

*A copy of this preliminary short form prospectus has been filed with the securities regulatory authorities in each of the provinces of Canada but has not yet become final for the purpose of the sale of securities. Information contained in this preliminary short form prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the short form prospectus is obtained from the securities regulatory authorities.*

*No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.*

*This short form prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. These securities have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "1933 Act"), or the securities laws of any state of the United States, and accordingly may not be offered, sold or delivered, directly or indirectly, within the United States of America, its territories, its possessions and other areas subject to its jurisdiction (collectively, the "United States"), except in transactions exempt from the registration requirements of the 1933 Act and applicable state securities laws. This short form prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of these securities within the United States. See "Plan of Distribution".*

*Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Secretary of Dundee International REIT at 30 Adelaide Street East, Suite 1600, Toronto, Ontario, M5C 3H1 (telephone 416-365-3535), and are also available electronically at [www.sedar.com](http://www.sedar.com).*

## PRELIMINARY SHORT FORM PROSPECTUS

New Issue and Secondary Offering

August 17, 2012



## DUNDEE INTERNATIONAL REAL ESTATE INVESTMENT TRUST

**\$71,740,000**  
**6,800,000 Units**

This short form prospectus qualifies the distribution of 6,800,000 units ("Units") of Dundee International Real Estate Investment Trust (the "REIT"), at a price of \$10.55 per Unit. Of the 6,800,000 Units being offered under this offering, 3,400,000 will be sold by the REIT and 3,400,000 will be sold by LSF REIT Holdings S.à r.l. (the "Selling Unitholder"). We will not receive any of the proceeds of the sale of Units by the Selling Unitholder. See "Selling Unitholder".

The REIT is an unincorporated, open-ended real estate investment trust governed by the laws of Ontario. Our head office is located at 30 Adelaide Street East, Suite 1600, Toronto, Ontario, M5C 3H1.

Our outstanding Units, including the Units to be sold by the Selling Unitholder, are listed on the Toronto Stock Exchange (the "TSX") under the symbol "DI.UN". The closing price of the Units on the TSX on August 13, 2012, the day of the REIT's announcement of this offering, was \$10.82. We have applied to list the Units to be issued by the REIT on the TSX. Listing will be subject to the REIT fulfilling all of the requirements of the TSX. The Units to be sold by the Selling Unitholder were approved for listing on the TSX at the time of our initial public offering in August 2011.

**PRICE: \$10.55 per Unit**

	<b>Price to the Public</b>	<b>Underwriters' Fee</b>	<b>Net Proceeds to the REIT<sup>(1)</sup></b>	<b>Net Proceeds to the Selling Unitholder<sup>(1)</sup></b>
Per Unit .....	\$10.55	\$0.422	\$10.128	\$10.128
<b>Total<sup>(2)</sup></b> .....	<b>\$71,740,000</b>	<b>\$2,869,600</b>	<b>\$34,435,200</b>	<b>\$34,435,200</b>

Notes:

(1) After deducting the Underwriters' fee but before deducting expenses of this offering, estimated to be \$510,000, which excludes the fees and expenses of legal counsel to the Selling Unitholder. The Selling Unitholder will bear its pro rata portion of the fees and expenses of this offering (including the fees

and expenses of legal counsel to the REIT), and will bear all of the fees and expenses of its legal counsel. The REIT will bear its pro rata portion of the fees and expenses of this offering.

(2) We have granted to the Underwriters an option (the “Over-Allotment Option”) exercisable, in whole or in part for a period of 30 days from the closing of this offering, to purchase up to 1,020,000 additional Units from us on the same terms as set forth above solely to cover over-allotments, if any. If the Over-Allotment Option is exercised in full, the total Price to the Public, Underwriters’ Fee, Net Proceeds to the REIT and Net Proceeds to the Selling Unitholder will be \$82,501,000, \$3,300,040, \$44,765,760 and \$34,435,200, respectively. This short form prospectus qualifies the grant of the Over-Allotment Option and the issuance of Units on the exercise of the Over-Allotment Option. A purchaser who acquires Units forming part of the Underwriters’ over-allocation position acquires such Units under this short form prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. See “Plan of Distribution”.

The price of the Units offered under this short form prospectus was established by negotiation between us and the Selling Unitholder and TD Securities Inc., Scotia Capital Inc., CIBC World Markets Inc., RBC Dominion Securities Inc., BMO Nesbitt Burns Inc., Canaccord Genuity Corp., Dundee Securities Ltd., Brookfield Financial Corp., GMP Securities L.P., HSBC Securities (Canada) Inc. and National Bank Financial Inc. (collectively, the “Underwriters”).

In connection with this offering, the Underwriters may effect transactions that stabilize or maintain the market price of the Units at levels other than those which otherwise might prevail on the open market. **The Underwriters may offer the Units at a price lower than that stated above. See “Plan of Distribution”.**

**There are certain risks inherent in an investment in our Units and in our activities. Prospective investors should carefully consider these risk factors before purchasing Units. See “Risk Factors”.** In the opinion of Counsel (as defined herein), the Units will, on closing of this offering, be qualified investments under the Tax Act for Plans as set out under, and based upon the assumptions set out under, “Eligibility for Investment”.

A return on an investment in Units is not comparable to the return on an investment in a fixed income security. The recovery of your investment in Units is at risk, and the anticipated return on your investment in Units is based on many performance assumptions.

Although we intend to make distributions of our available cash to Unitholders, these cash distributions may be reduced or suspended, depending on numerous factors disclosed in our continuous disclosure documents. The actual amount distributed will depend on numerous factors including the financial performance of our properties, currency fluctuations, debt covenants and other contractual obligations, working capital requirements and future capital requirements, all of which are subject to a number of risks. In addition, the market value of the Units may decline if our distributions are reduced or suspended, and that decline may be significant.

It is important for you to consider the particular risk factors that may affect the international real estate industry and therefore the stability of distributions paid by us on the Units. See, for example, “Risk Factors” in this short form prospectus, “Concentration of properties in Germany may adversely affect our financial performance” and “Competition in the German real estate market may adversely affect our financial performance” under the section “Risk Factors” in our most recent annual information form and “Risks and Our Strategy to Manage” in our 2011 MD&A, which are incorporated by reference into this short form prospectus. Those documents also describe our assessment of certain of those risk factors, as well as the potential consequences to you if a risk should occur. It is important for investors to consider the fact that our assets are located outside of Canada and are currently located exclusively in Germany. In addition, as at June 30, 2012, 72% of the GLA of our properties is occupied by a single tenant domiciled outside of Canada.

The after-tax return from an investment in Units to a Unitholder, as defined in the section “Certain Canadian Federal Income Tax Considerations”, will depend, in part, on the composition for income tax purposes of distributions paid by us on our Units, portions of which may be fully or partially taxable or may constitute tax deferred distributions which are not subject to tax at the time of receipt but reduce a Unitholder’s cost base in the Unit for tax purposes. The composition may change over time, affecting a Unitholder’s after-tax return. Distributions of the taxable income of the REIT will generally be taxed as ordinary income in the hands of a Unitholder. Distributions in excess of the taxable income of the REIT will generally be tax-deferred (and reduce a Unitholder’s cost base in the Unit for tax purposes). Moreover, the after-tax return from an investment in Units may be affected by the level of foreign tax, if any, payable on amounts that give rise to distributable income of the REIT.

The Underwriters, as principals, conditionally offer the Units, subject to prior sale, if, as and when issued by us and sold by the Selling Unitholder and accepted by the Underwriters in accordance with the conditions contained in the Underwriting Agreement referred to under “Plan of Distribution” and subject to the approval of certain legal matters on our behalf by Osler, Hoskin & Harcourt LLP, with respect to securities and other matters, and Wilson & Partners LLP, a law firm affiliated with PricewaterhouseCoopers LLP, with respect to certain tax matters, on behalf of the Selling Unitholder by Cassels Brock & Blackwell LLP and on behalf of the Underwriters by Torsys LLP.

Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved by the Underwriters to close the subscription books at any time without notice. It is expected that definitive certificates representing the Units will be available for delivery at closing, which is expected to occur on or about September 5, 2012, or such other date as we, the Selling Unitholder and the Underwriters may agree, but in any event not later than September 12, 2012.

The REIT is not a trust company and is not registered under applicable legislation governing trust companies as it does not carry on the business of a trust company. 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.

<u>Underwriters' Position</u>	<u>Maximum number of securities held</u>	<u>Exercise period/acquisition date</u>	<u>Exercise price or average acquisition price</u>
Over-Allotment Option (Granted by the REIT).....	1,020,000	30 days from closing of this offering	\$10.55 per Unit
Compensation Option.....	N/A	N/A	N/A
Any other option granted by issuer or insider of issuer.....	N/A	N/A	N/A
Total securities under option.....	1,020,000	30 days from closing of this offering	\$10.55 per Unit
Other compensation securities.....	N/A	N/A	N/A

One of the Underwriters, Dundee Securities Ltd., is a related issuer of our asset manager, Dundee Realty Corporation. Dundee Realty Corporation was also our promoter in connection with our initial public offering. In addition, Dundee Securities Ltd. is an indirect subsidiary of Dundee Corporation. Dundee Corporation, together with its subsidiaries (including Dundee Realty Corporation), holds approximately 23% of our Units, after giving effect to the exchange of all of the Exchangeable Notes. **Accordingly, we are a related issuer of Dundee Securities Ltd. for the purposes of applicable Canadian securities legislation.** Furthermore, an executive officer of one of the Underwriters, Brookfield Financial Corp., is one of our Trustees. **Accordingly, we may be a connected issuer to Brookfield Financial Corp. for the purposes of applicable Canadian securities legislation.** See “Plan of Distribution”.

The Selling Unitholder is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada. Although the Selling Unitholder has appointed Cassels Brock & Blackwell LLP, 2100 Scotia Plaza, 40 King Street West, Toronto, Ontario, M5H 3C2 as its agent for service of process in Ontario it may not be possible for investors to enforce judgments obtained in Canada against the Selling Unitholder. See “Risk Factors”.

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### DOCUMENTS INCORPORATED BY REFERENCE

The following documents filed with the various securities regulatory commissions or similar authorities in the provinces of Canada, are specifically incorporated by reference into and form an integral part of this short form prospectus:

- (a) the annual information form of the REIT dated March 30, 2012;
- (b) the management information circular of the REIT dated April 5, 2012 prepared in connection with the annual meeting of unitholders held on May 2, 2012;
- (c) the audited consolidated financial statements of the REIT as at December 31, 2011 and for the period from April 21, 2011 to December 31, 2011, together with the notes thereto and the independent auditor's report thereon;
- (d) the unaudited condensed consolidated financial statements of REIT as at June 30, 2012 and for the three-month and six-month periods ended June 30, 2012, together with the notes thereto;
- (e) the 2011 MD&A;
- (f) the 2012 Q2 MD&A; and
- (g) the business acquisition report of the REIT dated August 11, 2011.

Any documents of the type referred to above, any comparative interim financial statements, any business acquisition reports, any material change reports (excluding confidential material change reports, if any) and any information circulars filed by the REIT with the provincial securities commissions or similar authorities in Canada

after the date of this short form prospectus and prior to the termination of this offering shall be deemed to be incorporated by reference into and form an integral part of this short form prospectus. **Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this short form prospectus to the extent that a statement contained herein or in any other subsequently filed document that also is incorporated or is deemed to be incorporated by reference herein, modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or omission to state a material fact that was required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall be deemed, except as so modified or superseded, not to constitute a part of this short form prospectus.**

### FORWARD-LOOKING INFORMATION

This short form prospectus contains or incorporates by reference forward-looking information. Statements other than statements of historical fact contained in or incorporated by reference into this short form prospectus may be forward-looking information. Forward-looking statements generally can be identified by the use of forward-looking terminology such as “outlook”, “objective”, “may”, “will”, “expect”, “intent”, “estimate”, “anticipate”, “believe”, “should”, “plans”, or “continue”, or similar expressions suggesting future outcomes or events. They include, but are not limited to, statements with respect to expectations, projections or other characterizations of future events or circumstances, and our objectives, goals, strategies, beliefs, intentions, plans, estimates, projections and outlook, including statements relating to the plans and objectives of our Board of Trustees, or estimates or predictions of actions of customers, suppliers, competitors or regulatory authorities; and statements regarding our future economic performance. We have based these forward-looking statements on our current expectations about future events. Some of the specific forward-looking statements included or incorporated by this short form prospectus include, but are not limited to, statements with respect to: (i) our intention to provide stable, sustainable and growing cash flows through investments in commercial real estate located outside of Canada and our other stated objectives; (ii) our intention to make regular monthly cash distributions; (iii) our ability to execute our business and growth strategies, including by making additional acquisitions of properties in our target markets; and (iv) our access to available sources of debt and equity financing.

Forward-looking statements do not take into account the effect of transactions or other items announced or occurring after the statements are made. For example, they do not include the effect of dispositions, acquisitions, other business transactions, asset write-downs or other charges announced or occurring after the forward-looking statements are made.

Although we believe that the expectations reflected in such forward-looking information are reasonable, we can give no assurance that these expectations will prove to have been correct, and since forward-looking information inherently involves risks and uncertainties, undue reliance should not be placed on such information. The estimates and assumptions, which may prove to be incorrect, include, but are not limited to, the various assumptions set forth in this short form prospectus as well as the following: (i) that we will receive financing on acceptable terms; (ii) that our future level of indebtedness and our future growth potential will remain consistent with our current expectations; (iii) that there will be no changes to tax laws adversely affecting our financing capability, operations, activities, structure or distributions; (iv) that we will retain and continue to attract qualified and knowledgeable personnel as we expand our portfolio and business; (v) that the impact of the current economic climate and the current global financial conditions on our operations, including our financing capability and asset value, will remain consistent with our current expectations; (vi) that there will be no material changes to government and environmental regulations adversely affecting our operations; (vii) that conditions in the international and, in particular, the German real estate market, including competition for acquisitions, will be consistent with the current climate; (viii) that capital markets will continue to provide us with ready access to equity and/or debt financing; and (ix) that there will not be a material change in foreign exchange rates, particularly between the Euro and the Canadian dollar.

Certain material factors or assumptions are applied in making forward-looking statements and actual results may differ materially from those expressed or implied in such forward-looking statements. The forward-looking statements are subject to inherent uncertainties and risks, including, but not limited to, the factors referred to under the heading “Risk Factors” in this short form prospectus, under the heading “Risk Factors” in our most recent annual

information form and under the heading “Risks and Our Strategy to Manage” in our 2011 MD&A. Consequently, actual results and events may vary significantly from those included in, contemplated or implied by such statements.

The forward-looking information contained in or incorporated by reference into this short form prospectus is expressly qualified in its entirety by these cautionary statements. All forward-looking information in this short form prospectus speaks as of the date of this short form prospectus. We do not undertake any obligation to update any such forward-looking information, whether as a result of new information, future events or otherwise, except as required by applicable law. Additional information about these assumptions and risks and uncertainties is contained in our filings with securities regulators, including our most recent annual information form, which are available on SEDAR at [www.sedar.com](http://www.sedar.com). These filings are also available on our website at [www.dundeeinternational.com](http://www.dundeeinternational.com).

## **TERMS USED TO DESCRIBE THE REIT AND ITS ACTIVITIES**

Capitalized terms used in this short form prospectus are defined under “Glossary of Terms”.

Our 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 short form prospectus to refer to our investments and operations as a whole. Accordingly, in this short form prospectus, 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. 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. 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, as described in this short form prospectus or the documents incorporated by reference in this short form prospectus.

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.

In addition, certain disclosure incorporated by reference into this short form prospectus includes information regarding Deutsche Post, Deutsche Postbank and Deutsche Telekom that has been obtained from publicly available information. We have not independently verified any of such information.

All information incorporated by reference into this short form prospectus with respect to occupancy rates, expiry dates, average contract rent and premium of market rent over contract rent of the Initial Properties does not give effect to the rent supplement described in the information incorporated by reference into this short form prospectus. 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 the Initial Properties and publicly available market research.

In this short form prospectus, 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.

## **THE REIT**

We provide investors with the opportunity to gain exposure to commercial real estate exclusively outside of Canada. As at June 30, 2012, our portfolio consisted of 294 office, mixed use and industrial properties comprising

approximately 12.8 million square feet of GLA located in Germany. Dundee Realty Corporation 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 Tax Act, 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. A copy of our Declaration of Trust is available from our Secretary during the period of distribution of the Units and is available on SEDAR at [www.sedar.com](http://www.sedar.com).

We are exempt from the SIFT Legislation 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 Legislation. 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 our ownership by non-Canadian investors.

## RECENT DEVELOPMENTS

### Acquisitions

On July 19, 2012, we completed the purchase of approximately 99.74% of doubleU, a multi-tenant office building, located at Derendorfer Allee 4 in Düsseldorf, Germany. The aggregate purchase price for the asset was approximately \$56 million (excluding transaction costs). Dundee Realty Corporation acquired an indirect equity beneficial interest in the remaining 0.26% of the property. The 142,000 square foot building, which is fully leased with an average remaining lease term of over seven years, was completed in early 2012 and is expected to further enhance the quality of our portfolio. We acquired the property from die developer Projektentwicklung, a large German development group, at a cap rate of 6.4% and obtained mortgage financing at 58% loan-to-value with a face rate of 2.09%.

### Current discussions and agreements regarding proposed acquisitions and dispositions

In the normal course, we are engaged in discussions with respect to possible acquisitions of new properties and dispositions of existing properties in our portfolio. The REIT is currently in exclusive negotiations with respect to approximately €75 million of potential acquisitions of office properties in Germany. These properties are located in major cities and are leased to tenants with strong covenants. We expect to continue negotiations in respect of these acquisitions and will actively pursue these and other acquisition, investment and disposition opportunities. 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.

## CONSOLIDATED CAPITALIZATION

The changes in our consolidated capitalization from July 1, 2012 to August 14, 2012 are as follows:

- indebtedness increased by \$32.2 million as a result of (i) a \$32.3 million mortgage we placed in connection with our acquisition of doubleU less (ii) \$0.1 million of scheduled principal repayments related to the mortgages of Karl-Martell Strasse 60 and Grammophon Buopark; and
- Unitholders' equity increased due to the issuance of 11,563 Units pursuant to the DRIP.

As a result of the planned issuance of Units by the REIT and the sale of Units by the Selling Unitholder under this offering:

- indebtedness would decrease by approximately \$33.8 million as a result of the exchange of Exchangeable Notes by the Selling Unitholder; and

- Unitholders' equity would increase by approximately \$68.4 million (\$78.7 million if the Over-Allotment Option is exercised in full).

### SELLING UNITHOLDER

On August 5, 2011, in connection with our initial public offering, the Selling Unitholder acquired the Euro equivalent of \$80,000,000 principal amount of Exchangeable Notes which were exchangeable for 8,000,000 Units, subject to customary anti-dilution adjustments. On April 17, 2012 the Selling Unitholder exchanged a portion of its Exchangeable Notes and sold 4,600,000 Units for gross proceeds of \$46,460,000. See "Prior Sales". The current exchange ratio is one Unit per €7.3261254 principal amount of Exchangeable Notes. The information in the following table is provided as of the date of this short form prospectus.

	<b>Units Currently Owned (#/%)<sup>(1)</sup></b>	<b>Type of Ownership</b>	<b>Units to be Distributed by the Selling Unitholder Pursuant to this Offering (#/%)<sup>(2)</sup></b>	<b>Units Owned After Giving Effect to this Offering (#/%)</b>
LSF REIT Holdings S.à r.l.....	3,400,000/6.0%	Registered and beneficial	3,400,000/6.0%	0/0%

Notes:

- (1) Represents Units issuable on the exchange of Exchangeable Notes by the Selling Unitholder. The Selling Unitholder will exchange all of its Exchangeable Notes for Units to be distributed pursuant to this offering. As of the date of this short form prospectus, and without giving effect to this offering, the 3,400,000 Units represent 6.0% of the total number of outstanding Units after giving effect to the exchange of all of the Exchangeable Notes (4.9% of the total number of outstanding Units on a fully-diluted basis after giving effect to the exchange of all of the Exchangeable Notes and the conversion of all of the 5.5% Debentures).
- (2) Percentage shown is the percentage of the total number of outstanding Units after giving effect to the exchange of all of the Exchangeable Notes before giving effect to this offering (4.9% of the total number of outstanding Units, on a fully-diluted basis, after giving effect to the exchange of all of the Exchangeable Notes and the conversion of all of the 5.5% Debentures).

### PLAN OF DISTRIBUTION

Pursuant to the Underwriting Agreement, we and the Selling Unitholder have agreed to sell and the Underwriters have severally agreed to purchase, subject to the terms and conditions contained in the Underwriting Agreement, on September 5, 2012 or on such other date as may be agreed between the REIT, the Selling Unitholder and the Underwriters but, in any event, not later than September 12, 2012, a total of 3,400,000 Units at a price of \$10.55 per Unit, payable in cash to the REIT against delivery, and a total of 3,400,000 Units at a price of \$10.55 per Unit, payable in cash to the Selling Unitholder against delivery. The Underwriting Agreement provides that we will pay to the Underwriters a fee of \$0.422 per Unit (an aggregate of \$1,434,800) and the Selling Unitholder will pay a fee of \$0.422 per Unit (an aggregate of \$1,434,800) in consideration for their services in connection with this offering. We will not receive any of the proceeds of the sale of Units by the Selling Unitholder.

The obligations of the Underwriters under the Underwriting Agreement are several and may be terminated at their discretion on the occurrence of certain stated events. The Underwriters are, however, obligated to take up and pay for all of the Units if any of such Units are purchased under the Underwriting Agreement.

We have granted to the Underwriters an option (the "Over-Allotment Option"), exercisable in whole or in part for a period of 30 days from the closing of this offering, to purchase up to 1,020,000 additional Units from us on the same terms as set out above solely to cover over-allotments, if any. We have agreed to pay to the Underwriters a fee of \$0.422 per Unit with respect to Units issued under the Over-Allotment Option. This short form prospectus qualifies the grant of the Over-Allotment Option and the issuance of Units on the exercise of the Over-Allotment Option. A purchaser who acquires Units forming part of the Underwriters' over-allocation position acquires such Units under this short form prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases.



This offering is being made in each of the provinces of Canada. The Units offered hereby have not been, and will not be, registered under the 1933 Act or the securities laws of any state of the United States, and accordingly may not be offered, sold or delivered, directly or indirectly, within the United States, except in transactions exempt from the registration requirements of the 1933 Act and applicable state securities laws. The Underwriters have agreed that, except as permitted by the Underwriting Agreement and as expressly permitted by applicable laws of the United States, they will not offer or sell any of the Units offered hereby within the United States. The Underwriting Agreement permits the Underwriters to offer and sell the Units offered hereby outside the United States in compliance with Regulation S under the 1933 Act. The Underwriting Agreement also permits the Underwriters (i) to resell the Units offered hereby to “qualified institutional buyers” (as defined in Rule 144A under the 1933 Act (“Rule 144A”)) pursuant to an exemption from the registration requirements of the 1933 Act provided by Rule 144A and similar exemptions from applicable state securities laws, and (ii) to arrange for the REIT to sell Units to institutional “accredited investors” that satisfy one or more of the criteria set forth in Rule 501(a)(1), (2), (3) or (7) of Regulation D under the 1933 Act and/or Section 4(a)(2) of the 1933 Act and similar exemptions from applicable state securities laws. Certificates representing the Units offered hereby that are sold within the United States will contain a legend to the effect that the securities represented thereby are not registered under the 1933 Act or any applicable state securities laws and may not be offered, sold, pledged or otherwise transferred in the absence of registration under the 1933 Act or pursuant to an exemption from the 1933 Act. This short form prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the Units offered hereby within the United States. In addition, until 40 days after the commencement of the offering of the Units pursuant to this short form prospectus, any offer or sale of Units within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the 1933 Act if such offer or sale is made otherwise than in compliance with an exemption from the registration requirements of the 1933 Act.

We and the Selling Unitholder have agreed to indemnify the Underwriters and their directors, officers and employees against certain liabilities pursuant to the Underwriting Agreement, including liabilities under Canadian securities legislation.

We have agreed that we will not, directly or indirectly, without the prior written consent of TD Securities Inc, on behalf of the Underwriters, issue, offer, sell, grant any option to purchase or otherwise dispose of (or announce any intention to do so) any equity securities of the REIT or any securities convertible into or exchangeable or exercisable for equity securities of the REIT for a period commencing on the date of the Underwriting Agreement and ending on the date that is 90 days after the closing of this offering, except (i) pursuant to the exercise of convertible or exchangeable securities, options or warrants to purchase units which are outstanding on the date hereof or have been issued with the consent of TD Securities Inc.; (ii) as full or partial consideration for arm’s length acquisitions of assets or shares; and (iii) units issued pursuant to our DRIP or Deferred Unit Incentive Plan.

Dundee Corporation and Dundee Realty Corporation have each agreed that they will not, directly or indirectly, without the prior written consent of TD Securities Inc, on behalf of the Underwriters, offer, sell, or otherwise dispose of (or announce any intention to do so) any equity securities of the REIT or any securities convertible into or exchangeable or exercisable for equity securities of the REIT for a period commencing on the date of the Underwriting Agreement and ending on the date that is 90 days after the closing of this offering, except for certain limited exceptions.

Dundee Corporation has waived its pre-emptive right under the Declaration of Trust in connection with this offering.

We have applied to list the Units to be issued by the REIT on the TSX. Listing will be subject to the REIT fulfilling all of the requirements of the TSX. The Units to be sold by the Selling Unitholder were approved for listing on the TSX at the time of our initial public offering in August 2011.

Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice.

The Underwriters propose to offer the Units initially at the offering price specified on the cover page of this short form prospectus. After the Underwriters have made a reasonable effort to sell all of the Units at the price specified on the cover page, the offering price may be decreased and may be further changed from time to time to an amount not greater than that set out on the cover page, and the compensation realized by the Underwriters will be

decreased by the amount that the aggregate price paid by purchasers for the Units is less than the price paid by the Underwriters to the REIT and the Selling Unitholder.

Pursuant to policy statements of certain securities regulators, the Underwriters may not, throughout the period of distribution, bid for or purchase Units other than pursuant to the Underwriting Agreement. The foregoing restriction is subject to certain exceptions including: (i) a bid or purchase permitted under the Universal Market Integrity Rules for Canadian Marketplaces of the Investment Industry Regulatory Organization of Canada and under similar provisions of policy statements of certain securities regulators; and (ii) a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of distribution, provided that the bid or purchase was not engaged in for the purpose of creating actual or apparent active trading in, or raising the price of, such securities.

In connection with this offering, the Underwriters may over-allot or effect transactions that stabilize or maintain the market price of the Units offered hereby at levels other than those which otherwise might prevail on the open market, including:

- stabilizing transactions;
- short sales;
- purchases to cover positions created by short sales;
- imposition of penalty bids; and
- syndicate covering transactions.

Stabilizing transactions consist of bids or purchases made for the purpose of preventing or retarding a decline in the market price of Units while this offering is in progress. These transactions may also include making short sales of Units, which involve the sale by the Underwriters of a greater number of Units than they are required to purchase in this offering. Short sales may be “covered short sales”, which are short positions in an amount not greater than the Over-Allotment Option, or may be “naked short sales”, which are short positions in excess of that amount.

The Underwriters may close out any covered short position either by exercising the Over-Allotment Option, in whole or in part, or by purchasing Units in the open market. In making this determination, the Underwriters will consider, among other things, the price of Units available for purchase in the open market compared to the price at which they may purchase Units through the Over-Allotment Option. The Underwriters must close out any naked short position by purchasing Units in the open market. A naked short position is more likely to be created if the Underwriters are concerned that there may be downward pressure on the price of the Units in the open market that could adversely affect investors who purchase in this offering. Any naked short position would form part of the Underwriters’ over-allocation position.

As a result of these activities, the price of the Units offered hereby may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued by the Underwriters at any time. The Underwriters may carry out these transactions on the TSX, in the over-the-counter market or otherwise.

One of the Underwriters, Dundee Securities Ltd., is a related issuer of our asset manager, Dundee Realty Corporation. Dundee Realty Corporation was also our promoter in connection with our initial public offering. In addition, Dundee Securities Ltd. is an indirect subsidiary of Dundee Corporation. Dundee Corporation, together with its subsidiaries (including Dundee Realty Corporation), holds approximately 23% of our Units, after giving effect to the exchange of all of the Exchangeable Notes. Accordingly, we are a related issuer of Dundee Securities Ltd. for the purposes of applicable Canadian securities legislation. Furthermore, Brydon Cruise, the President and Managing Partner of Brookfield Financial Corp. is a Trustee. Accordingly, we may be a connected issuer to Brookfield Financial Corp. for the purposes of applicable Canadian securities legislation. The terms of the offering of the Units were negotiated at arm’s length between TD Securities Inc. (of which we are neither a related issuer nor a connected

issuer), the Selling Unitholder and us. The Underwriters participated in the drafting of this short form prospectus, the negotiation of the pricing of the Units and the due diligence process in respect of this offering.

Neither Dundee Securities Ltd. nor Brookfield Financial Corp. will receive any benefit in connection with this offering other than as described in this short form prospectus.

### **USE OF PROCEEDS**

The net proceeds to the REIT and the Selling Unitholder from the sale of Units under this short form prospectus are estimated to be approximately \$34,435,200 and \$34,435,200, respectively (\$44,765,760 and \$34,435,200, respectively, if the Over-Allotment Option is exercised in full) after deduction of the Underwriters' fee, but before deducting the expenses of this offering, estimated to be \$510,000, which excludes the fees and expenses of legal counsel to the Selling Unitholder. The Selling Unitholder will bear its pro rata portion of the fees and expenses of this offering (including the fees and expenses of legal counsel to the REIT), and will bear all of the fees and expenses of its legal counsel. The REIT will bear its pro rata portion of the fees and expenses of this offering.

We will use the net proceeds from the sale of Units by the REIT in this offering to fund future acquisitions and for general trust purposes. See "Recent Developments". We will not receive any of the proceeds of the sale of Units by the Selling Unitholder.

### **CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS**

In the opinion of Wilson & Partners LLP, a law firm affiliated with PricewaterhouseCoopers LLP and special tax counsel to the REIT, and Torys LLP, counsel to the Underwriters (together, the "Counsel"), the following is, as of the date hereof, a summary of the principal Canadian federal income tax considerations generally applicable under the Tax Act to the acquisition, holding and disposition of Units by an investor who acquires such Units pursuant to this offering. This summary is applicable to an investor who at all relevant times, for purposes of the Tax Act, is or is deemed to be resident in Canada, deals at arm's length and is not affiliated with the REIT and its Affiliates and holds the Units as capital property (in this section, a "Unitholder"). Generally, the Units will be considered to be capital property to a Unitholder provided that the Unitholder does not hold the Units in the course of carrying on a business and has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade. Certain Unitholders who might not otherwise be considered to hold their Units as capital property may, in certain circumstances, be entitled to make an irrevocable election in accordance with subsection 39(4) of the Tax Act to have such Units, and any other "Canadian security" (as defined in the Tax Act) owned in the taxation year in which the election is made and in subsequent taxation years, deemed to be capital property. Unitholders who do not hold their Units as capital property should consult their own tax advisors regarding their particular circumstances.

This summary is not applicable to a Unitholder: (i) that is a "financial institution" for purposes of the market-to-market rules; (ii) that is a "specified financial institution"; (iii) that has elected to determine its Canadian tax results in accordance with a "functional currency"; or (iv) an interest in which is a "tax shelter investment", as each term is defined in the Tax Act. Such Unitholders should consult their own tax advisors to determine the tax consequences to them of the acquisition, holding and disposition of Units acquired pursuant to this offering. In addition, this summary does not address the deductibility of interest by an investor who has borrowed money to acquire Units under this offering.

This summary is based upon the provisions of the Tax Act, a certificate as to certain factual matters from an executive officer of the REIT, and Counsel's understanding, based on publicly available published materials, of the administrative policies and assessing practices of the CRA, all in effect as of the date of this short form prospectus. This summary takes into account all specific proposals to amend the Tax Act that have been publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date of this short form prospectus (the "Tax Proposals"). Except for the Tax Proposals, this summary does not otherwise take into account or anticipate any changes in law, whether by legislative, governmental or judicial decision or action, or changes in CRA's administrative policies and assessing practices, nor does it take into account provincial, territorial or foreign tax legislation or considerations, which may differ significantly from those discussed herein. This summary assumes

that the Tax Proposals will be enacted as currently proposed, but no assurances can be given that this will be the case. There can be no assurances that CRA will not change its administrative policies and assessing practices.

This summary is not exhaustive of all possible Canadian federal income tax considerations applicable to an investment in the Units. Moreover, the income and other tax consequences of acquiring, holding or disposing of the Units will vary depending on the Unitholder's particular circumstances. 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 investor of Units. Consequently, a prospective investor should consult the prospective investor's own tax advisor for advice with respect to the tax consequences of an investment in Units based on the prospective investor's particular circumstances.

### **Qualification as a Mutual Fund Trust**

Based on representations as to certain factual matters from an officer of the REIT, the REIT qualifies as a "mutual fund trust" within the meaning of the Tax Act and is expected to continue to qualify as a "mutual fund trust" within the meaning of the Tax Act at all material times. This summary assumes this to be the case. This summary also assumes that the REIT will not be subject to the limit on non-resident ownership in the Tax Act because the REIT will not own any "taxable Canadian property" as defined in the Tax Act.

To qualify as a mutual fund trust the REIT, among other things, must (i) be a "unit trust" for purposes of the Tax Act; (ii) be resident in Canada; (iii) restrict its undertaking to: (a) the investing of its funds in property (other than real property or an interest in real property or an immovable or a real right in an immovable); (b) the acquiring, holding, maintaining, improving, leasing or managing of any real property (or interest in real property) or of any immovable (or real right in immovables) that is capital property of the REIT; or (c) any combination of the activities described in (a) or (b); and (iv) comply on a continuous basis with certain minimum requirements respecting the ownership and dispersal of Units (the "minimum distribution requirements").

If the REIT were not to qualify as a mutual fund trust at any particular time, the income tax considerations described below would, in some respects, be materially and adversely different.

### **SIFT Legislation**

The SIFT Legislation is applicable to a trust or a partnership that is a SIFT and their investors. Under the SIFT Legislation, a SIFT is not permitted to deduct any of its "non-portfolio earnings" (which includes its income from its "non-portfolio properties") for a taxation year that it pays or makes payable in the taxation year to its investors. Such undeductible income is subject to tax in the SIFT at rates that approximate the combined federal and provincial corporate income tax rates. Distributions to the SIFT's investors of such undeductible income are deemed to be taxable dividends from a taxable Canadian corporation, and investors are taxed accordingly.

The investment restrictions as set out in the Declaration of Trust and other governing documents of the Subsidiaries and the Dundee FCPs preclude the REIT or any of its Subsidiaries, including Dundee LP, from investing in any entity other than a "portfolio investment entity" or holding any "non-portfolio property", as defined in the Tax Act. As a result, the SIFT Legislation should have no application to the REIT and its investors.

### **Taxation of the REIT**

The taxation year of the REIT is the calendar year. In each taxation year, the REIT will generally be subject to tax under Part I of the Tax Act on its income for the year, including net taxable capital gains for that year and its allocated share of the income of Dundee LP for the fiscal period of Dundee LP ending on or before the year end of the REIT, less the portion thereof that it deducts in respect of the amounts paid or payable, or deemed to be paid or payable, to Unitholders in the year. An amount will be considered to be payable to a Unitholder in a taxation year if it is paid to the Unitholder in the year by the REIT or if the Unitholder is entitled in that year to enforce payment of the amount.

The REIT will, generally, not be subject to tax on any amounts received as distributions from Dundee LP. Generally, distributions to the REIT in excess of its allocated share of the income of Dundee LP for a fiscal year will result in a reduction of the adjusted cost base of the REIT's LP Units by the amount of such excess. If the REIT's

adjusted cost base of its LP Units at the end of a taxation year of Dundee LP is a negative amount, the REIT will be deemed to realize a capital gain in such amount for that year, and the REIT's adjusted cost base of its LP Units at the beginning of the next taxation year of Dundee LP will then be nil.

For the purposes of the Tax Act, all income of the REIT and its Subsidiaries must be calculated in Canadian currency. Where the REIT (or any of its Subsidiaries) holds investments denominated in foreign currencies, gains or losses may be realized by the REIT as a consequence of fluctuations in the relative value of the Canadian and foreign currencies.

In computing its income for purposes of the Tax Act, the REIT may deduct reasonable administrative costs and other reasonable expenses incurred by it for the purpose of earning income. The REIT may also deduct from its income for the year a portion of any reasonable expenses incurred by the REIT to issue Units. The portion of such issue expenses deductible by the REIT in a taxation year is 20% of such issue expenses, prorated where the REIT's taxation year is less than 365 days.

Having regard to the present intention of the Trustees, the REIT is required to make distributions in each year to Unitholders in an amount sufficient to ensure that the REIT will generally not be liable for tax under Part I of the Tax Act in any year (after taking into account any applicable tax refunds to the REIT). Where income of the REIT in a taxation year exceeds the total cash distributions for that year, such excess income may be distributed to Unitholders in the form of additional Units. Income of the REIT payable to Unitholders, whether in cash, additional Units or otherwise, will generally be deductible by the REIT in computing its taxable income.

Losses incurred by the REIT cannot be allocated to Unitholders, but can be deducted by the REIT in future years in computing its taxable income, in accordance with the Tax Act. In the event the REIT would otherwise be liable for tax on its net taxable capital gains realized by the REIT for a taxation year, it will be entitled for each taxation year to reduce (or receive a refund in respect of) its liability, if any, for such tax by an amount determined under the Tax Act based on the redemption of Units during the year (the "capital gains refund"). In certain circumstances, the capital gains refund in a particular taxation year may not completely offset the REIT's tax liability for the taxation year arising in connection with the transfer of property *in specie* to redeeming Unitholders on the redemption of Units and the related *in specie* redemption by the REIT of any Subsidiary Securities. The Declaration of Trust provides that all or a portion of any capital gain or income realized by the REIT in connection with such redemptions may, at the discretion of the Trustees, be treated as capital gains or income paid to, and designated as capital gains or income of, the redeeming Unitholder. Such income or the taxable portion of any capital gain so designated must be included in the income of the redeeming Unitholders (as income or taxable capital gains) and will be deductible by the REIT in computing its income.

An *in specie* redemption of any Subsidiary Securities and the transfer by the REIT of Subsidiary Securities to redeeming Unitholders will each be treated as a disposition by the REIT of such Subsidiary Securities for proceeds of disposition equal to the fair market value thereof. The REIT will realize a capital gain (or a capital loss) to the extent that the proceeds from these dispositions exceed (or are less than) the adjusted cost base of the Subsidiary Securities, as the case may be, and any reasonable costs of disposition.

The Tax Act contains rules (as proposed to be amended in the Tax Proposals released on August 27, 2010) which may require a taxpayer, including the REIT, to include in income in each taxation year an amount in respect of the holding of an "offshore investment fund property". The offshore investment fund property rules may apply to the REIT in respect of the acquisition and holding of LP Units if, but only if: (a) the value of such LP Units may reasonably be considered to be derived, directly or indirectly, primarily from portfolio investments in (i) shares of the capital stock of one or more corporations, (ii) indebtedness or annuities, (iii) interests in one or more corporations, trusts, partnerships, organizations, funds or entities, (iv) commodities, (v) real estate, (vi) Canadian or foreign resource properties, (vii) currency of a country other than Canada, (viii) rights or options to acquire or dispose of any of the foregoing, or (ix) any combination of the foregoing ("Investment Assets"); and (b) it may reasonably be concluded, having regard to all the circumstances, that one of the main reasons for the REIT acquiring, holding or having an interest in the LP Units was to derive a benefit from portfolio investments in any Investment Assets in such a manner that the taxes, if any, on the income, profits and gains from such assets for any particular year are significantly less than the tax that would have been applicable under Part I of the Tax Act if the income, profits and gains had been earned directly by the REIT. In making this determination, the Tax Act provides that regard must be had to all of the circumstances, including: (i) the nature, organization and operation of Dundee

LP and the form of, and the terms and conditions governing the REIT's interest in, or connection with Dundee LP; (ii) the extent to which any income, profit and gains that may reasonably be considered to be earned or accrued, whether directly or indirectly, for the benefit of Dundee LP is subject to an income or profits tax that is significantly less than the income tax that would be applicable to such income, profits and gains if they were earned directly by the REIT; and (iii) the extent to which any income, profits and gains of Dundee LP for any fiscal period is distributed in that or the immediately following fiscal period. If applicable, these rules would generally require the REIT to include in its income for each taxation year in which the REIT owns LP Units the amount, if any, by which (i) an imputed return from the taxation year computed on a monthly basis and calculated as the product obtained when the REIT's "designated cost" (within the meaning of the Tax Act) in such interests at the end of a month, is multiplied by 1/12th of the applicable prescribed rate for the period that includes such month, exceeds (ii) the REIT's income for the year (other than a capital gain) in respect of such interests determined without reference to these rules. Any amount required to be included in computing the REIT's income in respect of an offshore investment fund property would be added to the adjusted cost base to the REIT of property.

As noted above, the application of the offshore investment fund property rules will depend, in part, on the reasons for the REIT acquiring or holding the LP Units. An executive officer of the REIT has advised Counsel that the REIT has not and will not hold or have an interest in the LP Units where it may reasonably be considered, having regard to all the circumstances, that one of the main reasons for the REIT holding or having the interest is to derive a benefit in the circumstances described above. Based on this determination, the offshore investment property rules should not apply to the REIT.

### **Taxation of Dundee LP**

Dundee LP is not subject to tax under the Tax Act. Each Canadian partner of Dundee LP, including the REIT, is required to include (or, subject to the "at-risk rules" described below, entitled to deduct) in computing its income for a particular taxation year, the partner's share of the income (or loss) of Dundee LP for its fiscal year ended in or coincident with the partner's taxation year end, whether or not any such income is distributed to the partner in the taxation year. For this purpose, the income (or loss) of Dundee LP will be computed for each fiscal year as if it were a separate person resident in Canada. In computing the income (or loss) of Dundee LP, Dundee LP is entitled to deduct its reasonable administrative costs, interest and other expenses incurred by it to earn income, subject to the relevant provisions of the Tax Act. The income (including taxable capital gains) or loss of Dundee LP for a fiscal year will be allocated to the partners of Dundee LP, including the REIT, in the manner set out in the Dundee LP Agreement, subject to the detailed rules in the Tax Act in that regard.

If Dundee LP incurs a loss for tax purposes, the REIT will be entitled to deduct in computing its income its share of such loss to the extent that the REIT's investment is considered to be "at risk" within the meaning of the Tax Act. In general, the amount considered to be "at risk" for an investor in a limited partnership for any taxation year will be the adjusted cost base of the investor's partnership interest at the end of the year, plus any undistributed income allocated to the limited partner for the year and minus the amount of any guarantee or indemnity provided to a limited partner against the loss of the limited partner's investment.

Each of the Subsidiaries other than Dundee GP, will be a "foreign affiliate" ("FA") and a "controlled foreign affiliate" ("CFA") of Dundee LP for purposes of the Tax Act. For the purposes of computing its income, Dundee LP has determined that the Dundee FCPs should be characterized as contractual co-ownership arrangements and not as corporations, trusts or partnerships. Therefore, for the purposes of the Tax Act, any income or loss of the Dundee FCPs will be computed at the level of the Dundee FCP Unitholders. Lorac is expected to be a FA but not a CFA of Dundee LP.

It is expected that the income earned by the CFAs will qualify as "foreign accrual property income" ("FAPI") for purposes of the Tax Act. Any FAPI earned in a particular taxation year of a CFA must be included in computing the income of Dundee LP for the fiscal year of Dundee LP in which the taxation year of the CFA ends, subject to a deduction for grossed-up "foreign accrual tax" as computed in accordance with the Tax Act, whether or not Dundee LP actually receives a distribution of FAPI in that fiscal year. The adjusted cost base to Dundee LP of its shares in Dundee Gibraltar will be increased by the net amount so included in the income of Dundee LP. At such time as Dundee LP receives a dividend of amounts that were previously included in its income as FAPI, that dividend will effectively not be taxable to Dundee LP and there will be a corresponding reduction in the adjusted cost base to Dundee LP of its shares of Dundee Gibraltar. If a Dundee FCP Unitholder makes a distribution to

Dundee Lux Holdco that is in excess of the FAPI of the Dundee FCP Unitholder, such excess amount will reduce Dundee Lux Holdco's adjusted cost base of its shares of the Dundee FCP Unitholder. In the event that the reduction results in a negative amount, Dundee Lux Holdco will be deemed to realize a capital gain equal to such amount, and one-half of the capital gain will be included in the FAPI of Dundee Lux Holdco. Further distributions from Dundee Lux Holdco to Dundee Gibraltar of the amount that gives rise to the capital gain will not result in any deemed capital gain in Dundee Gibraltar.

Counsel has been advised that it is expected that, in general, the FAPI (other than FAPI resulting from changes in foreign currency exchange rates) will be fully distributed by the CFAs at the time it is earned or received. Dundee LP's net FAPI, if any, will be allocated to the REIT, as income from property, in accordance with Dundee LP's net income sharing ratio.

## **Taxation of Unitholders**

### ***Distributions on Units***

A Unitholder is generally required to include in computing income for a particular taxation year the portion of the net income of the REIT for the taxation year of the REIT ending on or before the particular taxation year end of the Unitholder, including net taxable capital gains (determined for the purposes of the Tax Act), that is paid or payable, or deemed to be paid or payable, to the Unitholder in the particular taxation year, whether or not those amounts are received in cash, additional Units or otherwise.

The non-taxable portion of any net capital gains of the REIT that is paid or payable, or deemed to be paid or payable, to a Unitholder in a taxation year will not be included in computing the Unitholder's income for the year.

Any other amount in excess of the net income and net taxable capital gains of the REIT that is paid or payable, or deemed to be paid or payable, by the REIT to a Unitholder in a taxation year, including the further bonus distribution reinvested in Units under the DRIP, will not generally be included in the Unitholder's income for the year. A Unitholder will be required to reduce the adjusted cost base of its Units by the portion of any amount (other than proceeds of disposition in respect of the redemption of Units and the non-taxable portion of net capital gains) paid or payable to such Unitholder that was not included in computing the Unitholder's income and will realize a capital gain to the extent that the adjusted cost base of the Unitholder's Units would otherwise be a negative amount.

Provided that appropriate designations are made by the REIT, such portions of the net taxable capital gains and foreign source income as are paid or payable, or deemed to be paid or payable to the Unitholders will effectively retain their character and be treated and taxed as such in the hands of the Unitholders for purposes of the Tax Act and Unitholders may be entitled to claim a foreign tax credit for foreign taxes paid by the REIT. To the extent that amounts are designated as having been paid to the Unitholders out of the net taxable capital gains of the REIT, such designated amounts will be deemed for tax purposes to be received by the Unitholders in the year as a taxable capital gain and will be subject to the general rules relating to the taxation of capital gains described below.

### **Dispositions of Units**

On the disposition or deemed disposition of a Unit by a Unitholder, whether on redemption or otherwise, the Unitholder will generally realize a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition exceed (or are less than) the aggregate of the Unitholder's adjusted cost base of the Unit and any reasonable costs of disposition. Proceeds of disposition will not include an amount payable by the REIT that is otherwise required to be included in the Unitholder's income (such as an amount designated as payable by the REIT to a redeeming Unitholder out of capital gains or income of the REIT as described above).

For the purpose of determining the adjusted cost base to a Unitholder, when a Unit is acquired, the cost of the newly-acquired Unit will be averaged with the adjusted cost base of all of the Units owned by the Unitholder as capital property immediately before that acquisition. The adjusted cost base of a Unit to a Unitholder will include all amounts paid by the Unitholder for the Unit, with certain adjustments. The cost to a Unitholder of Units received in lieu of a cash distribution of income of the REIT will be equal to the amount of such distribution that is satisfied by the issuance of such Units. The cost of Units acquired on the reinvestment of distributions under the DRIP will be the amount of such investment. There will be no net increase or decrease in the aggregate adjusted cost base of all of

a Unitholder's Units as a result of the receipt of the further bonus distribution reinvested in Units under the DRIP; however, the adjusted cost base per Unit will be reduced.

Where the redemption price for Units is paid and satisfied by way of a distribution *in specie* to the Unitholders of Subsidiary Securities, the proceeds of disposition to the Unitholder of the Units will be equal to the fair market value of the property so distributed less any income or capital gain realized by the REIT as a result of the redemption of those Units to the extent such income or capital gain is designated by the REIT to the redeeming Unitholder. Where income or capital gain realized by the REIT as a result of the redemption of Units has been so designated by the REIT, the Unitholder will be required to include in computing its income for tax purposes the income and the taxable portion of the capital gain so designated. The cost of any Subsidiary Security distributed by the REIT to a Unitholder upon redemption of Units will generally be equal to the fair market value of such Subsidiary Security at the time of distribution.

### **Taxation of Capital Gains and Losses**

One-half of any capital gains realized by a Unitholder and the amount of any net taxable capital gains designated by the REIT in respect of a Unitholder will generally be included in the Unitholder's income as a taxable capital gain. One-half of any capital loss realized by a Unitholder on the disposition, or deemed disposition, of a Unit, may generally be deducted only from taxable capital gains of the Unitholder in the year of disposition, in the three preceding taxation years or in any subsequent taxation years, to the extent and under the circumstances described in the Tax Act.

Where a Unitholder that is a corporation or a trust (other than a mutual fund trust) disposes of a Unit, the Unitholder's capital loss from the disposition will generally be reduced by the amount of any dividends received by the REIT previously designated by the REIT to the Unitholder, to the extent and under the circumstances prescribed in the Tax Act. Analogous rules apply where a corporation or trust (other than a mutual fund trust) is a member of a partnership that disposes of Units.

### **Refundable Tax**

A Unitholder that is a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay an additional refundable tax of 6 2/3% on investment income, including taxable capital gains from designations by the REIT on income distributed by the REIT to Unitholders or from dispositions or deemed dispositions of Units by the Unitholder.

### **Alternative Minimum Tax**

A Unitholder who is an individual or a trust (other than certain specified trusts) may have an increased liability for alternative minimum tax as a result of capital gains realized on a disposition of Units and net income of the REIT, paid or payable, or deemed to be paid or payable, to a Unitholder and that is designated as net taxable capital gains.

## **ELIGIBILITY FOR INVESTMENT**

In the opinion of Counsel, based on representations of the REIT as to certain factual matters and subject to the qualifications and assumptions given under the heading "Certain Canadian Federal Income Tax Considerations", Units will be qualified investments under the Tax Act for Plans. If the REIT ceases to qualify as a "mutual fund trust" and as a registered investment under the Tax Act and the Units cease to be listed on a designated stock exchange (which includes the TSX), the Units will not be qualified investments under the Tax Act for Plans. Subsidiary Securities received as a result of a redemption *in specie* of Units may not be qualified investments for Plans, and this could give rise to adverse consequences to such Plan or the holder of or the annuitant or beneficiary under that Plan. Accordingly, Plans that own Units should consult their own tax advisors before deciding to exercise the redemption rights attached to the Units.

Notwithstanding the foregoing, a holder of a TFSA or an annuitant under an RRSP or RRIF, as the case may be, will be subject to a penalty tax if the Units held in the TFSA, RRSP or RRIF are a "prohibited investment" as defined in the Tax Act for the TFSA, RRSP or RRIF. The Units will generally be a "prohibited investment" for



trusts governed by a TFSA, RRSP or RRIF if the holder of the TFSA or the annuitant under the RRSP or RRIF, as applicable, does not deal at arm's length with the REIT for the purposes of the Tax Act or has a "significant interest", as defined in the Tax Act, in the REIT or in a person, partnership or trust with which the REIT does not deal at arm's length for purposes of the Tax Act. The Department of Finance has recently indicated that it is prepared to recommend further amendments to the prohibited investment rules contained in the Tax Act that will narrow the circumstances in which a holder of a TFSA or an annuitant of an RRSP or RRIF will have a "significant interest", however, no Tax Proposals have been released as at the date hereof. Holders of a TFSA and annuitants under a RRSP or RRIF should consult their own tax advisors as to whether the Units will be a "prohibited investment" in their particular circumstances.

## PRIOR SALES

All information in this section is provided as of August 14, 2012.

Since August 17, 2011, the REIT has completed the following distributions of Units and securities that are convertible into Units:

On April 17, 2012 the REIT completed a bought deal public offering of 9,200,000 Units (including 4,600,000 Units issued by the REIT and 4,600,000 Units sold by the Selling Unitholder) at a price of \$10.10 per Unit, for total gross proceeds of \$46,460,000 payable to each of the REIT and the Selling Unitholder.

The REIT distributes Units on a monthly basis to existing unitholders who elect to reinvest their monthly distributions in Units pursuant to the DRIP. Since the completion of the REIT's initial public offering, the REIT has issued 85,930 Units pursuant to the DRIP. Units distributed pursuant to the DRIP are issued at a price equal to the weighted average closing price of the Units on the TSX for the five trading days immediately preceding the relevant distribution payment date. Unitholders who participate in the DRIP receive a "bonus" distribution with each reinvestment equal to 4.0% of the amount of the distribution reinvested in the form of additional Units.

The REIT also has a Deferred Unit Incentive Plan pursuant to which it grants Deferred Units to its Trustees and senior officers and certain of its consultants and their respective employees. Units are issued to participants in the Deferred Unit Incentive Plan upon vesting of the Deferred Units, unless deferred in accordance with the terms of the Deferred Unit Incentive Plan. Since the completion of the REIT's initial public offering on August 3, 2011, the REIT has not issued any Units pursuant to the Deferred Unit Incentive Plan, as no Deferred Units have yet vested.

Pursuant to the terms of the 5.5% Debentures, the 5.5% Debentures are convertible into Units at a conversion price of \$13.00 per Unit (being a conversion ratio of 76.9231 Units per \$1,000 principal amount). During the period from August 3, 2011, the date of closing of the REIT's initial public offering, to the date of this short form prospectus, the REIT has issued no Units upon the conversion of the 5.5% 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 before the date of this short form prospectus, 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 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
January 2012.....	10.68	9.80	1,770,433
February 2012.....	10.60	10.25	2,509,790
March 2012.....	10.60	9.99	2,723,937

April 2012.....	10.16	9.86	1,856,341
May 2012.....	10.19	9.62	3,315,136
June 2012.....	10.10	9.51	2,459,502
July 2012.....	11.18	9.92	3,982,847
Up to August 15, 2012.....	11.05	10.41	1,503,026

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 before the date of this short form prospectus, starting with the partial month from August 3, 2011, being the date of closing of our initial public offering, to August 31, 2011:

<b><u>Period</u></b>	<b><u>High (\$)</u></b>	<b><u>Low (\$)</u></b>	<b><u>Volume</u></b>
August 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
January 2012.....	100.50	97.51	83,460
February 2012.....	100.95	99.55	75,725
March 2012.....	100.50	99.75	60,530
April 2012.....	101.89	100.00	29,510
May 2012.....	103.20	100.50	36,225
June 2012.....	101.50	99.70	31,200
July 2012.....	103.93	101.35	38,380
Up to August 15, 2012.....	106.13	103.20	13,240

## **RISK FACTORS**

An investment in Units is subject to a number of risks, including those set forth in our most recent annual information form and in our 2011 MD&A. Prospective investors should carefully consider these risks before purchasing Units.

### **Enforceability of Foreign Judgements Against Selling Unitholder**

Although the Selling Unitholder has appointed Cassels Brock & Blackwell LLP as its agent for service of process in Ontario, it may not be possible for investors to enforce judgments obtained in Canada against the Selling Unitholder predicated on the civil liability provisions of applicable securities legislation. Judgments against the Selling Unitholder obtained in Canada may therefore have to be enforced outside of Canada and may be subject to additional defences as a result. In addition, substantially all of the Selling Unitholder’s assets are located outside of Canada and therefore it may not be possible for investors to enforce judgments obtained in Canadian courts against the Selling Unitholder.

### **Dilution**

While the net proceeds to the REIT of this offering are expected to be applied towards the uses specified in “Use of Proceeds”, to the extent that any of the net proceeds of this offering remain uninvested pending their use, or are used to pay down indebtedness with a low interest rate, this offering may result in dilution, on a per Unit basis, to our net income and other measures used by us.

## **PROMOTER**

Dundee Realty Corporation was the promoter of the REIT in connection with our initial public offering. Dundee Realty Corporation holds 2,800,000 Units, representing approximately 5.0% of our outstanding Units, after giving effect to the exchange of all of the Exchangeable Notes. See “Prior Sales”. Dundee Realty Corporation is our asset manager and receives fees from us pursuant to the asset management agreement described in the section “Real Estate Management and Advisory Services – Asset Management” in our most recent annual information form.

## **LEGAL MATTERS**

Certain legal matters in connection with the Units offered hereby will be passed upon for us by Osler, Hoskin & Harcourt LLP, with respect to securities and other matters, and Wilson & Partners LLP, a law firm affiliated with PricewaterhouseCoopers LLP, with respect to certain tax matters, for the Selling Unitholder by Cassels Brock & Blackwell LLP and for the Underwriters by Torys LLP.

The partners and associates of Osler, Hoskin & Harcourt LLP, as a group, Wilson & Partners LLP, as a group, Cassels Brock & Blackwell LLP, as a group, and Torys LLP, as a group, each beneficially own, directly and indirectly, less than 1% of the outstanding securities of the REIT and its Affiliates and associates.

## **AUDITORS, REGISTRAR AND TRANSFER AGENT**

Our auditors are PricewaterhouseCoopers LLP, Chartered Accountants, Licensed Public Accountants located in Toronto, Ontario.

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

## **PURCHASERS' STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION**

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a short form prospectus and any amendment thereto. In several of the provinces, securities legislation further provides the purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the short form prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that such remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. A purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal advisor.

## AUDITOR'S CONSENT

We have read the short form prospectus of Dundee International Real Estate Investment Trust (the "REIT") dated August ●, 2012 relating to the offer and sale of units of the REIT. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned short form prospectus of our report to the unitholders of the REIT on the consolidated balance sheet of the REIT as at December 31, 2011, and the consolidated statements of comprehensive loss, changes in equity and cash flows for the period from April 21, 2011 to December 31, 2011. Our report is dated February 23, 2012.

●

**Chartered Accountants**  
**Licensed Public Accountants**

Toronto, Ontario  
August ●, 2012

## GLOSSARY OF TERMS

When used in this short form prospectus, the following terms have the meanings set forth below unless expressly indicated otherwise.

“**1933 Act**” means the United States Securities Act of 1933, as amended;

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

“**2011 MD&A**” means the amended and restated management’s discussion and analysis of the financial condition and results of operations of the REIT for the period from April 21, 2011 to December 31, 2011;

“**2012 Q2 MD&A**” means management’s discussion and analysis of the financial condition and results of operations of the REIT for the three-month and six-month periods ended June 30, 2012;

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

“**Affiliate**” has the meaning given to that term in National Instrument 45-106 – *Prospectus and Registration Exemptions* of the Canadian Securities Administrators;

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

“**associate**” has the meaning given to that term in the *Securities Act* (Ontario);

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

“**business day**” means a day, other than a Saturday, Sunday or statutory holiday, on which Canadian chartered banks are generally open in the City of Toronto in the Province of Ontario for the transaction of banking business;

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

“**Counsel**” has the meaning given to that term under “Certain Canadian Federal Income Tax Considerations”;

“**CFA**” has the meaning given to that term under “Certain Canadian Federal Income Tax Considerations – Taxation of Dundee LP”;

“**CRA**” means the Canada Revenue Agency;

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

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

“**Deferred Units**” means the deferred trust units and income deferred trust units under the Deferred Unit Incentive Plan;

“**Deutsche Post**” means Deutsche Post AG;

“**DPI**” means Deutsche Post Immobilien GmbH, a wholly-owned subsidiary of Deutsche Post;

“**DRIP**” means our distribution reinvestment and unit purchase plan pursuant to which holders of Units are entitled to elect to have cash distributions in respect of such Units automatically reinvested in additional Units and to make optional cash purchases of additional Units;

“**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 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 GP**” means Dundee International (Cayman) Ltd., a corporation governed by the laws of the Cayman Islands, the general partner of Dundee LP and a wholly-owned Subsidiary of the REIT;

“**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 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;

“**Exchange Agreement**” means the exchange agreement dated August 5, 2011 between the REIT, Dundee Lux Holdco and the Selling Unitholder;

“**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;

“**Exchangeable Notes**” means Exchangeable Notes, Series A and Exchangeable Notes, Series B, issued by Dundee Lux Holdco on August 5, 2011, in connection with our initial public offering;

“**FA**” has the meaning given to that term under “Certain Canadian Federal Income Tax Considerations – Taxation of Dundee LP”;

“**FAPI**” has the meaning given to that term under “Certain Canadian Federal Income Tax Considerations – Taxation of Dundee LP”;

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

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

“**Initial Properties**” means the income-producing properties we acquired on August 3, 2011, as described in our most recent annual information form;

“**Investment Assets**” has the meaning given to that term under “Certain Canadian Federal Income Tax Considerations – Taxation of the REIT”;

“**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 its corporate purpose, is entitled to act in its own name as management company but for the account of the Lorac Investment Fund and the Dundee FCPs respectively;

“**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;

“**LP Units**” means the units of Dundee LP;

“**Luxembourg**” means the Grand Duchy of Luxembourg;

“**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;

“**Over-Allotment Option**” has the meaning given to that term on the cover-page of this short form prospectus;

“**Plans**” means collectively, trusts governed by RRSPs, RRIFs, deferred profit sharing plans, registered disability savings plans, TFSAs and registered education savings plans under the Tax Act;

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

“**REIT Exception**” means the exclusion from the application of the SIFT Legislation for a trust qualifying as a “real estate investment trust” as defined in the Tax Act.

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

“**RRIF**” means a registered retirement income fund;

“**RRSP**” means a registered retirement savings plan;

“**Securities**” has the meaning given to that term under “Certain Canadian Federal Income Tax Considerations”;

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

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

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

“**SIFT Legislation**” means the provisions of the Tax Act that apply to a SIFT, taking into account all Tax Proposals with respect to such provisions;

“**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 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;

“**Tax Proposals**” has the meaning given to that term under “Certain Canadian Federal Income Tax Considerations”;

“**TFSA**” means a tax-free savings account;

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

“**TSX**” means the Toronto Stock Exchange;

“**Underwriters**” means, collectively, TD Securities Inc., Scotia Capital Inc., CIBC World Markets Inc., RBC Dominion Securities Inc., BMO Nesbitt Burns Inc., Canaccord Genuity Corp., Dundee Securities Ltd., Brookfield Financial Corp., GMP Securities L.P., HSBC Securities (Canada) Inc. and National Bank Financial Inc.;

“**Underwriting Agreement**” means the underwriting agreement dated August 17, 2012 between the REIT, the Underwriters and the Selling Unitholder;

“**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; and

“**United States**” means the United States of America, its territories, its possessions and other areas subject to its jurisdiction.



**CERTIFICATE OF THE REIT**

Dated: August 17, 2012

This short form prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces of Canada.

DUNDEE INTERNATIONAL REAL ESTATE INVESTMENT TRUST

(Signed) P. JANE GAVAN  
Chief Executive Officer

(Signed) DOUGLAS QUESNEL  
Chief Financial Officer

On Behalf of the Board of Trustees

(Signed) DUNCAN JACKMAN  
Trustee

(Signed) BRYDON CRUISE  
Trustee

**CERTIFICATE OF THE UNDERWRITERS**

Dated: August 17, 2012

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces of Canada.

TD SECURITIES INC.

By: (Signed) Armen Farian

SCOTIA CAPITAL INC.

By: (Signed) Stephen Sender

CIBC WORLD MARKETS INC.

By: (Signed) Mark G. Johnson

RBC DOMINION SECURITIES INC.

By: (Signed) William Wong

BMO NESBITT BURNS INC.

By: (Signed) Ashish P. Mathur

CANACCORD GENUITY CORP.

By: (Signed) Justin Bosa

DUNDEE SECURITIES LTD.

By: (Signed) Onorio Lucchese

BROOKFIELD FINANCIAL  
CORP.

By: (Signed) Mark Murski

GMP SECURITIES L.P.

By: (Signed) Andrew Kiguel

HSBC SECURITIES  
(CANADA) INC.

By: (Signed) Nicole Caty

NATIONAL BANK  
FINANCIAL INC.

By: (Signed) Andrew Wallace

