradeable Units, in whole or in part, to the holders of the Debentures. The number of Units to be issued will be determined by dividing the principal amount of the Debentures by 95% of the Current Market Price of the Units on the date fixed for redemption or the Maturity Date, as the case may be. No fractional Units will be issued to holders of Debentures but in lieu thereof we shall satisfy such fractional interest by a cash payment equal to the Current Market Price of such fractional interest.

Interest Payment Election

Unless an Event of Default has occurred and is continuing, we may elect, at any time and from time to time, subject to applicable regulatory approval, to issue and solicit bids to sell sufficient freely-tradeable Units in order to raise funds to satisfy all or any part of our obligations to pay interest on the Debentures in accordance with the Trust Indenture in which event holders of the Debentures will be entitled to receive a cash payment equal to the interest payable from the proceeds of the sale of such Units. The Trust Indenture will provide that, upon such election, the Debenture Trustee shall (a) accept delivery of the proceeds with respect to such sales of Units; (b) invest the proceeds of such sales in specified short term Canadian federal or provincial government or Canadian chartered bank obligations which mature prior to the applicable Interest Payment Date; (c) deliver proceeds to Debentureholders sufficient to satisfy our interest payment obligations; and (d) perform any other action necessarily incidental thereto as directed by us in our absolute discretion. The amount received by a holder in respect of interest and the timing of payment thereof will not be affected by whether or not we elect to utilize the Unit Interest Payment Option.

Neither our making of the Unit Interest Payment Option nor the consummation of sales of Units will (a) result in the Debentureholders not being entitled to receive, on the applicable payment date, cash in an aggregate amount equal to the interest payable on such payment date, or (b) entitle such holders to receive any Units in satisfaction of the interest payable on the applicable payment date.

Redemption and Purchase

We may not redeem the Debentures prior to August 31, 2014, except in the event of the satisfaction of certain conditions after a Change of Control has occurred as described below under “– Put Right upon a Change of Control”. On and after August 31, 2014, but prior to August 31, 2016, the Debentures may be redeemed, in whole at any time or in part from time to time, on not more than 60 days’ and not less than 30 days’ prior written notice, at a price equal to the principal amount thereof plus accrued and unpaid interest in respect thereof for the period up to but excluding the date of redemption from and including the latest Interest Payment Date provided that the Current Market Price immediately preceding the date upon which the notice of redemption is given is not less than 125% of the Conversion Price. On and after August 31, 2016 and prior to the Maturity Date, we may redeem the Debentures in whole at any time or in part from time to time, at a price equal to the principal amount thereof plus accrued and unpaid interest in respect thereof for the period up to but excluding the date of redemption from and including the latest Interest Payment Date on not more than 60 days’ and not less than 30 days’ prior written notice.

We will have the right to purchase Debentures in the market, by tender or by private contract subject to regulatory requirements; provided, however, that if an Event of Default has occurred and is continuing, we will not have the right to purchase the Debentures by private contract.

In the case of redemption of less than all of the Debentures, the Debentures to be redeemed will be selected by the Debenture Trustee on a *pro rata* basis or in such other manner as the Debenture Trustee deems equitable, subject to the consent of the stock market on which the Debentures are traded.

Cancellation

All Debentures converted, redeemed or purchased as aforesaid will be cancelled and may not be reissued or resold.

Subordination

The payment of the principal of, and interest on, the Debentures is subordinated in right of payment, in the circumstances referred to below and more particularly as set forth in the Trust Indenture, to the Senior Indebtedness of the REIT. “**Senior Indebtedness**” of the REIT is defined in the Trust Indenture as all indebtedness of the REIT (whether outstanding as at the date of the Trust Indenture or thereafter incurred) which, by the terms of the instrument creating or evidencing the indebtedness, is not expressed to be *pari passu* with, or subordinate in right of payment to, the Debentures. The Debentures do not limit our ability to incur additional indebtedness, including indebtedness that ranks senior to the Debentures, or from mortgaging, pledging or charging real or personal property or properties of the REIT to secure any indebtedness.

The Trust Indenture provides that in the event of any insolvency or bankruptcy proceedings, or any receivership, liquidation, reorganization or other similar proceedings relative to the REIT, or to the REIT’s property or assets, or in the event of any proceedings for voluntary liquidation, dissolution or other winding up of the REIT, whether or not involving insolvency or bankruptcy, or any marshalling of the assets and liabilities of the REIT, all creditors entitled to Senior Indebtedness will receive payment in full before the Debentureholders will be entitled to receive any payment or distribution of any kind or character, whether in cash, property or securities, which may be payable or deliverable in any such event in respect of any of the Debentures or any unpaid interest accrued thereon.

The Debentures will be effectively subordinate to claims of creditors (including trade creditors) of the REIT’s Subsidiaries except to the extent the REIT is a creditor of such subsidiaries ranking at least *pari passu* with such other creditors.

Put Right upon a Change of Control

Upon the occurrence of a Change of Control, each holder of Debentures may require us to purchase, on the Put Date, the whole or any part of such holder’s Debentures for the Total Put Price.

If 90% or more in aggregate principal amount of the Debentures outstanding on the date of the giving of notice of the Change of Control have been tendered for purchase on the Put Date, we will have the right but not the obligation to redeem all the remaining Debentures on such date at the Put Price, together with accrued and unpaid interest to such date. Notice of such redemption must be given to the Debenture Trustee prior to the Put Date and as soon as reasonably possible thereafter, by the Debenture Trustee to the holders of the Debentures not tendered for purchase.

The Total Put Price is payable in lawful money of Canada or, at our option and subject to applicable regulatory approval, by payment of Units to satisfy, in whole or in part, our obligation to pay the Total Put Price.

The Trust Indenture contains notification provisions to the following effect that:

- (a) we will, as soon as practicable after the occurrence of a Change of Control and in any event no later than five Business Days thereafter, give written notice to the Debenture Trustee of the occurrence of a Change of Control and the Debenture Trustee will, as soon as practicable thereafter and in any event no later than two Business Days after receiving notice from us, give to the Debentureholders a notice of the Change of Control, the repayment right of the Debentureholders and our right to redeem untendered Debentures under certain circumstances; and

- (b) a holder of Debentures, to exercise the right to require us to purchase its Debentures, must deliver to the Debenture Trustee, not less than five Business Days prior to the Put Date, written notice of the holder's exercise of such right, together with a duly endorsed form of transfer.

We will comply with the requirements of Canadian securities laws and regulations to the extent such laws and regulations are applicable in connection with the repurchase of the Debentures in the event of a Change of Control.

Modification

The rights of the Debentureholders may be modified in accordance with the terms of the Trust Indenture. For that purpose, among others, the Trust Indenture contains certain provisions which make Extraordinary Resolutions binding on all Debentureholders. Under the Trust Indenture, the Debenture Trustee has the right to make certain amendments to the Trust Indenture in its discretion, without the consent of the Debentureholders.

Events of Default

The Trust Indenture provides that an Event of Default in respect of the Debentures will occur if certain events described in the Trust Indenture occur, including if any one or more of the following described events has occurred and is continuing with respect to the Debentures: (a) failure for 15 days to pay interest on the Debentures when due; (b) failure to pay principal or premium, if any, on the Debentures, whether at the Maturity Date, upon redemption, by declaration of acceleration or otherwise; (c) an unremedied breach of any material covenant or condition of the Trust Indenture by us after a 30 day cure period following notice of such breach; or (d) certain events of bankruptcy, insolvency or reorganization of the REIT under bankruptcy or insolvency laws. If an Event of Default has occurred and is continuing, the Debenture Trustee may, in its discretion, and shall, upon the request of holders of not less than 25% in principal amount of the then outstanding Debentures, declare the principal of (and premium, if any) and interest on all outstanding Debentures to be immediately due and payable. Certain Events of Default may be waived by written direction of the holders of 66²/₃% of the principal amount of the outstanding Debentures, by Extraordinary Resolution or by the Debenture Trustee in certain circumstances in accordance with the terms of the Trust Indenture.

Offers for Debentures

The Trust Indenture contains provisions to the effect that if an offer is made for the Debentures which is a take-over bid for Debentures within the meaning of the *Securities Act* (Ontario), and not less than 90% of the outstanding principal amount of the Debentures (other than Debentures held at the date of the take-over bid by or on behalf of the Offeror or associates or affiliates of the Offeror or any person acting jointly or in concert with the Offeror) are taken up and paid for by the Offeror, the Offeror will be entitled to acquire the Debentures held by Debentureholders who did not accept the offer on the terms offered by the Offeror.

Book-entry, Delivery and Form

The Debentures were issued in the form of Global Debentures held by, or on behalf of, the Depository as custodian for its participants.

All Debentures are represented in the form of Global Debentures registered in the name of the Depository or its nominee. Purchasers of Debentures represented by Global Debentures do not receive Debentures in definitive form. Rather, the Debentures are represented only in "book-entry only" form (unless we, in our

sole discretion, elect to prepare and deliver definitive Debentures in fully-registered form). Beneficial interests in the Global Debentures, constituting ownership of the Debentures, are represented through book-entry accounts of institutions acting on behalf of beneficial owners, as direct and indirect participants of the Depository. The Depository is responsible for maintaining book-entry accounts for its participants having interests in Global Debentures.

If the Depository notifies us that it is unwilling or unable to continue as depository in connection with the Global Debentures, or if at any time the Depository ceases to be a clearing agency or otherwise ceases to be eligible to be a depository and we and the Debenture Trustee are unable to locate a qualified successor, or if we elect, in our sole discretion, to terminate the book-entry system, beneficial owners of Debentures represented by Global Debentures at such time will receive Definitive Debentures.

Transfer and Exchange of Debentures

Transfers of beneficial ownership in Debentures represented by Global Debentures are effected through records maintained by the Depository for such Global Debentures or its nominees (with respect to interests of participants in the Depository) and on the records of participants (with respect to interests of persons other than participants). Unless we elect, in our sole discretion, to prepare and deliver Definitive Debentures, beneficial owners who are not participants in the Depository's book-entry system, but who desire to purchase, sell or otherwise transfer ownership of or other interest in Global Debentures, may do so only through participants in the Depository's book-entry system.

The ability of a beneficial owner of an interest in a Debenture represented by a Global Debenture to pledge the Debenture or otherwise take action with respect to such owner's interest in a Debenture represented by a Global Debenture (other than through a participant) may be limited due to the lack of a physical certificate.

Registered holders of Definitive Debentures may transfer such Debentures upon payment of taxes or other charges incidental thereto, if any, by executing and delivering a form of transfer together with the Debentures to the registrar for the Debentures at its principal offices in Toronto, Ontario or such other city or cities as may from time to time be designated by us whereupon new Debentures will be issued in authorized denominations in the same aggregate principal amount as the Debentures so transferred, registered in the names of the transferees. No transfer or exchange of a Debenture will be registered during the period from the date of any selection by the Debenture Trustee of any Debentures to be redeemed or during the 15 preceding days or thereafter until the close of business on the date upon which notice of redemption of such Debentures is given. In addition, no transfer or exchange of any Debentures which have been selected or called for redemption will be registered.

Payments

Payments of interest and principal on each Global Debenture are made to the Depository or its nominee, as the case may be, as the registered holder of the Global Debenture. As long as the Depository or its nominee is the registered owner of a Global Debenture, such Depository or its nominee, as the case may be, is considered the sole legal owner of the Global Debenture for the purposes of receiving payments of interest and principal on the Debentures and for all other purposes under the Indenture and the Debentures. Interest payments on Global Debentures are made by electronic funds transfer on the day interest is payable and delivered to the Depository or its nominee, as the case may be. Interest payments are made to holders of record as of the applicable Record Date.

We understand that the Depository or its nominee, upon receipt of any payment of interest or principal in respect of a Global Debenture, credits participants' accounts, on the date interest or principal is payable, with payments in amounts proportionate to their respective beneficial interest in the principal amount of

such Global Debenture as shown on the records of the Depository or its nominee. We also understand that payments of interest and principal by participants to the owners of beneficial interest in such Global Debenture held through such participants are governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in “street name” and are the responsibility of such participants. Our responsibility and liability in respect of payments on Debentures represented by the Global Debenture is limited solely and exclusively, while the Debentures are registered in Global Debenture form, to making payment of any interest and principal due on such Global Debenture to the Depository or its nominee.

If Definitive Debentures are issued instead of or in place of Global Debentures, payments of interest on each Definitive Debenture will be made by electronic funds transfer, if agreed to by the holder of the Definitive Debenture or if required under any applicable payment clearing system rules, or by cheque dated the Interest Payment Date and mailed at least five Business Days preceding the applicable Interest Payment Date to the address of the holder appearing in the register maintained by the registrar for the Debentures at the close of business on the Record Date. Payment of principal at maturity will be made at the principal office of the Debenture Trustee in the City of Toronto (or in such other city or cities as may from time to time be designated by us) against surrender of the Definitive Debentures, if any. If the due date for payment of any amount of principal or interest on any Definitive Debenture is not, at the place of payment, a Business Day such payment will be made on the next Business Day and the holder of such Definitive Debenture shall not be entitled to any further interest or other payment in respect of such delay.

Reports to Holders

We will file with the Debenture Trustee, within 15 days after the filing thereof with the Ontario Securities Commission, copies of our annual report and the information, documents and other reports that we are required to file with the Ontario Securities Commission and deliver to our Unitholders. Notwithstanding that we may not be required to remain subject to the reporting requirements of the Ontario Securities Commission, we shall provide to the Debenture Trustee (a) within 90 days after the end of each fiscal year, our annual financial statement, and (b) within 45 days after the end of each of the first three fiscal quarters of each fiscal year, our interim financial statements which shall, at a minimum, contain such information as is required to be provided in quarterly reports under the laws of Canada or any province thereof to security holders of a company with securities listed on a stock exchange in Canada, whether or not we have any of our securities so listed. Each of such reports will be prepared in accordance with applicable Canadian disclosure requirements and IFRS. We will provide copies of such information, documents and reports to Debentureholders upon request.

Governing Law

Each of the Trust Indenture and the Debentures are governed by, and will be construed in accordance with, the laws of the Province of Ontario applicable to contracts executed and to be performed entirely in such province.

EXCHANGEABLE NOTES

Exchangeable Notes

In connection with our acquisition of the Initial Properties, LSF invested the Euro equivalent of \$80 million in us in the form of Exchangeable Notes. The LSF investment is structured as two loans to Dundee Lux Holdco, denominated in Euros and evidenced by Exchangeable Notes, Series A and Exchangeable Notes, Series B. The actual principal amount of the Exchangeable Notes is €58,609,003, and the current exchange ratio is one Unit per €7.3261254 principal amount of Exchangeable Notes.

The Exchangeable Notes are exchangeable in accordance with their terms and the terms of the Exchange Agreement into a fixed number of Units. The Exchangeable Notes are exchangeable for 8,000,000 Units, which are subject to customary anti-dilution adjustments. The Exchangeable Notes are due 10 years from the date of issue and may be repaid in whole or in part by the issuance of the Exchange Number. The Exchangeable Notes bear interest in an aggregate amount equal to the amount distributed on the Exchange Number. See “– Exchange Agreement” below.

Exchange Agreement

The REIT, Dundee Lux Holdco and LSF entered into the Exchange Agreement on August 5, 2011. The Exchange Agreement, together with the Exchangeable Notes, provides the holder of the Exchangeable Notes with the right, exercisable at any time or from time to time, to require us to exchange such Exchangeable Notes for the Exchange Number in accordance with the terms and conditions of the Exchange Agreement. Pursuant to the Exchange Agreement, each €7.3261254 principal amount of Exchangeable Notes is exchangeable for one Unit, subject to customary anti-dilution adjustments. The Exchange Agreement also provides us with the right to require the holder of the Exchangeable Notes to exchange all but not less than all of its Exchangeable Notes if: (a) the number of Units for which outstanding Exchangeable Notes are exchangeable falls below a certain threshold; or (b) there occurs or is about to occur an amalgamation, merger, arrangement, take-over bid, material transfer or sale of securities of the REIT or similar transaction involving the REIT or a wholly-owned Subsidiary of the REIT and the Board of Trustees determines, in good faith and in its sole discretion, that it is not reasonably practicable to substantially duplicate the terms and conditions of the Exchangeable Notes in connection with such transaction and the exchange of all but not less than all of the Exchangeable Notes is necessary to enable the completion of such transaction in accordance with its terms. The Exchange Agreement also provides for the automatic exchange of all outstanding Exchangeable Notes into Units prior to the liquidation, dissolution or winding-up of the REIT, Dundee LP, Dundee Gibraltar or Dundee Lux Holdco.

Pursuant to the Exchange Agreement, so long as any Exchangeable Notes are outstanding, we have agreed that we will not pay any distribution on the Units unless Dundee Lux Holdco shall on the same day pay the Currency Adjusted Equivalent Amount (as defined in the Exchange Agreement) of such distribution to LSF in the form of interest on the Exchangeable Notes and that we will take all such other actions as are reasonably necessary to ensure that the payment date for interest on Exchangeable Notes is the same as the payment date for the corresponding distribution on the Units. In addition, so long as any Exchangeable Notes are outstanding, we will not create any class of preferred equity units that rank in preference or priority over the Units.

Pursuant to the Exchange Agreement, LSF has demand registration rights whereby it may once per calendar year up to five times in total require the REIT to qualify some or all of the Units held by LSF that were issued upon the exchange of Exchangeable Notes for distribution by way of a prospectus filed with the applicable Canadian securities regulatory authorities. In addition, the Exchange Agreement provides LSF with piggy-back registration rights to require the REIT to include some or all of the Units held by LSF, including Units issuable upon exchange of Exchangeable Notes, in future public offerings undertaken by the REIT. These rights are subject to various conditions and limitations, and we will be entitled to defer any such filings required by LSF in certain circumstances for a limited period.

AGREEMENTS RELATING TO OUR ACQUISITION OF THE INITIAL PROPERTIES

The following is a summary of certain provisions of agreements relating to our acquisition of the Initial Properties on August 3, 2011, the date of completion of our initial public offering. This summary is qualified in its entirety by reference to all of the provisions of such agreements. Copies of such agreements are available electronically on our SEDAR profile at www.sedar.com and will be made available to our unitholders as described under “Material Contracts”. Investors are encouraged to review

the terms of these agreements in their entirety for a complete description of Sub-Fund I's representations, warranties and indemnities, and related limitations contained therein.

Framework Agreement

The Framework Agreement, which was entered into on May 18, 2011, as amended from time to time, was the master agreement providing for various steps to be taken in order to complete our acquisition of the Initial Properties.

The Framework Agreement provides that (a) subject to certain exceptions, as long as LSF continues to own Units or Exchangeable Notes, DRC and its affiliates will not sell any Units during our first year of existence and will not sell more than 10% in the aggregate of their Units in the second year of our existence; and (b) LSF will only be entitled to exercise its exchange rights after the expiry of the 180 day period following August 3, 2011.

The Framework Agreement also provides that, for so long as we indirectly own any of the Initial Properties, the LS Parties will not actively solicit, encourage or incentivise any of our current or former tenants to leave the applicable Initial Property and to lease premises on any of the remaining Caroline Portfolio instead.

Reallocation Agreement

The Reallocation Agreement provided for the reallocation of the aggregate of all rights, claims and other interests, as well as all risks and obligations of Sub-Fund I with regard to the Initial Properties from Sub-Fund I to the Dundee FCPs. The Reallocation Agreement contains representations and warranties to the Dundee FCPs from Sub-Fund I, including representations and warranties concerning: corporate/compliance; title to and ownership of the Initial Properties; encumbrances and easements; governmental orders; parking spaces; encroachments; objections of tenants; public law proceedings; disclosure; contractual usability; litigation; lease agreements; rent received/rent securities; material defects; and access to the Initial Properties. The Reallocation Agreement does not contain representations and warranties in respect of the size or the potential market rent achievable of the Initial Properties or the enforceability of the leases or compliance of the leases with written form requirements.

The aggregate maximum liability of Sub-Fund I due to breaches of the representations and warranties contained in the Reallocation Agreement is €75 million (the "**Liability Cap**"). The Dundee FCPs will have no right to make a claim against Sub-Fund I until the aggregate of all claims exceed €5 million. The Liability Cap will not apply to claims by any Dundee FCP due to breaches of representations and warranties related to corporate/compliance and title and ownership. The Liability Cap will also not apply to claims of any Dundee FCP due to breaches of representations and warranties related to easements and encumbrances, in which case Sub-Fund I shall be entitled to rescind the Reallocation Agreement in respect of the Initial Property concerned if the expected amount of liability exceeds the consideration allocated to such Initial Property plus pro rata acquisition costs, which shall also be reimbursed in case of such rescission. Claims relating to a breach of the representations and warranties set forth above will become time-barred 18 months after the Closing. Claims relating to a breach of the representations and warranties related to corporate/compliance, encumbrances, easements and title and ownership will become time-barred four years following August 3, 2011.

Pursuant to the Reallocation Agreement, the Dundee FCPs have indemnified Sub-Fund I from and against all claims under public or civil law becoming due after Closing and resulting from any actions taken by any public authority or third party with respect to environmental damages, in particular from any claims for investigation, monitoring, securing, clean-up or disposal of environmental damages and the costs associated therewith. Should Sub-Fund I be requested after the Closing to perform any acts aimed at the

investigation, monitoring, securing, clean-up or disposal of environmental damages under public or civil law, the respective Dundee FCP shall perform these acts in lieu of Sub-Fund I at its own expense. Sub-Fund I has agreed to indemnify the Dundee FCPs from and against all public or civil law claims, resulting from any actions taken by any governmental, municipal or other regulatory authority or third party, each with respect to environmental damages if Sub-Fund I had knowledge of the environmental damage on the Closing and we did not. Sub-Fund I also agreed to indemnify the Dundee FCPs from any claims resulting from environmental damage for two other Initial Properties up to a maximum of €3 million.

Although the parties to the Reallocation Agreement believe that the transfer of the Initial Properties will be outside the scope of German VAT, if German VAT does apply, the Reallocation Consideration is agreed to be the gross amount including German VAT.

Sub-Fund I has also indemnified the Dundee FCPs from all liabilities claimed against the Dundee FCPs, the Initial Properties and/or Lorac for (a) unpaid taxes (including VAT but other than the RETT generally; however, if RETT is chargeable due to certain actions of Sub-Fund I, Sub-Fund I will indemnify the Dundee FCPs from such liabilities and if RETT is unexpectedly chargeable as a result of the reallocation, Sub-Fund I will indemnify the Dundee FCPs from one-half of such liabilities) that are (i) attributable to time periods up to and including August 3, 2011 and relating to the Initial Properties, or (ii) to the extent such taxes (including RETT) relate to assets of Sub-Fund I other than the Initial Properties, attributable to time periods prior to and subsequent to Closing, and (b) any costs, interest, penalties or other damages reasonably occurred in enforcing this indemnity (“**Indemnified Claims**”). See “Risk Factors – German taxes may affect our cash flows, financial condition and distributions to Unitholders”. Indemnified Claims will be unsecured so long as Sub-Fund I maintains a minimum net asset value equal to, initially, €135 million, which amount will be reduced annually as Indemnified Claims become time-barred or have been otherwise resolved. If the net asset value of Sub-Fund I falls below the required minimum amount, Sub-Fund I will not make any distributions to its unitholders until Sub-Fund I has provided security for the Indemnified Claims in accordance with the Reallocation Agreement. In addition to securing the Indemnified Claims, the security will cover non-payment by Sub-Fund I of certain other claims and obligations as agreed in the Reallocation Agreement.

Lorac Shareholders’ Agreement

The Lorac Shareholders’ Agreement establishes the principles of joint shareholdings in Lorac and ensures that the ongoing management and operations of the Dundee FCPs and Sub-Fund I are carried out and controlled separately, to the extent legally permissible, by the Lorac Shareholders.

Immediately following the Acquisition, Dundee Lux Holdco and Caroline Holdings, as shareholders of Lorac, amended the articles of incorporation of Lorac to provide for, among other things: (a) the right of Caroline Holdings to nominate the Class A Managers; (b) the right of Dundee Lux Holdco to nominate the Class B Managers; (c) certain reserved matters which require the consent of the Class A Managers or the Class B Managers, as applicable; and (d) certain reserved matters which require the majority consent of the Class A Managers and Class B Managers, including the vote of at least one Class A Manager.

The newly appointed board of managers of Lorac also established the Lorac Governance Rules, which allocate certain responsibilities to specific board members. Pursuant to the Lorac Governance Rules, the management by Lorac of Sub-Fund I has been delegated to the Class A Managers and the management by Lorac of the Dundee FCPs has been delegated to the Class B Managers. Material changes affecting Lorac, as set out in the Lorac Shareholders’ Agreement, will require the unanimous approval of the Lorac Shareholders.

Pursuant to the Lorac Shareholders’ Agreement, Dundee Lux Holdco has been granted an option to acquire, and/or to transfer to a third party nominated by Dundee Lux Holdco, an additional 44.9% of the

issued and outstanding shares of Lorac upon the earlier of: (a) the divestiture by Sub-Fund I of all or substantially all of Caroline Portfolio resulting in Sub-Fund I having a net asset value of less than €10 million; (b) the liquidation of Sub-Fund I; or (c) the termination by either party of the Lorac Shareholders' Agreement. The purchase price payable for each of the additional Lorac Shares shall be €125.

The Lorac Shareholders' Agreement will remain in force so long as the Lorac Shareholders are shareholders of Lorac and will automatically terminate when either Lorac Shareholder is no longer a shareholder of Lorac. The Lorac Shareholders' Agreement may not be terminated by either Lorac Shareholder prior to the expiration of 10 years from the date of signing of the Lorac Shareholders' Agreement and thereafter it may be terminated on six months' prior written notice to the other unless terminated for cause, as set out in the Lorac Shareholders' Agreement.

Lorac Share Purchase Agreement

The Lorac Share Purchase Agreement provided for the acquisition by Dundee Lux Holdco of 50% of the issued and outstanding shares of Lorac for €125 per share (for a total of €62,500). It contains representations and warranties relating to Caroline Holdings, Lorac and Dundee Lux Holdco, including representations and warranties as to organization and status, power and authorization, authorized and issued capital, regulatory authority, compliance with applicable laws, employees and absence of litigation.

Each of Caroline Holdings and Dundee Lux Holdco agreed, subject to liability thresholds, to indemnify the other for losses, expenses, costs and damages incurred or suffered by the other as a result of wilful misconduct, gross negligence or breach of representation or warranty by it on the terms and subject to the conditions of the Lorac Share Purchase Agreement.

LS Lease Agreement

Pursuant to the LS Lease Agreement, the LS Tenant pays monthly rental instalments to the Dundee FCPs, each acting as landlord, as consideration for the LS Tenant's use of the leased premises under the LS Lease Agreement. The term of the LS Lease Agreement commenced at closing of the Acquisition for a period of three years. Under the LS Lease Agreement, the LS Tenant will pay an aggregate amount of €6,672,879 to the Dundee FCPs. An amount of €5,082,111 is payable during the first year of the LS Lease Agreement, €1,510,473 will be payable in the second year and €80,295 will be payable in the third year. Any ancillary costs that are attributable to the use of the leased premises shall be included in the rent. The GLA of the leased premises under the LS Lease Agreement is equivalent to approximately 447,400 square feet of GLA.

The LS Tenant is only entitled to use the leased premises for commercial purposes. Neither the Dundee FCPs nor the LS Tenant is obligated to perform any maintenance or repair of the leased premises; however, the LS Tenant will be required to repair any damages caused by its actual use including wear and tear prior to the return of the leased premises to the Dundee FCPs at the end of the lease term. Pursuant to the LS Lease Agreement, the Dundee FCPs have the right to terminate up to 50% of the space leased under the LS Lease Agreement with a proportionate reduction in the rent payable by the LS Tenant under the LS Lease Agreement. The LS Tenant does not have any ordinary termination rights during the lease term. The LS Tenant is not entitled to assign its rights and obligations under the LS Lease Agreement or to sublet the leased premises. The Dundee FCPs and the LS Tenant are only liable to the other in the event of an intentional breach of their material contractual obligations under the LS Lease Agreement.

CERTAIN NON-CANADIAN INCOME TAX CONSIDERATIONS

The following summary by management discusses certain material German, Luxembourg, Gibraltar and Cayman income and withholding tax considerations applicable to our investments, including those made in the Initial Properties. It is not exhaustive of all possible tax considerations relevant to those jurisdictions. Moreover, it is based on the current tax legislation, our understanding of the current interpretation of the legislation in each country, and each country's administrative policies and assessing practices. There can be no assurances that the relevant tax legislation, the interpretations thereof, the administrative policies or assessing practices will not change (including with retroactive effect). Further, the summary does not address any tax considerations applicable to a Unitholder or Debentureholder. Accordingly, this summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any prospective holder of Units or Debentures. Consequently, the prospective holder should consult the holder's own tax advisor regarding an investment in Units or Debentures.

Certain Material German Income and Withholding Tax Considerations

Our indirectly-owned corporate entities that earn net rental income from and/or realize capital gains from the sale of German properties acquired after the Acquisition are subject to corporate income taxation in Germany. As a result of the Acquisition, we indirectly hold all of the shares in each respective Dundee FCP Unitholder, which is the sole unitholder of the respective Dundee FCP. The Dundee FCP Unitholders should be considered to be resident in Luxembourg for German tax purposes and should be non-residents of Germany for such purposes. For German income tax purposes, each of the Dundee FCPs would likely be treated as being transparent and, therefore, the Dundee FCP Unitholders would be considered for German tax purposes to be the indirect holders of the ownership interests in the Initial Properties as unitholders of the respective Dundee FCP.

The income tax treatment of non-German residents, such as the Dundee FCP Unitholders, that hold their indirect ownership interests in German rental properties through FCPs, such as the Dundee FCPs, is not clear and it is not possible to determine with certainty whether the Dundee FCP Unitholders will be taxable in Germany on their net rental income and capital gains from the sale of properties. This interpretation of the German tax law will, in the first place, be made by the local German tax office in the municipality having jurisdiction over each Dundee FCP Unitholder based on where the most valuable of the respective Initial Properties in which the respective Dundee FCP Unitholder having an indirect ownership interest is located (referred to herein as the competent German tax office).

Shortly after the completion of the Acquisition, Lorac, on behalf of each of the Dundee FCPs and the Dundee FCP Unitholders notified the competent German tax offices of all relevant facts and circumstances in relation to the Dundee FCPs and the Dundee FCP Unitholders (including their identity). Lorac notified the competent German tax offices that, in line with the practice so far, it will not file tax returns with the German tax administration except for the explicit demand by the competent German tax office to file tax returns. Lorac has and will continue to answer all requests by the competent German tax office for other material documents, translations, etc. Except for the explicit demand by the competent German tax office to file tax returns, the Dundee FCP Unitholders and the Dundee FCPs will not, at that point in time, file German tax returns or pay German tax on their net rental income or capital gains from the sale of properties. To date, no explicit demand has been received. It is possible that none or not all the tax offices will react to Lorac's notice. Such reactions may or may not provide confirmation of the earlier treatment. Any such decision may be challenged by us under certain circumstances. It is also possible that in the future, the tax offices could withdraw a confirmation, if any, with respect to all taxation periods or only future periods, either because of a revised interpretation of the German tax law, or a change in the law.

In light of the uncertainty described above, we have structured our affairs assuming that the Dundee FCP Unitholders will be subject to corporate income tax in Germany on their net rental income and capital gains from the sale of properties and we have prepared our financial statements on that basis. Taking into account the deductions available in determining taxable income from rental operations, including tax depreciation and reasonable interest expense, which are described in more detail below, management does not expect that the amount of tax, if any, that is ultimately determined to be payable in Germany by the Dundee FCP Unitholders on their net rental income will be material. Please see “Risk Factors – German taxes may affect our cash flows, financial condition and distributions to Unitholders”. The German income tax consequences would be the same, if instead of the Dundee FCP Unitholders being found to be taxable, the Dundee FCPs were ultimately determined to be the taxpayers for German tax purposes.

For those corporate entities that are subject to German taxation and if the Dundee FCP Unitholders were subject to German taxation:

- The current rate of corporate income tax payable would be 15.825%, including a 5.5% solidarity surcharge.
- To determine taxable income for corporate income tax purposes, a taxpayer may deduct certain expenses incurred in connection with the acquisition and ownership of real property as well as certain operating expenses, provided that the costs are incurred under arm’s length terms.
- Buildings can generally be depreciated on a straight-line basis at a rate of either 2% or 3%.
- The deduction of interest expense, which must reflect arm’s length terms, is generally restricted by the so-called “interest capping rules”. These rules apply to limit the deduction of all interest expense incurred. In principle, interest expense may only be deducted up to a maximum of 30% of the taxable EBITDA (earnings before interest, tax, depreciation and amortization as adjusted under the German tax law). However, an exception is available where annual interest expense is less than €3 million for each taxpayer. For an application of this threshold, each Dundee FCP Unitholder is a separate taxpayer.
- Broadly, for corporate income tax purposes, losses incurred by a taxpayer may be carried back and offset against taxable income of the preceding year (with a current loss carry back limit €511,500). Alternatively, losses may be carried forward indefinitely; however, the use of losses in any future year is restricted insofar as they may be used to offset profits of a year without restriction up to an amount of €1 million and against only 60% of the taxable income in excess of €1 million.
- In addition to corporate income tax, every taxpayer that carries on business in Germany through a permanent establishment located in Germany, as defined under German tax law, is subject to municipal trade tax. The character of the trade tax is that of an additional corporate income tax and the rates vary between 7.0% and 17.5%, depending on the municipality in which the business operations are carried on, unless the taxpayer qualifies for an exemption. While our corporate entities, including the Dundee FCP Unitholders derive rental income that is deemed to be business income for German tax purposes, they should not be subject to German trade tax on their rental income, because they should not have permanent establishments in Germany. We have prepared the financial statements on that basis. Please see “Risk Factors – German taxes may affect our cash flows, financial condition and distributions to Unitholders”.

Under German law, no German withholding tax should be levied on payments of interest or dividends by our indirectly-owned corporate entities to Dundee Lux Holdco.

Certain Material Luxembourg Income and Withholding Tax Considerations

This summary covers the material Luxembourg corporate income tax, municipal business tax, net wealth tax and withholding tax, considerations with respect to the Dundee FCPs, Dundee FCP Unitholders and Dundee Lux Holdco. The tax treatment of the material Luxembourg tax aspects described hereunder has been confirmed by the Luxembourg Tax Authorities in the Advance Tax Agreement and the Advance Pricing Agreement dated May 18, 2011.

Dundee FCPs

Income tax and net wealth tax

The Dundee FCPs are exempt from corporate income tax (*impôt sur le revenu des collectivités*), municipal business tax (*impôt commercial communal*) and net wealth tax (*impôt sur la fortune*) in Luxembourg.

Tax transparency

From a Luxembourg tax perspective a fund vehicle established as a *fonds commun de placement* is considered as tax transparent. This position has been confirmed by the legislator (cf. parliamentary documents N^o 2379 p. 3, N^o 3431 p. 97 and N^o 5504 p. 8) as well as administrative practice in Luxembourg. The tax transparency of the Dundee FCPs is covered in the Advance Tax Agreement dated May 18, 2011.

The Dundee FCP Unitholders will, therefore, be considered as holding directly the assets and undertaking directly the liabilities of the Dundee FCPs for Luxembourg tax purposes. For Luxembourg corporate and municipal business tax purposes, the net profit received by the Dundee FCPs will be allocated directly to the Dundee FCP Unitholders.

Withholding tax

No Luxembourg withholding tax should be levied on the distributions made by the Dundee FCPs to the Dundee FCP Unitholders.

Furthermore, no withholding tax should be levied on interest payments from Dundee FCPs to Dundee Lux Holdco under Dundee Lux Holdco loans.

Dundee FCP Unitholders

The Dundee FCP Unitholders are established as fully taxable Luxembourg companies, subject to annual corporate income, municipal business and net wealth taxes.

Consequences of tax transparency of Dundee FCPs

Income tax

As the Dundee FCPs will be considered as tax transparent for Luxembourg corporate income and municipal business tax purposes, the Dundee FCP Unitholders will be deemed for the purposes of corporate income and municipal business tax to hold directly all assets and liabilities held by each respective Dundee FCP.

Net rental income earned by the Dundee FCPs, any net capital gain realized by the Dundee FCPs from the disposal of the Initial Properties, as well as redemption of units or liquidation proceeds received by

Dundee FCP Unitholders from the Dundee FCPs should be exempt from taxation in Luxembourg based on the provisions of the Double Tax Treaty between Luxembourg and Germany.

Each Dundee FCP Unitholder of the respective Dundee FCP should be subject to the Luxembourg minimum corporate income tax of €1,575.

If the Dundee FCP Unitholders earn (directly or through the Dundee FCPs by tax transparency) income other than the income related to the Initial Properties, such income would be taxed in the Dundee FCP Unitholder at the global rate of 28.80%.

Net wealth tax

The Initial Properties will be exempt from net wealth tax in Luxembourg based on the Double Tax Treaty between Germany and Luxembourg. Accordingly, liabilities undertaken by Dundee FCP Unitholders in the tax balance sheet will not be deductible for net wealth tax purposes.

Provided that the Dundee FCP Unitholders do not have any other assets other than the Initial Properties, net operating assets of the Dundee FCP Unitholders (based on their tax balance sheet) subject to the net wealth tax should be minimal. In this case, the net wealth tax liability of each Dundee FCP Unitholder should be equal to €25.

Withholding tax

No withholding tax should be due in Luxembourg on dividend distributions from Dundee FCP Unitholders to Dundee Lux Holdco under the Luxembourg participation exemption regime provided that at the time the income is made available Dundee Lux Holdco has held or commits itself to hold for an uninterrupted period of at least 12 months a participation of at least 10% of the share capital of the Dundee FCP Unitholders or a participation of an acquisition price of at least €1.2 million.

Dundee Lux Holdco

Dundee Lux Holdco is established as a fully taxable holding company, subject to annual corporate income, municipal business and net wealth taxes.

Dividend income and capital gains

Dundee Lux Holdco should benefit from the Luxembourg participation exemption on any dividend income received and capital gains realized from Dundee FCP Unitholders, Dundee Lux Manager, Dundee Fixtures and Lorac. Such dividends and capital gains should be exempt from corporate income and municipal business tax provided that conditions relating to a shareholding threshold (10% shareholding or a direct participation of an acquisition price of at least €1.2 million for dividends and €6 million for capital gains) and a 12 month hold period are met.

Net wealth tax

Dundee Lux Holdco is subject to Luxembourg net wealth tax at the rate of 0.5% applied on net assets as determined for net wealth tax purposes. The minimum net wealth tax for a *société à responsabilité limitée* is currently €25.

Withholding tax

Withholding tax should not apply on dividend distributions from Dundee Lux Holdco to Dundee Gibraltar provided that at the time the dividend is paid Dundee Gibraltar has held or commits itself to

hold for an uninterrupted period of at least 12 months a direct participation of at least 10% of the share capital of the Dundee Lux Holdco acquired for at least €1.2 million.

Furthermore, no withholding tax should apply on interest payments from Dundee Lux Holdco under the Dundee LP loan.

Based on current administrative practice, the Luxembourg tax authorities do not consider regular Luxembourg holding companies to be paying agent within the meaning of the EU Savings Directive, unless it makes interest or similar payments on the securities offered to the public and the beneficiaries are unknown. Therefore, interest payments on the loan from Dundee LP should not fall within the scope of the EU Savings Directive.

Financing activities of Dundee Lux Holdco

Dundee Lux Holdco will earn a gross arm's length remuneration for its intra-group lending activity financed by borrowings. This arm's length margin supported by the transfer pricing report dated November 16, 2011 will be computed on the total average amount of receivables on the Dundee FCPs' loans, financed by borrowings under the Dundee LP loan and Exchangeable Notes, Series A, respectively. This margin will be taxed at 28.80% being the standard aggregate corporate tax rate for the year 2012 (for Luxembourg city).

Certain Material Gibraltar Income and Withholding Tax Considerations

Dundee Gibraltar will be considered resident in and subject to tax in Gibraltar. Dividends received from Dundee Lux Holdco will be exempt from tax in Gibraltar.

Distributions from Dundee Gibraltar to Dundee LP, whether as dividends, returns of capital or share redemptions, will not give rise to any withholding tax.

Any gain realized by Dundee Gibraltar on a disposition of the shares of Dundee Lux Holdco should be considered capital in nature. Such gain would not give rise to tax in Gibraltar as capital gains are not taxed.

Any gain realized by Dundee LP on the disposition of the shares of Dundee Gibraltar should be considered capital in nature and thus not taxed in Gibraltar.

If Dundee Gibraltar borrows from or lends to the REIT or a Subsidiary of the REIT or the Dundee FCPs, any foreign exchange gain or loss realized should be considered capital in nature and thus not taxed in Gibraltar.

Certain Material Cayman Income and Withholding Tax Considerations

There will be no tax imposed by the government of the Cayman Islands or by any department or taxing authority thereof (a "**Cayman Taxing Authority**") in respect of any income, gain, or distribution received by Dundee LP from Dundee Gibraltar or Dundee Lux Holdco.

There will be no withholding tax imposed by any Cayman Taxing Authority on any distribution from Dundee LP to the REIT.

RISK FACTORS

Risk factors inherent in an investment in our Units or our Debentures include but are not limited to the following:

Risks inherent in the real estate industry may adversely affect our financial performance

Real estate ownership is generally subject to numerous factors and risks, including changes in general economic conditions, (such as the availability, terms and cost of mortgage financings and other types of credit), local economic conditions (such as an oversupply of office and other commercial properties or a reduction in demand for real estate in the area), the attractiveness of properties to potential tenants or purchasers, competition with other landlords with similar available space, and the ability of the owner to provide adequate maintenance at competitive costs.

Our properties generate income primarily through rent payments made by our tenants. Upon the expiry of any lease, there can be no assurance that the lease will be renewed or the tenant replaced for a number of reasons. Furthermore, the terms of any subsequent lease may be less favourable than the existing lease. Our cash flows and financial position would be adversely affected if our tenants were to become unable to meet their obligations under their leases or if a significant amount of available space in our properties was not able to be leased on economically favourable lease terms. In the event of default by a tenant, we may experience delays or limitations in enforcing our rights as lessor and incur substantial costs in protecting our investment. Furthermore, at any time, a tenant may seek the protection of bankruptcy, insolvency or similar laws which could result in the rejection and termination of the lease of the tenant and, thereby, cause a reduction in the cash flows available to us.

An investment in real estate is relatively illiquid. Such illiquidity will tend to limit our ability to vary our portfolio promptly in response to changing economic or investment conditions. In recessionary times it may be difficult to dispose of certain types of real estate. The costs of holding real estate are considerable and during an economic recession we may be faced with ongoing expenditures with a declining prospect of incoming receipts. In such circumstances, it may be necessary for us to dispose of properties at lower prices in order to generate sufficient cash for operations and making distributions and interest payments.

Concentration of tenants may adversely affect our financial performance

We derive a significant portion of our GRI from Deutsche Post. Consequently, our revenues will be dependent on the ability of Deutsche Post to meet its rent obligations and our ability to collect rent from Deutsche Post. In the event that Deutsche Post defaults on or ceases to satisfy its payment obligations under the Deutsche Post leases, our cash flows, operating results, financial condition, ability to make distributions on the Units or cash interest payments on the Debentures would be materially and adversely affected.

A significant number of Deutsche Post leases expire in 2018

The majority of the Deutsche Post leases expire in 2018. Upon the expiry of the Deutsche Post leases, there can be no assurance that they will be renewed or that Deutsche Post will be replaced. If Deutsche Post does not renew the Deutsche Post leases in respect of a significant number of the Initial Properties, our cash flows, operating results, financial condition and our ability to make distributions on the Units or cash interest payments on the Debentures could be materially and adversely affected.

Early termination of leases may adversely affect our financial performance

Deutsche Post has early termination rights entitling it to terminate certain leases prior to their expiry upon 12 months' prior notice. If Deutsche Post exercises its early termination rights in respect of a significant amount of GLA of the Initial Properties, our cash flows, operating results and financial condition and our ability to make distributions on the Units or cash interest payments on the Debentures could be materially and adversely affected.

Environmental contamination on properties may expose us to liability and adversely affect our financial performance

Our properties may contain ground contamination, hazardous substances, wartime relics (including potentially unexploded ordnance) and/or other residual pollution and environmental risks. Buildings and their fixtures might contain asbestos or other hazardous substances such as polychlorinated biphenyl, dichlordiphenyltrichlorethan, pentachlorophenol or lindane above the allowable or recommended thresholds, or the buildings could bear other environmental risks.

We bear the risk of cost-intensive assessment, remediation or removal of such ground contamination, hazardous substances, wartime relics or other residual pollution. The discovery of any such residual pollution on the sites and/or in the buildings, particularly in connection with the lease or sale of properties or borrowing using the real estate as security, could trigger claims for rent reductions or termination of leases for cause, for damages and other breach of warranty claims against us. The remediation of any pollution and the related additional measures we would have to undertake could negatively affect us and could involve considerable additional costs that we may have to bear. We are also exposed to the risk that recourse against the polluter or the previous owners of the properties might not be possible, for example, because they cannot be identified, no longer exist or have become insolvent. Moreover, the existence or even the mere suspicion of the existence of ground contamination, hazardous materials, wartime relics or other residual pollution can negatively affect the value of a property and our ability to lease or sell such a property. In addition, we were advised by Sub-Fund I that at the time that Sub-Fund I purchased the Caroline Portfolio from Deutsche Post, it agreed to (a) waive its rights against Deutsche Post and its affiliates for any environmental claims relating to the Caroline Portfolio (other than claims above €20.6 million and provided that the use of the property was not subsequently changed); and (b) indemnify Deutsche Post against any third party claims made against Deutsche Post arising from environmental claims.

We are subject to various federal, state and municipal laws relating to environmental matters. Such environmental laws impose actual and contingent liabilities on us to undertake remedial action on contaminated sites and in contaminated buildings. These obligations may relate to sites we currently own or operate, sites we formerly owned or operated or sites where waste from our operations has been deposited. Furthermore, actions for damages or remediation measures may be brought against us, including under the German Federal Soil Protection Act (*Bundesbodenschutzgesetz*). According to this Act, not only the polluter but also its legal successor, the owner of the contaminated site and certain previous owners may be held liable for soil contamination. The costs of any removal, investigation or remediation of any residual pollution on such sites or in such buildings as well as costs related to legal proceedings, including potential damages, regarding such matters may be substantial, and it may be impossible, for a number of reasons, for us to have recourse against a former seller of a contaminated site or building or the party that may otherwise be responsible for the contamination. Laws and regulations, as may be amended over time, may also impose liability for the release of certain materials into the air or water from a property, including asbestos, and such release could form the basis for liability to third persons for personal injury or other damages. In addition, if our officers or employees infringe or have infringed environmental protection laws, we could be exposed to civil or criminal damages. We may be required to provide for additional reserves to sufficiently allocate toward our potential obligations to remove and dispose of any hazardous and toxic substances. Any such event could have a material and adverse effect on our cash flows, financial condition and results of operations and our ability to make distributions on the Units or cash interest payments on the Debentures.

In order to obtain financing for the purchase of a new property through traditional channels, we may be requested to arrange for an environmental audit to be conducted. Although such an audit provides us and our lenders with some assurance, we may become subject to liability for undetected pollution or other

environmental hazards on our properties against which we cannot insure, or against which we may elect not to insure where premium costs are disproportionate to our perception of relative risk.

We have formal policies and procedures to review and monitor environmental exposure. These policies include, where the Trustees so determine, the requirement to conduct the local equivalent of a Phase I environmental audit before acquiring any real property or any interest therein. Where circumstances so warrant, designated substance surveys and/or local equivalent of Phase II environmental assessments are conducted to determine the presence and/or extent of these or any other materials or potential environmental hazards. If appropriate, we remediate such situations.

We make the necessary capital and operating expenditures to ensure compliance with environmental laws and regulations. Although there can be no assurances, we do not believe that costs relating to environmental matters will have a material adverse effect on our investments, financial condition, results of operations or distributions or cash interest payments. However, environmental laws and regulations can change and we may become subject to more stringent environmental laws and regulations (or more stringent enforcement or administration of existing legislation) in the future.

Several of the Initial Properties had or currently have fuel storage systems

Several of the Initial Properties had or currently have fuel storage systems with bulk quantities of petrol or diesel fuel located on-site. Of the 292 Initial Properties, approximately 78 sites have underground storage tanks, formerly used for fuelling vehicles. These have since been decommissioned in accordance with local regulations. It is likely that the decommissioned tanks will pose no risk from an on-going operations perspective as they are no longer in use, but inherited contamination may present a risk at a future date due to historical leaks or incomplete investigation. Given the decommissioning undertaken at these facilities, this appears to be an acceptable risk. Further, at least eight sites currently have operating storage tank systems for the purpose of storing fuel oil used to heat the related facilities. All tanks currently in use have been recently inspected, and have the appropriate certifications for operation. There may be additional unknown historical tanks for which no records exist.

Our co-ownership of Lorac with a third party may limit our ability to manage the Dundee FCPs

Lorac is the manager of Sub-Fund I and each of the Dundee FCPs. Under German law, legal title to the Initial Properties or the Caroline Properties cannot be registered in the name of any of the Dundee FCPs or Sub-Fund I, as applicable. Therefore, Lorac, as manager of the Dundee FCPs and Sub-Fund I will continue to be the registered owner on title to the Initial Properties and the remaining Caroline Properties.

We own a 50% equity interest in Lorac. We and Caroline Holdings, the other owner of the Lorac shares, entered into a shareholders' agreement which provides us with the right to appoint three of the six directors of Lorac. The directors of Lorac have adopted governance rules pursuant to which, subject to applicable law, our appointed directors generally have responsibility for matters relating to the Initial Properties and the other three directors, who are nominated by Caroline Holdings, will generally have responsibility for matters affecting the Caroline Properties. Pursuant to the governance rules and the Lorac Shareholders' Agreement, certain matters such as filing tax returns and shared employee matters will require the approval of a majority of the directors. Each of the directors has a fiduciary duty to act in the best interests of Lorac and Lorac has a duty to manage the Dundee FCPs and Sub-Fund I in the best interests of the respective unitholders. However, it is possible that we will need the approval of a majority of the directors of Lorac with respect to certain matters involving the Initial Properties and there can be no assurance that such matters will be approved at all or on the terms requested. Any matter with respect to which our appointed directors and those nominated by Caroline Holdings cannot agree will be submitted to the Lorac Shareholders. However, since we have only 50% of the voting shares of Lorac, there can be no assurance that any such matter will be approved in the manner in which we would hope. Such dispute

could have a material and adverse effect on our cash flows, financial condition and results of operations and our ability to make distributions on the Units or cash interest payments on the Debentures.

As manager of Sub-Fund I since 2008, Lorac has and continues to incur liabilities as a result of managing Sub-Fund I and its assets. To the extent that Sub-Fund I is unable to satisfy such liabilities, a third party could seek recourse against Lorac. If Lorac is unable to satisfy such liabilities, Lorac could be required to seek protection from creditors under applicable bankruptcy or insolvency legislation. Taking such steps could result in Lorac being replaced as the manager of the Dundee FCPs with the result that legal title to the Initial Properties would be required to be transferred to a new manager. This would result in the payment of RETT in Germany. The amount of such taxes could have a material and adverse effect on our cash flows, financial condition and results of operations and our ability to make distributions on the Units or cash interest payments on the Debentures. We have negotiated certain limited indemnities from Sub-Fund I in connection with any prior existing liabilities of Sub-Fund I and those which may arise as a result of actions or omissions of Sub-Fund I (such as for past tax liabilities, if any). In addition to the foregoing, we have been advised by our Luxembourg counsel that creditors of Sub-Fund I could only seek recourse against the assets of Sub-Fund I and could not seek recourse against the assets of the Dundee FCPs regardless of the fact that Lorac is also acting as manager to the Dundee FCPs.

We may incur significant capital expenditures and other fixed costs

Certain significant expenditures, including property taxes, maintenance costs, mortgage payments, insurance costs and related charges, must be made throughout the period of ownership of real property, regardless of whether the property is producing sufficient income to pay such expenses. This may include expenditures to fulfill mandatory requirements for energy efficiency. In order to offer desirable rentable space and to generate adequate revenue over the long term, we must maintain or, in some cases, improve each property's condition to meet market demand. Maintaining a rental property in accordance with market standards can entail significant costs, which we may not be able to pass on to our tenants. Numerous factors, including the age of the relevant building structure, the material and substances used at the time of construction or currently unknown building code violations, could result in substantial unbudgeted costs for refurbishment or modernization.

If the actual costs of maintaining or upgrading a property exceed our estimates, or if hidden defects are discovered during maintenance or upgrading, which are not covered by insurance or contractual warranties, or if we are not permitted to raise the rents due to legal constraints, we will incur additional and unexpected costs. If competing properties of a similar type are built in the area where one of our properties is located or similar properties located in the vicinity of one of our properties are substantially refurbished, the net operating income derived from and the value of, such property could be reduced.

Any failure by us to undertake appropriate maintenance and refurbishment work in response to the factors described above could adversely affect the rental income we earn from such properties; for example, such a failure could entitle tenants to withhold or reduce rental payments or even to terminate existing letting contracts. Any such event could have a material adverse effect on our cash flows, financial condition and results of operations and our ability to make distributions on the Units or cash interest payments on the Debentures.

Failure to Refinance Existing Indebtedness on Acceptable Terms May Limit Our Ability to Grow Our Portfolio

The real estate industry is capital intensive. We will require access to capital to maintain our properties, as well as to fund our growth strategy and significant capital expenditures from time to time. There is no assurance that capital will be available when needed or on favourable terms. Our failure to access required capital could adversely impact our investments, cash flows, operating results or financial

condition, our ability to make distributions on the Units or cash interest payments on the Debentures and our ability to implement our growth strategy.

Our access to third-party financing will be subject to a number of factors, including:

- general market conditions;
- the market's perception of our growth potential;
- our current and expected future earnings;
- our cash flow and cash distributions and cash interest payments; and
- the market price of our Units.

In addition to the Debentures, we borrowed from a syndicate of banks the amount of €328.5 million pursuant to the Facility. We will be subject to the risks associated with debt financing, including the risk that our cash flows will be insufficient to meet required payments of principal and interest and that on maturities of the Debentures and the Facility we may not be able to refinance the outstanding principal under such debt or that the terms of such refinancing will be more onerous than those of the existing Debentures or Facility.

All of the debt under the Facility will mature in five years or seven years if our extension right is exercised. In addition, we are required to repay €100 million plus an applicable prepayment premium of 15% through dispositions or refinancings of a portion of the Initial Properties within the first two years following Closing, failing which we will be required to pay additional interest of 1% on the portion of this €100 million amount which is not repaid by the second anniversary of the Closing. If we are unable to refinance the Facility at maturity on terms acceptable to us or at all, we may be forced to dispose of one or more of our properties on disadvantageous terms, which may result in losses and could alter our debt-to-equity ratio or be dilutive to Unitholders. Such losses could have a material adverse effect on our investments, financial condition, results of operations or cash flows as well as on our ability to pay distributions on the Units and cash interest payments on the Debentures. Similar risks of refinancing will exist on the maturity of the Debentures.

Furthermore, if a property is mortgaged to secure the payment of indebtedness and we are unable to meet mortgage payments, the mortgagee could foreclose upon the property, appoint a receiver and receive an assignment of rents and leases or pursue other remedies, all of which could result in lost revenues and asset value to us.

The degree to which we are leveraged could have important consequences to Unitholders and Debentureholders. Such factors include:

- a significant portion of our cash flow may be dedicated to the payment of the principal of, and interest on, our indebtedness, thereby reducing the amount of funds available for the payment of cash distributions to Unitholders and cash interest payments on our Debentures;
- certain of our borrowings will be at variable rates of interest which exposes us to the risk of increased interest rates;
- a significant portion of cash flows could be used to service indebtedness;

- a high level of debt would increase vulnerability to general adverse economic and industry conditions;
- the covenants contained in the Facility and our other indebtedness will limit our ability to borrow additional funds, dispose of assets, encumber our assets, pay distributions and cash interest payments on our Debentures and make potential investments;
- a high level of debt may place us at a competitive disadvantage compared to other owners of similar real estate assets that are less leveraged and therefore may be able to take advantage of opportunities that our indebtedness would prevent us from pursuing;
- our debt covenants may also affect flexibility in planning for, and reacting to, changes in the economy and in the industry;
- a high level of debt may make it more likely that a reduction in our borrowing base following a periodic valuation (or redetermination) could require us to repay a portion of then-outstanding borrowings; and
- a high level of debt may impair our ability to obtain additional financing in the future for working capital, capital expenditures, acquisitions, general trust or other purposes.

A high level of indebtedness increases the risk that we may default on our debt obligations. Our ability to make scheduled payments of the principal of, or interest on, and to otherwise satisfy our debt obligations depends on future performance, which is subject to the financial performance of our properties, prevailing economic conditions, prevailing interest rate levels, and financial, competitive, business and other factors, many of which are beyond our control. We may not be able to generate sufficient cash flows to pay the interest on our indebtedness, and our future working capital, borrowings or equity financing may not be available to pay or refinance such debt.

The Facility requires (and any other indebtedness we may incur may require) that all of the Initial Properties be secured by a first ranking mortgage registered and be cross collateralized so that a default under the Facility will permit the lenders to exercise their remedies upon all of the Initial Properties regardless of which Dundee FCP may have been in default. In addition, the Facility contains (and any other indebtedness we may incur may contain) restrictive covenants that may limit the discretion of our management with respect to certain business matters. These covenants place restrictions upon, among other things, our ability to (a) incur additional indebtedness, (b) create liens or other encumbrances on our assets, (c) pay distributions or make other payments including cash interest payments on our Debentures, (d) make investments, loans or provide guarantees, (e) sell or otherwise dispose of assets, and (f) merge or consolidate with another entity. The Facility also contains, and any other indebtedness we may incur may contain, financial covenants that require us to maintain certain financial ratios and satisfy certain financial condition tests. Under the Facility, our failure to maintain certain financial ratios will trigger a cash trap mechanism in which case the lenders will be entitled to retain 50% of our excess cash flow until we restore such financial ratios for two consecutive quarters. In addition, our failure to comply with such obligations could result in an event of default which could entitle the lender to realize on the security interest granted to it over the Initial Properties or our other assets or limit or suspend our ability to make distributions and cash interest payments on our Debentures and, if not cured or waived, could result in acceleration of the relevant indebtedness. If any indebtedness was to be accelerated, there can be no assurance that our assets would be sufficient to repay such indebtedness in full.

Changes in government regulations may affect our investment in the Initial Properties

We are subject to laws and regulations governing the ownership and leasing of real property, employment standards, environmental matters, taxes and other matters. It is possible that future changes in applicable federal, state, local or common laws or regulations or changes in their enforcement or regulatory interpretation could result in changes in the legal requirements affecting us (including with retroactive effect). In addition, the political conditions in the jurisdictions in which we will operate are also subject to change. Any changes in investment policies or shifts in political attitudes may adversely affect our investments. Any changes in the laws to which we are subject in the jurisdictions in which we operate could materially affect the rights and title to the properties. All of the Initial Properties are located in Germany. Although the government in Germany is stable and generally friendly to foreign investments, there are still political risks. It is not possible to predict whether there will be any further changes in the regulatory regime(s) to which we are subject or the effect of any such change on our investments.

An investment in us is subject to certain tax considerations

We intend to continue to qualify as a “unit trust” and a “mutual fund trust” for purposes of the Tax Act. There can be no assurance that Canadian federal income tax laws and the administrative policies and assessing practices of the CRA respecting the treatment of mutual fund trusts will not be changed in a manner that adversely affects the Unitholders. If we cease to qualify as a “mutual fund trust” under the Tax Act, the income tax considerations applicable to us, would be materially and adversely different in certain respects, including that the Units may cease to be qualified investments for Plans. Some of the other significant consequences of losing mutual fund trust status are as follows:

- we would be subject to minimum tax; and
- we would cease to be eligible for the capital gains refund mechanism available under the Tax Act.

The SIFT Rules apply to a trust that is a SIFT or a partnership that is a SIFT. The REIT and Dundee LP are not SIFTs for the purposes of these rules because the REIT and each of our Subsidiaries, including Dundee LP, do not invest in any entity other than a “portfolio investment entity” and do not hold any “non-portfolio property” (each as defined in the Tax Act), based on our investment restrictions. If the SIFT Rules were to apply to the REIT or Dundee LP, they would have an adverse impact on us and on the distributions received by the Unitholders.

The scope of the October 2003 Proposals limiting the deductibility of losses is uncertain. There can be no assurance that the October 2003 Proposals or an alternative proposal will not have an adverse effect on us.

Having regard to the present intention of the Trustees, we are required to distribute a sufficient amount of our net income and net realized capital gains each year to Unitholders in cash, or otherwise in order to eliminate our liability for tax under Part I of the Tax Act. Where such amount of net income and net realized capital gains in a taxation year exceeds the AFFO in the year, such excess net income and net realized capital gains will be distributed to Unitholders in the form of additional Units. Unitholders will generally be required to include an amount equal to the fair market value of those units in their taxable income, in circumstances where they do not directly receive a cash distribution.

Although we are of the view that all expenses claimed by us and our Subsidiaries are reasonable and deductible and that the cost amount and capital cost allowance claims of entities indirectly owned by us have been correctly determined, there can be no assurance that the Tax Act, or the interpretation of the Tax Act will not change, or that the CRA will agree. If the CRA successfully challenges the deductibility of such expenses or the allocation of such income, our taxable income, and indirectly the taxable income of Unitholders, will increase or change.

The extent to which distributions will be non-taxable in the future will depend in part on the extent to which entities indirectly owned by us are able to deduct depreciation, interest and loan expenses relating to our properties for purposes of the Tax Act.

We endeavour to ensure that the Units and the Debentures continue to be qualified investments for Plans; however, there can be no assurance that this will be so. In addition, Subsidiary Securities received on a redemption *in specie* of Units may not be qualified investments for Plans. The Tax Act imposes penalties for the acquisition or holding of non-qualified investments.

Tax laws or other law or government incentive programs or regulations may change

Although we have been structured with the objective of maximizing after-tax distributions, tax charges and withholding taxes in various jurisdictions in which we invest will affect the level of distributions made to us and accordingly to Unitholders. No assurance can be given as to the level of taxation suffered by us, our Subsidiaries or the Dundee FCPs. Currently, our investments, and our revenues, are investments located in Germany, which will subject us to legal and political risks specific to Germany, including but not limited to:

- the enactment of laws prohibiting or restricting the foreign ownership of property;
- laws restricting us from removing profits earned from activities in Germany to Luxembourg, including the payment of distributions and nationalisation of assets;
- change in the availability, cost and terms of mortgage funds resulting from varying national economic policies;
- changes in real estate and other tax rates and other operating expenses in Germany; and
- more stringent environmental laws or changes in such laws.

Any of these factors could adversely impact our investments, cash flows, operating results or financial condition, our ability to make distributions on the Units or cash interest payments on the Debentures and our ability to implement our growth strategy

Changes in tax legislation, administrative practice or case law could have adverse tax consequences for us. Despite a general principle prohibiting retroactive changes, amendments to applicable laws, orders and regulations can be issued or altered with retroactive effect. Additionally, divergent interpretations of tax laws by the tax authorities or the tax courts are possible. These interpretations may be changed at any time with adverse effects on our taxation. Furthermore, court decisions are often overruled by the tax authorities by way of issuing non-application decrees. As a result, major uncertainties exist with regard to the taxation rules applicable to us and our Subsidiaries. Deviating views adopted by the tax authorities or the tax courts might lead to a higher tax burden for us. Additionally, if adverse changes in the tax framework should occur, or if we are subject to tax audits or reassessments that result in the imposition of taxes individually or together, this could adversely impact our investments, cash flows, operating results or financial condition, our ability to make distributions on the Units or cash interest payments on the Debentures and our ability to implement our growth strategy.

Tax considerations relating to FAPI may affect our financial condition

“Foreign accrual property income” (“**FAPI**”) for purposes of the Tax Act of a foreign affiliate and controlled foreign affiliate is generally computed in Canadian currency and in accordance with Part I of the Tax Act as though the affiliate were resident in Canada, subject to the detailed rules contained in the

Tax Act. The calculation of FAPI of a controlled foreign affiliate is complex. While the REIT expects that the distribution policies of the CFAs will minimize the net FAPI income at the Dundee LP level, no assurances can be made in this regard. This may result in an increase in the taxable income of the REIT and the Unitholders and a decrease in the tax deferred portion of distributions and in some cases, including cases in which foreign exchange gains are realized on the repayment of debts, taxable income in excess of our cash distributions to Unitholders.

German taxes may affect our cash flows, financial condition and distributions to Unitholders

It is possible that the Dundee FCP Unitholders or the Dundee FCPs could be subject to German corporate income tax on their net rental income and capital gains from the sale of properties. We intend to manage our tax affairs with a view to minimizing, to the extent possible, the amount of taxable income from operations in Germany. However, there is no certainty that the Dundee FCP Unitholders or the Dundee FCPs will not pay German corporate income tax. The Dundee FCPs and the Dundee FCP Unitholders have not yet received a statement from the tax authorities on their request to assess their current tax status. In addition, German real estate transfer tax (“RETT”) is triggered among other things when there is a transfer of legal title of properties from one legal person to another. In the case of the reallocation of the Initial Properties, legal title was not transferred and, consequently, no RETT should be payable in connection therewith. However, the Reallocation Agreement provides that if, unexpectedly, RETT does become payable as a result of the reallocation of the Initial Properties, the RETT will be shared equally between us and Sub-Fund I. Depending on the location of each of the Initial Properties, the rate of RETT that would be payable in such circumstances in connection with the Initial Properties would range between 3.5% to 5.0% of the Reallocation Consideration allocated to each property. The payment of corporate income tax or RETT could materially and adversely affect our cash flows, financial condition and distributions to Unitholders and cash interest payments on the Debentures.

Further, we have structured our affairs to ensure that neither the Dundee FCP Unitholders nor the Dundee FCPs have permanent establishments in Germany, which is relevant for determining whether they would also be liable to municipal trade tax, unless they qualify for an exemption from such tax. If it is determined that the Dundee FCP Unitholders or the Dundee FCPs do have permanent establishments in one or more German municipalities and that they do not qualify for the exemption, the overall rate of German income tax applicable to taxable income would increase from 15.825% to a rate of between approximately 23% and 33%, depending on the German municipalities in which such permanent establishments would be located, which could materially and adversely affect our cash flows, financial condition and distributions to Unitholders and cash interest payments on the Debentures.

Failure to receive deductions for interest payments may adversely affect our cash flows, results of operations and financial condition

We have entered into various financing transactions with third parties and affiliates. These debt financing agreements require us to pay principal and interest.

There are several rules in German tax laws restricting the tax deductibility of interest expenses for corporate income and municipal trade tax purposes. Such rules have been changed considerably on several occasions in the recent past. As a result, major uncertainties exist as to the interpretation and application of such rules, which are not yet clarified by the tax authorities and the tax courts. The tax deductibility of interest expenses depends on, among other things, the details of the security structure for debt financings, the annual amount of tax net-debt interest, the amounts and terms of shareholder or affiliate financings and our general tax structure. There is a risk of additional taxes being triggered on the rental income and capital gains in case the tax authorities or the tax courts adopt deviating views on the above. If this were the case, this would result in a higher tax burden and, consequently, could have a

material adverse effect on our cash flows, financial condition and results of operations and ability to pay distributions on the Units and cash interest payments on the Debentures.

Changes in currency exchange rates could adversely affect our business

Substantially all of our investments and operations are conducted in currencies other than Canadian dollars; however, we are paying distributions to Unitholders and interest payments on our Debentures in Canadian dollars. We will also raise funds primarily in Canada from the sale of securities in Canadian dollars and invest such funds indirectly through Dundee LP in currencies other than Canadian dollars. As a result, fluctuations in such foreign currencies against the Canadian dollar could have a material adverse effect on our financial results, which is denominated and reported in Canadian dollars, and on our ability to pay cash distributions to Unitholders and cash interest payments on our Debentures. We have implemented active hedging programs in order to offset the risk of revenue losses and to provide more certainty regarding the payment of distributions to Unitholders and interest payments on our Debentures if the Canadian dollar increases in value compared to foreign currencies. However, to the extent that we fail to adequately manage these risks, including if any such hedging arrangements do not effectively or completely hedge changes in foreign currency rates, our financial results, and our ability to pay distributions to Unitholders and cash interest payments on our Debentures, may be negatively impacted.

Hedging transactions involve the risk that counterparties, which are generally financial institutions, may be unable to satisfy their obligations. If any counterparties default on their obligations under the hedging contracts or seek bankruptcy protection, it could have an adverse effect on our ability to fund planned activities and could result in a larger percentage of future revenue being subject to currency changes.

Our obligations under hedging transactions with the lenders under the Facility, are secured by all of the Initial Properties. In the future, our obligations under hedging arrangements may also be secured by all or a portion of our assets, the value of which must cover the fair value of the transactions outstanding under the facility by some multiple. If the collateral value were to fall below the coverage designated, the lenders under the Facility would be entitled to exercise default remedies under the Facility including remedies against the Initial Properties. In other cases, if the collateral value were to fall below the coverage designated, we may be required to post cash or letters of credit with the counterparties if we did not have sufficient unencumbered assets available to cover the shortfall, which could materially adversely affect our ability to pay distributions on the Units or cash interest payments on our Debentures.

Changes in interest rates could adversely affect our cash flows and our ability to pay distributions and make interest payments

We required extensive financial resources to complete the Acquisition and to implement our future investment concepts and growth strategy. When concluding financing agreements or extending such agreements, we depend on our ability to agree on terms for interest payments that do not impair our desired profit and on amortization schedules and that do not restrict our ability to pay distributions and interest payments on our Debentures. In addition, we will enter into future financing agreements with variable interest rates if the current historical low levels of interest rates continue. Given the current historical low level of interest rates there is a risk that interest rates will increase. An increase in interest rates could result in a significant increase in the amount paid by us and our Subsidiaries to service debt, resulting in a decrease in distributions to Unitholders, and could impact the market price of the Units or the Debentures. In addition, increasing interest rates may put competitive pressure on the levels of distributable income paid by us to Unitholders, increasing the level of competition for capital faced by us, which could have a material impact on the trading price of the Units or the Debentures.

We have implemented active hedging programs in order to offset the risk of revenue losses, and to provide more certainty regarding the payment of distributions to Unitholders and cash interest payments

under the Debentures should current variable interest rates increase. However, to the extent that we fail to adequately manage these risks, including if any such hedging arrangements do not effectively or completely hedge increases in variable interest rates, our financial results, and our ability to pay distributions to Unitholders and cash interest payments under the Facility, the Debentures and future financings may be negatively affected. Hedging transactions involve inherent risks. Increases in interest rates generally cause a decrease in demand for properties. Higher interest rates and more stringent borrowing requirements, whether mandated by law or required by banks, could have a significant negative effect on our ability to sell any of our properties. See “– Changes in currency exchange rates could adversely affect our business” above.

Acquisitions of properties may expose us to undisclosed defects and obligations

Our external growth prospects depend in large part on identifying suitable acquisition opportunities, pursuing such opportunities and consummating acquisitions. We intend to make acquisitions and dispositions of properties in accordance with our external growth strategy. Achieving the benefits of acquisitions depends in part on successfully consolidating functions and integrating operations and procedures in a timely and efficient manner, as well as our ability to realize our anticipated growth opportunities and synergies from our newly acquired properties.

Notwithstanding pre-acquisition due diligence, it is not possible to fully understand a property before it is owned and operated for an extended period of time. For example, we could acquire a property that contains undisclosed defects in design or construction. Furthermore, we are not always able to obtain from the seller the records and documents that we need in order to fully verify that the buildings we acquire were constructed in accordance, and that their use complies, with planning laws and building code requirements. Accordingly, in the course of acquiring a property, specific risks might not be or might not have been, recognized or correctly evaluated. Thus, we could have overlooked or misjudged legal and/or economic liabilities. These circumstances could lead to additional costs and could have an adverse effect on our proceeds from sales and rental income of the relevant properties. In addition, after the acquisition of a property by us, the market in which the acquired property is located may experience unexpected changes that adversely affect the property’s value. The occupancy of properties that we acquire may decline during its ownership, and rents that are in effect at the time a property is acquired may decline thereafter. For these reasons, among others, our property acquisitions may cause us to experience losses. If we are unable to manage our growth and integrate our acquisitions effectively, our investments, operating results and financial condition could be adversely affected.

If we discover, during the course of a refurbishment or modernization, that a building we acquired is subject to historic preservation laws, the need to comply with the respective historic preservation requirements could lead to significant delays in the refurbishment or modernization process, the inability to carry out particular refurbishment or modernization measures, and also significantly higher costs for the particular project. These factors could result in us being unable to perform our contractual obligations to a tenant, with the consequence that the tenant’s obligation to make payments would be excused or deferred. The same would be true if the legal requirements relating to existing and permitted properties and their use become more onerous, particularly with respect to construction and environmental requirements. We will continually assess the value and contribution of our properties and may dispose of properties from time to time if determined to be in our best interests. Depending on the state of the market for these types of properties, if disposed of, we may realize less than our carrying value in our financial statements.

Losses of key personnel may affect our ability to operate

Our operations are dependent upon the participation of our key personnel, including Ms. Gavan, our Chief Executive Officer, Mr. Cooper, our Vice-Chairman and the Chair of the Executive Committee of the

Board of Trustees and key employees of Dundee Lux Manager and Dundee Germany Sub-Manager, respectively. While we believe that we could find replacements for these employees, the loss of their services and our inability to attract and retain qualified and experienced personnel may materially affect our ability to operate and expand which could materially and adversely affect our operating results and financial condition.

Our Trustees, executive officers and DRC may be put in a position of conflict as a result of their positions held and interests in other businesses

Certain of our Trustees and executive officers are also Trustees, directors and/or officers of DRC, entities affiliated with Lone Star or other entities or are otherwise engaged, and may continue to be engaged, in activities that may put them in conflict with our investment strategy. In addition, these individuals may hold equity in or positions with other companies managed by DRC or Lone Star or its affiliates and, accordingly, these individuals may not devote all of their time and attention to us. Consequently, these positions or equity interests could create, or appear to create, conflicts of interest with respect to matters involving us or DRC or Lone Star or its affiliates. In the case of Olivier Brahin, we acknowledge that he will continue to be employed on a full-time basis at entities affiliated with Lone Star and may, in the normal course of such duties, be in a position of conflict with us over certain limited matters (including potential acquisitions of properties that may fall within our investment guidelines or operating policies), in which case he will not be restricted from acting primarily in the interests of Lone Star or its affiliates and will not be under any duty to the REIT in this regard. In view of the different business plans that we and Lone Star have, we do not expect this issue will detrimentally affect their performance as one of our Trustees and executive officers, as applicable. Pursuant to the Declaration of Trust, all decisions to be made by the Trustees which involve us are required to be made in accordance with the Trustees' duties and obligations to act honestly and in good faith with a view to the best interests of the REIT and the Unitholders. In addition, our Trustees and officers are required to declare their interests in, and such Trustees are required to refrain from voting on, any matter in which they may have a material conflict of interest. However, there can be no assurance that the provisions in the Declaration of Trust will adequately address potential conflicts of interest or that such actual or potential conflicts of interest will be resolved in our favour.

DRC acts as the asset manager for another publicly traded real estate investment trust and also provides management services to other public and private companies. As asset manager for other entities and on its own behalf, DRC will pursue other business opportunities, including but not limited to real estate and development business opportunities outside of the REIT. These multiple responsibilities to public companies and other businesses could create competition for the time and efforts of DRC which could materially and adversely affect our cash flows, operating results and financial condition.

We rely on DRC for asset management services

We rely on DRC with respect to the asset management of our properties. Consequently, our ability to achieve our investment objectives depends in large part on DRC and its ability to advise us. This means that our investments are dependent upon DRC's business contacts, its ability to successfully hire, train, supervise and manage its personnel and its ability to maintain its operating systems. If we were to lose the services provided by DRC or its key personnel, our investments and growth prospects may decline. We may be unable to duplicate the quality and depth of management available to it by becoming a self-managed company or by hiring another asset manager. Prospective investors should not purchase any Units or Debentures unless they are prepared to rely on our Trustees, executive officers and DRC.

Although the Asset Management Agreement provides that DRC will automatically be rehired at the expiration of each term (subject to certain termination provisions), DRC has the right, at any time after the initial 10-year term upon 180 days' notice, to terminate the Asset Management Agreement for any

reason. The Asset Management Agreement may also be terminated in other circumstances, such as in the event of default or insolvency of DRC within the meaning of such agreement. Accordingly, there can be no assurance that DRC will continue to be our asset manager. If DRC should cease for whatever reason to be the asset manager, the cost of obtaining substitute services may be greater than the fees we will pay DRC under the Asset Management Agreement, and this may adversely impact our ability to meet our objectives and execute our strategy which could materially and adversely affect our cash flows, operating results and financial condition.

Concentration of properties in Germany may adversely affect our financial performance

All of the Initial Properties are located in Germany and, as a result, are impacted by economic and other factors specifically affecting the real estate markets in Germany. These factors may differ from those affecting the real estate markets in other regions. Due to the concentrated nature of the Initial Properties, a number of the Initial Properties could experience any of the same conditions at the same time. If real estate conditions in Germany decline relative to real estate conditions in other regions, our cash flows, operating results and financial condition may be more adversely affected than those of companies that have more geographically diversified portfolios of properties.

Competition in the German real estate market may adversely affect our financial performance

The real estate market in Germany is highly competitive and fragmented and we will compete for real property acquisitions with individuals, corporations, institutions (Canadian and foreign) and other entities which are seeking or may seek real property investments similar to those we desire. An increase in the availability of investment funds or an increase in interest in real property investments may increase competition for real property investments, thereby increasing purchase prices and reducing the yield on them.

Numerous other developers, managers and owners of properties will compete with us in seeking tenants. Some of the properties owned by our competitors are better located, better quality or less leveraged than the properties owned by us. Some of our competitors are better capitalized and stronger financially and hence better able to withstand an economic downturn. The existence of competition for tenants could have an adverse effect on our ability to lease space in our properties and on the rents charged or concessions granted, and could materially and adversely affect our cash flows, operating results and financial condition and our ability to make distributions on the Units and cash interest payments on our Debentures.

We may not be able to source suitable acquisitions

Our strategy includes growth through identifying suitable acquisition opportunities, pursuing such opportunities, consummating acquisitions and effectively operating and leasing such properties. If we are unable to manage growth effectively, it could adversely impact our cash flows, financial condition and results of operations. There can be no assurance as to the pace of growth through property acquisitions or that we will be able to acquire assets on an accretive basis, and as such there can be no assurance that distributions to holders of Units will increase in the future.

Investments in, and profits and cash flows from, properties may be lost in the event of uninsured or underinsured losses to properties or losses from title defects

We carry general liability, umbrella liability and excess liability insurance with limits which are typically obtained for similar real estate portfolios in Germany and otherwise acceptable to the Trustees. For the property risks we intend to carry “All Risks” property insurance including but not limited to, flood, earthquake and loss of rental income insurance (with at least a 24 month indemnity period). We also carry

boiler and machinery insurance covering all boilers, pressure vessels, HVAC systems and equipment breakdown. There are, however, certain types of risks (generally of a catastrophic nature such as from war or nuclear accident) which are uninsurable under any insurance policy. Furthermore there are other risks that are not economically viable to insure at this time. We intend to partially self-insure against terrorism risk for our entire portfolio. We have insurance for earthquake risks, subject to certain policy limits, deductibles and self-insurance arrangements. Should an uninsured or underinsured loss occur, we could lose our investment in, and anticipated profits and cash flows from, one or more of our properties, but we would continue to be obligated to repay any recourse mortgage indebtedness on such properties. We do not carry title insurance on the Initial Properties. If a loss occurs resulting from a title defect with respect to a property where there is no title insurance or the loss is in excess of insured limits, we could lose all or part of our investment in, and anticipated profits and cash flows from, such property.

A change in indexation for inflation may affect our financial condition

The rents payable under the Deutsche Post leases are automatically adjusted if the consumer price index for Germany changes by more than 4.7 index points. This means that our rental income will increase if the consumer price index for Germany increases by more than 4.7 index points. However, it also means that our rental income will decrease if the consumer price index for Germany decreases by more than 4.7 index points. As a result, a significant decrease in the consumer price index for Germany could have a material and adverse effect on our cash flows, operating results and financial condition. The fixed rents payable under other lease agreements in respect of the Initial Properties and other properties we may acquire will not normally provide for adjustments following a general change in prices. As a result, our revenues adjusted for inflation could be materially and adversely affected from an unexpected rise in inflation, which could have a materially adverse effect on our cash flows, operating results or financial condition.

Investments through joint venture, partnership and co-ownership agreements may restrict our ability to deal with a property or expose us to liability

We are not currently a participant in any joint venture, partnership or co-ownership arrangement with a third party in respect of any of our properties. However, we may choose to enter into any of such arrangements in respect of future acquisitions of properties. A joint venture or partnership involves certain additional risks, including, (a) the possibility that such co-venturers/partners may at any time have economic or business interests or goals that will be inconsistent with us or take actions contrary to our instructions or requests or to our policies or objectives with respect to our real estate investments, (b) the risk that such co-venturers/partners could experience financial difficulties or seek the protection of bankruptcy, insolvency or other laws, which could result in additional financial demands on us to maintain and operate such properties or repay the co-venturers'/partners' share of property debt guaranteed by us or for which it will be liable and/or result in its suffering or incurring delays, expenses and other problems associated with obtaining court approval of joint venture or partnership decisions, (c) the risk that such co-venturers/partners may, through their activities on behalf of or in the name of, the ventures or partnerships, expose or subject us to liability, and (d) the need to obtain co-venturers'/partners' consents with respect to certain major decisions, including the decision to distribute cash generated from such properties or to refinance or sell a property. In addition, the sale or transfer of interests in certain of the joint ventures and partnerships may be subject to rights of first refusal or first offer and certain of the joint venture and partnership agreements may provide for buy-sell or similar arrangements. Such rights may be triggered at a time when we may not desire to sell but may be forced to do so because we do not have the cash to purchase the other party's interests. Such rights may also inhibit our ability to sell an interest in a property or a joint venture/partnership within the time frame or otherwise on the basis we desire.

We may not be able to manage internal controls of third parties

Effective internal controls are necessary for us to provide reliable financial reports and to help prevent fraud. Although we undertook a number of procedures and DRC has significant safeguards and experience, in each case, in order to help ensure the reliability of financial reports, including those imposed on us under Canadian securities law, we (and DRC) are also reliant on the internal controls of DP Real Estate (as our principal property manager). We cannot therefore be certain that such measures will ensure that we will maintain adequate control over financial processes and reporting. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm our results of operations or cause us to fail to meet our reporting obligations. If we or our auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in our consolidated financial statements and adversely affect the trading price of the Units and Debentures.

Dispositions of certain properties are subject to pre-emptive rights, rights of first refusals or options to purchase

As discussed above, certain of the Initial Properties are subject to pre-emptive rights, rights of first refusals or options to purchase in favour of third parties. As the Acquisition did not involve the transfer of legal title to any of the Initial Properties, these third party rights were not applicable in the context of the Acquisition. However, these rights continue to exist and may adversely affect the marketability of these properties if and when we should decide to sell them.

Regulatory requirements may limit a future change of use for some properties

A change of use of our properties may be limited by several regulatory requirements, including monument protection regulations, urban development regulations, specific limitations for postal buildings and general planning law requirements. This may therefore inhibit our ability to re-lease vacant space to subsequent tenants, or may adversely affect our ability to sell, lease or finance the affected properties.

Restitution claims may affect our ability to manage the our properties and affect our revenues

People who had property located in the former German Democratic Republic (“GDR”) (*Deutsche Demokratische Republik*) that was expropriated by the GDR or who lost property due to racist, political, religious or ideological reasons during 1933 and 1945 may be entitled to restitution or compensation under the German Act on Unsettled Property Issues (*Gesetz zur Regelung offener Vermögensfragen, Vermögensgesetz*).

In addition, persons who developed real properties in the territory of the former GDR as users may be entitled to (i) acquire such real property at a price equivalent to half of the market value or (ii) be granted a hereditary building right (ground lease) with a hereditary ground rent equivalent to half of the usual amount under the German Act on the Adjustment of Property Law (*Sachenrechtsbereinigungsgesetz*).

To the extent required in connection with Sub-Fund I's acquisition of the Initial Properties, our properties located in the territory of the former GDR (approximately 19% of our properties) have received a certification according to the German Act of Real Estate Transactions (*Grundstückverkehrsordnung*), which is generally only issued if no restitution procedure is pending. Further, the notification deadline under the German Act of Unsettled Property Issues generally, subject to certain exemptions, expired at the end of 1992. However, the aforementioned restitution and compensation claims cannot be entirely excluded. If any such claims were to be brought regarding properties owned by us, we would be severely limited in our ability to manage such properties and may even be forced to transfer such properties to successful claimants without adequate compensation. Any such limitations or compulsory transfers of

property could have a material adverse effect on our cash flows, financial condition, results of operations and ability to pay distributions on the Units and cash interest payments on our Debentures.

Market for Securities and Prices

Dundee International REIT is an unincorporated open-ended investment trust and its Units and Debentures are listed on the TSX. There can be no assurance that an active trading market in the Units or Debentures will be sustained. A publicly traded real estate investment trust does not necessarily trade at values determined solely by reference to the underlying value of its real estate assets. Instead, the Units and Debentures may trade at a premium or a discount to such values. A number of factors may influence the market price of the Units and Debentures, including general market conditions, fluctuations in the markets for equity and/or debt securities, short-term supply and demand factors for real estate investment trusts and numerous other factors beyond our control.

The ability of Unitholders to redeem Units is subject to restrictions on redemption

It is anticipated that the redemption right attached to the Units will not be the primary mechanism by which holders of such Units will liquidate their investments. The entitlement of holders of Units to receive cash upon the redemption of their Units is subject to the limitations that: (a) the total amount payable by us in respect of such Units and all other Units tendered for redemption in the same calendar month shall not exceed \$50,000 (provided that such limitations may be waived at the discretion of the Trustees); (b) at the time such Units are tendered for redemption, the outstanding Units shall be listed for trading on a stock exchange or traded or quoted on another market which the Trustees consider, in their sole discretion, provides representative fair market value prices for such series of the Units; and (c) the normal trading of the Units is not suspended or halted on any stock exchange on which such Units are listed (or, if not listed on a stock exchange, on any market on which such Units are quoted for trading) on the Redemption Date or for more than five trading days during the 20-day trading period commencing immediately after the Redemption Date.

Subordination of the Units may limit our ability to pay distributions

In the event of a bankruptcy, liquidation or reorganization of us or any of our Subsidiaries, holders of our indebtedness and our trade creditors will generally be entitled to payment of their claims from our assets and those of our Subsidiaries before any assets are made available for distribution to us or our Unitholders. The Units are subordinated to the debt and other obligations of us and our Subsidiaries. We and our Subsidiaries will generate all of our revenue available for distribution and hold substantially all of our operating assets.

Cash distributions are not guaranteed and may fluctuate with our financial performance

Our distribution policy is established in the Declaration of Trust and may only be changed with the approval of a majority of unitholders. However, the Trustees may reduce or suspend cash distributions indefinitely, which could have a material adverse impact on the market price of the Units.

Although we intend to make cash distributions in accordance with our distribution policy, the actual cash flow available for distribution to Unitholders is dependent on the amount of cash flow paid to us by our operating entities and can vary significantly from period to period for a number of reasons, including among other things: (a) the amount of net rental income derived from our properties; (b) the amount of cash required or retained for debt service or repayment; (c) amounts required to fund capital expenditures and working capital requirements; (d) tenant allowances; (e) leasing commissions; (f) Unit redemptions; (g) foreign currency exchange rates and interest rates; (h) the level of foreign taxes, if any, payable by a Subsidiary or the Dundee FCPs and (i) other factors that may be beyond our control. These amounts are

subject to the discretion of the Trustees, which will regularly evaluate our distribution payout with respect to anticipated cash flows, debt levels, capital expenditure plans and amounts to be retained to fund acquisitions and expenditures. In addition, our level of distributions per Unit will be affected by the number of outstanding Units and other securities that may be entitled to receive cash distributions. Distributions may be increased, reduced or suspended entirely depending on our operations and the performance of our assets. The market value of the Units may deteriorate if we are unable to meet distribution expectations in the future and such determination may be material.

Ownership of Units by Dundee Corporation and DRC may affect the market price of the Units

As at December 31, 2011, Dundee Corporation and its affiliates (including DRC) held approximately 25% of our outstanding Units on a fully-exchanged basis. Thus, Dundee Corporation is in a position to influence the strategic course of our operations. If Dundee Corporation and its affiliates sell a substantial amount of their Units, the market price of the Units could fall. The perception among the public that these sales will occur could also produce such an effect.

Unitholders do not have legal rights normally associated with ownership of shares of a corporation

Unitholders do not have all of the statutory rights normally associated with ownership of shares of a corporation including, for example, the right to bring “oppression” or “derivative” actions against us or “dissent rights” in the context of certain transactions. The Units are not “deposits” within the meaning of the *Canada Deposit Insurance Corporation Act* and are not insured under the provisions of that Act or any other legislation. Furthermore, we are not a trust company and, accordingly, are not registered under any trust and loan company legislation as we do not carry on or intend to carry on the business of a trust company.

Unitholder liability may arise

The Declaration of Trust provides that no holder of REIT Units or annuitant or beneficiary of a trust governed by a Plan/or of any Plan of which a holder of REIT Units acts as an annuitant will be held to have any personal liability as such, and that no resort shall be had to, nor shall recourse or satisfaction be sought from, the private property of any holder of REIT Units or annuitant for any liability whatsoever, whether constituting extra contractual or contractual liability or arising in tort, contract or otherwise, to any Person in connection with our property or our affairs, including for satisfaction of any obligation or claim arising out of or in connection with any contract or obligation of us or of the Trustees or any obligation which a holder of REIT Units or annuitant would otherwise have to indemnify a Trustee for any personal liability incurred by the Trustee as such (“**Trust Liability**”). Only our assets are intended to be liable and subject to levy or execution for satisfaction of such Trust Liability. Each holder of REIT Units and annuitant is entitled to be reimbursed out of our assets in respect of any payment of such Trust Liability made by such holder of REIT Units or annuitant.

The Declaration of Trust further provides that the Trustees shall cause our operations to be conducted, with the advice of counsel, in such a way and in such jurisdictions as to avoid, to the extent they determine practicable and consistent with their fiduciary duty to act in the best interests of the holders of REIT Units, any material risk of liability on the holders of REIT Units for claims against us, and shall, to the extent available on terms which they determine to be practicable, including the cost of premiums, cause the insurance carried by us, to the extent applicable, to cover the holders of REIT Units and annuitants as additional insured. Any written instrument creating an obligation which is or includes the granting by us of a mortgage and, to the extent the Trustees determine it to be practicable and consistent with their fiduciary duties to act in the best interest of the holders of REIT Units, any written instrument which is a material obligation, shall contain a provision that the obligation created is not personally binding upon the Trustees, the holders of REIT Units or officers, employees or agents of us, but that our

only property or a specific portion thereof is bound. Except in case of bad faith or gross negligence on their part, no personal liability will attach under the laws of the Province of Ontario to Unitholders or annuitants for contract claims under any written instrument disclaiming personal liability as aforesaid.

However, in conducting our affairs, we are acquiring immovable property investments, subject to existing contractual obligations, including obligations under hypothecs, mortgages and leases. The Trustees will use commercially reasonable efforts to have any such obligations, other than leases, modified so as not to have such obligations binding upon any of the unitholders or annuitants personally. However, we may not be able to obtain such modification in all cases. If a claim is not satisfied by us, there is a risk that a unitholder or annuitant will be held personally liable for the performance of the obligations of us where the liability is not disavowed as described above. The possibility of any personal liability attaching to unitholders or annuitants under the laws of the Province of Ontario for contract claims where the liability is not so disavowed is remote.

The issuance of additional REIT Units will result in dilution

The number of REIT Units we are authorized to issue is unlimited. We may, in our sole discretion, issue additional REIT Units from time to time. Any REIT issuance of REIT Units, including Units issued in consideration for properties acquired by us, will have a dilutive effect on existing unitholders.

Regulatory approvals may be required in connection with a distribution of securities on a redemption of Units or our termination

Upon a redemption of REIT Units or termination of the REIT, the Trustees may distribute securities directly to the unitholders, subject to obtaining any required regulatory approvals. No established market may exist for the securities so distributed at the time of the distribution and no market may ever develop. In addition, the securities so distributed may not be qualified investments for Plans, depending upon the circumstances at the time.

The Debentures are unsecured, subordinated obligations of the REIT

The likelihood that purchasers of the Debentures will receive payments owing to them under the terms of the Debentures depends on our financial condition and creditworthiness. In addition, the Debentures are unsecured obligations and are subordinate in right of payment to all of our existing and future Senior Indebtedness (as defined under “Description of the Debentures – Subordination”). Therefore, if we become bankrupt, liquidate our assets, reorganize or enter into certain other transactions, our assets will be available to pay our obligations with respect to the Debentures only after we have paid all of our senior and secured indebtedness in full. There may be insufficient assets remaining following such payments to pay amounts due on any or all of the Debentures then outstanding. The Debentures are also effectively subordinate to claims of creditors of our Subsidiaries except to the extent that we are a creditor of such Subsidiaries ranking at least *pari passu* with such other creditors. The Trust Indenture does not prohibit or limit our ability or the ability of our Subsidiaries to incur additional debt or liabilities (including Senior Indebtedness and secured indebtedness) or to make distributions except in respect of cash distributions where an Event of Default caused by the failure to pay interest when due has occurred and such default has not been cured or waived. The Trust Indenture does not contain any provision specifically intended to protect holders of Debentures in the event of a future leveraged transaction involving us.

The effect of certain transactions on the Debentures could substantially lessen or eliminate the value of the conversion privilege

In the case of certain transactions involving us that could occur in the future, the Debentures will become convertible into the securities, cash or property receivable by a unitholder in the kind and amount of

securities, cash or property into which the Debentures were convertible immediately prior to the transaction. This change could substantially lessen or eliminate the value of the conversion privilege associated with the Debentures in the future. For example, if we were acquired in a cash merger, the Debentures would become convertible solely into cash and would no longer be convertible into securities whose value would vary depending on our future prospects and other factors. See “Description of the Debentures – Conversion Privilege”.

Our ability to enforce contracts may be limited

From time to time we enter into contracts with third parties who make representations and warranties to us with respect to certain matters or agree to indemnify us if certain circumstances should occur. There can be no assurance that we will be fully protected in the event of a breach of such representations and warranties or if such circumstances should occur or that such party will be in a position to indemnify us in any such event. We may not be able to successfully enforce an indemnity contained in an agreement against such party or any such indemnity may not be sufficient to fully indemnify us from third party claims. In addition, we may be subject to undisclosed liability to third parties and such liability may be material, which could negatively impact our financial condition and results of operations and decrease the amount of cash available for distribution to Unitholders and for cash interest payments on our Debentures.

MARKET FOR SECURITIES

Trading Price and Volume

Our Units are listed on the TSX under the symbol “DI.UN”. The following table sets forth the high and low reported trading prices and the trading volume of the Units on the TSX for each month of the most recently completed financial year, starting with the partial month from August 3, 2011, being the date of closing of our initial public offering, to August 31, 2011:

<u>Period</u>	<u>High (\$)</u>	<u>Low (\$)</u>	<u>Volume</u>
August 3, 2011 to August 31, 2011	10.45	9.65	10,744,380
September 2011	10.06	9.65	1,421,329
October 2011	10.00	9.05	1,970,332
November 2011	9.93	9.43	2,222,904
December 2011	10.14	9.56	1,127,033

Our 5.5% Debentures are listed on the TSX under the symbol “DI.DB”. The following table sets forth the high and low reported trading prices and the trading volume of the 5.5% Debentures on the TSX for each month of the most recently completed financial year, starting with the partial month from August 3, 2011, being the date of closing of our initial public offering, to August 31, 2011:

<u>Period</u>	<u>High (\$)</u>	<u>Low (\$)</u>	<u>Volume</u>
August 3, 2011 to August 31, 2011	100.75	96.75	117,970
September 2011	100.30	95.51	22,860
October 2011	97.00	87.10	141,830
November 2011	95.50	93.25	312,200
December 2011	98.99	94.00	61,060

Prior Sales of Unlisted Securities

The Special Trust Units of the REIT are not listed or quoted on any marketplace, and may only be issued in connection with the issuance of securities exchangeable for Units, including Exchangeable Notes. See “Declaration of Trust and Description of REIT Units”. Each Special Trust Unit entitles the holder thereof to one vote at all meetings of unitholders. On Closing, 8,000,000 Special Trust Units were issued to LSF in connection with the Exchangeable Notes.

PROMOTER

DRC was the promoter of the REIT in connection with our initial public offering. DRC holds 2,800,000 Units, representing approximately 5% of our outstanding Units, after giving effect to the exchange of all of the Exchangeable Notes. DRC is our asset manager and receives fees from us pursuant to the asset management agreement described in “Real Estate Management and Advisory Services”.

PRINCIPAL UNITHOLDERS

Dundee Corporation and its affiliates (including DRC) hold 12,800,000 Units, representing approximately 25% of the outstanding Units (on a fully-exchanged basis) and LSF holds 8,000,000 Special Trust Units, representing approximately 15% of the outstanding Units (on a fully-exchanged basis). To the knowledge of our Trustees and executive officers, no other person or company owns, directly or indirectly, more than 10% of the Units.

LEGAL PROCEEDINGS

We are not involved in any litigation or proceedings which, if determined adversely, would be material to us, and no such proceedings are known to us to be contemplated.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as described in this AIF, no Trustee, officer of the REIT, or unitholder that beneficially owns, or controls or directs more than 10% of the REIT Units, or any associate or affiliate of any of the foregoing persons, has or has had any material interest in any transaction within the last three years, or any proposed

transaction, that has materially affected or would materially affect the REIT, any of its Subsidiaries or the Dundee FCPs.

On August 3, 2011, we completed our initial public offering of 27,000,000 Units at a price of \$10.00 per Unit and \$140,000,000 aggregate principal amount of 5.5% Debentures for aggregate gross proceeds of \$410,000,000. On August 29, 2011, we completed the issuance of an additional 4,050,000 Units at a price of \$10.00 per Unit and \$21,000,000 aggregate principal amount of 5.5% Debentures for aggregate gross proceeds of \$61,500,000. We issued these securities pursuant to the exercise of the over-allotment option by the underwriters for our initial public offering. The underwriters of our initial public offering received total fees of \$23.9 million. Dundee Securities Ltd., a subsidiary of our principal investor, Dundee Corporation, was a member of the underwriting syndicate for our initial public offering. Mr. Ned Goodman, one of the Trustees, is an officer of Dundee Securities Ltd. Brookfield Financial Corp. was also a member of the underwriting syndicate for our initial public offering. Furthermore, Brookfield Financial Corp. acted as financial advisor to Sub-Fund I in connection with the Acquisition and, in such capacity, received a fee upon closing of the Acquisition in an amount equal to 0.75% of the total value of the Acquisition. Mr. Brydon Cruise, one of the Trustees, is the President and Managing Partner of Brookfield Financial Corp.

MATERIAL CONTRACTS

The only material contracts, other than contracts entered into in the ordinary course of business, that we entered into in 2011 or after are:

1. the Declaration of Trust described under “Declaration of Trust and Description of REIT Units”;
2. the Asset Management Agreement described under “Real Estate Management and Advisory Services – Asset Management”;
3. the Exchange Agreement described under “Exchangeable Notes – Exchange Agreement”;
4. the Lorac Shareholders’ Agreement described under “Agreements Relating to Our Acquisition of the Initial Properties – Lorac Shareholders’ Agreement”;
5. the Framework Agreement, as amended, described under “Agreements Relating to Our Acquisition of the Initial Properties – Framework Agreement”;
6. the Reallocation Agreement described under “Agreements Relating to Our Acquisition of the Initial Properties – Reallocation Agreement”;
7. the Lorac Share Purchase Agreement;
8. the credit agreement, as amended, relating to the Facility described under “Indebtedness”;
9. the Non-Competition Agreement described under “Real Estate Management and Advisory Services – Non Competition-Agreement”;
10. the Underwriting Agreement for our initial public offering; and
11. the Trust Indenture described under “Description of the Debentures”.

Copies of the foregoing documents are available on SEDAR at www.sedar.com.

INTEREST OF EXPERTS

Our auditors are PricewaterhouseCoopers LLP, chartered accountants, at its offices in Toronto, Ontario. Such firm is independent of the REIT in accordance with the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar of the Units and the Debentures is Computershare Trust Company of Canada at its principal offices in Toronto, Ontario.

ADDITIONAL INFORMATION

Additional information relating to the REIT may be found on SEDAR at www.sedar.com. Additional information, including with respect to Trustees' and officers' remuneration and indebtedness, principal holders of the REIT's securities and units authorized for issuance under equity compensation plans, is contained in the REIT's information circular for its upcoming annual meeting of unitholders that involved the election of Trustees.

Additional financial information is provided in the consolidated financial statements and notes to the consolidated financial statements and management's discussion and analysis of the REIT for 2011.

SCHEDULE A

DUNDEE INTERNATIONAL REAL ESTATE INVESTMENT TRUST (the “Trust”)

AUDIT COMMITTEE CHARTER (the “Charter”)

PURPOSE

The Audit Committee (the “Committee”) is a standing committee appointed by the board of trustees of the Trust (the “Board”) pursuant to the amended and restated declaration of trust for the Trust dated August 3, 2011 (the “Declaration of Trust”). The Committee is established to fulfil applicable securities law obligations respecting audit committees and to assist the Board in fulfilling its oversight responsibilities with respect to financial reporting, including to:

- oversee the integrity of the Trust’s financial statements and financial reporting process, including the audit process and the Trust’s internal accounting controls and procedures and compliance with related legal and regulatory requirements;
- oversee the qualifications and independence of the external auditors;
- oversee the work of the Trust’s financial management, internal auditors and external auditors in these areas; and
- provide an open avenue of communication between the external auditors, the internal auditors, the Board and management of the Trust.

The function of the Committee is oversight. It is not the duty or responsibility of the Committee or its members (a) to plan or conduct audits, (b) to determine that the Trust’s financial statements are complete and accurate and are in accordance with International Financial Reporting Standards or (c) to conduct other types of auditing or accounting reviews or similar procedures or investigations. The Committee, its chair and its financial expert members are members of the Board, appointed to the Committee to provide broad oversight of the financial, risk and control related activities of the Trust, and are specifically not accountable or responsible for the day to day operation or performance of such activities. In particular, the member or members identified as audit committee financial experts shall not be accountable for giving professional opinions on the internal or external audit of the Trust’s financial information.

Management is responsible for the preparation, presentation and integrity of the Trust’s financial statements. Management is also responsible for maintaining appropriate accounting and financial reporting principles and policies and systems of risk assessment and internal controls and procedures designed to provide reasonable assurance that assets are safeguarded and transactions are properly authorized, recorded and reported and to assure the effectiveness and efficiency of operations, the reliability of financial reporting and compliance with accounting standards and applicable laws and regulations. The chief financial officer is responsible for monitoring and reporting on the adequacy and effectiveness of the system of internal controls. The external auditors are responsible for planning and carrying out an audit of the Trust’s annual financial statements in accordance with generally accepted auditing standards to provide reasonable assurance that, among other things, such financial statements are in accordance with International Financial Reporting Standards.

PROCEDURES, POWERS AND DUTIES

Pursuant to the Declaration of Trust, the Committee shall have the following procedures, powers and duties:

General

- (a) *Definitions* – Unless otherwise defined herein, all capitalized terms shall have the meanings set out in the Declaration of Trust.
- (b) *Composition* – The Committee shall consist of at least three members, all of whom shall be Independent Trustees and a majority of whom shall be resident Canadians. All members of the Committee must have the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Trust’s financial statements.
- (c) *Separate Executive Meetings* – The Committee shall meet periodically with the chief financial officer, the head of the internal audit function (if other than the chief financial officer) and the external auditors in separate executive sessions to discuss any matters that the Committee or each of these groups believes should be discussed privately and such persons shall have access to the Committee to bring forward matters requiring its attention. However, the Committee shall also meet periodically without management present.
- (d) *Professional Assistance* – The Committee may require the external auditors and internal auditors to perform such supplemental reviews or audits as the Committee may deem desirable. In addition, the Committee may retain such special legal, accounting, financial or other consultants as the Committee may determine to be necessary to carry out the Committee’s duties at the Trust’s expense.
- (e) *Reliance* – Absent actual knowledge to the contrary (which shall be promptly reported to the Board), each member of the Committee shall be entitled to rely on (i) the integrity of those persons or organizations within and outside the Trust from which it receives information, (ii) the accuracy of the financial and other information provided to the Committee by such persons or organizations and (iii) representations made by management and the external auditors as to any information technology, internal audit and other non-audit services provided by the external auditors to the Trust and its subsidiaries.
- (f) *Reporting to the Board* – The Committee will report through the chair of the Committee to the Board following meetings of the Committee on matters considered by the Committee, its activities and compliance with this Charter.
- (g) *Procedure* – The Committee meetings shall be conducted as follows: (i) questions arising at any meeting shall be decided by a majority of the votes cast; (ii) decisions may be taken by written consent signed by all members of the Committee; and (iii) meetings may be called by the external auditors of the Trust or any member of the Committee upon not less than 48 hours notice. The external auditors of the Trust are entitled to receive notice of every meeting of the Committee and, at the expense of the Trust, to attend and be heard thereat and, if so requested by a member of the Committee, shall attend any meeting of the Committee held during the term of office of the external auditors.

AUDIT RESPONSIBILITIES OF THE COMMITTEE

Selection and Oversight of the External Auditors

1. The external auditors are ultimately accountable to the Committee and the Board as the representatives of the unitholders of the Trust and the Committee shall so instruct the external auditors. The Committee shall evaluate the performance of the external auditors and make recommendations to the Board on the reappointment or appointment of the external auditors of the Trust to be proposed in the Trust's management information circular for approval of the unitholders of the Trust and the compensation to be paid by the Trust to the external auditors. If a change in external auditors is proposed, the Committee shall review the reasons for the change and any other significant issues related to the change, including the response of the incumbent auditors, and enquire on the qualifications of the proposed auditors before making its recommendation to the Board.
2. The Committee shall approve in advance the terms of engagement of the external auditors with respect to the conduct of the annual audit. The Committee may approve policies and procedures for the pre-approval of services to be rendered by the external auditors, which policies and procedures shall include reasonable detail with respect to the services covered. All non-audit services to be provided to the Trust or any of its subsidiaries by the external auditors or any of their affiliates which are not covered by pre-approval policies and procedures approved by the Committee shall be subject to pre-approval by the Committee.
3. The Committee shall review the independence of the external auditors and shall make recommendations to the Board on appropriate actions to be taken which the Committee deems necessary to protect and enhance the independence of the external auditors. In connection with such review, the Committee shall:
 - (a) actively engage in a dialogue with the external auditors about all relationships or services that may impact the objectivity and independence of the external auditors;
 - (b) require that the external auditors submit to it on a periodic basis, and at least annually, a formal written statement delineating all relationships between the Trust and its subsidiaries, on the one hand, and the external auditors and their affiliates on the other hand;
 - (c) consider whether there should be a regular rotation of the external audit firm itself; and
 - (d) consider the auditor independence standards promulgated by applicable auditing regulatory and professional bodies.
4. The Committee shall prohibit the external auditor and its affiliates from providing certain non-audit services to the Trust and its subsidiaries.
5. The Committee shall establish and monitor clear policies for the hiring by the Trust of employees or former employees of the external auditors.
6. The Committee shall require the external auditors to provide to the Committee, and the Committee shall review and discuss with the external auditors, all reports which the external auditors are required to provide to the Committee or the Board under rules, policies or practices of professional or regulatory bodies applicable to the external auditors, and any other reports which the Committee may require.

7. The Committee is responsible for resolving disagreements between management and the external auditors regarding financial reporting.

Appointment and Oversight of Internal Auditors

8. The appointment, terms of engagement, compensation, replacement or dismissal of the internal auditors shall be subject to prior review and approval by the Committee. When the internal audit function is performed by employees of the Trust, the Committee may delegate responsibility for approving the employment, term of employment, compensation and termination of employees engaged in such function other than the head of the Trust's internal audit function.
9. The Committee shall obtain from the internal auditors and shall review summaries of the significant reports to management prepared by the internal auditors, or the actual reports if requested by the Committee, and management's responses to such reports.
10. The Committee shall, as it deems necessary, communicate with the internal auditors with respect to their reports and recommendations, the extent to which prior recommendations have been implemented and any other matters that the internal auditor brings to the attention of the Committee. The head of the internal audit function shall have unrestricted access to the Committee.
11. The Committee shall, annually or more frequently as it deems necessary, evaluate the internal auditors including their activities, organizational structure and qualifications and effectiveness.

Oversight and Monitoring of Audits

12. The Committee shall review with the external auditors, the internal auditors and management the audit function generally, the objectives, staffing, locations, co-ordination, reliance upon management and internal audit and general audit approach and scope of proposed audits of the financial statements of the Trust and its subsidiaries, the overall audit plans, the responsibilities of management, the internal auditors and the external auditors, the audit procedures to be used and the timing and estimated budgets of the audits.
13. The Committee shall meet periodically with the internal auditors to discuss the progress of their activities and any significant findings stemming from internal audits and any difficulties or disputes that arise with management and the adequacy of management's responses in correcting audit-related deficiencies.
14. The Committee shall discuss with the external auditors any difficulties or disputes that arose with management or the internal auditors during the course of the audit and the adequacy of management's responses in correcting audit-related deficiencies.
15. The Committee shall review with management the results of internal and external audits.
16. The Committee shall take such other reasonable steps as it may deem necessary to satisfy itself that the audit was conducted in a manner consistent with all applicable legal requirements and auditing standards of applicable professional or regulatory bodies.

Oversight and Review of Accounting Principles and Practices

17. The Committee shall, as it deems necessary, oversee, review and discuss with management, the external auditors and the internal auditors:

- (a) the quality, appropriateness and acceptability of the Trust’s accounting principles and practices used in its financial reporting, changes in the Trust’s accounting principles or practices and the application of particular accounting principles and disclosure practices by management to new transactions or events;
 - (b) disagreements between management and the external auditors or the internal auditors regarding the application of any accounting principles or practices;
 - (c) any material change to the Trust’s auditing and accounting principles and practices as recommended by management, the external auditors or the internal auditors or which may result from proposed changes to applicable International Financial Reporting Standards;
 - (d) any reserves, accruals, provisions, estimates or Trust programs and policies, including factors that affect asset and liability carrying values and the timing of revenue and expense recognition, that may have a material effect upon the financial statements of the Trust;
 - (e) the treatment for financial reporting purposes of any significant transactions which are not a normal part of the Trust’s operations;
 - (f) the use of any “pro-forma” or “adjusted” information not in accordance with International Financial Reporting Standards; and
 - (g) management’s determination of goodwill impairment, if any, as required by applicable accounting standards.
18. The Committee will review and resolve disagreements between management and the external auditors regarding financial reporting or the application of any accounting principles or practices.

Oversight and Monitoring of Internal Controls

19. The Committee shall, as it deems necessary, exercise oversight of, review and discuss with management, the external auditors and the internal auditors:
- (a) the adequacy and effectiveness of the Trust’s internal accounting and financial controls and the recommendations of management, the external auditors and the internal auditors for the improvement of accounting practices and internal controls;
 - (b) any material weaknesses in the internal control environment, including with respect to computerized information system controls and security; and
 - (c) management’s compliance with the Trust’s processes, procedures and internal controls.

Communications with Others

20. The Committee shall establish and monitor procedures for the receipt and treatment of complaints received by the Trust regarding accounting, internal accounting controls or audit matters and the anonymous submission by employees of concerns regarding questionable accounting or auditing matters and review periodically with management and the internal auditors these procedures and any significant complaints received.

Oversight and Monitoring of the Trust's Financial Disclosures

21. The Committee shall:
 - (a) review with the external auditors and management and recommend to the Board for approval the audited financial statements and the notes and management's discussion and analysis accompanying such financial statements, the Trust's annual report, any interim financial statements included or to be included in a prospectus and any financial information of the Trust contained in any management information circular of the Trust; and
 - (b) review with the external auditors and management each set of interim financial statements and the notes and management's discussion and analysis accompanying such financial statements and any other disclosure documents or regulatory filings of the Trust containing or accompanying financial information of the Trust.

Such reviews shall be conducted prior to the release of any summary of the financial results or the filing of such reports with applicable regulators.

22. Prior to their distribution, the Committee shall discuss earnings press releases, as well as financial information and earnings guidance provided to analysts and ratings agencies, it being understood that such discussions may, in the discretion of the Committee, be done generally (i.e., by discussing the types of information to be disclosed and the type of presentation to be made) and that the Committee need not discuss in advance each earnings release or each instance in which the Trust gives earning guidance.
23. The Committee shall review the disclosure with respect to its pre-approval of audit and non-audit services provided by the external auditors.

Oversight of Finance Matters

24. Appointments of the key financial executives involved in the financial reporting process of the Trust, including the chief financial officer, shall require the prior review of the Committee.
25. The Committee shall receive and review:
 - (a) periodic reports on compliance with requirements regarding statutory deductions and remittances, the nature and extent of any non-compliance together with the reasons therefor and the management's plan and timetable to correct any deficiencies;
 - (b) material policies and practices of the Trust respecting cash management and material financing strategies or policies or proposed financing arrangements and objectives of the Trust; and
 - (c) material tax policies and tax planning initiatives, tax payments and reporting and any pending tax audits or assessments.
26. The Committee shall meet periodically with management to review and discuss the Trust's major financial risk exposures and the policy steps management has taken to monitor and control such exposures, including the use of financial derivatives and hedging activities.

27. The Committee shall receive and review the financial statements and other financial information of material subsidiaries of the Trust and any auditor recommendations concerning such subsidiaries.
28. The Committee shall meet with management to review the process and systems in place for ensuring the reliability of public disclosure documents that contain audited and unaudited financial information and their effectiveness.

Additional Responsibilities

29. The Committee shall review any significant transactions outside the Trust's ordinary activities and all pending litigation involving the Trust.
30. The Committee shall review and make recommendations to the Board concerning the financial structure, condition and strategy of the Trust and its subsidiaries, including with respect to annual budgets, long-term financial plans, corporate borrowings, investments, capital expenditures, long term commitments and the issuance and/or repurchase of securities.
31. The Committee shall review and/or approve any other matter specifically delegated to the Committee by the Board and undertake on behalf of the Board such other activities as may be necessary or desirable to assist the Board in fulfilling its oversight responsibilities with respect to financial reporting.

AUDIT COMMITTEE CHARTER

The Committee shall review and reassess the adequacy of this Charter at least annually and otherwise as it deems appropriate and recommend changes to the Board. The performance of the Committee shall be evaluated with reference to this Charter annually.

The Committee shall ensure that this Charter or a summary of it which has been approved by the Committee is disclosed in accordance with all applicable securities laws or regulatory requirements in the annual management information circular or annual report of the Trust.

SCHEDULE B

LIST OF PROPERTIES

December 31, 2011	City	State	GLA (sf)	Occupancy
Office properties				
Gradestr. 22	Hannover	Niedersachsen	195,783	71.7%
Kurfürstenallee 130	Bremen	Bremen	187,940	73.0%
Überseering 17 / Mexikoring 22	Hamburg	Hamburg	159,174	88.3%
Zimmermannstr. 2/Eisenstr.	Marburg	Hesse	99,751	97.9%
Saalburgallee 19	Frankfurt am Main	Hesse	98,224	96.1%
Wiener Str. 43	Stuttgart	Baden-Württemberg	72,192	88.5%
Koblenzer Str. 67	Bonn	North Rhine-Westphalia	42,774	100.0%
Ölmühlweg 12	Königstein	Hesse	34,984	100.0%
Total office			890,822	84.4%
Mixed use properties				
Grüne Str. 6-8 / Kurfürstenstr. 2	Dortmund	North Rhine-Westphalia	299,567	100.0%
Am Hauptbahnhof 16-18	Saarbrücken	Saarland	290,901	91.5%
Poststr.4-6,Göbelstr.30,Bismarckstr	Darmstadt	Hesse	230,943	88.7%
Bahnhofstr. 16	Regensburg	Bavaria	230,845	75.1%
H-v-Stephan-Str.1-15/W-Brandt-Pl.13	Mannheim	Baden-Württemberg	227,298	96.5%
Bahnhofstr. 82-86	Gießen	Hesse	156,378	88.2%
E.-Kamieth-Str. 2 b	Halle	Saxony-Anhalt	152,661	82.7%
Marienstr. 80	Offenbach am Main	Hesse	114,114	96.1%
Rüppurrer Str.81,87,89/Ettlinger 67	Karlsruhe	Baden-Württemberg	111,413	93.0%
Gerokstr. 14-20	Dresden	Saxony	110,434	85.7%
Hindenburgstr. 9 / Heeserstr. 5	Siegen	North Rhine-Westphalia	98,647	89.2%
Kaiserstr. 24	Gütersloh	North Rhine-Westphalia	94,488	61.5%
Klubgartenstr. 10	Goslar	Niedersachsen	87,460	64.1%
Bahnhofplatz 2,3,4, Pepperworth 7	Hildesheim	Niedersachsen	85,895	74.7%
Am Hauptbahnhof 2	Mülheim	North Rhine-Westphalia	84,303	95.4%
Pausaer Str. 1-3	Plauen	Saxony	83,867	71.1%
Bahnhofstr. 33	Böblingen	Baden-Württemberg	82,628	99.9%
Husemannstr. 1	Gelsenkirchen	North Rhine-Westphalia	80,141	87.9%
Berliner Platz 35-37	Münster	North Rhine-Westphalia	79,702	85.8%
Stresemannstr. 15	Wuppertal	North Rhine-Westphalia	79,185	100.0%
Heinrich-von-Bibra-Platz 5-9	Fulda	Hesse	77,606	99.6%
Bahnhofsring 2	Leer	Niedersachsen	77,022	90.8%
Kaiser-Karl-Ring 59-63/Dorotheenstr	Bonn	North Rhine-Westphalia	75,815	99.8%
Bürgerreuther Str. 1	Bayreuth	Bavaria	75,534	100.0%

December 31, 2011	City	State	GLA (sf)	Occupancy
Bahnhofplatz 10	Fürth	Bavaria	74,816	99.9%
Logenstr. 37	Kaiserslautern	Rhineland-Palatinate	72,198	95.2%
Bahnhofplatz 1	Schweinfurt	Bavaria	67,503	87.0%
Bahnhofstr. 9	Ingolstadt	Bavaria	67,432	100.0%
Mecklenburgstr. 4-6	Schwerin	Mecklenburg-West Pomerania	66,676	80.1%
Rathausplatz 2	Wilhelmshaven	Niedersachsen	64,970	97.2%
Niemeyerstr. 1	Hannover	Niedersachsen	61,884	73.5%
Bahnhofstr. 40	Flensburg	Schleswig-Holstein	61,826	97.9%
Möhringer Landstr. 2/Emilienstr. 30	Stuttgart	Baden-Württemberg	61,194	92.8%
Heinrich-von-Stephan-Str. 8-10	Leverkusen	North Rhine-Westphalia	61,011	88.9%
Joachim-Campe-Str. 1.3/5/7, Postho	Salzgitter	Niedersachsen	60,012	56.0%
Friedrich-Ebert-Str. 28	Pinneberg	Schleswig-Holstein	59,218	99.7%
Paulinenstr. 52	Detmold	North Rhine-Westphalia	57,614	74.7%
Postplatz 3	Bautzen	Saxony	57,007	67.5%
Poststr. 2 U 3	Helmstedt	Niedersachsen	53,468	51.7%
Ostbahnstr. 5	Landau	Rhineland-Palatinate	53,401	93.8%
Kavalierstr. 30-32	Dessau	Saxony-Anhalt	52,206	90.3%
Bahnhofplatz 9	Emden	Niedersachsen	52,195	90.9%
Friedrich-Ebert-Str. 75-79	Bremerhaven	Bremen	51,727	97.4%
Baarstr. 5	Iserlohn	North Rhine-Westphalia	51,472	78.4%
Hainstr. 5 A	Bad Hersfeld	Hesse	51,207	100.0%
Europaplatz 17	Bad Kreuznach	Rhineland-Palatinate	50,704	91.2%
Rathausplatz 4	Lüdenscheid	North Rhine-Westphalia	50,050	94.6%
Marktstr. 9	Völklingen	Saarland	49,577	73.1%
Zuffenhäuser Kelterplatz 1	Stuttgart	Baden-Württemberg	47,552	80.4%
Unter den Zwicken 1-3	Halberstadt	Saxony-Anhalt	47,145	76.0%
Stadtparkstr. 2	Schwabach	Bavaria	46,799	76.6%
Schützenstr. 17,19	Peine	Niedersachsen	46,527	90.9%
Bahnhofstr. 2	Cham	Bavaria	46,129	61.5%
Theodor-Heuss-Platz 13	Neuss	North Rhine-Westphalia	46,128	94.8%
Poststr. 14	Rastatt	Baden-Württemberg	45,659	92.4%
Bahnhofplatz 3,5	Heidenheim	Baden-Württemberg	45,656	85.6%
Stembergstr. 27-29	Arnsberg	North Rhine-Westphalia	45,600	97.2%
Poststr. 2	Gummersbach	North Rhine-Westphalia	45,558	84.3%
Willy-Brandt-Str. 6	Auerbach	Saxony	45,504	52.8%
Königstr. 12	Rottweil	Baden-Württemberg	45,494	87.8%
Möllner Landstr. 47-49/Reclamstr. 20	Hamburg	Hamburg	45,371	90.1%
Lutherplatz 5	Nordhausen	Thuringia	44,699	81.8%
Münchener Str. 1	Bad Kissingen	Bavaria	43,971	73.7%
Martinistr. 19	Recklinghausen	North Rhine-Westphalia	43,807	82.4%

December 31, 2011	City	State	GLA (sf)	Occupancy
Bahnhofstr. 169	Bietigheim-Bissingen	Baden-Württemberg	43,620	99.4%
Vegeacker Heerstr. 111	Bremen	Bremen	43,484	92.0%
Südbrede 1-5	Ahlen	North Rhine-Westphalia	43,382	82.6%
Kardinal-Galen-Ring 84/86	Rheine	North Rhine-Westphalia	42,191	100.0%
Kalkumer Str. 70	Düsseldorf	North Rhine-Westphalia	41,771	100.0%
Ehrenfeldgürtel 125	Köln	North Rhine-Westphalia	41,645	97.4%
Poststr. 2	Deggendorf	Bavaria	41,640	96.3%
Robert-Wahl-Str. 7/7a	Balingen	Baden-Württemberg	41,487	94.4%
Bahnhofplatz 1	Freising	Bavaria	41,139	95.2%
Balhornstr.15,17/B.Köthenbürger-Str	Paderborn	North Rhine-Westphalia	40,927	84.0%
August-Bebel-Str. 6	Torgau	Saxony	40,745	86.5%
Cavillonstr. 2	Weinheim	Baden-Württemberg	40,540	90.5%
Steinerother Str. 1 U 1a	Betzdorf	Rhineland-Palatinate	39,972	89.5%
Hauptstr. 279/Hommelstr. 2	Idar-Oberstein	Rhineland-Palatinate	39,041	95.6%
Bismarckstr. 21-23	Bünde	North Rhine-Westphalia	38,276	88.3%
Stuttgarter Str. 5, 7	Fellbach	Baden-Württemberg	38,093	95.9%
Heinrich-von-Stephan-Platz 6	Naumburg	Saxony-Anhalt	37,612	91.0%
Hindenburgstr. 8/Hohenstauf 9,17,19	Bocholt	North Rhine-Westphalia	37,512	92.8%
Mühlenstr. 5-7	Delmenhorst	Niedersachsen	37,266	98.0%
Alsenberger Str 61	Hof	Bavaria	36,294	77.2%
Lübecker Str. 23-25	Bad Oldesloe	Schleswig-Holstein	36,290	99.6%
Apostelweg 4-6	Hamburg	Hamburg	36,273	97.3%
Brückenstr. 21	Neunkirchen	Saarland	35,971	100.0%
Lönsstr. 20-22	Castrop-Rauxel	North Rhine-Westphalia	35,580	86.4%
Friedrich-Wilhelm-Str. 52 U. 54	Eschwege	Hesse	35,433	53.0%
Verdener Str. 9	Nienburg	Niedersachsen	35,313	79.6%
Kurt-Schumacher-Str. 5	Lünen	North Rhine-Westphalia	35,290	100.0%
Lilienstr. 3	Leipzig	Saxony	35,234	97.3%
Stadtring 3-5	Nordhorn	Niedersachsen	34,960	82.8%
Heinzelmannstr. 1/Hauberrisserstr.	Kaufbeuren	Bavaria	34,894	89.9%
Bahnhofplatz 4	Traunstein	Bavaria	34,887	62.9%
Bahnhofplatz 10,12,14	Kleve	North Rhine-Westphalia	34,871	100.0%
Goethestr. 2-6	Duisburg	North Rhine-Westphalia	34,839	84.7%
Gustav-König-Str. 42	Sonneberg	Thuringia	33,959	45.5%
Zwieseler Str. 27-29	Regen	Bavaria	33,800	90.3%
Lotzbeckstr. 4	Lahr	Baden-Württemberg	33,511	70.1%
Bahnhofplatz 4	Homburg	Saarland	33,241	100.0%
Große Str. 29-33	Rotenburg	Niedersachsen	33,240	93.8%
Worthingtonstr. 15	Crailsheim	Baden-Württemberg	33,136	99.8%
Kieler Str. 501	Hamburg	Hamburg	32,937	92.3%
Hellersdorfer Str. 78	Berlin	Berlin	32,580	84.7%

December 31, 2011	City	State	GLA (sf)	Occupancy
Kreuzstr. 20-24	Bonn	North Rhine-Westphalia	32,253	99.4%
Bahnhofstr. 6/Luisenstr. 4-5	Villingen-Schwenningen	Baden-Württemberg	32,191	96.5%
Münchener Str. 38	Neuburg	Bavaria	31,486	70.3%
Poststr. 30	Albstadt	Baden-Württemberg	31,263	84.1%
Tunnelweg 1	Husum	Schleswig-Holstein	31,116	88.7%
Volksdorfer Str. 5 / Wohld. Str. 6	Hamburg	Hamburg	31,068	91.0%
Bahnhofplatz 4	Berchtesgaden	Bavaria	31,007	42.0%
Poststr. 26	Meißen	Saxony	30,101	78.5%
Bahnhofplatz 2	Herborn	Hesse	29,746	90.6%
Waschgrabenallee 3-5	Neustadt	Schleswig-Holstein	29,739	90.3%
König-Heinrich-Str. 11	Merseburg	Saxony-Anhalt	29,472	82.8%
Poststr. 24-26	Ratingen	North Rhine-Westphalia	29,445	100.0%
Ludwigsplatz 1	Alsfeld	Hesse	29,125	61.9%
Bahnhofstr. 29	Meppen	Niedersachsen	29,056	93.9%
Poststr. 12	Lehrte	Niedersachsen	28,764	92.7%
Petristr. 26	Heilbad Heiligenstadt	Thuringia	28,205	68.4%
Dr.-Friedrich-Uhde-Str. 18	Einbeck	Niedersachsen	27,793	71.9%
Augsburger Str. 380	Stuttgart	Baden-Württemberg	27,775	93.2%
Gartenstr. 29/30	Pirna	Saxony	27,771	73.0%
Wilhelm-Weber-Str. 1	Wittenberg	Saxony-Anhalt	27,658	77.6%
Poststr. 1-3	Korbach	Hesse	27,463	88.4%
Berliner-Tor-Platz 1	Wesel	North Rhine-Westphalia	27,052	100.0%
Poststr. 48	St Ingbert	Saarland	26,975	86.8%
Bahnhofstr. 2	Gifhorn	Niedersachsen	26,894	92.0%
Bahnhofanlage 2-4	Schwetzingen	Baden-Württemberg	26,658	100.0%
Königswiese 1	Gelsenkirchen	North Rhine-Westphalia	26,468	100.0%
Wilhelmstr. 11/Kamperdickstr. 29	Kamp-Lintfort	North Rhine-Westphalia	25,973	80.5%
Kaiserstr. 140	Radevormwald	North Rhine-Westphalia	25,653	73.8%
In der Trift 10/12	Olpe	North Rhine-Westphalia	25,414	88.3%
Klosterstr. 6-10	Annaberg-Buchholz	Saxony	25,336	75.3%
Bahnhofstr. 6	Quakenbrück	Niedersachsen	24,446	97.1%
Asselheimer Str. 26/Mörrikestr. 1-3	Grünstadt	Rhineland-Palatinate	23,560	66.4%
Alleestr. 6	Neustadt	Bavaria	23,495	100.0%
Uferstr. 2	Höxter	North Rhine-Westphalia	23,240	79.3%
Gartenstr. 16	Sindelfingen	Baden-Württemberg	23,121	100.0%
Bahnhofplatz 8	Marktredwitz	Bavaria	22,710	99.1%
Bahnhofstr. 32	Sulzbach-Rosenberg	Bavaria	22,634	75.9%
Bahnhofstr. 46	Unna	North Rhine-Westphalia	22,627	100.0%
Stadtgraben 13	Pfaffenhofen	Bavaria	22,513	88.2%
Bahnhofplatz o. Nr.	Oranienburg	Brandenburg	22,153	76.0%
Breitestr. 62-66	Andernach	Rhineland-Palatinate	22,119	88.4%
Bahnhofstr. 27	Öhringen	Baden-Württemberg	22,027	91.9%

December 31, 2011	City	State	GLA (sf)	Occupancy
Brückenstr. 26	Miltenberg	Bavaria	22,017	88.9%
Ringstr. 22 / Dr. Bachl-Str.	Pfarrkirchen	Bavaria	21,980	85.6%
Lindenstr. 42	Grevenbroich	North Rhine-Westphalia	21,668	83.0%
Hörder Semerteichstr. 175	Dortmund	North Rhine-Westphalia	21,659	86.6%
Am Plärrer 11	Lauf	Bavaria	21,603	100.0%
Wilhelmstr. 5	Ibbenbüren	North Rhine-Westphalia	21,031	100.0%
Am Stadtpark 5	Papenburg	Niedersachsen	20,950	88.2%
Geistmarkt 17	Emmerich	North Rhine-Westphalia	20,942	100.0%
Lyoner Passage 14	Köln	North Rhine-Westphalia	20,742	100.0%
Moltkestr. 6	Hattingen	North Rhine-Westphalia	20,681	100.0%
Martin-Pöhlmann-Str 5/Friedrich-e	Selb	Bavaria	20,681	100.0%
Am Markt 4-5	Norden	Niedersachsen	20,668	80.9%
Steinstr. 6	Pulheim	North Rhine-Westphalia	20,517	100.0%
Leistikowstr. 19	Fürstenwalde	Brandenburg	20,437	59.0%
Saarbrücker Str. 292-294	Saarbrücken	Saarland	20,433	92.0%
Ziegelstr. 15, 15 A	Ravensburg	Baden-Württemberg	20,420	90.4%
Poststr. 12	Schmölln	Thuringia	20,403	87.6%
Neugr. Bahnhofstr. 26/Scheideholzw.	Hamburg	Hamburg	20,213	81.2%
Speckweg 24-26	Mannheim	Baden-Württemberg	20,128	89.8%
Marktplatz 5	Nordenham	Niedersachsen	20,109	100.0%
Kasseler Str. 1 - 7	Warburg	North Rhine-Westphalia	19,985	86.5%
Bahnhofstr. 58 / Giselbertstr. 6	Buxtehude	Niedersachsen	19,800	94.1%
Poststr. 5	Walsrode	Niedersachsen	19,697	93.0%
Lindauer Str. 34	Wangen	Baden-Württemberg	19,510	97.0%
Eisenbahnstr. 15	Tuttlingen	Baden-Württemberg	19,047	65.7%
Konrad-Adenauer-Str. 10	Langenhagen	Niedersachsen	18,892	100.0%
Poststr. 6	Beckum	North Rhine-Westphalia	18,831	100.0%
Lagerstr. 1	Meschede	North Rhine-Westphalia	18,683	100.0%
Bahnhofstr. 3	Osterburken	Baden-Württemberg	18,498	100.0%
Bahnhofstr. 43	Riesa	Saxony	18,275	89.8%
Friedrichstr. 2	Monheim	North Rhine-Westphalia	18,156	100.0%
Bahnhofstr. 18 a	Wedel	Schleswig-Holstein	17,771	93.6%
Königstr. 20	Brilon	North Rhine-Westphalia	17,733	67.6%
Kornmarkt 15	Osterode	Niedersachsen	17,690	100.0%
Marktstr. 51	Essen	North Rhine-Westphalia	17,661	100.0%
Übacher Weg 4	Alsdorf	North Rhine-Westphalia	16,870	100.0%
Karl-von-Hahn-Str. 1	Freudenstadt	Baden-Württemberg	16,699	92.3%
Kaiserstr. 35	Minden	North Rhine-Westphalia	16,624	79.8%
Niederwall 3	Lübbecke	North Rhine-Westphalia	16,563	100.0%
Bahnhofstr. 8-10	Borken	North Rhine-Westphalia	16,385	100.0%
Hochstr. 31 / Postgasse 5	Bochum	North Rhine-Westphalia	16,359	100.0%
Robert-Koch-Str. 3	Laatzen	Niedersachsen	16,126	100.0%

December 31, 2011	City	State	GLA (sf)	Occupancy
Hauptstr. 141	Rheda-Wiedenbrück	North Rhine-Westphalia	16,082	100.0%
Poststr. 28	Hemer	North Rhine-Westphalia	15,782	100.0%
Lindenstr. 9	Daun	Rhineland-Palatinate	15,689	100.0%
Am Bahnhof 2	Meldorf	Schleswig-Holstein	15,549	86.8%
Melanchthonstr. 96	Bretten	Baden-Württemberg	15,501	90.2%
Republikstr. 34	Schönebeck	Saxony-Anhalt	14,985	71.1%
Poststr. 1/2	Spremberg	Brandenburg	14,763	79.5%
Herrlichkeit 7	Syke	Niedersachsen	14,560	98.6%
Luitpoldstr. 13 u 13 b	Dinkelsbühl	Bavaria	14,421	97.9%
Bahnhofstr. 41	Eberbach	Baden-Württemberg	13,936	100.0%
Kolpingstr. 4	Georgsmarienhütte	Niedersachsen	13,725	100.0%
Schönbornstr. 1	Geisenheim	Hesse	13,117	100.0%
Potsdamer Str. 9	Ludwigsfelde	Brandenburg	12,885	100.0%
Langener Landstr. 237-239	Bremerhaven	Bremen	12,803	100.0%
Bünder Str. 36	Löhne	North Rhine-Westphalia	12,625	100.0%
Berliner Freiheit 8	Bremen	Bremen	12,553	100.0%
Albert-Steiner-Str. 10	Herzogenrath	North Rhine-Westphalia	12,538	80.1%
Poststr. 1	Erfstadt	North Rhine-Westphalia	12,498	100.0%
Gorsemannstr. 22	Bremen	Bremen	12,379	100.0%
Mönchenstr. 15-18	Jüterbog	Brandenburg	12,128	100.0%
Fritz-Brandt-Str. 25	Zerbst	Saxony-Anhalt	12,117	100.0%
Bahnhofstr. 11	Alpirsbach	Baden-Württemberg	12,112	97.6%
Märkische Str. 58	Düsseldorf	North Rhine-Westphalia	11,997	100.0%
Poststr. 3-5	Barsinghausen	Niedersachsen	11,597	100.0%
Prochaskaplatz 7	Dannenberg	Niedersachsen	11,334	94.7%
Kürbsweg 9	Seevetal	Niedersachsen	11,175	100.0%
Hauptstr. 40	Porta Westfalica	North Rhine-Westphalia	11,133	100.0%
Bahnhofstr. 49/49a	Aalen	Baden-Württemberg	11,050	100.0%
Steinweg 5	Weiden	Bavaria	10,974	100.0%
Am Markt 4	St. Georgen	Baden-Württemberg	10,324	100.0%
Sandstr. 4	Germersheim	Rhineland-Palatinate	10,132	100.0%
Rensefelder Str. 2	Bad Schwartau	Schleswig-Holstein	9,777	100.0%
Bahnhofstr. 12	Pfullendorf	Baden-Württemberg	9,720	100.0%
Rosenstr. 1 / Fünfhausenstr. 19/21	Springe	Niedersachsen	8,881	100.0%
De-Lenoncourt-Str. 2	Dillingen	Saarland	8,705	89.9%
Elisabeth-Anna-Str. 11	Wangerooge	Niedersachsen	8,382	100.0%
Melcherstätte 8	Stuhr	Niedersachsen	8,196	100.0%
Alte Amberger Str. 28	Grafenwöhr	Bavaria	7,980	100.0%
Eichendorffstr. 14	Traunreut	Bavaria	7,711	100.0%
Wetterstr. 20 / Poststr. 2	Herdecke	North Rhine-Westphalia	7,702	100.0%
Total mixed use			9,186,913	88.3%

Industrial properties

December 31, 2011	City	State	GLA (sf)	Occupancy
Karlstal 1-21/Werftstr. 201	Kiel	Schleswig-Holstein	181,004	95.6%
Franz-Zebisch-Str. 15	Weiden	Bavaria	166,601	100.0%
Am Neumarkt 40 / Luetkensallee 49	Hamburg	Hamburg	160,720	88.1%
Czernyring 15	Heidelberg	Baden-Württemberg	133,909	79.9%
Friedrich-Karl-Str. 1-7	Oberhausen	North Rhine-Westphalia	97,606	74.3%
Blücherstr. 12	Koblenz	Rhineland-Palatinate	94,569	67.6%
Kapellenstr. 44	Einbeck	Niedersachsen	81,206	67.0%
Kommandantenstr.43-51	Duisburg	North Rhine-Westphalia	80,122	100.0%
Dammstr. 2, Frankenstr. 21, 25a	Osnabrück	Niedersachsen	77,515	50.6%
77er Str. 54	Celle	Niedersachsen	73,423	78.1%
Auhofstr. 21	Aschaffenburg	Bavaria	64,264	94.5%
Am Bahnhof 5	Zwickau	Saxony	60,738	58.6%
Poststr. 5-7	Heide	Schleswig-Holstein	53,363	94.8%
Mayenner Str. 63	Waiblingen	Baden-Württemberg	53,220	100.0%
Lippertor 6	Lippstadt	North Rhine-Westphalia	44,341	100.0%
Palleskestr. 38	Frankfurt am Main	Hesse	43,409	63.8%
Falkenbergstr. 17-23	Norderstedt	Schleswig-Holstein	41,249	98.1%
Im Bungert 6-8	Bergisch Gladbach	North Rhine-Westphalia	34,737	100.0%
Gerstenstr. 5	Neubrandenburg	Mecklenburg-West Pomerania	34,347	100.0%
Markendorfer Str. 10	Frankfurt an der Oder	Brandenburg	32,330	97.5%
Von-Lassaulx-Str. 14-18	Remagen	Rhineland-Palatinate	29,825	62.7%
Konrad-Adenauer-Str. 49-51	Tübingen	Baden-Württemberg	29,341	97.8%
Feldschlößchenstr./Kunadstr. o. Nr.	Dresden	Saxony	29,236	100.0%
Ruthenstr. 19/21	Hameln	Niedersachsen	26,895	92.9%
Saßstr. 12	Leipzig	Saxony	26,214	79.1%
Goldbacher Str. 74	Aschaffenburg	Bavaria	25,153	95.0%
Zwickauer Str. 438	Chemnitz	Saxony	24,422	77.6%
Lindenstr. 11	Bitterfeld	Saxony-Anhalt	23,183	86.0%
Poststr. 19-23	Hilden	North Rhine-Westphalia	22,454	86.7%
Lindenstr. 15	Landstuhl	Rhineland-Palatinate	21,709	99.2%
Innungsstr. 57-59	Berlin	Berlin	21,187	100.0%
Lübecker Str./Wedringer Str. o. Nr.	Magdeburg	Saxony-Anhalt	19,454	100.0%
Ooser Karlstr. 21/23/25	Baden-Baden	Baden-Württemberg	19,444	92.9%
Güterstr. 2-4	Bitburg	Rhineland-Palatinate	19,340	99.3%
Chiemseestr. 25	Traunstein	Bavaria	18,488	98.3%
Bahnhofstr. 33 U. 33 A	Stendal	Saxony-Anhalt	18,200	92.6%
Trierer Str. 4-6	Heusweiler	Saarland	16,867	92.3%
Bismarckstr. 12 / Fr.Hoffmann-Str.	Steinfurt	North Rhine-Westphalia	16,666	100.0%
Aidenbacher Str. 41	Vilshofen	Bavaria	16,619	68.8%

December 31, 2011	City	State	GLA (sf)	Occupancy
Sattigstr. 33	Görlitz	Saxony	16,279	100.0%
Bahnhofstr. 33	Sulz	Baden-Württemberg	15,774	75.7%
Im Kusterfeld 1	Backnang	Baden-Württemberg	14,634	98.7%
Grenzstr. 24	Halle	Saxony-Anhalt	14,533	100.0%
Mercedesstr. 5	Hannover	Niedersachsen	14,504	100.0%
Am Buchhorst 35	Potsdam	Brandenburg	14,042	100.0%
Gutachstr. 56	Titisee-Neustadt	Baden-Württemberg	13,955	93.8%
Berliner Str. 4	Albstadt	Baden-Württemberg	13,816	100.0%
Münchner Str. 50	Fürstfeldbruck	Bavaria	13,326	100.0%
Löbauer Str. 63	Bautzen	Saxony	12,686	100.0%
Dahmestr. 17	Mittenwalde	Brandenburg	12,631	100.0%
Heidering 23	Hannover	Niedersachsen	12,494	94.4%
Fraunhoferstr. 10	Bonn	North Rhine-Westphalia	12,311	100.0%
Unterstr. 14	Bochum	North Rhine-Westphalia	10,732	100.0%
Langfuhren 9	Bad Säckingen	Baden-Württemberg	9,717	100.0%
Weinbergstr. 50	Bad Neuenahr-Ahrweiler	Rhineland-Palatinate	9,023	100.0%
Total industrial			2,243,832	87.2%
TOTAL			12,321,567	87.8%