

## Base Shelf Prospectus

*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. A copy of this preliminary short form prospectus has been filed under legislation in each of the provinces of Canada that permits certain information about these securities to be determined after this prospectus has become final and that permits the omission from this short form prospectus of that information. The legislation requires the delivery to purchasers of a prospectus supplement containing the omitted information within a specified period of time after agreeing to purchase any of these securities.*

*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 any state securities laws, and accordingly will not be offered, sold or delivered, directly or indirectly within the United States of America, its possessions and other areas subject to its jurisdiction, except in limited circumstances. 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

December 20, 2012



### DUNDEE INTERNATIONAL REAL ESTATE INVESTMENT TRUST \$1,000,000,000 Units Debt Securities

Dundee International Real Estate Investment Trust ("**Dundee International REIT**") may from time to time offer units of Dundee International REIT ("**Units**") and debt securities ("**Debt Securities**"), which may include Debt Securities convertible into or exchangeable for units of Dundee International REIT, or any combination thereof for an aggregate offering price of up to \$1,000,000,000 (or its equivalent, at the date of issue, in any other currency or currencies) during the 25-month period that this short form base shelf prospectus (this "**Prospectus**"), including any amendments hereto, remains valid. The Units and Debt Securities are referred to in this Prospectus as the "Securities".

The specific terms of any offering of Securities will be set forth in a shelf prospectus supplement (a "**Prospectus Supplement**") and may include, where applicable: (i) in the case of Units, the number of Units offered, the offering price, whether the Units are being offered for cash or other consideration, and any other specific terms; and (ii) in the case of Debt Securities, the specific designation, aggregate principal amount, currency or currency unit for the Debt Securities, maturity, interest rate provisions, authorized denominations, covenants, events of default, any terms for redemption, any exchange or conversion provisions, the initial offering price (or the manner of determination thereof if offered on a non-fixed price basis), any terms for subordination of the Debt Securities to other indebtedness whether the Debt Securities will be secured by any assets or guaranteed by any other person and any

other specific terms. You should read this Prospectus and any applicable Prospectus Supplement before you invest in any Securities.

This Prospectus does not qualify for issuance Debt Securities in respect of which the payment of principal and/or interest may be determined, in whole or in part, by reference to one or more underlying interests including, for example, an equity or debt security, a statistical measure of economic or financial performance including, but not limited to, any currency, consumer price or mortgage index, or the price or value of one or more commodities, indices or other items, or any other item or formula, or any combination or basket of the foregoing items, other than as required to provide for an interest rate that is adjusted for inflation. For greater certainty, this Prospectus may qualify for issuance Debt Securities in respect of which the payment of principal and/or interest may be determined, in whole or in part, by reference to published rates of a central banking authority or one or more financial institutions, such as a prime rate or bankers' acceptance rate, or to recognized market benchmark interest rates such as CDOR (the Canadian Dollar Offered Rate) or LIBOR (the London Interbank Offered Rate), and/or that are convertible into or exchangeable for Units.

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

**Our outstanding Units are listed on the Toronto Stock Exchange (the "TSX") under the symbol DI.UN. Unless otherwise specified in the applicable Prospectus Supplement, the Debt Securities will not be listed on any securities exchange and there is no market through which the Debt Securities may be sold and purchasers may not be able to resell the Debt Securities purchased under this Prospectus. This may affect the pricing of the Debt Securities in the secondary market, the transparency and availability of trading prices, the liquidity of the Debt Securities, and the extent of issuer regulation. See the risk factors in the Prospectus Supplement relating to the particular Debt Securities.**

We may offer and sell Securities to or through underwriters or dealers purchasing as principals, and may also sell Securities directly to one or more purchasers or through dealers acting as agents. The Prospectus Supplement relating to a particular offering of Securities will identify each underwriter, dealer or agent, as the case may be, engaged in connection with the offering and sale of Securities, and will set forth the terms of the offering of such Securities, including the method of distribution of such Securities, the proceeds to Dundee International REIT and any fees, discounts or other compensation payable to underwriters, dealers or agents and any other material terms of the plan of distribution.

**Unless otherwise specified in the relevant Prospectus Supplement, in connection with any offering of Securities, the underwriters, dealers or agents may effect transactions that stabilize or maintain the market price of the Securities at levels other than those which otherwise might prevail on the open market. Such transactions, if commenced, may be discontinued at any time. See "Plan of Distribution".**

**There are certain risks inherent in an investment in our Securities and in our activities. Prospective investors should carefully consider these risk factors before purchasing Units. See "Risk Factors".**

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 holders of Units, 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 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 the management’s discussion and analysis for our most recently completed financial year, which are incorporated by reference into this 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.

The after-tax return from an investment in Units to holders subject to Canadian income tax will depend, in part, on the composition for income tax purposes of distributions paid by Dundee International REIT on its 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 holder’s adjusted cost base in the Unit for tax purposes. The composition may change over time, thus affecting a holder’s after-tax return. Distributions of the taxable income of Dundee International REIT are generally taxed as ordinary income in the hands of a holder. Distributions in excess of the taxable income of Dundee International REIT are generally tax-deferred (and reduce a holder’s adjusted 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 Dundee International REIT.

We are not a trust company and are not registered under applicable legislation governing trust companies as we do 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.

All shelf information permitted under applicable securities legislation to be omitted from this Prospectus will be contained in one or more Prospectus Supplements that will be delivered to purchasers together with this Prospectus. Each Prospectus Supplement will be incorporated by reference into this Prospectus for the purposes of securities legislation as of the date of the Prospectus Supplement and only for the purposes of the distribution of the Securities to which the Prospectus Supplement pertains.

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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 Prospectus:

- (a) the annual information form of Dundee International REIT dated March 30, 2012;
- (b) the management information circular of Dundee International 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 Dundee International REIT as at December 31, 2011 and the consolidated statements of comprehensive loss, changes in equity and cashflow 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 revised unaudited condensed consolidated financial statements of Dundee International REIT as at September 30, 2012 and for the three-month and nine-month periods ended September 30, 2012 and 2011, together with the notes thereto, filed with securities regulatory commissions or similar authorities in the provinces of Canada under a cover letter dated November 9, 2012;
- (e) the 2011 MD&A;
- (f) the revised 2012 Q3 MD&A, filed with securities regulatory commissions or similar authorities in the provinces of Canada under a cover letter dated November 9, 2012; and
- (g) the business acquisition report of Dundee International 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), any annual information forms and any information circulars filed by Dundee International REIT with the provincial securities

commissions or similar authorities in Canada during the term of this Prospectus shall be deemed to be incorporated by reference into and form an integral part of this 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 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 Prospectus.**

Upon new audited annual financial statements being filed by Dundee International REIT with the applicable securities regulatory authorities during the term of this Prospectus, the previously filed audited annual financial statements and all unaudited interim financial statements, together with related management's discussion and analysis, relating to prior periods shall be deemed to no longer be incorporated into this Prospectus for the purposes of future offers and sales of securities under this Prospectus.

Upon a new annual information form being filed by Dundee International REIT with the applicable securities regulatory authorities during the term of this Prospectus, the previously filed annual information form, any material change reports filed prior to the end of the financial year in respect of which the new annual information form is filed, any information circular filed since the start of such financial year (unless otherwise required by applicable Canadian securities legislation to be incorporated by reference into this Prospectus), and any business acquisition report for acquisitions completed since the beginning of such financial year (unless such report is incorporated by reference into the current annual information form or less than nine months of the acquired business' or related businesses' operations are incorporated into Dundee International REIT's most recent audited annual financial statements), shall be deemed no longer to be incorporated by reference into this Prospectus for the purposes of future offers and sales of securities under this Prospectus. Upon a new information circular prepared in connection with an annual general meeting of Dundee International REIT being filed with the applicable securities regulatory authorities during the term of this Prospectus, the previous information circular prepared in connection with an annual general meeting of Dundee International REIT shall be deemed no longer to be incorporated by reference into this Prospectus for purposes of future offers and sales of Securities under this Prospectus.

Upon interim financial statements and related management's discussion and analysis being filed by Dundee International REIT with the applicable securities regulatory authorities during the term of this Prospectus, all previously filed interim financial statements and related management's discussion and analysis shall be deemed no longer to be incorporated by reference into this Prospectus for the purposes of future offers and sales of securities under this Prospectus.

A Prospectus Supplement containing the specific terms of an offering of Securities and other information relating to the Securities will be delivered to purchasers of such Securities together with this Prospectus and will be deemed to be incorporated by reference into this Prospectus as of the date of such Prospectus Supplement, but only for the purpose of the distribution of the Securities to which the Prospectus Supplement pertains.

## **FORWARD-LOOKING INFORMATION**

This Prospectus contains or incorporates by reference forward-looking information. Statements other than statements of historical fact contained in or incorporated by reference into this 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 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 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 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 management’s discussion and analysis for our most recently completed financial year. 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 Prospectus is expressly qualified in its entirety by these cautionary statements. All forward looking information in this Prospectus speaks as of the date of this 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 DUNDEE INTERNATIONAL REIT AND ITS ACTIVITIES**

Capitalized terms used in this 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 Prospectus to refer to our investments and operations as a whole. Accordingly, in this Prospectus, unless the context otherwise requires, when we use terms such as “we”, “us” and “our”, we are referring to Dundee International 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 Dundee International 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 Dundee International 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.

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. On page 21 of our annual information form dated March 30, 2012, under the heading *Deutsche Post*, the information disclosed with respect to Deutsche Post was sourced from publicly available filings and in particular their website at [www.dp-dhl.com/en.html](http://www.dp-dhl.com/en.html), under the heading *Mail Division*. On page 22 of our annual information form dated March 30, 2012, under the heading *Deutsche Postbank*, the information disclosed with respect to Deutsche Postbank was sourced from publicly available filings and in particular their website at [www.postbank.com](http://www.postbank.com), under the heading *Welcome to Deutsche Postbank* and *Postbank Private Customers*. On page 22 of our annual information form dated March 30, 2012, under the heading *Deutsche Telekom*, the information disclosed with respect to Deutsche Telekom was sourced from publicly available filings and in particular their website at [www.telekom.com/home](http://www.telekom.com/home), under the heading *Company*. 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. Under the section “Recent Developments”, references to purchase or sales prices denominated in Euros have been converted into the Canadian dollar equivalent using an exchange rate of \$1.3125 per Euro.

## **DUNDEE INTERNATIONAL REIT**

We provide investors with the opportunity to gain exposure to commercial real estate exclusively outside of Canada. As at September 30, 2012, our portfolio consisted of 294 office, mixed use and industrial properties comprising approximately 12.9 million square feet of GLA located in Germany.

Dundee International REIT is an unincorporated, open-ended real estate investment trust governed by the laws of Ontario. Dundee International 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 Securities and is available at 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

During the first nine months of 2012, Dundee International REIT completed three office property acquisitions for approximately \$158.2 million (including acquisition costs), comprising approximately 623,000 square feet of office space. Details of these acquisitions can be found in the 2012 Q3 MD&A and our corresponding revised unaudited condensed consolidated financial statements as at September 30, 2012 and for the three-month and nine-month periods ending September 30, 2012 and 2011, together with the notes thereto, referred to in “Documents Incorporated by Reference”.

On December 7, 2012, we completed the acquisition of a property located at Greifswalder Strasse 154 – 156 in Berlin for \$36.9 million (excluding acquisition costs). The property comprises approximately 242,800 square feet of office space, has an occupancy rate of 88% and a weighted average remaining lease term of approximately 5.6 years at the time of acquisition.

In addition, we entered into agreements to purchase five office properties in Hamburg, Frankfurt and Munich for an aggregate purchase price of approximately €174.3 (\$228.8) million. These properties are located in three of the top five office markets in Germany and have an average cap rate of 6.9%, an average occupancy of 96% and an average remaining lease term of 5.9 years. We have received debt financing term sheets for these acquisitions at an average loan-to-value of 59.5% and with terms ranging from five to 10 years. We expect to close on these acquisitions in the fourth quarter of 2012 and the first quarter of 2013.

<b>Acquisitions under contract</b>	<b>Approx. GLA (sq. ft.)</b>
Am Sandtorkai 37, Hamburg	113,400
Hammer Strasse 30 – 34, Hamburg	172,300
Neue Mainzer Strasse 28, Frankfurt	123,300
Leopoldstrasse 252, Munich	154,300
Dillwächter Strasse 5 and Tübinger Strasse 11, Munich	81,900

Since its initial public offering last year, Dundee International REIT has closed or has under contract (including the five properties described above) the acquisition of nine properties for an aggregate purchase price of approximately €322.2 (\$418.8) million (excluding acquisition costs). The nine properties closed and under contract comprise approximately 32% of Dundee International REIT’s overall portfolio based on asset value, including properties under contract. In addition to being located in the largest office markets in Germany, they are larger and, management believes, of higher quality than Dundee International REIT’s initial properties acquired in 2011 based on attributes such as occupancy, tenants, and the quality of office space (as they are generally newer or recently refurbished buildings).

### Dispositions

Dundee International REIT completed the sale of three small properties in September and November of 2012, for an aggregate sales price of approximately €3.0 (\$3.9) million. These properties are located at Bahnhofplatz 4 in Traunstein, Ziegelstrasse 15 in Ravensburg and Bahnhofstrasse 12 in Pullendorf. In addition, Dundee International REIT has entered into agreements to sell 5 properties in Germany comprising approximately 136,600 square feet of space.

### Equity Financings

To date in 2012, we have completed three public offerings of Units. See “Prior Sales”.

### Addition to Management

On November 19, 2012, the Board of Trustees of Dundee International REIT announced the addition of Mr. Rene Gulliver to its management team. Mr. Gulliver will be joining Dundee International REIT in January,



2013 as Chief Financial Officer. Mr. Doug Quesnel, who has acted as Chief Financial Officer since the creation of Dundee International REIT, will become Chief Accounting Officer and continue management of Dundee International REIT's accounting and financial reporting platform and have oversight of currency management, treasury and taxation. Mr. Gulliver brings over 30 years of progressive experience in corporate finance, business development and operational analysis. He joins Dundee International REIT from his position as Chief Financial Officer, Americas at Cushman & Wakefield.

### **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. Dundee International REIT is at various stages of due diligence with respect to the acquisition of a number of office properties in Germany. In addition, Dundee International REIT has identified a number of assets for disposition and expects to continue to seek opportunities to sell properties in the future as part of Dundee International REIT's ongoing asset management strategy. We expect to continue negotiations in respect of these acquisitions and dispositions 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 October 1, 2012 to December 18, 2012 are as follows:

- indebtedness increased by \$21.5 million as a result of (i) a \$21.8 million mortgage acquired in connection with the acquisition of Greifswalder Strasse 154 – 156 less (ii) \$0.3 million of scheduled principal repayments related to the mortgages on Karl-Martell Strasse 60, Grammophon Büroпарк and doubleU; and
- Unitholders' equity increased (i) by \$0.8 million due to the issuance of 61,724 Units pursuant to the DRIP and 12,875 Units pursuant to the vesting of Deferred Units on November 8, 2012; and (ii) by \$109.9 million due to the issuance of 11,166,500 Units pursuant to the equity offering of Dundee International REIT completed on December 7, 2012.

### **USE OF PROCEEDS**

Specific information about our use of the net proceeds from an offering of Securities will be set forth in the Prospectus Supplement for that offering.

### **EARNINGS COVERAGE RATIOS**

Earnings coverage ratios will be provided as required in the Prospectus Supplement with respect to the issuance of Debt Securities pursuant to this Prospectus.

### **DESCRIPTION OF UNITS**

#### **Units**

Each Unit represents an undivided beneficial interest in Dundee International REIT and in distributions made by Dundee International REIT, whether of net income, net realized capital gains or other amounts and, in the event of our termination or winding-up, in our net assets remaining after the satisfaction of all our liabilities. No Unit has preference or priority over any other.

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

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

For more information regarding our Units, see “Description of Trust and Description of REIT Units” in our most recent annual information form.

## DESCRIPTION OF DEBT SECURITIES

The Debt Securities will be issued under one or more indentures, in each case between Dundee International REIT and a trustee determined by Dundee International REIT in accordance with applicable laws. The statements made below relating to any trust indenture and the Debt Securities to be issued thereunder are summaries of certain anticipated provisions thereof, are not complete and are subject to, and are qualified in their entirety by reference to, all provisions of the applicable trust indenture. A copy of the trust indenture will be available on SEDAR at [www.sedar.com](http://www.sedar.com).

The Prospectus Supplement relating to any Debt Securities being offered will include specific terms relating to the offering. These terms will include some or all of the following:

- the designation of the series of the Debt Securities, which will distinguish the series of the Debt Securities from all other series of Debt Securities;
- any limit upon the aggregate principal amount of the series of the Debt Securities that may be certified and delivered under a trust indenture or supplement to a trust indenture;
- the date or dates on which the principal and any premium of the series of the Debt Securities is payable;
- the rate or rates at which the series of the Debt Securities shall bear interest, if any, the date or dates from which such interest shall accrue, on which such interest shall be payable and on which a record, if any, shall be taken for the determination of holders to whom such interest shall be payable and/or the method or methods by which such rate or rates or date or dates shall be determined;
- the place or places where the principal of and any interest on the series of the Debt Securities shall be payable or where any series of the Debt Securities may be surrendered for registration of transfer or exchange;
- the right, if any, of Dundee International REIT to redeem the series of the Debt Securities, in whole or in part, at its option and the period or periods within which, the price or prices at which and any terms and conditions upon which, the series of the Debt Securities may be so redeemed, pursuant to any sinking fund or otherwise;
- the obligation, if any, of Dundee International REIT to redeem, purchase or repay the series of the Debt Securities pursuant to any mandatory redemption, sinking fund or analogous provisions or at the option of a holder thereof and the price or prices at which, the period or periods within which, the date or dates on which, and any terms and conditions upon which, the series of the Debt Securities shall be redeemed, purchased or repaid, in whole or in part, pursuant to such obligations;
- if other than denominations of \$1,000 and any integral multiple thereof, the denominations in which the series of the Debt Securities shall be issuable;
- any trustees, depositories, authenticating or paying agents, transfer agents or registrars or any other agent with respect to the series of the Debt Securities;

- any events of default or covenants with respect to the series of the Debt Securities;
- whether and under what circumstances the series of the Debt Securities will be convertible into or exchangeable for securities of Dundee International REIT or any other person;
- the form and terms of the series of the Debt Securities, including, without limitation, if the series of the Debt Securities shall be in registered or unregistered form;
- if applicable, that the series of the Debt Securities shall be issuable in whole or in part as one or more global Debt Securities and, in such case, the depository or depositories for such global Debt Securities in whose name the global Debt Securities will be registered;
- if other than Canadian currency, the currency in which the series of the Debt Securities are issuable; and
- any other term of the series of the Debt Securities.

All Debt Securities of any one series shall be substantially identical, except as may otherwise be established pursuant to a resolution of the Trustees, in an officers' certificate, or in the trust indenture or supplement to the trust indenture for the Debt Securities. All Debt Securities of any one series need not be issued at the same time and may be issued from time to time.

If we sell any of the Debt Securities for any foreign currency or currency unit or if payments on the Debt Securities are payable in any currency or currency unit other than the Canadian dollar, we will describe in the Prospectus Supplement the restrictions, elections, tax consequences, specific terms and other information relating to those Debt Securities and the non-Canadian dollar currency or currency unit

### **Convertible Debentures**

We may issue Debt Securities that are convertible debentures ("**Convertible Debentures**"). We currently have a trust indenture dated as of August 3, 2011, providing for the issuance of Convertible Debentures. We refer to such indenture, as may be amended, as the "**Trust Indenture**" and the trustee under the Indenture as the "**Debenture Trustee**". The following is a summary of certain provisions of Convertible Debentures that may be issued under the Indenture. This summary is not complete.

#### *General*

The principal on Convertible Debentures is payable in lawful money of Canada or, at the option of Dundee REIT and subject to applicable regulatory approval, by payment of freely-tradeable Units to satisfy, in whole or in part, our obligation to repay the principal amount of the Convertible Debentures.

All Convertible Debentures are direct unsecured obligations of Dundee International REIT. All Convertible Debentures as soon as issued or negotiated, subject to the terms hereof and the terms of any indenture supplemental hereto, shall rank *pari passu* with each other, and shall be equally and proportionately entitled to the benefits hereof, whatever may be the actual date or terms of the issue of same, respectively, as if all of the Convertible Debentures had been issued and negotiated simultaneously. The payment of the principal of, and interest on, all Convertible Debentures shall, as provided herein, be subordinated in right of payment to all Senior Indebtedness (including all payments thereunder).

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

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

### *Payment upon Redemption or Maturity*

Upon redemption or at the maturity date, we will repay the indebtedness represented by the Convertible Debentures by paying to the Debenture Trustee, in lawful money of Canada, an amount equal to the principal amount of the outstanding Convertible Debentures, together with accrued and unpaid interest thereon. We may, at our option, on not more than 60 days' and not less than 30 days' prior notice and subject to any required regulatory approvals, unless an Event of Default has occurred and is continuing, elect to satisfy our obligation to repay, in whole or in part, the principal amount of the Convertible Debentures which are to be redeemed or which have matured by issuing freely-tradeable Units, in whole or in part, to the holders of the Convertible Debentures. No fractional Units will be issued to holders of Convertible Debentures but in lieu thereof we shall satisfy such fractional interest by a cash payment equal to the Current Market Price of such fractional interest.

### *Interest Payment Election*

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

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

### *Redemption and Purchase*

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

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

### *Cancellation*

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

### *Subordination*

The payment of the principal of, and interest on, the Convertible Debentures is subordinated in right of payment, in the circumstances referred to below and more particularly as set forth in the Trust Indenture, to the Senior Indebtedness of Dundee International REIT. "Senior Indebtedness" of Dundee REIT is defined in the Trust Indenture as all indebtedness of Dundee International REIT (whether outstanding as at the date of the Trust Indenture or thereafter incurred) which, by the terms of the instrument creating or evidencing the indebtedness, is not expressed to be *pari passu* with, or subordinate in right of payment to, the Convertible Debentures. The Convertible Debentures do not limit our ability to incur additional indebtedness, including indebtedness that ranks

senior to the Convertible Debentures, or from mortgaging, pledging or charging real or personal property or properties of Dundee International REIT to secure any indebtedness.

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

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

#### *Modification*

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

#### *Events of Default*

The Trust Indenture provides that an Event of Default in respect of the Convertible Debentures occurs if certain events described in the Trust Indenture occur, including if any one or more of the following described events has occurred and is continuing with respect to the Convertible Debentures: (a) failure for 15 days to pay interest on the Convertible Debentures when due; (b) failure to pay principal or premium, if any, on the Convertible Debentures, whether at the maturity date, upon redemption, by declaration of acceleration or otherwise; (c) an unremedied breach of any material covenant or condition of the Trust Indenture by us after a 30 day cure period following notice of such breach; or (d) certain events of bankruptcy, insolvency or reorganization of Dundee International REIT under bankruptcy or insolvency laws. If an Event of Default has occurred and is continuing, the Debenture Trustee may, in its discretion, and shall, upon the request of holders of not less than 25% in principal amount of the then outstanding Convertible Debentures, declare the principal of (and premium, if any) and interest on all outstanding Convertible Debentures to be immediately due and payable. Certain Events of Default may be waived by written direction of the holders of 66<sup>2</sup>/<sub>3</sub>% of the principal amount of the outstanding Convertible Debentures, by Extraordinary Resolution or by the Debenture Trustee in certain circumstances in accordance with the terms of the Trust Indenture.

#### *Offers for Convertible Debentures*

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

#### *Book-entry, Delivery and Form*

Convertible Debentures are issued in the form of global debentures held by, or on behalf of, the depository as custodian for its participants.

The Convertible Debentures are represented in the form of global debentures registered in the name of the depository or its nominee. Purchasers of Convertible Debentures represented by global debentures do not receive Convertible Debentures in definitive form. Rather, the Convertible Debentures are represented only in “book-entry only” form (unless we, in our sole discretion, elect to prepare and deliver definitive debt securities in fully-registered form). Beneficial interests in the global debentures, constituting ownership of the Convertible Debentures, will be represented through book-entry accounts of institutions (including the underwriters) acting on behalf of beneficial owners, as direct and indirect participants of the Convertible Debentures (the “**participants**”). Each purchaser of a Convertible Debenture represented by a global debenture will receive a customer confirmation of purchase from the underwriters from whom the Convertible Debentures is purchased in accordance with the practices and procedures of the selling underwriters. The practices of the underwriters may vary but generally customer confirmations are issued promptly after execution of a customer order. The depository is responsible for establishing and maintaining book-entry accounts for its participants having interests in global debentures.

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

#### *Transfer and Exchange of Convertible Debentures*

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

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

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

#### *Payments*

Payments of interest and principal on each global debentures are made to the depository or its nominee, as the case may be, as the registered holder of the global debentures. As long as the depository or its nominee is the registered owner of a global debenture, such depository or its nominee, as the case may be, will be considered the sole legal owner of the global debenture for the purposes of receiving payments of interest and principal on the Convertible Debentures and for all other purposes under the Trust Indenture and the Convertible Debentures. Interest payments on global debentures will be made by electronic funds transfer on the day interest is payable and delivered to the depository or its nominee, as the case may be. We will make any withholdings or deductions from all payments of interest on the Convertible Debentures in respect of taxes required by law or by the interpretation or administration thereof and will remit the full amount withheld or deducted to the relevant taxing authority in accordance with applicable law.

We understand that the depository or its nominee, upon receipt of any payment of interest or principal in respect of a global debenture, will credit participants' accounts, on the date interest or principal is payable, with payments in amounts proportionate to their respective beneficial interest in the principal amount of such global debenture as shown on the records of the depository or its nominee. We also understand that payments of interest and principal by participants to the owners of beneficial interest in such global debenture held through such participants will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name" and will be the responsibility of such participants. Our responsibility and liability in respect of payments on Convertible Debentures represented by the global debenture is limited solely and exclusively, while the Convertible Debentures are registered in global debenture form, to making payment of any interest and principal due on such global debenture to the depository or its nominee.

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

#### *Reports to Holders*

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

#### *Governing Law*

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

### **PLAN OF DISTRIBUTION**

We may sell Securities: (a) through underwriters, dealers or agents purchasing as principal or acting as agent; (b) directly to one or more purchasers, including sales upon the exercise of conversion or exchange rights attaching to convertible or exchangeable securities held by the purchaser; or (c) through a combination of any of these methods of sale. Securities may be sold from time to time in one or more transactions at a fixed price or prices which may be changed, at market prices prevailing at the time of sale, at prices related to such prevailing market price or at prices to be negotiated with purchasers, either for cash or for other consideration.

The Prospectus Supplement relating to each offering of Securities will identify each underwriter, dealer or agent, as the case may be, and will also set forth the terms of that offering, including the purchase price of such Securities, the proceeds to Dundee International REIT and any underwriters', dealers' or agents' fees, commissions or other items constituting underwriters' or agents' compensation. Only underwriters, dealers or agents so named in

the applicable Prospectus Supplement are deemed to be underwriters, dealers or agents, as the case may be, in connection with the Securities offered thereby.

In connection with the sale of Securities, underwriters, dealers or agents may receive compensation from Dundee International REIT in the form of commissions, concessions or discounts. Any such commissions may be paid out of the general funds of Dundee International REIT or the proceeds of the sale of the Securities.

Under agreements which may be entered into by Dundee International REIT, underwriters, dealers and agents who participate in the distribution of Securities may be entitled to indemnification by Dundee International REIT against certain liabilities, including liabilities under securities legislation, or to contribution with respect to payments which such underwriters or agents may be required to make in respect thereof.

In connection with any offering of Securities, the underwriters, dealers or agents who participate in the distribution of Securities may over-allot or effect transactions which stabilize or maintain the price of the Securities at a higher level than that which might exist in the open market. Such transactions may be commenced, interrupted or discontinued at any time.

Unless stated to the contrary in any Prospectus Supplement, the Securities have not been and will not be registered under the 1933 Act or any state securities laws and may not be offered or sold within the United States or to U.S. persons within the meaning of Regulation S under the 1933 Act, except in certain transactions exempt from the registration requirements of the 1933 Act. In addition, until 40 days after the commencement of an offering of Securities, an offer or sale of the Securities within the United States or to U.S. persons 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 accordance with an exemption from the registration requirements of the 1933 Act.

## PRIOR SALES

All information in this section is provided as of December 18, 2012.

During the 12-month period before the date of this Prospectus, Dundee International REIT has completed the following distributions of Units and securities that are convertible into Units:

On December 7, 2012, Dundee International REIT completed a bought deal public offering of 11,166,500 Units at a price of \$10.30 per Unit for total gross proceeds of \$115,014,950. The 11,166,500 Units includes Units issued on closing as a result of the exercise by the underwriters of their over-allotment option.

On September 5, 2012, Dundee International REIT completed a bought deal public offering of 7,820,000 Units (including 4,420,000 Units issued by Dundee International REIT and 3,400,000 Units sold by LSF REIT Holdings S.à r.l. (the “**Selling Unitholder**”) at a price of \$10.55 per Unit for total gross proceeds of \$46,631,000 payable to Dundee International REIT and for total gross proceeds of \$35,870,000 payable to the Selling Unitholder. The 4,420,000 Units issued by Dundee International REIT includes Units issued on closing as a result of the exercise by the underwriters of their over-allotment option.

On April 17, 2012, Dundee International REIT completed a bought deal public offering of 9,200,000 Units (including 4,600,000 Units issued by Dundee International 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 Dundee International REIT and the Selling Unitholder. The 9,200,000 Units includes Units issued or sold on closing as a result of the exercise by the underwriters of their over-allotment option.

Dundee International REIT distributes Units on a monthly basis to existing unitholders who elect to reinvest their monthly distributions in Units pursuant to the DRIP. During the 12-month period prior to the date of this Prospectus, Dundee International REIT has issued 160,803 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.



Dundee International 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. During the 12-month period before the date of this Prospectus, Dundee International REIT has issued 12,875 Units pursuant to the Deferred Unit Incentive Plan.

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 Dundee International REIT's initial public offering, to the date of this Prospectus, Dundee International REIT has issued no Units upon the conversion of the 5.5% Debentures.

## TRADING PRICE AND VOLUME

### 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 Prospectus from December 1, 2011 to December 18, 2012:

<u>Period</u>	<u>High (\$)</u>	<u>Low (\$)</u>	<u>Volume</u>
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	2,459,202
July 2012 .....	11.18	9.92	3,982,847
August 2012 .....	11.05	10.41	3,331,982
September 2012 .....	11.35	10.50	4,853,212
October 2012 .....	11.25	10.81	2,239,519
November 2012 .....	11.15	9.98	2,510,839
Up to December 18, 2012 .....	10.89	10.20	4,946,225

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 Prospectus from December 1, 2011 to December 18, 2012:

<u>Period</u>	<u>High (\$)</u>	<u>Low (\$)</u>	<u>Volume</u>
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
August 2012 .....	106.13	103.20	22,120
September 2012 .....	104.50	102.25	13,000
October 2012 .....	103.64	102.62	12,430
November 2012 .....	104.00	102.25	35,900
Up to December 18, 2012 .....	102.77	101.50	11,860

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

The applicable Prospectus Supplement may describe certain Canadian federal income tax considerations generally applicable to investors described therein of purchasing, holding and disposing of applicable Securities.

## **RISK FACTORS**

An investment in Securities is subject to a number of risks, including those set forth in our most recent annual information form and in the management's discussion and analysis for our most recently completed financial year. Prospective investors should carefully consider these risks, in addition to information contained in the Prospectus Supplement relating to an offering and the information incorporated by reference therein, before purchasing Securities.

## **PROMOTER**

Dundee Realty Corporation was the promoter of Dundee International REIT in connection with our initial public offering. Dundee Realty Corporation holds 2,800,000 Units, representing approximately 4% of our Units. 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 AND INTERESTS OF EXPERTS**

Unless otherwise specified in the Prospectus Supplement relating to an offer of Securities, certain legal matters relating to the issue and sale of the Securities will be passed upon on our behalf by Osler, Hoskin & Harcourt LLP and Wilson & Partners LLP, a law firm affiliated with PricewaterhouseCoopers LLP, with respect to certain tax matters.

As of the date of this Prospectus, the partners and associates of Osler, Hoskin & Harcourt LLP, as a group and the partners and associates of Wilson & Partners LLP, as a group, each beneficially own, directly or indirectly, less than 1% of the outstanding securities of any class or series of Dundee International REIT.

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

The auditors of Dundee International REIT are PricewaterhouseCoopers LLP, Chartered Accountants, Licensed Public Accountants located in Toronto, Ontario.

The transfer agent and registrar for the Units and the debenture trustee for the Convertible Debentures is Computershare Trust Company of Canada at its principal office located in Toronto, Ontario.

## **UNDERTAKINGS TO SECURITIES REGULATORY AUTHORITIES**

Dundee International REIT has undertaken to securities regulatory authorities in each of the provinces of Canada that, for as long as it is a reporting issuer, (i) in complying with its reporting issuer obligations, it will treat Lorac, which is the registered owner of the Initial Properties, as a subsidiary of Dundee International REIT with respect to the Initial Properties and any other properties held by Lorac for the benefit of Dundee International REIT or its subsidiaries (and not with respect to any other properties owned by Lorac); however, if generally accepted accounting principles ("GAAP") used by Dundee International REIT prohibit the consolidation of financial information of Lorac with respect to the Initial Properties and any other properties held by Lorac for the benefit of Dundee International REIT or its subsidiaries, on the one hand, and Dundee International REIT, on the other hand, then for as long as Dundee International REIT's interest in Lorac (including any of its significant business interests relating to the Initial Properties or any other properties held by Lorac for the benefit of Dundee International REIT or its subsidiaries) represents a significant asset of Dundee International REIT, Dundee International REIT will provide unitholders with separate audited annual financial statements and interim financial reports, prepared in accordance with the same GAAP as Dundee International REIT's financial statements, and related management's

discussion and analysis, prepared in accordance with National Instrument 51-102 – *Continuous Disclosure Obligations* or its successor, for Lorac (but only with respect to the Initial Properties or any other properties held by Lorac for the benefit of Dundee International REIT or its subsidiaries, and including information about any of its significant business interests relating to the Initial Properties or any other properties held by Lorac for the benefit of Dundee International REIT or its subsidiaries); and (ii) it will annually certify that it has complied with this undertaking, and file the certificate on SEDAR concurrently with the filing of its annual financial statements.

In addition, Dundee International REIT has undertaken to securities regulatory authorities in each of the provinces of Canada that, for as long as it is a reporting issuer, it will require each of the Class B Managers of Lorac to: (i) file insider reports about trades in Units (including securities exchangeable into Units); and (ii) comply with statutory prohibitions against insider trading in accordance with applicable Canadian securities laws, in each case, subject to any exemptions to insider reporting requirements that may be available under applicable Canadian securities laws to insiders or reporting insiders under such laws. Dundee International REIT will annually certify in the certificate referred to above that it has complied with this undertaking.

### **PURCHASERS' STATUTORY AND CONTRACTUAL RIGHTS**

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 prospectus and any amendment, irrespective of the determination at a later date of the purchase price of the securities distributed. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the 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. The 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 adviser.

Original Canadian purchasers of Debt Securities which are convertible or exchangeable into units of Dundee International REIT will have a contractual right of rescission against Dundee International REIT following the issuance of underlying units of Dundee International REIT to such original purchasers upon the conversion or exchange of such convertible or exchangeable Debt Securities. The contractual right of rescission will entitle such original purchasers to receive the amount paid for the applicable convertible or exchangeable Debt Securities upon surrender of the underlying units of Dundee International REIT issued upon the conversion or exchange of the Debt Securities, in the event that this Prospectus, the relevant Prospectus Supplement or an amendment contains a misrepresentation, provided that: (i) the conversion or exchange takes place within 180 days of the date of the purchase under this Prospectus of the Debt Securities which are convertible or exchangeable; and (ii) the right of rescission is exercised within 180 days of the date of the purchase under this Prospectus of the Debt Securities which are convertible or exchangeable. This contractual right of rescission will be consistent with the statutory right of rescission described under section 130 of the *Securities Act* (Ontario), and is in addition to any other right or remedy available to original purchasers under section 130 the Securities Act (Ontario) or otherwise at law. Original purchasers are further advised that in certain provinces the statutory right of action for damages in connection with a prospectus misrepresentation is limited to the amount paid for the Debt Securities which are convertible or exchangeable that were purchased under a prospectus, and therefore a further payment at the time of conversion or exchange may not be recoverable in a statutory action for damages. The purchaser should refer to any applicable provisions of the securities legislation of the province in which the purchaser resides for the particulars of these rights, or consult with a legal advisor.

## **AUDITOR'S CONSENT**

We have read the short form base shelf prospectus of Dundee International Real Estate Investment Trust (the "REIT") dated December ●, 2012 relating to the unallocated offering of up to an aggregate of \$1,000,000,000 of units and debt securities 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 base shelf 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, Canada  
December ●, 2012

## GLOSSARY OF TERMS

When used in this Prospectus, the following terms have the meanings set for below unless expressly indicated otherwise.

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

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

“**2012 Q3 MD&A**” means the revised management’s discussion and analysis of the financial condition and results of operations of Dundee International REIT for the three month and nine month periods ended September 30, 2012, filed with securities regulatory commissions or similar authorities in the provinces of Canada under a cover letter dated November 9, 2012;

“**5.5% Debentures**” means the 5.5% convertible unsecured subordinated debentures of Dundee International 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;

“**Board**” or “**Board of Trustees**” means the board of trustees of Dundee International 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;

“**Convertible Debentures**” has the meaning given to that term under “Description of Debt Securities”;

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

“**Debenture Trustee**” has the meaning given to that term under “Description of Debt Securities”;

“**Debt Securities**” means the debentures, notes or other evidence of indebtedness of Dundee International REIT issued and certified under the Declaration of Trust.

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

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

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

“**Deutsche Telekom**” means Deutsche Telekom AG;

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

“**Extraordinary Resolution**” means resolutions passed at meetings of the holders of Convertible Debentures by votes cast thereat by holders of not less than 66⅔% of the principal amount of the then outstanding Convertible Debentures present at the meeting or represented by proxy, or rendered by instruments in writing signed by the holders of not less than 66⅔% of the principal amount of the then outstanding Convertible Debentures, binding on all holders of Convertible Debentures once passed;

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

“**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;

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

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

“**Interest Payment Date**” means June 30 and December 31 in each year;

“**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;

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

“**Prospectus**” means this short form base shelf prospectus of Dundee International REIT;

“**Prospectus Supplement**” means a supplement to this Prospectus;

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

“**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;

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

“**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, including the proposals released on October 24, 2012 and contained in Bill C-48, which received its first reading on November 21, 2012;

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

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

“**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;

“**Trust Indenture**” has the meaning given to that term under “Description of Debt Securities”;

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

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

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

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

“**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: December 20, 2012

This short form prospectus, together with the documents incorporated in this prospectus by reference, will, as of the date of the last supplement to this prospectus relating to the securities offered by this prospectus and the supplement(s), constitute full, true and plain disclosure of all material facts relating to the securities offered by this prospectus and the supplement(s) 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



DUNDEE

INTERNATIONAL

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