



DUNDEE REAL ESTATE INVESTMENT TRUST

Annual Information Form

April 1, 2013

GLOSSARY OF TERMS	1
GENERAL	7
OUR STRUCTURE.....	8
GENERAL DEVELOPMENT OF THE BUSINESS	10
Acquisitions and Dispositions	10
Development Properties	13
Amendments to Declaration of Trust	13
Equity Offerings	13
Redemption of Debentures	15
Normal Course Issuer Bid	15
RECENT DEVELOPMENTS	15
Acquisition of Broadmoor Plaza	15
DESCRIPTION OF THE BUSINESS	16
Objectives	16
Strategy	16
Competitive Conditions.....	17
REAL ESTATE PORTFOLIO	17
Our Properties	17
ENVIRONMENTAL SITE ASSESSMENTS	25
INDEBTEDNESS	26
Mortgage Financing	26
Credit Facilities	27
Convertible Debentures.....	28
Non-Convertible Debentures.....	28
Additional Financing.....	28
TRUSTEES AND OFFICERS.....	29
Committees	30
Audit Committee.....	30
Compensation Committee.....	32
Governance and Environmental Committee	32
Investment Committee	33
Term of Office.....	33
Dundee Corporation Nomination Rights.....	33
Independent Trustee Matters.....	34
Management of Dundee REIT	34
Conflict of Interest Restrictions and Provisions	35
Individual Non-Competition Agreements	35
Governance of Dundee REIT	36
REAL ESTATE MANAGEMENT AND ADVISORY SERVICES.....	37
Asset Management Agreement	37
Property Management	39
Dundee Realty Non-Competition Agreement	39
Employees	40
INVESTMENT GUIDELINES AND OPERATING POLICIES.....	40
Investment Guidelines of Dundee REIT	40
Investment Guidelines of Dundee Properties LP	40
Operating Policies of Dundee REIT	41
Operating Policies of Dundee Properties LP	42

DISTRIBUTION POLICY	44
General	44
DRIP.....	45
DECLARATION OF TRUST AND DESCRIPTION OF REIT UNITS	46
REIT A Units and REIT B Units.....	46
Special Trust Units	47
Issuance of REIT Units	47
Purchase of REIT Units.....	48
REIT Unit Redemption Right.....	48
Meetings of Unitholders.....	50
Limitation on Non-Resident Ownership	50
Amendments to the Declaration of Trust and Other Documents.....	51
Effect of Termination	52
Take-Over Bids	52
Information and Reports.....	53
DESCRIPTION OF DEBENTURES	53
Defined Terms.....	53
Series H Debentures.....	55
Series K and L Debentures.....	64
DESCRIPTION OF DUNDEE PROPERTIES LP.....	71
General	71
Properties General Partner	71
Partnership Units.....	71
Amendments to Properties Limited Partnership Agreement	72
Distributions.....	72
Allocation of Net Income and Losses	73
Functions and Powers of Properties General Partner	73
Restrictions on the Authority of Properties General Partner	73
Reimbursement of Properties General Partner	74
Limited Liability	74
RISK FACTORS	74
MARKET FOR SECURITIES.....	82
Trading Price and Volume	82
Prior Sales of Unlisted Securities.....	83
INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS.....	83
MATERIAL CONTRACTS	84
LEGAL PROCEEDINGS.....	85
INTEREST OF EXPERTS	85
TRANSFER AGENT AND REGISTRAR	85
ADDITIONAL INFORMATION.....	85
AUDIT COMMITTEE CHARTER.....	A-1

GLOSSARY OF TERMS

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

“5.50% Series H Debentures” means the 5.50% Series H convertible unsecured subordinated Debentures of Whiterock REIT due March 31, 2017 assumed by Dundee REIT;

“5.95% Series K Debentures” means the 5.95% senior unsecured debentures, Series K of Whiterock REIT due April 26, 2016 assumed by Dundee REIT;

“5.95% Series L Debentures” means the 5.95% senior unsecured debentures, Series L of Whiterock REIT due September 30, 2016 assumed by Dundee REIT;

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

“Affiliate” means an affiliate within the meaning of National Instrument 45-106 - *Prospectus and Registration Exemptions*;

“AIF” means annual information form of Dundee REIT;

“Asset Management Agreement” means the amended and restated asset management agreement dated December 31, 2007 between Dundee REIT, Partnership A, Partnership B, Dundee Properties LP and the Asset Manager, as amended or amended and restated from time to time;

“Asset Manager” means DRC, acting in its capacity as the asset manager pursuant to the Asset Management Agreement;

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

“BNY” means BNY Trust Company of Canada;

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

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

“Change of Control” means the acquisition by any person, or group of persons acting jointly or in concert, of voting control or direction over 66 2/3% or more of the votes attaching, collectively, to (i) outstanding voting units of Dundee REIT; and (ii) voting units of Dundee REIT issuable upon the conversion or exercise in accordance with their terms of securities convertible into or carrying the right to acquire voting units of Dundee REIT (other than the LP B Units);

“CIBC Mellon” means CIBC Mellon Trust Company;

“Conversion Price” means, for the 5.50% Series H Debentures, \$36.69 per REIT A Unit, reflecting a conversion ratio of 27.25648 REIT A Units per \$1,000 principal amount;

“Debentures” means, collectively, the 5.50% Series H Debentures, the 5.95% Series K Debentures and the 5.95% Series L Debentures;

“Debenture Trustee” means CIBC Mellon, in the case of the 5.50% Series H Debentures, and BNY, in the case of the 5.95% Series K Debentures and the 5.95% Series L Debentures;

“Declaration of Trust” means the amended and restated declaration of trust of Dundee REIT dated June 15, 2012, as amended or amended and restated from time to time;

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

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

“Department” means the Department of Finance (Canada);

“Depository” means CDS or its successor;

“Distributable Income” means, for any period, the net income of Dundee REIT and its applicable consolidated subsidiaries for such period set out in its consolidated financial statements prepared as if Dundee REIT’s only assets are units and notes of Partnership A and all amounts on deposit in the bank account maintained for the REIT A Units, as determined in accordance with GAAP, adjusted as follows: (i) depreciation and amortization (except for amortization of deferred financing costs and non-recoverable deferred maintenance, all as incurred after the formation of Dundee REIT on June 30, 2003) and amortization of fair value debt adjustments shall be excluded; (ii) costs incurred with respect to distribution reinvestment plans, unit purchase plans, unit option plans, deferred unit plans or any other unit compensation incentive plan or similar plan shall be added back; (iii) any gains or losses on the disposition of any real property, any future income tax expenses or benefits and non-cash rental revenues recognized on a straight line basis or recognized as a result of the amortization of above or below market in-place leases recorded on an acquisition of a rental property shall be excluded, and (iv) to reflect any other adjustments determined to be appropriate by a majority of the trustees in their discretion;

“Distributable Series B Income” means, for any period, the net income of Dundee REIT and its applicable consolidated subsidiaries for such period set out in its consolidated financial statements prepared as if Dundee REIT’s only assets are units and notes of Partnership B and all amounts on deposit in the bank account maintained for the REIT B Units, as determined in accordance with GAAP, adjusted as follows: (i) depreciation and amortization (except for amortization of deferred financing costs and non-recoverable deferred maintenance, all as incurred after the formation of Dundee REIT on June 30, 2003) and amortization of fair value debt adjustments shall be excluded; (ii) costs incurred with respect to distribution reinvestment plans, unit purchase plans, unit option plans, deferred unit plans or any other unit compensation incentive plan or similar plan shall be added back; (iii) any gains or losses on the disposition of any real property, any future income tax expenses or benefits and non-cash rental revenues recognized on a straight line basis or recognized as a result of the amortization of above or below market in-place leases recorded on an acquisition of a rental property shall be excluded, and (iv) to reflect any other adjustments determined to be appropriate by a majority of the trustees in their discretion;

“Distribution Date” means with respect to a distribution of Distributable Income or Distributable Series B Income by us, a Business Day determined by our trustees for any calendar month to be on or about the 15th day of the following month or such other date as may be determined from time to time by our trustees or otherwise in accordance with our Declaration of Trust with respect to all distributions;

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

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

“Dundee Consolidated Properties Master Asset Transfer Agreement” means the agreement dated June 30, 2003 between Dundee Consolidated Properties (a limited partnership wholly-owned by DRC) and Dundee Properties LP setting out the terms and conditions pursuant to which Dundee Consolidated Properties transferred or caused to be transferred to Dundee Properties LP all of the Properties held directly or indirectly by Dundee Consolidated Properties;

“Dundee Management LP” or “DMLP” means Dundee Management Limited Partnership, a limited partnership formed under the laws of the Province of Ontario of which Dundee Management (GP) Inc. (a corporation owned by Dundee Properties LP) is the sole general partner and Dundee Properties LP is the sole limited partner;

“Dundee Properties LP” means Dundee Properties Limited Partnership, a limited partnership formed under the laws of the Province of Ontario of which Properties General Partner is the general partner and Partnership A, Partnership B and certain subsidiaries of Dundee Corporation are the sole limited partners;

“DRC” means Dundee Realty Corporation, a corporation governed by the laws of Ontario and a subsidiary of Dundee Corporation;

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

“Dundee Realty Administrative Services Agreement” means the administrative services agreement dated May 12, 2006 between DRC and Dundee Management LP;

“Dundee Realty Management” means Dundee Realty Management Corp., a wholly-owned subsidiary of Dundee Management LP existing under the laws of the Province of Ontario;

“Dundee Realty Master Asset Transfer Agreement” means the agreement dated June 30, 2003 between DRC and Dundee Properties LP pursuant to which all of the Properties held directly or indirectly by DRC were transferred to Dundee Properties LP;

“Dundee Realty Non-Competition Agreement” means the agreement dated June 30, 2003 between DRC, Dundee Properties LP and Dundee REIT pursuant to which DRC agreed to certain non-competition arrangements with Dundee REIT and Dundee Properties LP;

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

“Dundee REIT Administrative Services Agreement” means the amended and restated administrative services agreement dated December 31, 2007 between Dundee REIT, Dundee Properties LP, Partnership A, Partnership B and Dundee Management LP;

“Exchange and Support Agreement” means the amended and restated exchange and support agreement dated December 31, 2007 between Dundee REIT, Partnership A, Partnership B, Dundee Properties LP and holders of exchangeable units of Dundee Properties LP, as it may be amended or amended and restated from time to time;

“Existing Income Trust” means an income trust the units of which were publicly-traded before November 1, 2006;

“GAAP” means Canadian generally accepted accounting principles;

“GE Real Estate” means General Electric Capital Canada or its affiliates or divisions of its affiliates, as the context requires;

“GLA” means gross leasable area;

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

“Governance Agreement” means the amended and restated governance agreement dated December 31, 2007 between Dundee REIT, Properties General Partner and Dundee Corporation, as amended or amended and restated from time to time;

“GP A Co.” means Dundee Properties OTA (GP) Inc., a corporation governed by the laws of Ontario that is a wholly-owned subsidiary of Dundee REIT;

“GP B Co.” means Dundee Properties OTB (GP) Inc., a corporation governed by the laws of Ontario that is a wholly-owned subsidiary of Dundee REIT;

“Gross Book Value” means, at any time, the book value of the assets of Dundee REIT and its subsidiaries, as reflected on its then most recent publicly-issued consolidated balance sheet, plus the amount of accumulated depreciation and amortization reflected thereon;

“Independent Trustee” means an independent trustee for the purposes of the Declaration of Trust;

“Individual Non-Competition Agreements” means the agreements dated June 30, 2003, in the case of individuals other than Ms. Ferstman, Mr. Jackman and Mr. Tweedy, dated September 11, 2003, in the case of Messrs. Jackman and Tweedy, and dated May 14, 2010, in the case of Ms. Ferstman, between Dundee REIT, Dundee Properties LP and each of our trustees and officers pursuant to which such trustees and officers have agreed to certain non-competition arrangements with Dundee REIT and Dundee Properties LP;

“Interest Payment Date” means, for the 5.50% Series H Debentures, March 31 and September 30 in each year, for the 5.95% Series K Debentures, monthly on the last day of each calendar month, and for the 5.95% Series L Debentures, monthly on the last day of each calendar month;

“LP Class A Units” means the LP Class A limited partnership units of Dundee Properties LP;

“LP B Units” or **“LP Class B Units, Series 1”** means the LP Class B, Series 1 limited partnership units of Dundee Properties LP;

“LP Class B Units, Series 2” means the LP Class B, Series 2 limited partnership units of Dundee Properties LP;

“Master Asset Transfer Agreements” means the Dundee Consolidated Properties Master Asset Transfer Agreement and the Dundee Realty Master Asset Transfer Agreement and any other agreement entered into between affiliates of DRC and Dundee Properties LP for the purposes of transferring the Properties to Dundee Properties LP in connection with the Reorganization;

“Master Property Management Agreement” means the property management agreement dated June 30, 2003 between Dundee REIT, Dundee Management LP, Dundee Properties LP and DRC;

“Maturity Date” means, for the 5.50% Series H Debentures, March 31, 2017; for the 5.95% Series K Debentures, April 26, 2016; and for the 5.95% Series L Debentures, September 30, 2016;

“Minister” means the Minister of Finance (Canada);

“NI 51-102” means National Instrument 51-102 – *Continuous Disclosure Obligations*;

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

“NOI” means the total of investment property revenue, including the share of net rental income from investment in joint ventures and property management income, less investment property operating expenses, excluding property revenue and operating expenses for properties sold and held for sale;

“Non-Resident” means a non-resident of Canada within the meaning of the Tax Act;

“Normal Growth Guidelines” means the Guidance Provided on “Normal Growth” for Income Trusts and other Flow-Through Entities issued in a press release by the Department on December 15, 2006, which guidelines are incorporated by reference into the SIFT Rules;

“OBCA” means the *Business Corporations Act* (Ontario), as amended;

“Partnership A” means Dundee Properties OTA Limited Partnership, a limited partnership formed under the laws of the Province of Ontario of which GP A Co. is the general partner and Dundee REIT is the sole limited partner;

“Partnership B” means Dundee Properties OTB Limited Partnership, a limited partnership formed under the laws of the Province of Ontario of which GP B Co. is the general partner and Dundee REIT is the sole limited partner;

“Plans” means trusts governed by registered retirement savings plans, registered retirement income funds and deferred profit sharing plans under the Tax Act;

“Properties” means the commercial revenue producing properties listed under “Real Estate Portfolio” held indirectly by Dundee REIT through Dundee Properties LP;

“Properties General Partner” means Dundee Properties (GP) Inc., a corporation incorporated under the laws of the Province of Ontario that is wholly-owned by Dundee REIT and is the general partner of Dundee Properties LP;

“Properties Limited Partnership Agreement” means the amended and restated limited partnership agreement of Dundee Properties LP dated December 31, 2007, as it may be amended or amended and restated from time to time;

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

“Put Price” means the price equal to 101% of the principal amount of the 5.50% Series H Debentures, the 5.95% Series K Debentures and the 5.95% Series L Debentures, as the case may be;

“Record Date” means the record date for the payment of interest on the Debentures, being, for the 5.50% Series H Debentures, the first Business Day preceding the relevant Interest Payment Date, and for the 5.95% Series K Debentures and 5.95% Series L Debentures, the third Business Day preceding the relevant Interest Payment Date;

“REIT A Units” means the REIT Units, Series A of Dundee REIT, each representing an undivided beneficial interest in any distributions from Dundee REIT derived from Dundee REIT’s investment in securities of Partnership A;

“REIT B Units” means the REIT Units, Series B of Dundee REIT, each representing an undivided beneficial interest in any distributions from Dundee REIT derived from Dundee REIT’s investment in securities of Partnership B;

“REIT Exception” means the exception under the SIFT Rules applicable to certain real estate investment trusts that satisfy certain specified conditions relating to the nature of their income and investments;

“REIT Units” means, collectively, the REIT A Units, the REIT B Units and the Special Trust Units, but **“REIT units”**, when units is used in lower case type, means, collectively, the REIT A Units and the REIT B Units;

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

“Reorganization” means the reorganization of the business of DRC on June 30, 2003 pursuant to which substantially all of the commercial real estate division of DRC was transferred to Dundee REIT;

“RESPs” means trusts governed by registered education savings plans under the Tax Act;

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

“SIFT Rules” means the amendments to the Tax Act enacted on June 22, 2007 which modify the tax treatment of certain publicly traded trusts and partnerships that are SIFTs and their beneficiaries and partners;

“Special Trust Units” means the Special Trust Units of Dundee REIT issued to the holders of LP B Units providing rights to vote (and only a nominal economic interest) as a unitholder of Dundee REIT, all of which are currently held indirectly by Dundee Corporation;

“Subsidiary” means, with respect to any person (other than an individual), any other person that is controlled, directly or indirectly, by the person and, in addition to the foregoing, with respect to Dundee REIT shall include GP A Co., GP B Co., Partnership A, Partnership B, Properties General Partner, Dundee Properties LP, Dundee Management (GP) Inc. and Dundee Management LP;

“Subsidiary Security” means securities of a subsidiary of Dundee REIT;

“Tax Act” means the *Income Tax Act* (Canada) and the regulations thereunder, as amended;

“Tax Proposals” means the specific proposals to amend the Tax Act that have been publicly announced by or on behalf of the Minister prior to the date of this AIF;

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

“Transition Fund Unit” means a unit of interest in Dundee REIT designated as a “Transition Fund Unit” and includes a fraction of a Transition Fund Unit;

“TSX” means the Toronto Stock Exchange;

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

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

GENERAL

In Q4 2012, Dundee REIT completed the sale of its industrial segment comprising 77 properties (the “Industrial Portfolio”), completing its transformation into a pure-play office REIT. We provide high quality, affordable business premises. Our portfolio comprises central business district and suburban office properties predominately located in key markets across Canada. As at December 31, 2012, our portfolio consisted of approximately 22.9 million square feet of gross leasable area. Through Dundee Management LP, we provide property management services to our tenants and other businesses.

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

Dundee REIT’s investment and operating activities are limited, because our operating business is carried out by Dundee Properties LP, one of our subsidiary entities. For simplicity, we use terms in this AIF to refer to our business and operations as a whole. Accordingly, in this AIF, unless the context otherwise requires, when we use terms such as “we”, “us” and “our”, we are referring to Dundee REIT and its subsidiary entities, including partnerships in which Dundee REIT owns directly or indirectly more than a 50% equity interest. When we use expressions such as “our business”, we are referring to the activities of Dundee REIT and these subsidiary entities as a whole. When we use expressions such as “our properties”, “our portfolio”, “we own” or “we invest in” in relation to the Properties, we are referring to Dundee REIT’s ownership of and investment in the Properties indirectly through Dundee Properties LP. When we use expressions such as “we operate” in relation to the operations of Dundee REIT, we are referring to Dundee REIT’s operation through its indirect interest in Dundee Properties LP.

When we use the expression “our trustees” in this AIF, we are referring to the trustees of Dundee REIT.

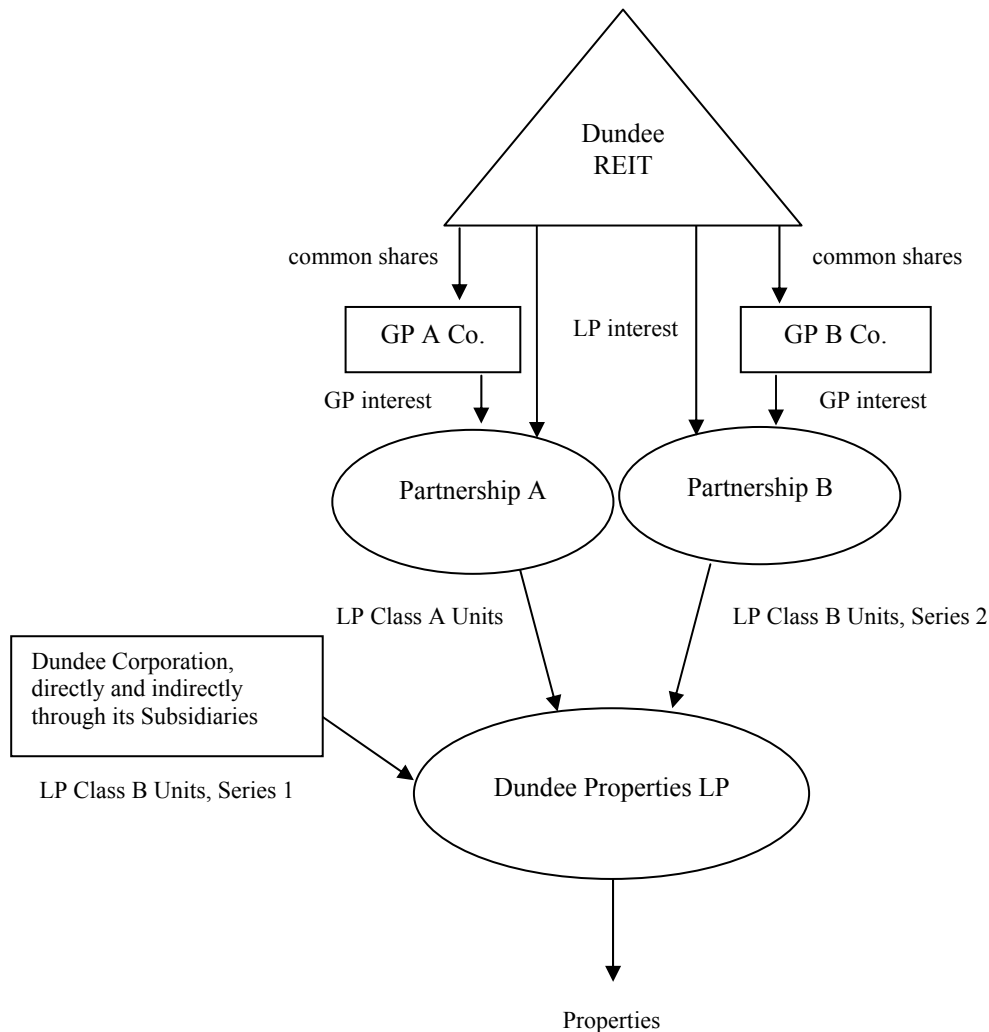
All information in this AIF set out with respect to occupancy rates, expiry dates, average contract rent and premium of market rent over contract rent of our Properties does not give effect to the rent supplement described in this AIF. Where we refer to the term “market rent”, we have estimated market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

Certain market information has been obtained from CB Richard Ellis MarketView, Fourth Quarter 2012, a publication prepared by a commercial firm that provides information relating to the real estate industry. Although we believe this information is reliable, the accuracy and completeness of this information is not guaranteed. We have not independently verified this information and make no representation as to its accuracy.

Unless otherwise specified, all information in this AIF is presented as at December 31, 2012.

OUR STRUCTURE

The following chart is a simplified illustration of our organizational structure as at December 31, 2012:



Notes:

- (1) Dundee Corporation, through its subsidiaries, beneficially holds non-voting limited partnership units of Dundee Properties LP, which represent an equity interest in Dundee Properties LP of approximately 3% as at December 31, 2012. Dundee Corporation, through its subsidiaries, beneficially holds a corresponding voting interest in Dundee REIT by virtue of its holding of Special Trust Units. One of the senior officers of Dundee REIT holds an approximate 30% equity interest in DRC, a subsidiary of Dundee Corporation.
- (2) Partnership A and Partnership B own all of the voting limited partnership units of Dundee Properties LP, which collectively represent an equity interest in Dundee Properties LP of approximately 97% as at December 31, 2012. The general partner of Dundee Properties LP is wholly-owned by Dundee REIT.
- (3) Properties may be held by Dundee Properties LP indirectly.

Our principal subsidiary entities are described below:

Dundee Properties OTA Limited Partnership (“Partnership A”) - a limited partnership governed by the laws of Ontario. Partnership A is one of two holding entities for our interest in Dundee Properties LP. All of the limited partnership interests in Partnership A are held by Dundee REIT. The general partner of Partnership A is Dundee Properties OTA (GP) Inc., a corporation governed by the laws of Ontario that is a wholly-owned subsidiary of Dundee REIT.

Dundee Properties OTB Limited Partnership (“Partnership B”) - a limited partnership governed by the laws of Ontario. Partnership B is one of two holding entities for our interest in Dundee Properties LP. All of the limited partnership interests in Partnership B are held by Dundee REIT. The general partner of Partnership B is Dundee Properties OTB (GP) Inc., a corporation governed by the laws of Ontario that is a wholly-owned subsidiary of Dundee REIT.

Dundee Properties Limited Partnership (“Dundee Properties LP”) - a limited partnership governed by the laws of Ontario. Dundee Properties LP holds direct and indirect interests in our commercial revenue producing properties. Dundee Properties LP is also the vehicle through which Dundee Corporation, one of our principal investors, holds the majority of its economic interest in our business. Dundee REIT indirectly owns all of the voting limited partnership units of Dundee Properties LP, while Dundee Corporation, through its subsidiaries, beneficially holds all of the non-voting limited partnership units of Dundee Properties LP.

Dundee Management Limited Partnership (“Dundee Management LP”) - a limited partnership governed by the laws of Ontario. Dundee Management LP holds all of the issued and outstanding shares of Dundee Realty Management. Dundee Management LP manages substantially all of our properties and provides certain services to us, with the assistance of its wholly-owned subsidiary, Dundee Realty Management. Dundee REIT indirectly holds all of the voting units of Dundee Management LP. The general partner of Dundee Management LP is Dundee Management (GP) Inc., a corporation incorporated under the laws of Ontario. Dundee Properties LP holds all of the limited partnership units of Dundee Management LP, and all of the issued and outstanding shares of its general partner. Through these interests, Dundee Properties LP is entitled to 100% of the distributions of income from Dundee Management LP.

Dundee Realty Management Corp. (“Dundee Realty Management”) - a corporation governed by the laws of Ontario. Dundee Realty Management assists Dundee Management LP in managing substantially all of our properties. All of the issued and outstanding shares of Dundee Realty Management are held by Dundee Management LP.

GENERAL DEVELOPMENT OF THE BUSINESS

Acquisitions and Dispositions

Acquisition Highlights

The table below highlights strategic acquisitions completed since January 1, 2010, with a purchase price of more than \$20 million.

Property Name	Property Type	Interest Acquired	Acquired GLA ⁽¹⁾ (sq.ft.)	Occupancy at date of Acquisition	Purchase Price ⁽²⁾ (\$000's)	Date Acquired
Adelaide Place, Toronto	office	100%	655,000	97%	217,708	January 18, 2010
Aviva Corporate Centre, Toronto	office	100%	438,000	99%	45,660	February 10, 2010
10130-103 Street, Edmonton	office	100%	265,625	95%	90,007	April 16, 2010
30 Eglinton Avenue West, Mississauga	office	100%	164,987	90%	38,543	May 31, 2010
625 Cochrane Drive, Markham	office	100%	161,997	100%	29,917	June 18, 2010
Valleywood Corporate Centre, Markham	office	100%	154,116	98%	31,645	June 18, 2010
275 Wellington Street East, Aurora	industrial	100%	317,000	100%	25,438	July 30, 2010
2075 Kennedy Road, Toronto	office	100%	201,730	96%	31,750	August 12, 2010
1421 rue Ampère, Boucherville	industrial	100%	457,875	100%	29,381	September 2, 2010
150 Metcalfe Street, Ottawa	office	100%	109,374	91%	34,540	September 16, 2010
2200 & 2204 Walkley Road, Ottawa	office	100%	156,551	100%	23,653	November 2, 2010
4259-4299 Canada Way, Burnaby	office	100%	118,536	96%	26,280	December 15, 2010
2665 Renfrew Street, Vancouver	office	100%	81,662	100%	34,649	December 21, 2010
AFIAA Portfolio, Toronto, Mississauga and Calgary	office	100%	198,392	95%	45,348	December 21, 2010
10250-101 Street, Edmonton	office	100%	296,961	79%	84,619	December 22, 2010
100 Gough Road, Toronto	office	100%	111,840	100%	30,475	December 30, 2010
Saskatoon Square, Saskatoon	office	100%	209,593	100%	51,349	January 4, 2011
400 Cumberland Road, Ottawa	office	100%	174,921	100%	39,179	January 17, 2011
Realex portfolio ⁽³⁾	office and industrial	100%	1,837,277	96%	363,697 ⁽⁴⁾⁽⁵⁾	February 8, 2011
700 de la Gauchetière, Montréal	office	100%	987,706	94%	287,766	July 11, 2011
13888 Wireless Way, Richmond	office	100%	116,530	100%	32,447	July 12, 2011
Blackstone portfolio, Ontario and Alberta	office	100%	2,661,914	94%	703,365	August 15, 2011
Richmond Place (8100 Granville Avenue), Richmond	office	100%	94,646	100%	24,867	November 22, 2011
5001 Yonge Street, Toronto	office	100%	310,600	100%	112,984	January 19, 2012
1 Riverside Drive, Windsor	office	100%	235,915	82.5%	36,014	April 26, 2012
Whiterock portfolio ⁽⁶⁾	office, industrial, retail	100%	7,364,970	97.6%	1,419,889 ⁽⁵⁾	March 2, 2012
Scotia Plaza	office	66.7%	1,317,861	99.5%	844,339	June 15, 2012
Transamerica portfolio ⁽⁷⁾	office and industrial	60%	373,087	89.0%	75,787	October 4, 2012
30 Adelaide Street East	office	50%	206,967	99.9%	78,774	December 28, 2012

⁽¹⁾ Gross leaseable area ("GLA")

⁽²⁾ Includes transaction costs.

⁽³⁾ Acquired through our acquisition of all of the issued and outstanding shares of Realex Properties Corp.

⁽⁴⁾ Includes \$20.8 million of equity accounted investments.

⁽⁵⁾ Excludes transaction costs.

⁽⁶⁾ Acquired through our acquisition of Whiterock REIT.

⁽⁷⁾ Acquired in connection with the completion of the initial public offering of Dundee Industrial REIT.

Acquisition of Scotia Plaza Complex

On June 15, 2012, we completed our acquisition of a two-thirds interest in the Scotia Plaza complex in the heart of Toronto's financial district for \$844.3 million, excluding transaction costs. At the time of acquisition, Scotia Plaza was 99.5% occupied by outstanding tenants, including Scotiabank and three of Canada's prominent law firms, and had a weighted average remaining lease term of 10.6 years. Scotia Plaza is accounted for using the equity accounting method, and is jointly managed pursuant to a joint venture agreement with our co-owner, H&R Real Estate Investment Trust ("**H&R REIT**"). The acquisition was financed by way of a private placement of \$650.0 million of mortgage bonds issued by two special purpose limited partnerships (the "**SP LPs**"), with our proportionate share being \$433.3 million. The remainder of the purchase price was funded by the issuance of 10,392,550 REIT A Units at \$35.90 per unit, for gross proceeds of \$373.1 million, and by drawing on existing revolving credit facilities.

The Scotia Plaza mortgage bonds have a seven year term and are secured by a first-ranking charge on the Scotia Plaza complex and related property and assets with interest to be payable semi-annually in June and December on a 30-year amortization schedule. The effective interest rate of the mortgage bonds to us is 3.45%. Recourse with respect to the mortgage bonds is limited to the SP LPs' interest in the Scotia Plaza complex and related property and assets, subject to certain customary exceptions that will permit recourse to the SP LPs, but not to Dundee Properties LP, Dundee REIT or any of our other subsidiaries. Each of the SP LPs will be jointly and severally liable for all obligations owing under the mortgage bonds and all covenants, obligations and liabilities arising under the mortgage bonds and related documents, subject to the limited recourse described above.

The property manager of the Scotia Plaza complex is a limited partnership in which we have a two-thirds interest, and H&R Property Management Ltd., the property manager for the properties of H&R REIT, has a one-third interest.

Dundee Properties LP and H&R REIT (collectively, the "**Limited Partners**") entered into agreements setting out the terms of their ownership and management arrangements, which include the following:

- all income is distributed to the Limited Partners monthly, and expenses and capital costs funded by the Limited Partners in their respective proportionate shares
- all decisions of the Limited Partners must be unanimous, provided that if H&R REIT transfers its interest (other than to an affiliate), all decisions will be made by Dundee Properties LP, acting alone, subject to certain customary exceptions
- a general prohibition against all transfers of ownership. In the event of a change of ownership of a Limited Partner, the other party will have the right to purchase the first party's interest at fair market value
- a buy-sell with a 120 day notice period, with a standstill period for five years and a minimum price of 105% of the purchase price for the Scotia Plaza complex for 10 years
- rights of first offer and tag along provisions
- recourse of each of the Limited Partners is limited to its interest in the Scotia Plaza complex, subject to certain exceptions such as payment of adjustments on a disposition.

Acquisition of Whiterock REIT

On March 2, 2012, we completed our acquisition of Whiterock REIT. The acquisition included \$1.4 billion of investment properties. The purchase was funded with \$159.8 million in cash and the issuance of 12,580,347 REIT A Units, valued at \$34.56 per unit, representing total consideration of \$594.6 million.

Acquisition of Blackstone Portfolio

On August 15, 2011, we completed our acquisition of the Blackstone portfolio from affiliates of Blackstone Real Estate Advisors LP and Slate Properties Inc. for \$703.4 million, including transaction costs. The properties we acquired consisted of 24 office properties totalling 2.7 million square feet of GLA.

Acquisition of Realex Properties Corp.

On February 8, 2011, we completed our acquisition of all of the 18,712,663 outstanding shares of Realex Properties Corp. for \$8.25 per share, for a total cash consideration of \$154.4 million, as well as \$203.9 million in assumed mortgages and \$5.4 million in assumed working capital, representing a total purchase price of \$363.7 million.

Acquisition of Adelaide Place

On January 18, 2010, we completed our purchase of Adelaide Place (181 University Avenue and 150 York Street) located in Toronto, Ontario, for approximately \$217.7 million (including transaction costs). This two tower Class A office complex is located in the financial core of Toronto.

Under applicable Canadian securities laws, our acquisition of each of Whiterock REIT, the Blackstone portfolio, Realex Properties Corp. and Adelaide Place was a “significant acquisition”. We filed a business acquisition report in respect of each of those acquisitions.

Dispositions

Since January 1, 2010, we have sold the following properties set out below:

Property	Property Type	Date Disposed Of
Greenbriar Mall, Atlanta, Georgia	retail	February 5, 2010
110 Sheppard Avenue East, Toronto	office	March 1, 2010
ARAM Building, Calgary	office	February 2, 2012
West Chambers, Edmonton	office	August 15, 2012
4250 Albert Street, Regina	retail	August 15, 2012
885 Don Mills, Toronto	office	August 30, 2012
12804 137 th Avenue, Edmonton	retail	September 14, 2012
Bisma Centre, Calgary	office	September 19, 2012
998 Parkland Drive, Halifax	retail	October 4, 2012
193 Malpeque Road, Charlottetown	retail	October 4, 2012
655 University Avenue, Charlottetown	retail	October 4, 2012
Industrial portfolio ⁽¹⁾	industrial	October 4, 2012
7102-7220 Barlow Trail SE, Calgary	office	November 30, 2012
625 University Park Drive, Regina	retail	January 31, 2013
2640, 2510-2550 Quance Street East, Regina	retail	January 31, 2013

⁽¹⁾ Disposed of in connection with the initial public offering of Dundee Industrial REIT.

Sale of Industrial Portfolio to Dundee Industrial REIT

On October 4, 2012, Dundee Industrial REIT completed its initial public offering. At the same time, we completed the sale of our industrial portfolio, which consisted of 77 industrial properties, to Dundee Industrial REIT for a total sale price of approximately \$575.5 million (including working capital adjustments). The sale price of the 77 industrial properties was satisfied by cash consideration of approximately \$136.3 million and the issuance of \$160.3 million of limited partnership units of a

subsidiary of Dundee Industrial REIT which are exchangeable for units of Dundee Industrial REIT, promissory notes receivable from Dundee Industrial REIT of \$42.0 million, offset by the mortgages assumed on dispositions and working capital adjustments. Our retained interest in Dundee Industrial REIT as at December 31, 2012 was approximately 30.9% and is accounted for as an equity investment. Our retained interest in Dundee Industrial REIT is currently 26% as a result of the issuance of additional units by Dundee Industrial REIT pursuant to a public offering which was completed on March 6, 2013.

Current Discussions Regarding Acquisitions and Dispositions

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

Development Properties

We do not currently have any development properties.

Amendments to Declaration of Trust

Effective June 15, 2012, we amended and restated our declaration of trust to remove Dundee Corporation's board appointment rights and, instead, provide it with the entitlement to nominate (but not appoint) up to one less than a majority of trustees, provided that Dundee Corporation and its affiliates continue to beneficially own, in the aggregate, at least 2,000,000 REIT Units (including those issuable upon surrender or exchange of its LP Class B Units, Series 1). In addition, the definition of "Independent Trustee" was updated to align with the definition of independence for board purposes under securities laws. This replaced a prior definition of "Independent Trustee" that was implemented by way of an amendment to our declaration of trust dated March 31, 2011.

Effective December 31, 2009, we amended and restated our declaration of trust to make certain changes in the way we hold our indirect interest in Telus Tower in Calgary. In addition, in preparation for our transition to International Financial Reporting Standards, we also amended the termination provisions of our declaration of trust to provide that Dundee REIT will continue in full force and effect so long as any of our property is held by our trustees, unless Dundee REIT is earlier terminated in accordance with our declaration of trust.

At our annual meeting of unitholders held on May 7, 2008, unitholders approved a special resolution authorizing and approving certain amendments to the distribution payment provisions in our declaration of trust. These amendments, which were implemented forthwith after the meeting of unitholders, were reflected in an amended and restated declaration of trust of Dundee REIT dated September 1, 2009.

On December 31, 2007, we reorganized our structure in order to provide greater certainty that we would be able to satisfy the REIT Exception by January 1, 2008 for the purposes of the SIFT Rules. In connection with this reorganization of our structure, amendments were made to our declaration of trust and other documents effective December 31, 2007.

Equity Offerings

On June 12, 2012, we completed a public offering of 10,392,550 REIT A Units, including REIT A Units issued pursuant to the exercise of the over-allotment option granted to the underwriters of the offering, at a price of \$35.90 per unit. The net proceeds of this offering were approximately \$358.5 million (after deducting the underwriters' fees and expenses of the offering), and were used to partially fund the acquisition of the Scotia Plaza complex and for general trust purposes.

On March 28, 2012, we completed a public offering of 6,555,000 REIT A Units, including REIT A Units issued pursuant to the exercise of the over-allotment option granted to the underwriters of the offering, at a price of \$35.35 per unit. The net proceeds of this offering were approximately \$222.4 million (after deducting the underwriters' fees and expenses of the offering), and were used to partially repay debt, to fund future acquisitions and for general trust purposes.

On March 2, 2012, we issued 12,580,347 Units as consideration in connection with our acquisition of Whiterock REIT.

On December 20, 2011, we completed a public offering of 4,393,000 REIT A Units, including REIT A Units issued pursuant to the exercise of the over-allotment option granted to the underwriters of the offering, at a price of \$32.75 per unit. The net proceeds of this offering were approximately \$137.5 million (after deducting the underwriters' fees and expenses of the offering), and were used to fund future acquisitions and for general trust purposes.

On August 15, 2011, we completed a public offering of 5,037,000 REIT A Units at a price of \$32.40 per unit. The offering included 407,000 Units purchased by Dundee Corporation at the offering price pursuant to the exercise of its pre-emptive right under Dundee REIT's declaration of trust. The net proceeds of this offering were approximately \$156.6 million (after deducting the underwriters' fees and expenses of the offering), and were used to fund the acquisition of the Blackstone Portfolio.

On June 14, 2011, we completed a public offering of 4,660,000 REIT A Units at a price of \$33.30 per Unit. On June 29, 2011, we issued an additional 699,000 REIT A Units at the same price pursuant to the exercise of the over-allotment option granted to the underwriters of the offering. The net proceeds of this offering were approximately \$171.3 million (after deducting the underwriters' fees and expenses of the offering), and were used to fund future acquisitions and for general trust purposes.

On February 4, 2011, we completed a public offering of 4,749,500 REIT A Units, including REIT A Units issued pursuant to the exercise of the over-allotment option granted to the underwriters of the offering, at a price of \$30.30 per unit. The net proceeds of this offering were approximately \$137.7 million (after deducting the underwriters' fees and expenses of the offering), and were used to partially fund the acquisition of Realex Properties Corp., to fund potential future acquisitions and for general trust purposes.

On December 21, 2010, we completed a public offering of 3,864,000 REIT A Units, including REIT A Units issued pursuant to the exercise of the over-allotment option granted to the underwriters of the offering, at a price of \$29.85 per unit. The net proceeds of this offering were approximately \$110.2 million (after deducting the underwriters' fees and expenses of the offering), and will be used to fund committed and future acquisitions and for general trust purposes.

On September 2, 2010, we completed a public offering of 5,669,500 REIT A Units, including REIT A Units issued pursuant to the exercise of the over-allotment option granted to the underwriters of the offering, at a price of \$25.40 per unit. The net proceeds of this offering were approximately \$137.7 million (after deducting the underwriters' fees and expenses of the offering), and were used to fund future acquisitions and for general trust purposes.

On June 2, 2010, we completed a public offering of 4,100,000 REIT A Units at a price of \$24.40 per unit. On June 17, 2010, we issued an additional 615,000 REIT A Units at the same price pursuant to the exercise of the over-allotment option granted to the underwriters of the offering. The net proceeds of this offering were approximately \$109.9 million (after deducting the underwriters' fees and expenses of the offering), and were used for funding acquisitions and general trust purposes.

On March 16, 2010, we completed a public offering of 3,965,000 REIT A Units at a price of \$25.25 per unit. On March 26, 2010, we issued an additional 594,750 REIT A Units at the same price pursuant to the exercise of the over-allotment option granted to the underwriters of the offering. The net proceeds of this

offering were approximately \$110.0 million (after deducting the underwriters' fees and expenses of the offering), and were used for funding acquisitions and general trust purposes.

On January 7, 2010, we completed a public offering of 5,520,000 REIT A Units, including REIT A Units issued pursuant to the exercise of the over-allotment option granted to the underwriters of the offering, at a price of \$18.75 per unit. The net proceeds of this offering were approximately \$98.6 million (after deducting the underwriters' fees and expenses of the offering), and were used for funding acquisitions and for general trust purposes.

Redemption of Debentures

On December 31, 2012, we redeemed four series of our then-outstanding debentures, including one series of debentures we assumed in connection with our acquisition of Whiterock REIT. We redeemed 100% the then-outstanding principal amount of debentures of the following series:

- Series 2005-1 5.7% convertible unsecured subordinated debentures of Dundee REIT due March 31, 2015;
- 6.0% convertible unsecured subordinated debentures of Dundee REIT due December 31, 2014;
- 6.5% convertible unsecured subordinated debentures of Dundee REIT due June 30, 2014; and
- 7.0% Series G convertible unsecured subordinated debentures of Whiterock REIT due December 31, 2014 assumed by Dundee REIT.

The redemption price was determined in accordance with the provisions of the indentures and supplemental indentures relating to the debentures redeemed. The redemption price was paid in cash and was equal to the aggregate of (i) \$1,000 for each \$1,000 principal amount of debentures issued and outstanding on December 31, 2012, and (ii) all accrued and unpaid interest on the debentures to but excluding that date.

As a result of these redemptions, we currently have only three series of debentures outstanding, being the 5.50% Series H Debentures (which are convertible debentures) and the 5.95% Series K Debentures and the 5.95% Series L Debentures (which are non-convertible debentures). For a description of these debentures, see "Description of Debentures—Series H Debentures" and "Description of Debentures—Series K and Series L Debentures".

Normal Course Issuer Bid

Our most recent normal course issuer bid expired in December 2012 without any units being purchased. Our normal course issuer bid prior to that bid expired in November 2011 without any units being purchased.

RECENT DEVELOPMENTS

Acquisition of Broadmoor Plaza

On March 15, 2013, we completed the acquisition of Broadmoor Plaza, Edmonton, Alberta, for approximately \$84.0 million (excluding transaction costs). The Broadmoor Plaza portfolio comprises six suburban office properties totaling approximately 372,000 square feet of Class A office and commercial space. At the time of acquisition, the portfolio was approximately 98.5% leased and had an average lease term of 4.0 years.

Appointment of Chief Operating Officer

On February 20, 2013, we announced the appointment of Ana Radic as Chief Operating Officer of Dundee REIT. Ana Radic was previously Senior Vice President, Eastern Canada for Dundee Realty Management Corporation. The position of Chief Operating Officer is a new position for Dundee REIT.

DESCRIPTION OF THE BUSINESS

Objectives

We are committed to:

- managing our investments to provide growing cash flow and stable and sustainable returns through adapting our strategy and tactics to changes in the real estate industry and the economy;
- building and maintaining a diversified, growth-oriented portfolio of office properties in Canada, based on an established platform;
- providing predictable and sustainable cash distributions to unitholders and prudently managing distributions over time; and
- maintaining a REIT that satisfies the REIT Exception under the SIFT Rules in order to provide certainty to unitholders with respect to taxation of distributions.

Strategy

With the sale of substantially all of our Industrial Portfolio in the fourth quarter of 2012, Dundee REIT's core strategy is to invest in office properties in key markets across Canada, providing a solid platform for stable and growing cash flows. The majority of our portfolio comprises central business district office properties concentrated in nine of Canada's top ten office markets. The execution of our strategy is continuously reviewed, including acquisitions and dispositions, our capital structure and our analysis of current economic conditions. Our executive team is seasoned, knowledgeable and highly motivated to continue to increase the value of our portfolio and provide stable, reliable and growing returns for our unitholders. In addition, we are steadfast in maintaining Dundee REIT's status as a real estate investment trust under the SIFT legislation.

Dundee REIT's methodology to meet its strategy and objectives includes:

Investing in high-quality office properties

Dundee REIT has an established presence in key urban markets across the country. Our portfolio comprises high-quality office properties that are well-located, attractively priced and produce consistent cash flow. When considering acquisition opportunities, we look for quality tenancies, strong occupancy, the appeal of the property to future tenants, how it complements our existing portfolio and how we can create additional value.

Optimizing the performance, value and cash flow of our portfolio

We manage our properties to optimize long-term cash flow and value. With fully internalized property management, we offer a strong team of highly experienced real estate professionals who are focused on achieving more from our assets. Occupancy rates across our portfolio have remained steady and strong for a number of years. We view this as compelling evidence of the appeal of our properties and our ability to meet and exceed tenant expectations. We have a proven ability to identify and execute value add opportunities and a track record for outperforming the S&P/TSX Capped REIT Index.

Diversifying our portfolio to mitigate risk

Since 2009, we have carefully repositioned our portfolio through an impressive number of accretive acquisitions. In addition to expanding and diversifying our geographic footprint across the country, the acquisitions have served to enhance the stability of our business: diversifying and strengthening the quality of our revenue stream and increasing cash flow. Our existing tenant base is well diversified, representing a number of industries and different space requirements, and with strong financial covenants. Our lease maturity profile is well staggered over the next ten years. We will continue to pursue opportunities for growth but only when it enhances our overall portfolio, further improves the sustainability of distributions, strengthens our tenant profile and mitigates risk. We have experience in each of Canada's key markets and have the flexibility to pursue acquisitions in whichever markets offer compelling investment opportunities.

Maintaining and strengthening our conservative financial profile

We have always operated our business in a disciplined manner, with a keen eye on financial analysis and balance sheet management to ensure that we maintain a prudent capital structure. We continue to generate cash flows sufficient to fund our distributions while maintaining a conservative debt ratio and staggered debt maturities.

Competitive Conditions

A description of the competitive conditions relevant to our business is set out on pages 6 to 11 of our 2012 Management's Discussion and Analysis. The disclosure on those pages is incorporated by reference into this AIF.

REAL ESTATE PORTFOLIO

Our Properties

As at December 31, 2012, our ownership interests included 173 office properties (205 buildings) comprising approximately 22.9 million square feet located in Toronto, Calgary, Edmonton, Montreal, Kitchener-Waterloo, Ottawa, Vancouver, Regina, Saskatoon, Quebec City, Yellowknife, and Halifax. These office buildings can generally be categorized as high-quality, affordable, central business district and suburban buildings. At December 31, 2012, the average occupancy rate across our office portfolio was 95.1%. The national industry average occupancy rate was 91.5% (CB Richard Ellis, Canadian Office MarketView, Fourth Quarter 2012). Our occupancy rates include lease commitments for space that is currently being readied for occupancy but for which rent is not yet being recognized.

Additional data and information regarding the geographic distribution of our rental properties are set out on page 3 of our 2012 Management's Discussion and Analysis, which disclosure is incorporated by reference into this AIF.

The table below sets forth information concerning the office properties in our portfolio and the name of the significant tenants occupying each property (as determined by whether those tenants occupy over 20,000 square feet of gross leasable area on a 100% basis or, if there are no such tenants, the largest tenant measured by gross leasable area occupied). The name of each tenant referred to below may not be the name of the legal entity which is a party to the relevant lease. All references to "square foot" or "square feet" refer to square foot or square feet of gross leasable area.

Property	Ownership	Total GLA in Square Feet	Year Built/ Renovated	Year Acquired	Occupied/ Committed as at December 31, 2012	Significant Tenants
HSBC Bank Place, Edmonton	100.0%	298,660	1981	2010	91.4%	City of Edmonton, HSBC Bank Canada
Enbridge Place, Edmonton	100.0%	262,642	1981	2010	99.4%	Enbridge Pipelines Inc.
Saskatoon Square, Saskatoon	100.0%	228,371	1980	2011	93.3%	Sask Tel, WLT Properties Inc., Wardrop Engineering Inc., Clarkson Cordon Services Ltd.
Station Tower, Surrey	100.0%	219,094	1994	1998	93.0%	South Coast BC Transportation, Fraser Health Authority
1900 Sherwood Place, Regina	100.0%	185,104	1992 / 2003	2006	100.0%	Co-Operators Life Insurance Company, CGI (ISMC), Conexus Credit Union
Milner Building, Edmonton	100.0%	173,325	1957	2011	100.0%	ATCO I-Tek, Atco Gas and Pipelines Ltd. Alberta Infrastructure
Victoria Tower, Regina	100.0%	144,165	1976	2006	100.0%	Saskatchewan Property Management Corporation
Baker Centre, Edmonton	100.0%	143,994	1958	2011	83.6%	Alberta Infrastructure
Princeton Tower, Saskatoon	100.0%	132,702	1988	2006	96.4%	Government of Canada
HSBC Building, Edmonton	100.0%	118,418	1974	2011	94.3%	Alberta Health Services, Minister of Infrastructure
4259-4299 Canada Way, Burnaby	100.0%	117,974	1973 / 1998	2010	86.0%	WEBTECH WIRELESS Inc., Government of Canada
13888 Wireless Way, Richmond	100.0%	116,530	2008	2011	100.0%	Sage Software Canada, Eclipsys Canada
Highfield Place, Edmonton	100.0%	104,577	1978	2011	95.5%	Jacobs Canada Inc.
Scotia Centre, Yellowknife	100.0%	101,440	1991	2006	96.0%	Comm. of NWT
Richmond Place, Richmond	100.0%	94,646	1986	2011	100.0%	Vancouver Coastal Authority
4400 Dominion Street, Burnaby	100.0%	92,759	1977 / 2000/2006	2007	93.3%	Keystone Environment Ltd.
Precambrian Building, Yellowknife	100.0%	90,592	1976	2006	84.7%	BHP Billiton Canada Inc.
Northwest Tower, Yellowknife	100.0%	87,647	1991	2006	93.0%	Municipal and Community Affair
625 Agnes Street, New Westminster	100.0%	85,632	1981	2007	97.6%	ICBC
1914 Hamilton Street, Regina	100.0%	82,264	1973	2012	100.0%	Saskatchewan Power Corporation
2665 Renfrew Street, Vancouver	100.0%	81,662	2009	2010	100.0%	The Art Institute of Vancouver
350-450 Lansdowne Street, Kamloops	40.0%	191,467	1970 / 2008	2012	85.0%	London Drugs
2261 Keating Cross Road, Victoria	40.0%	181,545	1999	2012	100.0%	Province of British Columbia
Financial Building, Regina	100.0%	65,764	1958 / 1992	2010	100.0%	Government of Canada
4370 Dominion Street, Burnaby	100.0%	63,835	1983 / 1999	2008	92.9%	Stantec Consulting Ltd.
Preston Centre, Saskatoon	100.0%	61,803	1988 / 2003	1998	100.0%	AECOM Canada Ltd.
960 Quayside Drive, New Westminster	100.0%	61,694	1988	2007	97.1%	Westminster Savings Credit Union
10199 - 101st Street NW, Edmonton	50.0%	121,357	1985	2011	54.0%	Bank of Montreal
2220 College Avenue, Regina	100.0%	59,590	1976	2012	100.0%	Saskatchewan Provincial Government
Morgex Building, Edmonton	100.0%	53,000	1982 / 1995	2011	100.0%	Johnson Inc.

Property	Ownership	Total GLA in Square Feet	Year Built/ Renovated	Year Acquired	Occupied/ Committed as at December 31, 2012	Significant Tenants
Gallery Building, Yellowknife	100.0%	50,149	1970	2012	100.0%	Public Works & Government Services
St. Albert Trail Centre, Edmonton	50.0%	96,804	2004 / 2005	2011	100.0%	Sobeys Capital Incorporated
10216 - 124th Street, Edmonton	25.0%	154,514	1983	2011	87.9%	Alberta Health Services
2055 Premier Way, Strathcona County	100.0%	91,763	2007	2012	100.0%	Dominion Leasing Inc.
26229 Township Road 531, Parkland County	100.0%	89,744	1968	2012	79.1%	Eveready Industrial Services Corp.
2400 College Avenue, Regina	100.0%	35,528	1977	2012	92.3%	Saskatchewan Provincial Government agencies
2899 Broadmoor Blvd., Strathcona County	100.0%	82,964	1999	2012	100.0%	Flint Energy Services
2693 Broadmoor Blvd., Strathcona County	100.0%	82,531	2007	2012	97.4%	Genivar Inc., Suncor Energy Inc.
11404 Winterburn Rd NW, Edmonton	100.0%	82,341	2004	2012	90.3%	Keystone Excavating
Royal Centre, Saskatoon	100.0%	16,423	1952	2012	100.0%	Royal Bank of Canada
2833 Broadmoor Blvd., Strathcona County	100.0%	76,376	2000	2012	81.1%	Celtic Management Services
2208 Scarth Street, Regina	100.0%	25,310	1974	2012	100.0%	Virtus Group Chartered Accountants
16134 - 114th Avenue NW, Edmonton	100.0%	48,542	2006	2012	88.5%	Gratz Manufacturing
Royal Centre, Saskatoon	100.0%	32,128	1952	2012	100.0%	Royal Bank of Canada
13183 - 146th Street NW, Edmonton	100.0%	38,943	2005	2012	95.7%	Arrow Engineering
Capital Centre, Edmonton	25.0%	64,114	1978	2011	97.4%	Norquest College
2445 - 13th Avenue, Regina	100.0%	16,018	1975	2012	100.0%	Saskatchewan Provincial Government agencies
16104 - 114th Avenue NW, Edmonton	100.0%	28,664	1972	2012	92.5%	Normand Holdings
234 - 1st Avenue South, Saskatoon	100.0%	9,567	1971	2012	100.0%	101021495 Saskatchewan Ltd.
Western Canada Office	90.0%	4,944,676			94.3%	
Telus Tower, Calgary	50.0%	708,600	1983	2003	100.0%	Telus Communications Inc., Encana Corporation, Hatch Ltd., Jacobs Canada Inc.
840 - 7th Avenue SW, Calgary	100.0%	267,794	1979 / 2001	2006	99.3%	
444 - Seventh Building, Calgary	100.0%	251,931	1963 / 1998	2011	100.0%	National Energy Board, Penn West Petroleum Ltd., Husky Oil Operations Limited
McFarlane Tower, Calgary	100.0%	242,243	1979 / 2003	2006	96.7%	Alberta Infrastructure, Saxon Energy Services Inc., Polar Star Canadian Oil and Gas,
Life Plaza, Calgary	100.0%	236,986	1980 / 1992	2007	92.5%	Standard Land Company Inc.
Rocky Mountain Plaza, Calgary	100.0%	196,740	1972	2011	92.7%	Bow Valley College, Alberta Infrastructure
Franklin Atrium, Calgary	100.0%	149,208	1981	2006	95.0%	Pivot Data Centres Inc., Guest-Tek Interactive Entertainment, Williams Engineering Canada Inc.
Airport Corporate Centre, Calgary	100.0%	148,478	2000	2007	89.6%	Canada Revenue Agency (HMTQ), Alberta Health Services
Northland Building, Calgary	100.0%	146,600	1982	2011	84.5%	Immigrant Services Calgary

Property	Ownership	Total GLA in Square Feet	Year Built/ Renovated	Year Acquired	Occupied/ Committed as at December 31, 2012	Significant Tenants
606 Fourth Building & Barclay Parkade, Calgary	100.0%	134,093	1969 / 1998	2011	100.0%	Wentworth Resources Ltd., Canadian Western Bank, PWGSC
Roslyn Building, Calgary	100.0%	131,762	1966 / 2003	2001	89.5%	Ensign Drilling Inc.
IBM Corporate Park, Calgary	33.3%	357,308	2002	2008	100.0%	Newalta Corporation
Atrium I, Calgary	100.0%	109,793	1978	2007	95.0%	Gemini Corporation
Atrium II, Calgary	100.0%	109,392	1979	2007	98.3%	Calgary Business Services Ltd.
510 - 5th Street SW, Calgary	100.0%	109,258	1981	2011	88.0%	IMV Projects
Joffre Place, Calgary	100.0%	107,368	1980	2005	91.5%	Wawanesa Mutual Insurance
Dominion Centre, Calgary	100.0%	99,014	1979	2007	100.0%	AMEC Americas Limited
435 - 4th Avenue SW, Calgary	100.0%	88,736	1978	2007	99.1%	Renegade Petroleum Ltd.
2891 Sunridge Way, Calgary	100.0%	87,250	2001	2006	100.0%	Yellow Pages Group Co., Three Streams Engineering Ltd.
Kensington House, Calgary	100.0%	77,590	1982 / 2002/2003	1998	97.4%	IBI Leaseholds Limited
1035 - 7th Ave SW, Calgary	100.0%	75,129	1979 / 2002	2006	95.4%	Precision Drilling Corporation, SNC Lavalin Inc.
3115 - 12th Street NE, Calgary	100.0%	73,560	1981	2011	63.7%	Crawford & Company (Canada)
Mount Royal Place, Calgary	100.0%	59,384	1979 / 2004	2006	88.9%	ADL Oilfield Consulting Ltd.
441 Fifth Avenue SW, Calgary	100.0%	58,651	1973	2012	78.1%	Sizeland Evans Interior Design
9705 Horton Road SW, Calgary	100.0%	54,232	1976	2012	84.5%	Lundgren & Young Insurance Inc.
Braithwaite Boyle Centre, Calgary	100.0%	54,221	1982	2011	100.0%	Calgary Housing Company
Franklin Building, Calgary	100.0%	50,577	1978 / 2001	2006	100.0%	Alberta Health Services
2816 - 11th Street NE, Calgary	100.0%	33,542	1981	2012	81.0%	Precision Geomatics Inc.
Riverbend Atrium, Calgary	25.0%	88,053	1981 / 2001	2011	93.2%	EBA Engineering Consultants Ltd.
Centre 70, Calgary	15.0%	132,257	1977	2011	91.3%	HMTQ (ABI)
Stockman Centre, Calgary	25.0%	62,202	1979	2011	71.2%	Alcatel-Lucent Canada Inc.
Calgary Office	81.8%	4,501,952			94.4%	
Scotia Plaza complex, Toronto	66.7%	1,578,660	1989/2011	2012	98.8%	Scotiabank, Borell Management, Cassels Brock Blackwell, Miller Thomson, Bereskin & Parr Management, Raymond James, VISA Canada Association, Gardiner Roberts
Adelaide Place, Toronto	100.0%	654,789	1982 / 2001	2010	94.4%	Medcan Health Management Inc., CIBC, DBRS, Royal & Sun Alliance Company, Lindt and Sprungli
5915-5935 Airport Road, Mississauga	100.0%	492,743	1983	2012	90.6%	Conagra Foods Canada, Air Canada, Yardi Systems, CA Canada, Granite Claims Solutions, Conceptwave Software, Hostopia.com Inc.
Aviva Corporate Centre, Toronto	100.0%	352,425	1987	2010	100.0%	Aviva Canada Inc.
6655-6725 Airport Road, Mississauga	100.0%	329,725	1983	2009	100.0%	Winners Merchants International, Minacs Worldwide Inc., Livingston International Inc.

Property	Ownership	Total GLA in Square Feet	Year Built/ Renovated	Year Acquired	Occupied/ Committed as at December 31, 2012	Significant Tenants
AIR MILES Tower, Toronto	100.0%	322,557	1992	2008	96.9%	Loyalty Management Group Inc., Dutton Brock, Smart & Biggar Management Limited
5001 Yonge Street, Toronto	100.0%	309,138	1992	2012	99.2%	PWGSC (CRA), Gilliland, Gold, Young Consultants
655 Bay Street, Toronto	100.0%	297,878	1990	2012	100.0%	Federal and Ontario Provincial government agencies
Scotia Plaza complex, Toronto	66.7%	401,705	1989/2011	2012	100.0%	Scotiabank, Borell Management, Cassels Brock Blackwell, Miller Thomson, Bereskin & Parr Management, Raymond James, VISA Canada Association, Gardiner Roberts
720 Bay Street, Toronto	100.0%	247,743	1989	2004	100.0%	HMTQ Ministry of Government Services
Market Square, Kitchener	100.0%	240,710	1975 / 1986	2011	95.9%	Stantec Consulting Ltd., The Record, Nordia inc., Good Life Fitness
100 Frederick Street, Kitchener	100.0%	237,548	1981 / 2005	2011	95.9%	MCAP Service Corporation, Rogers Communications Inc., PWGSC
1 Riverside Drive, Windsor	100.0%	236,281	2002	2012	80.6%	Daimler Chrysler Canada, City of Windsor
18 King Street East, Toronto	100.0%	231,414	1967 / 2008/2009	2011	99.1%	CBRE Management, Insurance Institute of Canada, State Street Trust Company, Xceed Mortgage Corporation
275 Dundas Street West, London	40.0%	540,933	1974	2012	90.7%	The Toronto-Dominion Bank
36 Toronto Street, Toronto	100.0%	214,040	1875 / 2008/2009	2011	98.2%	BDO Canada LLP, Exchange Solutions Inc.
State Street Financial Centre, Toronto	100.0%	413,933	1958 / 2001	1999	99.9%	State Street Trust Company, IFDS, Dundee Realty Management Corp.
2075 Kennedy Road, Toronto	100.0%	204,802	1991	2010	79.4%	Carswell, DWM Securities Inc.,
5945-5955 Airport Road, Mississauga	100.0%	177,834	1981	2012	92.2%	Badenhurst, Aviation General Partner Inc.
50 Burnhamthorpe Road West, Mississauga	49.9%	346,883	1987	2012	88.5%	Community Door Services Network
50 Queen Street North, Kitchener	100.0%	169,769	1978 / 2004	2011	96.3%	PWGSC, Gowlings Canada Inc.
30 Eglinton Avenue West, Mississauga	100.0%	165,012	1989	2010	83.2%	Royal LePage Kingsbury Realty
401 & 405 The West Mall Street, Toronto	40.0%	411,842	1985 / 2007	2012	98.9%	Trader Corporation, Livingston International, Parmalat
300, 302 & 304 The East Mall, Toronto	49.9%	326,389	1973	2012	96.0%	Meloche Monnex, SNC Lavalin, Erco Worldwide
625 Cochrane Drive, Markham	100.0%	162,792	1989	2010	100.0%	Delcan Corporation, Worldsource Financial Services, Bank of Nova Scotia
330 Bay Street, Toronto	100.0%	161,634	1926	2011	93.4%	Inmet Mining
Valleywood Corporate Centre, Markham	100.0%	154,400	1990	2010	98.5%	Family Guidance Group Inc., BDO Dunwoody LLP, Miltom Leasing (Markham) Ltd.
90 Burnhamthorpe Road West, Mississauga	49.9%	300,864	1989	2012	97.6%	Edward D. Jones & Co.
185 The West Mall, Toronto	49.9%	297,292	1989 / 2006	2012	100.0%	Cogeco Data Services LP
8 King Street East, Toronto	100.0%	147,272	1914 / 2006/2008	2011	99.2%	Watts, Grifis & McOuat Limited

Property	Ownership	Total GLA in Square Feet	Year Built/ Renovated	Year Acquired	Occupied/ Committed as at December 31, 2012	Significant Tenants
2645 Skymark Ave., Mississauga	100.0%	142,487	1984	2009	100.0%	Worley Parsons Canada Ltd., Fashion Distributors
55 King Street West, Kitchener	100.0%	124,493	1992	2011	70.6%	WSIB
250 Dundas Street West, Toronto	100.0%	121,593	1983	2010	100.0%	Toronto Central Community Care, Government of Ontario
100 Gough Road, Markham	100.0%	111,840	1980	2010	100.0%	IBM Canada Limited
Victory Building, Toronto	100.0%	101,420	1925 / 2007/2008	2011	100.0%	Salamandastron Inc.
235 King Street East, Kitchener	100.0%	100,798	1977	2011	78.9%	Region of Waterloo, Arvato Services Canada Inc.
22 Frederick Street, Kitchener	100.0%	95,150	1973 / 1999	2011	81.6%	Sun Life
Accelerator Building, Waterloo	100.0%	92,762	2006	2011	100.0%	Miltom Leasing (Kitchener) Ltd., The Regional Municipality of Waterloo
6299 Airport Road, Mississauga	100.0%	90,779	1975 / 2007	2012	85.5%	G&K Services Canada Inc.
1020 Birchmount Road, Toronto	100.0%	87,161	1952	2010	63.1%	Beaches Trading Company
425 Bloor Street East, Toronto	100.0%	83,022	1986	2011	69.4%	Arcturus Realty Corporation
6303 Airport Road, Mississauga	100.0%	80,325	1979 / 2007	2012	88.2%	Cedara Software Corporation
195 The West Mall, Toronto	49.9%	160,812	1984	2012	100.0%	SNC Lavalin
191 The West Mall, Toronto	49.9%	158,260	1985	2012	97.1%	SNC Lavalin, Transat Tours Canada Inc.
586 Argus Road, Oakville	100.0%	74,570	1992 / 2011	2011	94.6%	Maple Leaf Foods Inc.
2810 Matheson Boulevard East, Mississauga	49.9%	135,384	1989	2012	83.3%	Credit Union of Central Ontario
357 Bay Street, Toronto	100.0%	63,417	1921 / 2008	2011	77.7%	St. Stephen Centre
6509 Airport Road, Mississauga	100.0%	60,000	1981 / 2010	2010	100.0%	Lafarge Canada Inc.
10 King Street East, Toronto	100.0%	57,052	1965 / 2010	2011	100.0%	Lakeshore Gold Corp.
360 Bay Street, Toronto	100.0%	56,719	1955 / 2007/2009	2011	94.6%	The Capital Markets Company
350 Bay Street, Toronto	100.0%	52,782	1928 / 1987	2011	76.2%	Coffee Office Inc.
2550 Argentia Road, Mississauga	100.0%	51,639	1987	2010	79.0%	Bridges GP Inc.
67 Richmond Street West, Toronto	100.0%	44,996	1940	2012	100.0%	Cardinia Real Estate Canada
180 Keil Drive South, Chatham	100.0%	36,927	2005	2012	100.0%	Minacs Worldwide Inc.
366 Bay Street, Toronto	100.0%	36,371	1959 / 2006/2009	2011	87.7%	Standard Land Company
49 Ontario Street, Toronto	40.0%	87,105	1972	2012	100.0%	Technicolor Creative Services
6501 Mississauga Road, Mississauga	40.0%	85,002	1982	2012	97.6%	Hill's Pet Nutrition Canada Inc.
56 Temperance Street, Toronto	100.0%	32,239	1984 / 1984	2011	100.0%	CDC Software Corporation
2010 Winston Park Drive, Oakville	40.0%	79,137	1990	2012	92.6%	AON Canada Inc.
6531 Mississauga Road, Mississauga	40.0%	71,192	1978	2012	86.7%	Walker's Fish Market
80 Whitehall Drive, Markham	40.0%	60,805	1990	2012	100.0%	Smucker Foods of Canada

Property	Ownership	Total GLA in Square Feet	Year Built/ Renovated	Year Acquired	Occupied/ Committed as at December 31, 2012	Significant Tenants
10 Lower Spadina Avenue, Toronto	40.0%	60,255	1988	2012	100.0%	Cardinia Real Estate Canada
3035 Orlando Drive, Mississauga	100.0%	16,754	1991	2010	100.0%	The North West Company
70 King Street East, Kitchener	100.0%	9,485	1977 / 2009	2011	100.0%	Obsidian Inc.
Greater Toronto Area Office ¹	81.6%	12,851,740			94.7%	
700 De la Gauchetière Street West, Montréal	100.0%	953,996	1983 / 2003/2010	2011	96.7%	Bell Canada, Hydro Quebec, AON Canada, Agence Metropolitain de Transportation, Banque National du Canada, International Civil Aviation
445 Opus Industrial Boulevard, Mount Juliet, Nashville	100.0%	717,160	2010	2012	100.0%	Nissan North America Inc.
200 Chemin Sainte-Foy, Quebec City	100.0%	398,351	1970 / 2005	2012	100.0%	Quebec Provincial Government
2450 Rue Girouard, Saint- Hyacinthe	100.0%	231,500	1959 / 1967	2012	100.0%	Intact Insurance
12800 Foster Street, Overland Park	100.0%	185,178	2006	2012	100.0%	U.S. Bank National Association
400 Cumberland Road, Ottawa	100.0%	174,322	1972 / 2000	2011	100.0%	PWGSC (DND)
2200-2204 Walkley Road, Ottawa	100.0%	158,898	1985	2010	100.0%	PWGSC (CRA)
130 Slater Street, Ottawa	100.0%	122,907	1968	2011	100.0%	Knowledge Circle
900 D'Youville, Quebec City	100.0%	122,671	1956 / 1988	2012	98.2%	Quebec Provincial Government (SIQ)
Gateway Business Park, Ottawa	100.0%	120,790	1987	2009	97.7%	A Hundred Answers Inc.
1125 Innovation Drive, Ottawa	100.0%	115,771	2000	2009	86.0%	Cae Inc., Skyworks Solutions Inc.
150 Metcalfe Street, Ottawa	100.0%	109,576	1991	2010	100.0%	PWGSC
22 Varennes Street, Gatineau	100.0%	107,783	2001	2011	100.0%	PWGSC (Passport Canada)
360 Laurier Avenue West, Ottawa	100.0%	107,298	1966 / 2010	2011	100.0%	PWGSC
580 Rue Grande Allée, Quebec City	100.0%	90,875	1912	2012	78.0%	Cain Lamarre Casgrain Wells
250 King Street, Fredericton	100.0%	80,162	1999	2012	100.0%	Province of New Brunswick
277 Pleasant Street, Dartmouth	100.0%	76,527	1971	2012	98.6%	Province of Nova Scotia
219 Laurier Avenue West, Ottawa	40.0%	187,910	1965	2012	100.0%	Government of Canada
8550 Newman Boulevard, Montreal	100.0%	66,397	2001 / 2005	2012	94.6%	Quebec Provincially funded healthcare institutions
236 Brownlow Avenue, Dartmouth	100.0%	60,739	1987	2010	94.9%	PWGSC, Lawton's Drug Stores Limited
2625 Queensview Drive, Ottawa	100.0%	46,156	1983	2010	100.0%	Ottawa Centre for Research and Innovation
1305 Chemin Sainte-Foy, Quebec City	100.0%	35,156	1957 / 1991	2012	79.5%	Cogeco Diffusion Inc.
Seven Capella Court, Ottawa	100.0%	31,362	2002	2012	100.0%	Lumenera Corporation
111 Ilsley Avenue, Dartmouth	100.0%	27,428	1983	2012	100.0%	PCL Construction
700 De la Gauchetière Street	79.2%	33,710	1983 /	2011	68.2%	447969 Canada Inc.

Property	Ownership	Total GLA in Square Feet	Year Built/ Renovated	Year Acquired	Occupied/ Committed as at December 31, 2012	Significant Tenants
West, Montréal			2003/2010			
680 Broadway Street, Tillsonburg	49.9%	47,016	2003	2012	100.0%	Sobeys
141 Saint Jean Street, Quebec City	100.0%	22,333	1920	2012	100.0%	Quebec Provincial agencies
460 Two Nations Crossing, Fredericton	40.0%	50,945	2008	2012	100.0%	Province of New Brunswick
117 Kearney Lake Road, Halifax	35.0%	36,287	1994	2012	95.4%	Nova Scotia Liquor Corp.
55 Norfolk Street South, Simcoe	40.0%	12,887	1987 / 2000	2012	100.0%	Royal Bank of Canada
Eastern Canada Office/US	95.5%	4,532,091			97.8%	
TOTAL OFFICE²	85.5%	26,830,459			95.1%	
Redeveloped Properties:						
Bellanca Building, Yellowknife	100.0%	52,285	1973	2006		
Redeveloped Properties	100.0%	52,285				
Properties Held for Sale:						
625 University Park Drive, Regina	100.0%	17,145	1995	2012		
2640, 2510-2550 Quance Street East, Regina	100.0%	69,554	1994	2012		
Total Properties Held for Sale	100.0%	86,699				
Total Office Including Properties Held for Sale	85.6%	26,969,443				

¹ Includes Southwest Ontario Properties

² Excludes Properties Held for Sale

A description of our top ten office properties, as at December 31, 2012, which collectively produce approximately 32% of our net operating income (“NOI”), is set out below.

Scotia Plaza Complex, Toronto – we own two-thirds of the Scotia Plaza complex, one of Canada’s pre-eminent office properties. Located in the heart of Toronto’s financial district, the Scotia Plaza complex comprises approximately 2.0 million square feet. The complex includes four connected buildings and concourse leases, including the landmark 68-storey, 1.5 million square foot red granite tower located at 40 King Street West, and the adjacent 26-storey 0.4 million square foot historic 44 King Street West. H&R REIT owns the other one-third of this complex.

700 de la Gauchetière Street West, Montréal – 700 de la Gauchetière is a 28-storey, 954,000 square foot Class A office building located in downtown Montréal. The building is part of a complex comprising two office towers, 700 de la Gauchetière and the adjacent National Bank Tower, owned by the National Bank. Both towers rest on a six-level podium housing a shopping concourse, parking and storage levels, which is operated jointly by the Trust and The National Bank.

Adelaide Place, Toronto – we own 100% of this two tower Class A office complex located at 181 University Avenue and 150 York Street in downtown Toronto. The property, which encompasses 655,000 square feet of primarily office space as well as some retail space and a bank branch at grade level, was

built in 1982 and extensively retrofitted in 2001. The complex is located in the financial core of Toronto, on the north side of Adelaide Street West between York Street and University Avenue and is connected to Toronto's PATH underground walkway system. Medcan Health Management Inc., CIBC, DBRS, Royal & Sun Alliance Company and Lindt and Sprungli are the largest tenants in this property.

State Street Financial Centre, Toronto – we own 100% of this 17-storey office building located on the edge of the financial core at 30 Adelaide Street East in downtown Toronto. The property was built in 1958, was extensively renovated in 2001 and comprises 414,000 square feet. The largest tenants in this property are State Street Trust Company, IFDS and Dundee Realty Management Corp.

Telus Tower, Calgary – we own a 50% interest in this 28-storey, 709,000 square foot office building in downtown Calgary. The building was constructed in 1983 and is located on the edge of the financial core. Telus Communications leases the majority of the space with the balance being leased to such tenants as Encana Corporation. H&R REIT owns the other 50% of this property and H&R Property Management Ltd. is the property manager.

444 Seventh Building, Calgary – we own 100% of this 10-storey, Class A office building located at 444 7th Avenue in downtown Calgary. The property was built in 1963, was renovated in 1998 and encompasses 252,000 square feet of office space and multi-level retail space. The largest tenants in this property are the National Energy Board, Penn West Energy and Husky Oil.

Enbridge Place, Edmonton (10130-103 Street) – we own 100% of this 22-storey, 263,000 square foot office building in downtown Edmonton. The property was constructed in 1981 and Enbridge Pipelines Inc., Sask Tel, WLT Properties, Wardrop Engineering and Clarkson Cordon Services are the largest tenants.

5001 Yonge Street, Toronto – we own 100% of this Class A office building. The property encompasses 311,000 square feet of office space with retail at grade level. It is located on the east side of Yonge Street, just north of Sheppard Avenue in North York, a sub-market in the north-end of Toronto. The largest tenants in this property are PWGSC and Gilliland Gold Young.

AIR MILES Tower, Toronto – we own 100% of this 20-storey, 323,000 square foot Class A office building located at the southwest corner of Dundas Street West and University Avenue in downtown Toronto. The building was constructed in 1992 and features an underground connection to St. Patrick subway station. The building is leased to a variety of tenants, the largest being Loyalty Management Group, Dutton Brock and Smart & Biggar Management Ltd.

840-7th Avenue SW, Calgary – we own 100% of this 20-storey, 268,000 square foot office building located within Calgary's West core. The building, which was constructed in 1979 and renovated in 2001, is connected to Calgary's Plus 15 walkway system and is leased to a variety of tenants, with Hatch Ltd. and Jacobs Canada Inc. being the largest tenants.

ENVIRONMENTAL SITE ASSESSMENTS

Environmental legislation and policies have become increasingly stringent over the years. Such environmental laws provide a range of potential liabilities, including potentially significant penalties, and potential liability for the costs of removal or remediation of certain hazardous or toxic substances released on, to, in or from our properties or disposed of in any other location. The presence of such substances, if any, may also adversely affect our ability to sell or redevelop such real estate or to borrow using such real estate as collateral, and could potentially also result in civil claims by private plaintiffs.

Phase I environmental site assessments (also known as environmental audits) of each of the Properties have previously been performed by independent environmental consultants from time to time as necessary. For instance, such assessments may have been performed in connection with financing activities with respect to the Properties or the purchase of properties that are not currently in our portfolio. Phase I environmental site assessments were conducted to identify actual and potential site contamination

and non-compliance with environmental laws and regulations based on a review of available historical and current records, interviews with available site personnel and a visual inspection of the relevant property. A Phase I environmental site assessment is a limited review and evaluation of the environmental condition of a property, which does not involve soil sampling or groundwater analysis, unless required by the consultant. When a Phase I environmental site assessment identifies any substantial potential issues, including noncompliance with material environmental laws or regulations, further assessment is carried out, including, in some cases, Phase II site assessments which involve intrusive investigations, such as soil or water sampling and analyses.

Phase II environmental site assessments were also conducted on certain of the Properties. The relatively few issues identified through this site assessment process, including the need to remediate or otherwise address contamination at some of the Properties, are being carefully managed, with the involvement of professional consultants where appropriate.

We believe that the current estimated cost of remediation or capital expenditures with respect to actual or potential environmental conditions would not have a material adverse effect on our results of operations, business, prospects and financial condition.

We have policies and procedures in place to review and monitor environmental matters relating to our properties, and the Governance and Environmental Committee of our Board has oversight over these matters. Our operating policies require us to conduct a Phase I environmental audit of real properties proposed to be acquired by us, subject to certain limited exceptions. We will continue to make appropriate capital and operating expenditures to ensure compliance with environmental laws and regulations.

INDEBTEDNESS

For the year ended December 31, 2012, our interest coverage ratio was 2.7 times. This ratio is calculated by dividing (i) net operating income from continuing operations plus interest and fee income less general and administrative expenses by (ii) interest expense from continuing operations. As at the same date, our variable rate debt was approximately 4.3% of total debt.

Mortgage Financing

Our properties currently serve as security for mortgage loan facilities from a number of lenders. In some cases, a group of properties may serve as security for mortgage loans from a single lender. In some cases, there is recourse to the assets of Dundee Properties LP. However, none of the lenders with respect to any of our facilities have recourse to the direct assets of Dundee REIT.

The following table summarizes certain of the principal features of the existing mortgages in place on the properties in our portfolio as at December 31, 2012. All dollar amounts are expressed in thousands of dollars.

Year Ending December 31	Debt Maturities	Scheduled Principal Repayments On Non-matured Debt	Amount ⁽¹⁾	%	Weighted average effective interest Rate on Balance Due at Maturity (%)	Weighted average face rate on balance due at maturity (%)
2013.....	\$ 270,634	\$ 74,770	\$ 345,404	10.4	4.28	5.26
2014.....	97,913	72,838	170,751	5.2	5.27	5.83
2015.....	410,523	68,587	479,110	14.5	3.96	4.25
2016.....	575,161	58,908	634,069	19.2	4.36	4.40
2017	329,293	50,001	379,294	11.5	4.56	4.97
2018 and thereafter	1,164,634	133,587	1,298,221	39.2	4.31	4.22
Total.....	\$ 2,848,158	\$ 458,691	\$ 3,306,849	100.0	4.33	4.50

Weighted average term to maturity 5.1 years

⁽¹⁾ Includes debt related to investment in joint ventures that are accounted for as equity investments, together with assets held for sale.

Credit Facilities

On December 31, 2012, we used \$126.5 million of our excess cash to redeem convertible debentures with a weighted average coupon rate of 6.0%. See “General Development of the Business—Redemption of Debentures”. The remaining unamortized deferred financing costs and premium/discounts on initial recognition of the debentures have been written off to debt settlement costs in the amount of \$2.7 million. In connection with the sale of our industrial properties and the sale of non-core assets, \$250.3 million of mortgages were assumed by purchasers upon disposition of the properties.

On September 26, 2012, we capitalized on the value of an investment property by refinancing a mortgage for a ten-year term, increasing the principal outstanding from \$111.4 million at the time of discharge to \$180.0 million, and reducing the face rate from 5.35% to 4.20%. In connection with the refinancing, we were subject to a prepayment penalty of \$5.6 million, and wrote off the \$4.1 million fair value adjustment related to mark-to-market impact recorded when the debt was assumed. The net amount of \$1.5 million was recorded on the consolidated statement of comprehensive income as a component of debt settlement costs. Total debt settlement costs for the quarter were \$0.7 million, reflecting the write-off of \$0.8 million in relation to three other mortgages that we discharged early.

In addition to the mortgages discussed above, we discharged \$174.9 million of mortgages and a portion of the term loan facility with a combined weighted average interest rate of 5.28%, by way of repayment, refinancing or selling the related asset in the third quarter of 2012.

On June 15, 2012, we placed \$433.3 million (\$650 million including H&R REIT’s share) of mortgage bond financing, which is included in equity accounted investments, at a face rate of 3.21% and an effective interest rate of 3.55% for a term of seven years. The interest is payable semi-annually based on a 30-day amortization period.

We have four demand revolving credit facilities totalling approximately \$281.5 million, of which \$209.9 million was available as at December 31, 2012, after deducting \$67.7 million that was drawn on the available facilities and \$3.9 million that was utilized in the form of letters of guarantee.

On March 2, 2012, we entered into a \$10.0 million equity bridge facility and a \$210.0 million secured term facility. The equity bridge facility was in the form of rolling one-month bankers’ acceptances (“BAs”) bearing interest at the BA rate plus 2.35%. The secured term facility was in the form of rolling one-month BAs, bearing interest at the BA rate plus 1.75%. The equity bridge facility was fully repaid on April 5, 2012. The secured term facility was converted into a revolving credit facility on April 17, 2012, and matured on March 5, 2013. The revolving credit facility is in the form of rolling one-month BAs bearing interest at the BA rate plus 1.75% or at the bank’s prime rate (3.0% at December 31, 2012) plus

0.75%, and is secured by nine properties as first-ranking mortgages. As at January 31, 2013, the formula-based amount available under this facility was \$171.5 million, reduced from previous periods as a result of dispositions during the fourth quarter of 2012. At December 31, 2012, \$54.0 million was drawn on the facility.

A demand revolving credit facility is available up to a formula-based maximum not to exceed \$40.0 million, generally bearing interest at the bank prime rate (3.0% as at December 31, 2012) plus 1.5%, or BA rates, plus 3.0%. This facility is secured by a first-ranking collateral mortgage on two properties and a second-ranking collateral mortgage on one property. The facility matures on April 30, 2013. At December 31, 2012, the formula-based amount available under this facility was \$26.3 million, less \$1.6 million in the form of letters of guarantee. As at December 31, 2012, \$13.7 million was drawn on the facility.

In connection with our acquisition of Realex Properties Corp. in 2011, we assumed a revolving credit facility authorized to a formula-based maximum of \$22.0 million. In the third quarter of 2011, we negotiated an increase in the authorized amount of the facility to \$35.0 million. As at December 31, 2012, no amount was drawn from the facility. The facility is secured by a second-ranking mortgage on two properties and bears interest based on the bank's prime rate (3.0% as at December 31, 2012) plus 0.85%. The facility matures on April 30, 2013.

In connection with our acquisition of Whiterock REIT, we assumed a revolving acquisition and operating facility of up to \$35.0 million. Interest is incurred at floating rates determined, at our option, by reference to the prime rate plus 85 bps or BA rates plus 185 bps. The facility is secured by a first-ranking collateral mortgage on one property and a second-ranking collateral mortgage on one property and a guarantee provided by Dundee REIT. The facility expires on August 23, 2013. As at December 31, 2012, \$0.3 million was being utilized in the form of letters of guarantee and \$34.7 million remained available.

We also have a \$188.0 million term loan facility outstanding, drawn to finance the acquisition of the Blackstone portfolio in the third quarter of 2011. The facility expires on August 15, 2016, and bears interest monthly at BA rates plus 1.85%. In order to manage the interest rate fluctuations, we have entered into two interest rate swap agreements (the "swaps") to fix the interest rate. We have applied hedge accounting to the swaps. On August 14, 2012, we repaid \$4.5 million on the term loan facility as one of the properties securing the facility was sold. As at December 31, 2012, \$183.5 million was drawn on the term loan facility.

Our acquisitions of Whiterock REIT, the Blackstone portfolio and Realex Properties Corp., and our disposition of our industrial portfolio, are referred to in "General Development of the Business".

Convertible Debentures

As at December 31, 2012, we had one series of convertible debentures outstanding. See "Description of Debentures—Series H Debentures".

Non-Convertible Debentures

As at December 31, 2012, we had two series of debentures outstanding. See "Description of Debentures—Series K and Series L Debentures".

Additional Financing

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

TRUSTEES AND OFFICERS

Pursuant to the Declaration of Trust, Dundee REIT may have between five and 12 trustees at any given time and a majority of our trustees must be resident Canadians. Dundee REIT currently has 10 trustees.

Each of our trustees is required to exercise the powers and discharge the duties of his or her office honestly and in good faith with a view to the best interests of Dundee REIT and its unitholders and, in connection with doing so, exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

The following table sets forth, as at April 1, 2013, the name, municipality of residence, position with Dundee REIT and principal occupation for each of our trustees.

Name and Municipality of Residence	Positions Held	Principal Occupation
Detlef Bierbaum ⁽²⁾⁽⁴⁾⁽⁵⁾ Köln, Germany	Trustee since June 30, 2003	Corporate Director
Donald K. Charter ⁽⁵⁾ Toronto, Ontario, Canada	Trustee since June 30, 2003	President and Chief Executive Officer, Corsa Coal Corp., a Canadian public mining company
Michael J. Cooper ⁽²⁾ Toronto, Ontario, Canada	Trustee since June 30, 2003 and Officer of the Trust	President and Chief Executive Officer, DRC, a real estate company, and Vice Chairman and Chief Executive Officer of Dundee REIT
Peter A. Crossgrove ⁽¹⁾⁽³⁾⁽⁴⁾⁽⁵⁾ Toronto, Ontario, Canada	Trustee since May 9, 2003	Corporate Director, Executive Chairman, Excellon Resources, a mineral resource company
Joanne Ferstman Toronto, Ontario, Canada	Trustee since March 26, 2007	Corporate Director
Robert G. Goodall ⁽¹⁾⁽³⁾⁽⁵⁾ Mississauga, Ontario, Canada	Trustee since June 30, 2003	President, Canadian Mortgage Capital Corporation, a mortgage brokerage company
David J. Goodman Toronto, Ontario, Canada	Trustee since June 30, 2003	Scotiabank, Global Asset Management Advisory Board
Ned Goodman ⁽²⁾⁽⁶⁾ Innisfil, Ontario, Canada	Trustee and Chairman since June 30, 2003	President and Chief Executive Officer, Dundee Corporation, an asset management company dedicated to resources, real estate and infrastructure, and President and Chief Executive Officer, Goodman Investment Counsel Inc.
Duncan Jackman ⁽¹⁾⁽⁴⁾⁽⁵⁾ Toronto, Ontario, Canada	Trustee since September 11, 2003	Chairman and Chief Executive Officer, E-L Financial Corporation Limited, an insurance holding company
Robert Tweedy ⁽⁴⁾⁽⁵⁾ Toronto, Ontario, Canada	Trustee since September 11, 2003	Corporate Director Chairman, Useppa Holdings Limited, a diversified management company

- (1) Member of the Audit Committee.
- (2) Member of the Investment Committee.
- (3) Member of the Compensation Committee.
- (4) Member of the Governance and Environmental Committee.
- (5) Independent Trustee.
- (6) Chairman of the Board.

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

- Peter Crossgrove recently served as Interim Chief Executive Officer of Excellon Resources and who has for the past five years also been a corporate director of various public companies;
- Detlef Bierbaum who, prior to March 2010 was a Member of the Supervisory Board at Bankhaus Sal. Oppenheim jr. & Cie, KGaA, a private investment bank and prior to April 2008, was a Partner at Bankhaus Sal. Oppenheim jr. & Cie, KGaA, and currently also holds the position of Chairman of Dundee International Real Estate Investment Trust, a real estate investment trust;
- Michael Cooper who currently also holds the position of Vice Chairman of Dundee International Real Estate Investment Trust. Mr. Cooper also held the position of President and Chief Executive Officer of Dundee REIT prior to becoming Vice Chairman and Chief Executive Officer of Dundee REIT in 2006;
- Joanne Ferstman who, prior to June, 2012 was President and Chief Executive Officer of Dundee Capital Markets Inc., a securities dealer, prior to February 1, 2011, was Vice-Chair and Head of Capital Markets, DundeeWealth Inc., an investment management company, and prior to June 2009, was Executive Vice President and Chief Financial Officer and Corporate Secretary of Dundee Corporation and Executive Vice President and Chief Financial Officer of DundeeWealth Inc.

As at December 31, 2012, our trustees and executive officers beneficially owned, directly or indirectly, as a group, 1,400,550 REIT A Units, which represent approximately 1.4% of the outstanding REIT A Units and which do not include the REIT A Units and the LP B Units and the corresponding Special Trust Units beneficially owned by Dundee Corporation, a corporation controlled by one of our trustees, and may not include REIT A Units issued pursuant to our DRIP. As at December 31, 2012, Dundee Corporation, through its subsidiaries, held 3,528,658 LP B Units and the same number of Special Trust Units issued on a one-for-one basis with the LP B Units. The Special Trust Units controlled by Dundee Corporation constitute 100% of the outstanding Special Trust Units. In addition, Dundee Corporation, through its subsidiaries, held 2,494,383 REIT A Units.

Committees

The Board has four committees: the Audit Committee, the Compensation Committee, the Governance and Environmental Committee and the Investment Committee. The corporate governance guidelines in National Policy 58-201 – *Corporate Governance Guidelines* recommend that an issuer’s nominating committee and compensation committee be composed entirely of “independent” directors, within the meaning of National Policy 58-101 – *Disclosure of Corporate Governance Practices* (“NI 58-101”). Our Declaration of Trust also requires that committees of the trustees, other than the Investment Committee, be composed of a majority of “Independent Trustees”. As defined in the Declaration of Trust, an “Independent Trustee” is any Trustee who is independent for board purposes within the meaning of section 1.4 of NI 52-110 – *Audit Committees* of the Canadian Securities Regulators or any successor instrument, rule or policy. Our Declaration of Trust requires that a majority of the trustees on each of these committees be resident Canadians. Each member of a committee shall serve on such committee until such member resigns from such committee or otherwise ceases to be a trustee.

Audit Committee

NI 52-110 and the Declaration of Trust require the Board of trustees to have an Audit Committee consisting of at least three trustees. NI 52-110 requires that, subject to limited exceptions, every member of the Audit Committee be “independent” for purposes of NI 52-110 and the Declaration of Trust requires that the Chair of the Audit Committee be selected from the group of Independent Trustees who are resident Canadians appointed to serve on the Audit Committee. The Board of trustees has adopted a charter, a copy of which is attached as Schedule A to this AIF.

The Audit Committee assists the Board in fulfilling its oversight responsibilities with respect to financial reporting, including: (i) the integrity of the Trust's financial statements and financial reporting process, including the audit process and the Trust's internal accounting controls and procedures; (ii) compliance with related legal and regulatory requirements; (iii) the qualifications and independence of the external auditors; (iv) the work of the Trust's external auditors engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Trust; and (v) the performance of the Trust's management and external auditors in these areas.

The Audit Committee currently consists of four trustees, being Messrs. Bierbaum, Crossgrove, Goodall and Jackman, with Mr. Crossgrove being the Chair. Each of these individuals is an Independent Trustee for the purposes of our Declaration of Trust and is "independent" and "financially literate" within the meaning of NI 52-110. Each member of the Audit Committee possesses considerable education and experience relevant to the performance of his responsibilities as an Audit Committee member.

Relevant Education and Experience

Detlef Bierbaum is a corporate director with extensive experience in the banking and financial services industry. Mr. Bierbaum is currently a Member of the Supervisory Board with Sal. Oppenheim KAG, a fund management company in Köln, Germany. Prior to his retirement in March 2010, Mr. Bierbaum was a Member of the Supervisory Board with Bankhaus Sal. Oppenheim jr. & Cie and from 1991 to 2008, he held the position of Managing Partner with responsibility for asset management. In addition, from 2002 to 2008, he was also responsible for investment banking of Bankhaus Sal Oppenheim jr. & Cie. Prior to 1991, he was the Chief Financial Officer of the Nordstern Insurance Companies based in Cologne. He is a member of the Board of Directors of a number of companies in the asset management and banking sectors based in Germany, England, Luxemburg and the U.S. Mr. Bierbaum is a graduate of the Universities of Cologne and Munich where he studied commercial banking and business administration.

Peter Crossgrove is a corporate director with extensive experience in the mining industry. He is currently the Executive Chairman of Excellon Resources, a mineral resource company operating in Durango State, Mexico. He is also the former Chairman and a founder of Masonite International Inc., a door manufacturing company. He is also a former CEO of ITCO Properties Ltd. and York Hanover Development, both real estate developers in Canada and the U.S. His charitable work includes serving as a honorary board member of the University Health Network and a director of the Canadian Partnership Against Cancer. He earned a Bachelor of Commerce degree from Concordia University, a Masters in Business Administration from the University of Western Ontario and is a Sloan Fellow of the Doctoral Program at Harvard Business School. Mr. Crossgrove is also a recipient of the Queen's Jubilee Medal and a Member of the Order of Canada and was awarded the Order of Ontario in early 2010.

Robert Goodall is the President and founder of Canadian Mortgage Capital Corporation ("CMCC"), a major mortgage brokerage company with well-established lending and mortgage servicing operations. CMCC's head office is in downtown Toronto, and the company has branch offices in Calgary and Vancouver. Mr. Goodall is also CEO of Atrium Mortgage Investment Corporation (Atrium MIC), a major non-bank lender, which has assets of approximately \$225 million and is traded on the TSX under the symbol 'AI'. Prior to founding CMCC, Mr. Goodall spent seven years with Royal Trust, where the last three years were served as National Managing Director of the Real Estate Finance Group for a portfolio of \$1.4 billion in commercial and multi-residential real estate loans, including fixed and floating rate mortgages, construction loans, and high-ratio mezzanine loan facilities. Mr. Goodall sits on the boards of Dundee REIT, Dundee Industrial REIT and a registered charity, Jump Math. Mr. Goodall has an MBA from the Schulich school of business.

Duncan Jackman is Chairman and Chief Executive Officer of E-L Financial Corporation Limited, an investment and insurance holding company. Mr. Jackman oversees the company's investments by sitting on the boards of directors of the subsidiaries and the other companies in which the company has significant shareholdings, including by serving as Chairman of Algoma Central Corporation and Chairman and President of Economic Investment Trust Limited and United Corporations Limited, two

closed-end investment companies. In addition, Mr. Jackman is also a member of the Economic Advisory Council. He earned a Bachelor of Arts degree from McGill University.

Pre-Approval Policies and Procedures

The Audit Committee Charter requires that all non-audit services to be provided to Dundee REIT or any of its subsidiaries by the external auditors or any of its affiliates are subject to pre-approval by the Audit Committee; however, the Audit Committee may delegate such responsibility to one or more of its members.

Auditors' Fees

The aggregate fees billed by PricewaterhouseCoopers LLP, Dundee REIT's external auditor, or fees accrued by Dundee REIT in 2012 and 2011 for professional services are presented below:

	Year ended December 31, 2012	Year ended⁽³⁾ December 31, 2011
Audit Fees		
Audit fees	\$ 485,200	\$ 430,100
Review of interim financial statements and MD&A	134,200	130,400
Audit-related fees ⁽¹⁾		
Audit and review of Dundee REIT's Subsidiaries	377,500	316,100
IFRS-related fees	-	129,000
Acquisition and disposition-related fees	376,300	977,000
Prospectus-related fees	320,500	548,100
Tax Fees		
Tax Fees (advisory and compliance)	217,300	96,400
All other fees ⁽²⁾	-	-
Total	\$ 1,911,000	\$ 2,627,100

(1) Audit-related fees are aggregate fees billed by our external auditor in 2012 and 2011 for assurance and related services that are reasonably related to the performance of the audit or review of our financial statements and are not reported under "Audit Fees" in the table above.

(2) All other fees are aggregate fees billed in 2012 and 2011 for products and services provided by our external auditor, other than the services reported under "Audit Fees", "Audit-Related Fees" and "Tax Fees" in the table above.

(3) Comparative figures have been restated to conform with current year presentation.

Compensation Committee

The Declaration of Trust requires the board of trustees to have a Compensation Committee consisting of at least three trustees. The Chair of the Compensation Committee must be selected from the group of Independent Trustees who are resident Canadians appointed to serve on the Compensation Committee.

In addition to having responsibility for our human resources and compensation policies, the Compensation Committee has primary responsibility for: (i) administering our unit incentive plans; (ii) assessing the performance of the Chief Executive Officer; (iii) reviewing and approving the compensation of senior management and consultants of Dundee REIT; and (iv) reviewing and making recommendations to the board of Trustees concerning the level and nature of the compensation payable to the Trustees.

The Compensation Committee currently consists of Messrs. Crossgrove, Goodall and Jackman, with Mr. Goodall being the Chair. Messrs. Crossgrove, Goodall and Jackman are "independent" within the meaning of NI 58-101, and are also Independent Trustees for the purposes of our Declaration of Trust.

Governance and Environmental Committee

The Declaration of Trust requires the Board of trustees to have a Governance and Environmental Committee consisting of at least three trustees. The Chair of the Governance and Environmental

Committee must be selected from the group of Independent Trustees who are resident Canadians appointed to serve on the Governance and Environmental Committee.

The Governance and Environmental Committee duties include: (a) reviewing the governance policies of Dundee REIT, including being responsible for (i) assessing the effectiveness of the board of Trustees and each of its committees; (ii) considering questions of management succession; (iii) participating along with management in the recruitment and selection of candidates for Trustees; and (iv) considering and approving proposals by the Trustees to engage outside advisors on behalf of the board of Trustees as a whole or on behalf of the Independent Trustees; and (b) reviewing the environmental state of any real property owned by the Dundee Properties LP and establishing the formal policies and procedures in place to review and monitor environmental exposure of Dundee REIT and its subsidiaries.

The Governance and Environmental Committee currently consists of all Independent Trustees, being Messrs. Bierbaum, Crossgrove, Jackman and Tweedy, with Mr. Crossgrove being the Chair. Each of these individuals is “independent” within the meaning of NI 58-101.

Investment Committee

The Declaration of Trust requires the Board of trustees to have an Investment Committee consisting of at least three trustees. The Investment Committee assists the Board in discharging the Board’s oversight responsibilities relating to acquisitions and dispositions of investments, proposed transactions and financing arrangements. Each member of the committee must have a minimum of three years of substantial experience in the real estate industry, which may include, without limitation, having been a Board member or senior officer of a real estate company.

The Investment Committee duties include: (i) approving or rejecting proposed acquisitions and dispositions of investments by Dundee REIT and its subsidiaries; (ii) authorizing proposed transactions; (iii) approving all financing arrangements and the assumption or granting of any mortgage other than the renewal of any existing mortgage by any of Dundee REIT’s subsidiaries. The investment committee may grant or delegate all or some of the duties set out above to the senior management of Dundee REIT or Dundee Properties LP.

The Investment Committee currently consists of Messrs. Bierbaum, Cooper and Ned Goodman, with Mr. Cooper being the Chair.

Term of Office

Our trustees will be elected at each annual meeting of our unitholders for a term expiring at the conclusion of the next annual meeting or until their successors are elected or appointed and will be eligible for re-election. A trustee appointed by the trustees between meetings of unitholders or to fill a vacancy will be appointed for a term expiring at the conclusion of the next annual meeting of our unitholders or until his or her successor is elected or appointed and will be eligible for election or re-election.

Our Declaration of Trust provides that a trustee may resign upon written notice to us and a trustee (other than a nominee of Dundee Corporation) may be removed with or without cause by a majority of the votes cast at a meeting of unitholders called for that purpose or with cause by two-thirds of the remaining trustees.

A vacancy occurring among our trustees may be filled by resolution of the remaining trustees, so long as they constitute a quorum, or by the unitholders at a meeting of the unitholders.

Dundee Corporation Nomination Rights

As outlined in our Declaration of Trust, Dundee Corporation is entitled to nominate up to one less than a majority of the trustees, subject to certain conditions.

Independent Trustee Matters

In addition to requiring the approval of a majority of our trustees, the following matters require the approval of at least a majority of our Independent Trustees (within the meaning of our Declaration of Trust) who have no interest in the matter to become effective:

- to make a material change to the Plan of Arrangement;
- to permit the LP to make a material change to any of the Master Property Management Agreement, the Asset Management Agreement, the Administrative Services Agreement or the DMLP Agreement, change the fees payable thereunder, if any, renew the Master Property Management Agreement, the Asset Management Agreement or the Administrative Services Agreement at the end of their respective terms, or appoint a substitute for the Manager after the end of the term of the Master Property Management Agreement, or appoint a substitute for the asset manager after the end of the term of the Asset Management Agreement, or to permit any material change to the Governance Agreement, and any change to the provisions of such agreements relating to Independent Trustee approval shall be deemed to be such a material change;
- to enter into any agreement or transaction in which any Related Party has a material interest or make a material change to any such agreement or transaction;
- relating to a claim by or against any Related Party;
- relating to a claim in which the interests of a Related Party differ from the interests of the Trust;
- to permit the LP to acquire any real or other property in which a Related Party has an interest or to sell any interest in any real or other property to a Related Party;
- granting REIT Units under any unit incentive or unit compensation plan approved by the Trustees and, if required, by the Unitholders or awarding any right to acquire or other right or interest in the REIT Units or securities convertible into or exchangeable for REIT Units under any plan approved by the Trustees and, if required, by the Unitholders;
- to approve or enforce any agreement entered into by the Trust or its Subsidiaries with a Trustee who is not an Independent Trustee or an associate thereof, with a Related Party, or with the Manager or any successor as property manager under the Master Property Management Agreement;
- recommending to the holders of the Units to increase the number of Trustees
- serving on the board of Trustees or authorizing the Trustees to change the number of Trustees from time to time; and
- a change to the compensation of any officer or employee of the Trust.

Management of Dundee REIT

The following table sets forth the name, municipality of residence and title of each executive officer of Dundee REIT:

Name, Municipality of Residence and Title

Executive Officers of Dundee REIT

MICHAEL J. COOPER.....	Vice Chairman and Chief Executive Officer
Toronto, Ontario	
MARIO BARRAFATO	Senior Vice President and Chief Financial Officer
Burlington, Ontario	

Michael J. Cooper was previously the President and Chief Executive Officer of Dundee REIT. Mario Barrafato was previously Senior Vice President and Controller of Dundee Realty Management Corporation.

The services of additional personnel are provided by Dundee Management LP, with the assistance of its wholly-owned subsidiary, Dundee Realty Management, to support the executive officers of Dundee REIT in fulfilling their duties. In addition, the Asset Manager provides advisory, asset management, and administrative services to Dundee REIT pursuant to the Asset Management Agreement. See “Real Estate Management and Advisory Services – Asset Management Agreement” below.

Conflict of Interest Restrictions and Provisions

The Declaration of Trust contains “conflict of interest” provisions similar to those applicable to corporations under section 132 of the OBCA which serve to protect unitholders without creating undue limitations on us. Given that our trustees and officers are engaged in a wide range of real estate and other business activities, our Declaration of Trust requires each of our trustees or officers to disclose to us if he or she is a party to a material contract or transaction or proposed material contract or transaction with us or the fact that such person is a director or officer of or otherwise has a material interest in any person who is a party to a material contract or transaction or proposed material contract or transaction with us. Such disclosure is required to be made by a trustee (i) at the first meeting of the trustees or the Investment Committee, as the case may be, at which a proposed contract or transaction is considered, (ii) if the trustee was not then interested in a proposed contract or transaction, at the first such meeting after a trustee becomes so interested, (iii) if the trustee becomes interested after a contract is made or a transaction is entered into, at the first such meeting after the trustee becomes so interested, or (iv) at the first meeting after an interested party becomes a trustee. Disclosure is required to be made by an officer as soon as the officer becomes aware that a contract or transaction or proposed contract or transaction is to be, or has been, considered by the trustees, as soon as the officer becomes aware of his or her interest in a contract or transaction or, if not currently one of our officers, as soon as such person becomes one of our officers. In the event that a material contract or transaction or proposed material contract or transaction is one that in the ordinary course would not require approval by our trustees or unitholders, that trustee or officer is required to disclose in writing to the trustees or request to have entered into the minutes of the meeting of the trustees the nature and extent of his or her interest forthwith after the trustee or officer becomes aware of the contract or transaction or proposed contract or transaction. In any case, a trustee who has made disclosure to the foregoing effect is not entitled to vote on any resolution to approve the contract or transaction unless the contract or transaction is one relating primarily to his or her remuneration for serving as our trustee, officer, employee or agent or one for indemnity under the indemnity provisions of our Declaration of Trust or the purchase of liability insurance.

Our Declaration of Trust contains provisions to address potential conflicts of interest arising between us and any Related Party. In particular, our trustees are required to obtain a valuation in respect of any real property that Dundee Properties LP intends to purchase from or sell to a Related Party prepared by a valuator engaged by, and prepared under the supervision of, a committee of two or more Independent Trustees who have no interest in such transaction. In addition, Dundee REIT will not permit Dundee Properties LP to effect a transaction with a Related Party unless the transaction is determined to be on commercially reasonable terms by, and is approved by, a majority of our Independent Trustees who have no interest in such transaction.

Individual Non-Competition Agreements

The Declaration of Trust requires each of our trustees to enter into a non-competition agreement with us. The Individual Non-Competition Agreements provide that each of our trustees and officers and any personal holding company thereof will be prohibited from directly or indirectly acquiring an ownership interest in any real property which meets the investment criteria of Dundee Properties LP, unless such investment opportunity has first been offered to Dundee Properties LP in accordance with the terms of the Individual Non-Competition Agreement. The investment criteria of Dundee Properties LP are set out in

its investment guidelines. See “Investment Guidelines and Operating Policies — Investment Guidelines of Dundee Properties LP”.

The above investment restriction will only apply to real properties located in Canada and will not apply to investments in vacant land, residential housing, multi-residential housing units, residential condominium units, nursing homes or retirement homes. This investment restriction will not apply to any of our trustees or officers, or any personal holding company thereof, with respect to any real property investment made in connection with or as a condition of their securing a property, facilities or leasing management assignment with respect to such investment; provided that if the investment (i) equals or exceeds \$25 million; or (ii) equals or exceeds \$10 million and results in the trustee or officer, or a personal holding company thereof, acquiring a 10% or greater interest in the property, Dundee Properties LP will be offered the right to co-invest with the trustee or officer, or the personal holding company thereof, on an equal basis. Further, this investment restriction will not apply to (i) passive real estate investments made by the trustee or officer, or a personal holding company thereof, which are each less than \$10 million and represent less than a 25% interest in the real property, (ii) investments in properties that do not meet the investment criteria of Dundee Properties LP, as set out in the Properties Limited Partnership Agreement, (iii) investments in any property that will be used personally for office space, (iv) investments in any property that will be used by the trustee or officer as his or her personal residence, (v) investments that were owned by the trustee or officer, or a personal holding company or an affiliate of a personal holding company thereof, on the date of the applicable Individual Non-Competition Agreement, (vi) investments made on behalf of fiduciary, managed or client accounts, (vii) investments that result from the realization of a loan secured by the property, and (viii) investments made by any personal holding company, or any of such company’s affiliates, which are public companies or any subsidiaries or affiliates of such public companies (other than DRC and its direct subsidiaries).

The Individual Non-Competition Agreements provide that our trustees or officers will no longer be bound by their terms when such trustee or officer, as applicable, ceases to be one of our trustees or officers.

Governance of Dundee REIT

Dundee REIT’s investment and operating activities are limited because our operating business is carried on by Dundee Properties LP, one of our subsidiary entities. Dundee Properties LP holds direct and indirect interests in our commercial revenue producing properties, and carries out all of our property investment activities, as well as operating activities such as the leasing, developing and mortgaging of our properties. Properties General Partner is the general partner of Dundee Properties LP and, as such, directs the activities of Dundee Properties LP.

In order to govern certain aspects of the relationship between Dundee REIT and Dundee Properties LP, Dundee REIT entered into the Governance Agreement with Properties General Partner and Dundee Corporation. This agreement contains provisions governing, among other things, the election of the directors of Properties General Partner. In particular, pursuant to the Governance Agreement, Dundee REIT will:

- appoint the board of directors of Properties General Partner and ensure that at all times up to one less than a majority of the directors of Properties General Partner shall be appointed in accordance with the recommendations of the Governance and Environmental Committee of the Board;
- ensure that at all times a majority of the directors of Properties General Partner are not trustees of Dundee REIT; and
- ensure that, for as long as Dundee Corporation continues to beneficially own REIT Units, Series A, REIT Units, Series B or Special Trust Units of Dundee REIT, one of the directors of Properties General Partner shall be appointed in accordance with the recommendation of Dundee Corporation.

In addition, Properties General Partner will not, without the approval of our trustees or any committee of our trustees, authorize the issuance of any units of Dundee Properties LP to any person, other than to Partnership A or Partnership B or to a holder of its LP B Units pursuant to the distribution reinvestment feature of the Properties Limited Partnership Agreement.

The Governance Agreement requires Properties General Partner to obtain the approval of our trustees in order to make any change to the distribution policy of Dundee Properties LP.

Pursuant to the Governance Agreement, Dundee REIT will not transfer any of the shares of Properties General Partner without the approval of at least 66 2/3% of the votes cast at a meeting of unitholders of Dundee REIT called for such purpose.

REAL ESTATE MANAGEMENT AND ADVISORY SERVICES

Asset Management Agreement

The Asset Manager of Dundee REIT is DRC. Pursuant to the Asset Management Agreement, the Asset Manager has agreed to provide the following asset management services to Dundee REIT, Partnership A, Partnership B and Dundee Properties LP (collectively, the “Client”), subject to the overriding supervision and direction of our trustees and Properties General Partner, as applicable:

- (a) at the request of the Client, to review and provide the Client with recommendations regarding the asset business plan prepared by the Client for each Property (as defined in the Asset Management Agreement) (the “Asset Business Plans”);
- (b) to take all steps reasonably required to assist the Client in the implementation of each Asset Business Plan, subject to the terms and provisions of the Asset Management Agreement;
- (c) to advise the Client with respect to all capital projects that are required or recommended to be implemented with respect to any of the Properties;
- (d) at the request of the Client, to review the insurance placed or proposed to be placed respecting each Property and to make recommendations with regard thereto to the Client;
- (e) to permit the Client and the Client’s representatives, advisors and agents upon reasonable written notice, to examine all books of account, records, reports and other papers of the Asset Manager relating to the Properties and the services performed for the Client by the Asset Manager under the Asset Management Agreement, to make copies thereof or extracts therefrom or to have the same audited by an auditor appointed by the Client and at the expense of the Client; and the Asset Manager shall cooperate to enable such persons to carry out their duties to the Client;
- (f) to provide and operate the Client’s head office, including providing the office space, equipment, support services and administrative, clerical and secretarial personnel incidental thereto;
- (g) to manage day-to-day operations of the Client;
- (h) to prepare or oversee the preparation of annual budgets and the Asset Business Plans for presentation to our trustees for approval and to monitor the Client’s financial performance;
- (i) to maintain the books and financial records of the Client and preparing reports and other disclosure documents for our trustees and unitholders;
- (j) to advise our trustees on strategic matters relating to the Properties, potential acquisitions, dispositions and development and REIT A Unit value maximization;
- (k) to identify, structure and negotiate acquisition, disposition, financing and other transactions and to manage due diligence in connection therewith;
- (l) to provide advice and assistance in connection with the Client’s borrowings, raising of capital and issuance of securities, including representing the Client in its dealings with banks and other lenders, investment dealers, institutions and investors;

- (m) to conduct day-to-day relations on behalf of the Client with third parties, including property managers, suppliers, joint venturers, lenders, brokers, consultants, advisors, accountants, lawyers, insurers and appraisers;
- (n) to prepare designations, allocations, elections and determinations to be made in connection with the income and capital gains of the Client for tax and accounting purposes;
- (o) to manage the Client's investor relations activities;
- (p) to manage the Client's regulatory compliance, including making all required filings;
- (q) to prepare all reports reasonably requested by the Client, including operational reporting such as cash flow by property and by asset types; executive summaries by asset type outlining asset issues along with various other matters and development reporting costs; and
- (r) in respect of each Capital Project:
 - (i) to determine the quality and completeness of the design and construction documents;
 - (ii) to confirm the reasonableness of the project schedule;
 - (iii) to verify the completeness and adequacy of the construction budget;
 - (iv) to confirm the existence and appropriateness of project control procedures;
 - (v) to review and comment on all engineering test data, soils reports, zoning approvals;
 - (vi) to advise the Client of any recommended changes to the construction documents;
 - (vii) to make available individuals to serve as officers of the Client as requested by the Client from time to time

The Asset Manager is entitled to the following fees for its asset management services:

- Base annual management fee calculated and payable on a monthly basis, equal to 0.25% of the gross asset value
- Incentive fee equal to 15% of our adjusted funds from operations per unit in excess of \$2.65 per unit.
- Capital expenditures management fee equal to 5% of all hard construction costs incurred on any capital projects. The capital expenditures management fee will be paid in cash.
- Acquisition fee equal to (i) 1.0% of the purchase price of a property, on the first \$100 million of properties in each fiscal year; (ii) 0.75% of the purchase price of a property on the next \$100 million of properties acquired in each fiscal year, and (iii) 0.50% of the purchase price on properties in excess of \$200 million in each fiscal year.
- Financing fee equal to 0.25% of the debt and equity of all financing transactions completed on our behalf to a maximum of actual expenses incurred by the Asset Manager in supplying services relating to financing transactions.

In addition, we will reimburse the Asset Manager for all reasonable and necessary actual out-of-pocket costs and expenses paid by the Asset Manager in connection with the performance of the services described in the Asset Management Agreement or such other services which we and the Asset Manager agree in writing are to be provided from time to time by the Asset Manager.

The Asset Management Agreement is for a term of five years (the "Initial Term") and is renewable for further five year terms (the "Renewal Terms", and together with the Initial Term, the "Term"), unless and until the Asset Management Agreement terminates in accordance with the provisions thereof. Subject only to the termination provisions in the Asset Management Agreement, the Asset Manager will automatically be rehired at the expiration of each Term. The Asset Manager has the right, at any time, but upon 60 days' notice, to terminate our Asset Management Agreement for any reason. Our Asset

Management Agreement may also be terminated in other circumstances, such as in the event of default or insolvency of the Asset Manager within the meaning of the Asset Management Agreement.

Property Management

As of the date of this AIF, all but 2 of the Properties are managed by Dundee Management LP, a wholly-owned subsidiary of DPLP, with the assistance of its wholly-owned subsidiary, Dundee Realty Management. 34 of the Properties are co-owned.

The terms under which Dundee Management LP manages the non co-owned Properties are governed by the Master Property Management Agreement. The Master Property Management Agreement provides that Dundee Management LP, with the prior approval of Dundee Properties LP, may delegate specific aspects of its obligations under the Master Property Management Agreement, provided that such delegation will not relieve Dundee Management LP of its obligations under the Master Property Management Agreement. Dundee Management LP has entered into a sub-management agreement with Dundee Realty Management pursuant to which Dundee Realty Management has agreed to assist Dundee Management LP in carrying out the services required to be provided under the Master Property Management Agreement.

In addition to providing property management services to Dundee Properties LP, Dundee Management LP also provides general administrative services to Dundee REIT, Partnership A, Partnership B and Dundee Properties LP pursuant to the Dundee REIT Administrative Services Agreement and to DRC and its affiliates pursuant to the Dundee Realty Administrative Services Agreement. Dundee Management LP has entered into sub-administrative services agreements with Dundee Realty Management pursuant to which Dundee Realty Management has agreed to assist Dundee Management LP in carrying out the services required to be provided under these administrative services agreements.

Dundee Realty Non-Competition Agreement

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

The above investment restriction will only apply to real properties located in Canada and will not apply to investments in vacant land, residential housing, multi-residential housing units, residential condominium units, nursing homes or retirement homes. This investment restriction will not apply to DRC or its affiliates with respect to any real property investment made in connection with or as a condition of their securing a property, facilities or leasing management assignment with respect to such investment; provided that if the investment (i) equals or exceeds \$25 million; or (ii) equals or exceeds \$10 million and results in DRC or its affiliate acquiring a 10% or greater interest in the property, Dundee Properties LP will be offered the right to co-invest with DRC or its affiliate, as the case may be, on an equal basis. Further, this investment restriction will not apply to (i) passive real estate investments made by DRC or any affiliate which are each less than \$10 million and represent less than a 25% interest in the real property, (ii) investments in properties that do not meet the investment criteria of Dundee Properties LP, as set out in the Properties Limited Partnership Agreement, (iii) investments in any property that will be used as office space by DRC or any affiliate, (iv) investments that were owned by DRC or any affiliate on June 30, 2003, (v) investments made on behalf of fiduciary, managed or client accounts, (vi) investments that result from the realization of a loan secured by the property, and (vii) investments made by any affiliate of DRC that is a public company or any subsidiaries or affiliates of such public companies (other than DRC and its direct subsidiaries).

The Dundee Realty Non-Competition Agreement provides that DRC and its affiliates will no longer be bound by the terms of the Dundee Realty Non-Competition Agreement when DRC and all of its affiliates

no longer own any interest in Dundee REIT or in Dundee Properties LP or, in the case of an affiliate of DRC, when such person is no longer an affiliate of DRC.

Employees

As at December 31, 2012, Dundee REIT and its subsidiaries had approximately 571 full-time and 42 part-time employees.

INVESTMENT GUIDELINES AND OPERATING POLICIES

Dundee REIT's investment and operating activities are limited because our operating business is carried out by Dundee Properties LP. The investment guidelines governing our investments in real estate and other assets and the operating policies governing our business exist at the Dundee Properties LP level and are set out below under the headings "Investment Guidelines and Operating Policies – Investment Guidelines of Dundee Properties LP" and "Investment Guidelines and Operating Policies – Operating Policies of Dundee Properties LP".

Investment Guidelines of Dundee REIT

Pursuant to the Declaration of Trust, Dundee REIT's assets may be invested only in accordance with the following investment guidelines:

- (a) Dundee REIT will only invest in units and notes of Partnership A and Partnership B and shares of each of Properties General Partner and the general partners of Partnership A and Partnership B, amounts receivable in respect of such units, notes and shares, cash and similar deposits in a Canadian chartered bank or trust company and, subject to certain limitations summarized in (b) below, such other investments as the trustees of Dundee REIT deem advisable from time to time; and
- (b) Dundee REIT will not make or permit a subsidiary to make any investment that would result in:
 - (i) the REIT units being disqualified for investment by Plans or RESPs;
 - (ii) Dundee REIT being liable under the Tax Act to pay a tax imposed under either paragraph 122(1)(b) or Part XII.2 of the Tax Act; or
 - (iii) Dundee REIT ceasing to qualify as a "mutual fund trust", "real estate investment trust" or a "registered investment" for purposes of the Tax Act.

Pursuant to the Declaration of Trust, the investment guidelines set forth above may only be amended with the approval of at least 66 2/3% of the votes cast at a meeting of unitholders of Dundee REIT called for that purpose except for certain amendments that may be undertaken by a majority of the trustees of Dundee REIT including a majority of the Independent Trustees pursuant to the Declaration of Trust.

Investment Guidelines of Dundee Properties LP

The Properties Limited Partnership Agreement provides for certain restrictions on investments which may be made by or on behalf of Dundee Properties LP. These investment guidelines are set out below.

- (a) Notwithstanding any other provision set out below, Dundee Properties LP shall not make any investment that would result in:
 - (i) REIT Units being disqualified for investment by Plans or RESPs;
 - (ii) Dundee REIT, Partnership A or Partnership B being liable under the Tax Act to pay a tax imposed under paragraph 122(1)(b) of the Tax Act; or

- (iii) Dundee REIT ceasing to qualify as a “mutual fund trust”, a “registered investment” or a “real estate investment trust” for purposes of the Tax Act;
- (b) Dundee Properties LP shall not invest in or acquire securities of a Canadian real estate investment trust unless:
 - (i) the activities of the real estate investment trust are focused on acquiring, holding, maintaining, improving, leasing or managing primarily office and industrial revenue producing properties; and
 - (ii) in the case of any proposed investment or acquisition which would result in Dundee Properties LP owning beneficially more than 10% of the outstanding units of such real estate investment trust (the “acquired trust”), the investment is made for the purpose of subsequently effecting the merger or combination of the business and assets of Dundee Properties LP and the acquired trust or for otherwise ensuring that Dundee Properties LP will control the business and operations of the acquired trust;
- (c) Dundee Properties LP shall not invest in raw land (except for the acquisition of properties adjacent to existing properties of Dundee Properties LP for the purpose of renovation or expansion of existing facilities where the total cost of all such investments does not exceed 5% of the Adjusted Unitholders’ Equity of Dundee REIT);
- (d) Dundee Properties LP may invest an amount (which, in the case of an amount invested to acquire real property, is the purchase price less the amount of any indebtedness assumed or incurred by Dundee REIT and secured by a mortgage on such property) up to 25% of the Adjusted Unitholders’ Equity of Dundee REIT in investments or transactions which do not comply with the investment guidelines of Dundee Properties LP, so long as the investment does not contravene (a) above;
- (e) Subject to the qualifications in (d) above, Dundee Properties LP shall only invest in office and industrial revenue producing properties located within Canada; and
- (f) Dundee Properties LP shall not invest in hotels or buildings with unsold residential condominium units except in cases where Dundee Properties LP is buying the entire condominium building.

For the purpose of the foregoing restrictions, the assets, liabilities and transactions of a subsidiary wholly owned by Dundee Properties LP will be deemed to be those of Dundee Properties LP on a proportionate consolidated basis. In addition, any references in the foregoing to an investment in real property will be deemed to include an investment in a joint venture arrangement that holds real property.

Pursuant to the Properties Limited Partnership Agreement, no amendment to the investment guidelines set forth above or operating policies set forth below under “– Operating Policies of Dundee Properties LP” or any other material change to such agreement may be made without the approval of 66 2/3% of the votes cast by the limited partners entitled to vote at a meeting called for such purpose or the written approval of holders holding more than 66 2/3% of the outstanding limited partnership units entitled to vote. The Declaration of Trust provides that Dundee REIT will not agree to or approve any material change to the Properties Limited Partnership Agreement without the approval of at least 66 2/3% of the votes cast at a meeting of unitholders of Dundee REIT called for such purpose.

Operating Policies of Dundee REIT

The Declaration of Trust provides that our operations and affairs must be conducted in accordance with the following operating policies and that we will not permit any subsidiary to conduct its operations and affairs other than in accordance with the following operating policies:

- (a) (i) any written instrument creating an obligation which is or includes the granting by Dundee REIT of a mortgage; or
- (ii) to the extent our trustees determine to be practicable and consistent with their fiduciary duty to act in the best interests of the unitholders, any written instrument which in the judgment of our trustees is a material obligation;

must, in each case, contain a provision or be subject to an acknowledgement to the effect that the obligation being created is not personally binding upon, and that resort will not be had to, nor will recourse or satisfaction be sought from the private property of any of the trustees, unitholders, annuitants or beneficiaries under a plan of which a unitholder acts as a trustee or carrier or officers, employees or agents of Dundee REIT, but that only property of Dundee REIT or a specific portion thereof will be bound;

- (b) Dundee REIT will not underwrite, sell or market, or participate in the underwriting, selling or marketing of securities other than REIT Units and other securities of Dundee REIT; and
- (c) Dundee REIT will only guarantee the obligations of its wholly-owned subsidiaries (other than Properties General Partner or any other wholly-owned subsidiaries of Dundee REIT that are general partners in partnerships that are not wholly-owned by Dundee REIT), provided that Dundee REIT may guarantee the obligations of Dundee Properties LP or Properties General Partner, and any other wholly-owned subsidiaries of Dundee REIT that are general partners in partnerships that are not wholly-owned by Dundee REIT if Dundee REIT has received an unqualified legal opinion that Dundee REIT's guarantee of the obligations of Dundee Properties LP or Properties General Partner and any other wholly-owned subsidiaries of Dundee REIT that are general partners in partnerships that are not wholly-owned by Dundee REIT, as the case may be, will not cause Dundee REIT to cease to qualify as a "mutual fund trust" for the purposes of the Tax Act.

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

Operating Policies of Dundee Properties LP

The Properties Limited Partnership Agreement provides that the operations and affairs of Dundee Properties LP must be conducted in accordance with the following operating policies and that Dundee Properties LP will not permit any subsidiary to conduct its operations and affairs other than in accordance with the following operating policies:

- (a) Dundee Properties LP will not lease or sublease to any person any real property, premises or space where that person and its affiliates would, after the contemplated lease or sublease, be leasing or subleasing real property, premises or space having a fair market rental in excess of 15% of the Adjusted Unitholders' Equity of Dundee REIT; provided, however, that this limitation will not apply to the renewal of a lease or sublease existing on the effective date of the Reorganization;
- (b) Dundee Properties LP shall not enter into any transaction involving the purchase of lands or land and improvements thereon and the leasing thereof back to the vendor where the fair market value net of encumbrances of the property being leased to the vendor together with all other property being leased by Dundee Properties LP to the vendor and its affiliates is in excess of 15% of the Adjusted Unitholders' Equity of Dundee REIT;
- (c) the limitations referred to in paragraphs (a) and (b) will not apply where the lessee or sublessee is, or where the lease or sublease is guaranteed by:

- (i) the Government of Canada, the Government of the United States, the Government of any province or territory of Canada, any state of the United States, any municipality or city in Canada or the United States, or any agency or crown corporation thereof;
 - (ii) any corporation which has securities outstanding that have received and continue to hold an investment grade rating from a recognized credit rating agency at the time the lease or sublease is entered into, or at the time other satisfactory leasing or pre-leasing arrangements (as determined by Properties General Partner in its discretion) were entered into that is not less than A low or its equivalent; or
 - (iii) a Canadian chartered bank or a trust company or insurance company registered or licensed federally or under the laws of a province of Canada;
- (d) Dundee Properties LP may engage in construction or development of real property provided such real property is not a brownfield site and otherwise meets the investment guidelines and operating policies of Dundee Properties LP;
- (e) title to each real property shall be held by and registered in the name of Dundee Properties LP, Properties General Partner or a corporation or other entity wholly-owned, directly or indirectly, by Dundee Properties LP or jointly-owned, directly or indirectly, by Dundee Properties LP with joint venturers; provided that where land tenure will not provide fee simple title, Dundee Properties LP, Properties General Partner or a corporation or other entity wholly-owned, directly or indirectly, by Dundee Properties LP or jointly-owned, directly or indirectly, by Dundee Properties LP with joint venturers shall hold a land lease as appropriate under the land tenure system in the relevant jurisdiction;
- (f) Dundee Properties LP shall not directly or indirectly guarantee any indebtedness or liabilities of any kind of a third party, except guarantees of indebtedness existing on the effective date of the Reorganization and guarantees of indebtedness assumed or incurred by a partnership, limited partnership, co-ownership or other joint venture in which Dundee Properties LP or a subsidiary of Dundee Properties LP is a party and the other party or parties thereto is or are required to give up its or their respective interest in the property of such partnership, limited partnership, co-ownership or other joint venture as a result of such party's failure to honor its proportionate share of the indebtedness assumed or incurred by the partnership, limited partnership, co-ownership or other joint venture. In addition, Dundee Properties LP will not directly or indirectly guarantee any indebtedness or liabilities of any person if doing so would contravene paragraph (a) of the investment guidelines of Dundee Properties LP as set forth above under "Investment Guidelines and Operating Policies — Investment Guidelines of Dundee Properties LP";
- (g) except for assets acquired pursuant to the Master Asset Transfer Agreements, Dundee Properties LP will have conducted an engineering survey of each real property it intends to acquire with respect to the physical condition thereof, including required capital replacement programs;
- (h) except for assets acquired pursuant to the Master Asset Transfer Agreements, Dundee Properties LP will obtain and maintain at all times insurance coverage in respect of potential liabilities of Dundee Properties LP and the accidental loss of value of the assets of Dundee Properties LP from risks, in amounts, with such insurers, and on such terms as Properties General Partner considers appropriate, taking into account all relevant factors including the practices of owners of comparable properties;
- (i) except for assets acquired pursuant to the Master Asset Transfer Agreements, Dundee Properties LP shall have conducted a Phase I environmental audit of each real property to be acquired by it, excluding properties where there is no requirement to obtain a Phase I environmental audit in order to obtain Canada Mortgage and Housing Corporation financing for the real property, and, if the Phase I environmental audit report recommends that further environmental audits be

conducted, Dundee Properties LP shall have conducted such further environmental audits, in each case by an independent and experienced environmental consultant; such audit as a condition to any acquisition shall be satisfactory to Properties General Partner; and

- (j) Dundee Properties LP will maintain a ratio of net income before non-controlling interest, interest expense, gain/(loss) on disposal of rental property, provision for impairment of rental property, depreciation, amortization and income taxes of Dundee Properties LP to interest expense under all indebtedness of Dundee Properties LP of no less than 1.4 times.

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

Pursuant to the Properties Limited Partnership Agreement, no amendment to the investment guidelines or operating policies set forth above or any other material change to such agreement may be made without the approval of 66 2/3% of the votes cast by the limited partners entitled to vote at a meeting called for such purpose or the written approval of holders holding more than 66 2/3% of the outstanding limited partnership units entitled to vote. The Declaration of Trust provides that Dundee REIT will not agree to or approve any material change to the Properties Limited Partnership Agreement without the approval of at least 66 2/3% of the votes cast at a meeting of unitholders of Dundee REIT called for such purpose.

DISTRIBUTION POLICY

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

General

Investors in our units receive distributions in one of three ways, depending on the nature of their investment in our business. Holders of REIT A Units receive cash distributions from Dundee REIT derived from Dundee REIT's investment in Partnership A. Holders of REIT B Units receive cash distributions from Dundee REIT derived from Dundee REIT's investment in Partnership B. DRC and Dundee Corporation hold part of their equity investment in our business in the form of LP B Units and receive cash distributions from Dundee Properties LP derived from the distributable income of Dundee Properties LP. See "Description of Dundee Properties LP — Distributions".

We make monthly cash distributions to holders of REIT A Units and holders of REIT B Units. The amount of each distribution is equal to one-twelfth of such percentage of Distributable Income and Distributable Series B Income on an annual basis as the trustees of Dundee REIT in their sole discretion determine would be in the best interests of Dundee REIT to distribute. See the definitions of "Distributable Income" and "Distributable Series B Income" in the Glossary of Terms in this AIF. Distributions in respect of a month are paid on or about each Distribution Date to unitholders of record as at the close of business on the corresponding Distribution Record Date. This means that the distribution for any month is generally paid to unitholders of record at the close of business on the last day of the month on or about the 15th day of the following month. To date, Dundee REIT has declared distributions of \$0.183 per REIT A Unit in each month since July 2003 and \$0.183 per REIT B Unit in each month since August 2007.

Holders of LP B Units are entitled to receive distributions from Dundee Properties LP *pro rata* with distributions made by us on REIT A Units and REIT B Units. If our trustees determine that it would be in our best interests, they may reduce for any period the percentage of such Distributable Income and Distributable Series B Income to be distributed to the applicable unitholders, which will result in

corresponding reduction in distributions on LP B Units. To date, Dundee Properties LP has declared distributions of \$0.183 per LP B Unit in each month since July 2003.

In addition, on December 31 of each year, we will make payable to such unitholders, and such unitholders will have an enforceable right to payment on such date of, a distribution of sufficient net realized capital gains, net income, and net recapture income for the taxation year ending on that date, net of any capital losses or non capital losses recognized on or before the end of such year such that we will not be liable for ordinary income taxes for such year, net of tax refunds. The payment of such amounts shall be made on or before the following January 15th. Our trustees are required to take all necessary steps to ensure that the amount and timing of distributions on each REIT A Unit and REIT B Unit are the same. We also pay distributions on the Special Trust Units, although they are nominal.

Where our trustees determine that we do not have available cash in an amount sufficient to make payment of the full amount of any distribution which has been declared to be payable on the due date for such payment, the payment may, at the option of our trustees, include the issuance of additional REIT A Units and REIT B Units, as the case may be, or fractions of such REIT A Units and REIT B Units, as the case may be, if necessary, having a fair market value as determined by our trustees equal to the difference between the amount of such distribution and the amount of cash which has been determined by our trustees to be available for the payment of such distribution in the case of REIT A Units and REIT B Units, respectively. Notwithstanding the foregoing, distributions on the Special Trust Units will only be made in cash.

Unless our trustees determine otherwise, immediately after any *pro rata* distribution of additional units to holders of REIT A Units and REIT B Units, the number of the outstanding REIT A Units and REIT B Units, respectively, will automatically be consolidated such that each of such holders will hold after the consolidation the same number of REIT A Units and REIT B Units, respectively, as such holder held before the distribution of additional units. Each unit certificate representing the number of units prior to the distribution of additional units will be deemed to represent the same number of units after the non-cash distribution of additional units and the consolidation. In no case will REIT A Units be consolidated with REIT B Units or *vice versa*.

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

DRIP

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

Properties LP that it indirectly holds on the same economic terms as participants in our DRIP. We may amend, suspend or terminate the DRIP at any time.

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

DECLARATION OF TRUST AND DESCRIPTION OF REIT UNITS

Dundee REIT has been established under the Declaration of Trust and, unless earlier terminated in accordance with the Declaration of Trust, it shall continue in full force and effect so long as any property of Dundee REIT is held by our trustees. The following is a summary, which does not purport to be complete, of certain terms of the Declaration of Trust and the REIT Units. You should refer to the Declaration of Trust for the full text of its provisions and a complete description of the REIT Units.

The Declaration of Trust authorizes the issuance of an unlimited number of three classes of units: REIT units, Special Trust Units and Transition Fund Units. The REIT units are initially divided into and issuable in two series: REIT A Units and REIT B Units. The Special Trust Units may only be issued to holders of and will not be transferable separately from LP B Units to which they relate, and will be used to provide voting rights with respect to Dundee REIT to persons holding LP B Units. The Special Trust Units may only be transferred to permitted transferees of LP B Units. The Transition Fund Units were created, issued and redeemed exclusively in connection with the implementation of the change in the way we hold our indirect interest in Telus Tower in Calgary, Alberta and there are currently no Transition Fund Units outstanding. Dundee REIT does not intend to issue any additional Transition Fund Units and, accordingly, we have not described the terms of such units in this AIF.

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

REIT A Units and REIT B Units

Each REIT A Unit and REIT B Unit represents an undivided beneficial interest in Dundee REIT and in distributions made by Dundee 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 REIT A Unit or REIT B Unit will have preference or priority over any other. The distribution entitlement of the REIT A Units and the REIT B Units is derived from different sources. In the case of the REIT A Units, the distribution entitlement is derived from the securities of Partnership A held by Dundee REIT and, in the case of the REIT B Units, the distribution entitlement is derived from the securities of Partnership B held by Dundee REIT. Notwithstanding the foregoing, our trustees will take all necessary steps to ensure that the timing, amount and nature of the distributions on the REIT A Units and the REIT B Units will be the same.

Each REIT A Unit and REIT B Unit entitles the holder thereof to one vote for each whole REIT A Unit or REIT B Unit, as the case may be, held at all meetings of unitholders of Dundee REIT. Each REIT B Unit is convertible at any time at the option of the holder into one fully-paid and non-assessable REIT A Unit.

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

No certificates will be issued for fractional REIT Units and fractional REIT Units will not entitle the holders thereof to vote, except to the extent such fractional REIT Units represent in the aggregate one or more whole REIT Units. The REIT 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, Dundee REIT is not a trust company and, accordingly, is not registered under any trust and loan company legislation as it does not carry on nor intend to carry on the business of a trust company.

Special Trust Units

The Special Trust Units are not transferable separately from the LP B Units to which they relate. The Special Trust Units will automatically be transferred upon a transfer of the corresponding LP B Units. In addition, as LP B Units are surrendered for REIT B Units or otherwise exchanged by the holder, the corresponding Special Trust Units will be automatically redeemed by Dundee REIT for a nominal amount and will be immediately cancelled. Each Special Trust Unit entitles the holder thereof to the number of votes at any meeting of unitholders which is equal to the number of REIT B Units which may be obtained upon the surrender of the LP B Unit to which the Special Trust Unit relates. Accordingly, holders of Special Trust Units are currently entitled to one vote for each Special Trust Unit held at all meetings of unitholders of Dundee REIT. The Special Trust Units entitle the holders thereof to receive nominal amounts as distributions and upon the liquidation, dissolution or winding-up of Dundee REIT, although the Special Trust Units rank equally and rateably without discrimination, preference or priority, with the REIT A Units and REIT B Units in respect of distributions and on the liquidation, dissolution or winding-up of Dundee REIT. Holders of Special Trust Units are not entitled to receive a certificate evidencing ownership of such units.

Issuance of REIT Units

We may allot and issue new REIT Units from time to time as our trustees determine, including for cash, through public offerings, through rights offerings to existing unitholders (i.e., in which unitholders receive rights to subscribe for new REIT Units in proportion to their existing holdings of REIT Units, which rights may be exercised or sold to other investors) or through private placements (i.e., offerings to specific investors which are not made generally available to the public or existing unitholders). In certain instances, we may issue new REIT Units as consideration for, or in connection with, the acquisition of new properties or assets. The price or the value of the consideration for which new REIT Units may be issued will be determined by our trustees in their sole discretion, generally in consultation with investment dealers or brokers who may act as underwriters or agents in connection with offerings of REIT Units. We may issue new REIT B Units only pursuant to the terms of the Exchange and Support Agreement. See “Description of Dundee Properties LP — Partnership Units”. We may issue Special Trust Units only in tandem with LP B Units. Other than the pre-emptive rights granted to Dundee Corporation and GE Real Estate pursuant to our Declaration of Trust, unitholders do not have any pre-emptive rights whereby additional REIT Units we propose to issue are first offered to existing unitholders.

The Declaration of Trust provides each of Dundee Corporation and GE Real Estate with a pre-emptive right pursuant to which our trustees will not issue, or agree to issue, any REIT Units, or any securities which are convertible or exchangeable for or into REIT Units, to any person unless our trustees first make an offer to each of Dundee Corporation and GE Real Estate to issue that number of REIT Units or securities, at a price per REIT Unit determined by our trustees, necessary to maintain the percentage of the outstanding voting interest in Dundee REIT held by each of Dundee Corporation and its affiliates and GE Real Estate, respectively, at the date of the offer. This pre-emptive right, however, will not apply to any issuances of REIT Units by us pursuant to the DRIP referred to under “Distribution Policy — DRIP”, the Deferred Unit Incentive Plan or under the Exchange and Support Agreement. Dundee Corporation will have the option to specify whether it will acquire its proportionate share by way of REIT Units or the

comparable number of LP B Units and accompanying Special Trust Units. Each of Dundee Corporation and GE Real Estate also has the option to purchase more than its proportionate share and, in such event, any excess portion of the REIT Units subscribed for by Dundee Corporation and/or GE Real Estate will be issued to Dundee Corporation on the same terms and conditions as issued to any other person. Any REIT Units not taken up by Dundee Corporation or GE Real Estate may be issued to any person within three months of the date of such offer at not less than the price offered to Dundee Corporation and GE Real Estate.

Purchase of REIT Units

We may from time to time purchase for cancellation REIT A Units and REIT B Units at a price per REIT A Unit or REIT B Unit, as applicable, and on a basis determined by our trustees in accordance with applicable securities legislation and the rules and policies of any applicable stock exchange.

REIT Unit Redemption Right

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

- (a) 90% of the “market price” of the REIT units of such series on the principal market on which the REIT units of such series are quoted for trading on the trading day prior to the day on which the REIT units of such series were surrendered to us for redemption (the “**Redemption Date**”); and
- (b) 100% of the “closing market price” of the REIT units of such series on the principal market on which the REIT units of such series are quoted for trading on the Redemption Date.

For the purposes of this calculation, the “market price” in respect of REIT units of a series shall be an amount equal to the 20-day weighted average of the closing price of the REIT units of such series for each of the trading days on which there was a closing price; provided that if the applicable exchange or market does not provide a closing price, but only provides the highest and lowest prices of the REIT units of such series traded on a particular day, the “market price” shall be an amount equal to the average of the highest and lowest prices for each of the trading days on which there was a trade; and provided further that if there was trading on the applicable exchange or market for fewer than five of the 20 trading days, the “market price” shall be the weighted average of the following prices established for each of the 20 trading days: (i) the weighted average of the last bid and last asking prices of the REIT units of such series for each day on which there was no trading; (ii) the closing price of the REIT units of such series for each day on which there was trading if the exchange or market provides a closing price; and (iii) the weighted average of the highest and lowest prices of the REIT units of such series for each day that there was trading if the exchange or market does not provide a closing price but provides only the highest and lowest prices of the REIT units of such series traded on a particular day.

If a unitholder is not entitled to receive cash upon redemption of REIT units as a result of the limitations in (b) or (c) below, the Redemption Price will be equal to the fair market value of the REIT units as determined by our trustees.

The “closing market price” in respect of REIT units of a series shall be (i) an amount equal to the closing price of the REIT units of such series if there was a trade on the date and the exchange or market provides

a closing price; (ii) an amount equal to the weighted average of the highest and lowest prices of the REIT units of such series if there was trading and the exchange or other market does not provide a closing price but provides only the highest and lowest trading prices of the REIT units of such series traded on a particular day; or (iii) the weighted average of the last bid and last asking prices of the REIT units of such series if there was no trading on that date.

For the purposes of determining the Redemption Price for any REIT B Units tendered for redemption where the REIT B Units are not listed for trading on any stock exchange or market, the foregoing rules for determining the Redemption Price for the REIT units will be modified and, in particular, the Redemption Price for the REIT B Units will be based upon the relevant price (the market price or closing market price, as the case may be) of the REIT A Units.

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

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

The payment of the Redemption Price in cash in respect of REIT A Units and REIT B Units will be derived from different sources. In the case of REIT A Units, the payment of the Redemption Price in cash will be satisfied solely from the bank account maintained for the benefit of holders of REIT A Units. The payment of the Redemption Price for REIT B Units will be satisfied solely from the bank account maintained for the benefit of holders of REIT B Units.

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

If a unitholder is not entitled to receive cash upon the redemption of REIT units as a result of the limitation in (a) above, the holder will receive a combination of cash and, subject to obtaining all applicable regulatory approvals, Subsidiary Securities, determined in accordance with our Declaration of Trust.

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

Special Trust Units are redeemable for a nominal amount in the event of the surrender, exchange or sale to Dundee REIT of the related LP B Units.

Meetings of Unitholders

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

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

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

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

Limitation on Non-Resident Ownership

In order for Dundee REIT to maintain its status as a mutual fund trust under the Tax Act, it must not be established or maintained primarily for the benefit of Non-Residents. Accordingly, our Declaration of Trust provides that at no time may Non-Residents be the beneficial owners of more than 49% of the REIT units or 49% of the Special Trust Units then outstanding. Our trustees may require declarations as to the jurisdictions in which beneficial owners of REIT Units are resident or declarations from unitholders as to

whether such REIT Units are held for the benefit of Non-Residents. We monitor ownership of our units which are held by non-residents by periodically obtaining and reviewing unit ownership reports from our transfer agent or other service providers.

If our trustees become aware that the beneficial owners of more than 49% of the REIT units or more than 49% of the Special Trust Units then outstanding are, or may be, Non-Residents or that such a situation is imminent, our trustees may make a public announcement thereof and shall not accept a subscription for REIT Units from or issue or register a transfer of REIT Units to a person unless the person provides a declaration that he or she is not a Non-Resident and does not hold his or her REIT Units for the benefit of a Non-Resident. If, notwithstanding the foregoing, our trustees determine that more than 49% of the REIT units or more than 49% of the Special Trust Units then outstanding are beneficially owned by Non-Residents, our trustees may send a notice to Non-Resident holders of REIT Units and holders of REIT Units for the benefit of Non-Residents, chosen in inverse order to the order of acquisition or registration or in such other manner as our trustees may consider equitable and practicable, requiring them to sell or redeem, within a specified period of not more than 60 days, all or a portion of their REIT Units. If the holders of REIT Units receiving such notice have not sold or redeemed the specified number of REIT Units or provided our trustees with satisfactory evidence that they are not Non-Residents and do not hold their REIT Units for the benefit of a Non-Resident within such period, our trustees may, on behalf of such holder of REIT Units, and shall have the power of attorney of such holder to, sell or redeem such REIT Units, and, in the interim, the voting and distribution rights attached to such REIT Units shall be suspended. Upon such sale or redemption, the affected holders shall cease to be holders of the REIT Units and their rights shall be limited to receiving the net proceeds of such sale upon surrender of the certificates representing such REIT Units.

Amendments to the Declaration of Trust and Other Documents

Our Declaration of Trust may be amended or altered from time to time. Certain amendments (including our termination) require approval by at least 66 2/3% of the votes cast at a meeting of unitholders called for such purpose. Other amendments to our Declaration of Trust require approval by a majority of the votes cast at a meeting of the unitholders called for such purpose.

The following amendments require the approval of at least 66 2/3% of the votes cast by the unitholders at a meeting called for that purpose:

- (a) an exchange, reclassification or cancellation of all or part of the REIT Units;
- (b) the addition, change or removal of the rights, privileges, restrictions or conditions attached to the REIT Units, including, without limiting the generality of the foregoing,
 - (i) the removal or change of rights to distributions; or
 - (ii) the addition or removal of or change to conversion privileges, redemption privileges, voting, transfer or pre-emptive rights;
- (c) the creation of new rights or privileges attaching to certain of the REIT Units; and
- (d) any change to the existing constraints on the issue, transfer or ownership of the REIT Units.

In addition, the Declaration of Trust provides that Dundee REIT will not agree to or approve any material change to the Properties Limited Partnership Agreement, the Partnership A agreement, the Partnership B agreement or the Exchange and Support Agreement without the approval of at least 66 2/3% of the votes cast at a meeting of unitholders of Dundee REIT called for such purpose. However, no unitholder approval will be required to approve any change to the Properties Limited Partnership Agreement for the purposes of providing a distribution reinvestment entitlement to holders of LP B Units that is substantially equivalent to that provided by the DRIP to holders of REIT A Units.

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

- (a) for the purpose of ensuring continuing compliance with applicable laws, regulations, requirements or policies of any governmental authority having jurisdiction over (i) our trustees or Dundee REIT; (ii) the status of Dundee REIT as a “mutual fund trust”, “unit trust”, “real estate investment trust” and a “registered investment” under the Tax Act; or (iii) the distribution of REIT Units;
- (b) which, in the opinion of our trustees, acting reasonably, are necessary to maintain the rights of the unitholders set out in our Declaration of Trust;
- (c) to remove any conflicts or inconsistencies in our Declaration of Trust or to make minor corrections which are, in the opinion of our trustees, necessary or desirable and not prejudicial to the unitholders;
- (d) which, in the opinion of our trustees, are necessary or desirable as a result of changes in taxation or other laws or the administration or enforcement thereof;
- (e) for any purpose (except one in respect of which a unitholder vote is specifically otherwise required) which, in the opinion of our trustees, is not prejudicial to unitholders and is necessary or desirable;
- (f) deemed necessary or desirable to ensure that Dundee REIT has not been established nor maintained primarily for the benefit of persons who are not resident Canadians; and
- (g) to implement a distribution reinvestment plan or any amendments to such plan.

Effect of Termination

Upon our termination, our liabilities shall be discharged forthwith, our net assets shall be liquidated and the proceeds of such liquidation shall be distributed to our unitholders. Such distribution may be made in cash, as a distribution in kind, or both, all as our trustees in their sole discretion may determine. Subject to applicable law, each holder of a REIT A Unit will be entitled to receive an amount per REIT A Unit equal to the holder’s *pro rata* share of our assets derived from Partnership A. Each holder of a REIT B Unit will be entitled to receive an amount per REIT B Unit equal to the holder’s *pro rata* share of our assets derived from Partnership B. Each holder of a Special Trust Unit will be entitled to receive a nominal amount upon liquidation. On our termination, our trustees will be required to take all reasonable steps to ensure that the amount and timing of any distribution in respect of each REIT A Unit and REIT B Unit are the same.

Pursuant to our Declaration of Trust, the termination of Dundee REIT, other than on the expiry of its term, requires approval by at least 66 2/3% of the votes cast at a meeting of the unitholders called for that purpose.

Take-Over Bids

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

In addition, as required by the TSX, holders of REIT A Units have certain protections in the event a take-over bid is made for LP B Units and/or REIT B Units held by Dundee Corporation and its affiliates. These protections are contained in our Declaration of Trust and the Properties Limited Partnership Agreement. They provide that, for the purposes of the take-over bid provisions of the *Securities Act* (Ontario), an acquisition of LP B Units and/or REIT B Units (other than a treasury issuance) by a person other than Dundee Corporation or any of its affiliates, or the initial holder thereof, will be considered an acquisition of REIT A Units, and, in order for any transfer of such units by any person to be effective: (a) an acquiror of such units must comply with the provisions of Part XX of the *Securities Act* (Ontario) as if such units were REIT A Units, to the extent such provisions are applicable; and (b) the transfer will be subject to the prior approval of the TSX if the transfer would, under applicable securities legislation, have required the same offer or a follow-up offer to be made to holders of REIT A Units if the transfer had been of REIT A Units rather than LP B Units or REIT B Units.

The terms of our Declaration of Trust and the Properties Limited Partnership Agreement would permit sales by Dundee Corporation and/or its affiliates to be made on a basis which is exempt from the take-over bid rules as, in such circumstances, the protections referred to in the preceding paragraph would not be available under applicable legislation.

Information and Reports

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

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

DESCRIPTION OF DEBENTURES

The following is a summary of the material attributes and characteristics of the Debentures. This summary does not purport to be complete and is subject to, and qualified in its entirety by the terms of the Series H Indenture and the Series K and L Indenture. You should refer to the Series H Indenture and the Series K and L Indenture for complete descriptions of the Debentures.

Defined Terms

In this summary, the following the following terms have the meanings set forth below:

“Broker” an investment bank acceptable to Dundee REIT;

“Canadian Government Obligations” means securities which are: (i) direct obligations of the Government of Canada for the payment of which its full faith and credit is pledged, or (ii) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the Government of Canada, the timely payment of which is unconditionally guaranteed by the full faith and credit of Canada which, in either case, is not callable or redeemable at the option of the issuer thereof, or otherwise subject to prepayment;

“Canada Yield Price” means a price equal to the price of the 5.95% Series K Debentures or the 5.95% Series L Debentures, as applicable, calculated to provide a yield to maturity, compounded semi-annually and calculated in accordance with generally accepted financial practice, equal to the Government of Canada Yield plus 0.475%, on the date on which Dundee REIT gives notice of redemption of the 5.95% Series K Debentures or the 5.95% Series L Debentures, as applicable, pursuant to the Series K and L Indenture;

“Current Market Price” means in respect of any applicable date, the volume weighted average trading price per REIT A Unit on the TSX (or such other recognized stock exchange upon which the REIT A Units are listed if the REIT A Units are no longer listed on the TSX) calculated for a period of 20 consecutive trading days ending on the fifth trading day prior to the applicable date, or, if the REIT A Units are not listed on any stock exchange, then on the over-the-counter market;

“Debentureholder(s)” or **“Holder(s)”** means the Person(s) for the time being entered in the registers of any securities of Debentures;

“Government of Canada Yield” means, on any date, the yield to maturity on such date, compounded semi-annually and calculated in accordance with generally accepted financial practice, that a non-callable Government of Canada bond would carry if issued, in Canadian dollars in Canada, at 100% of its principal amount on such date with a term to maturity equal to the remaining term to maturity, calculated as of the redemption date of the 5.95% Series K Debentures or the 5.95% Series L Debentures, as applicable, such yield to maturity being the average of the yields provided by two major Canadian investment dealers selected by Dundee REIT;

“Participants” means Persons who act as intermediaries for other Persons who purchase or transfer in the depository services of CDS, which includes securities brokers and dealers, banks and trust companies;

“Person” means an individual, firm, trust, trustee, syndicate, corporation, partnership, limited partnership, association, government, governmental agency or other entity;

“Senior Debt Serial Trust Indenture” means the serial trust indenture dated April 21, 2011 between Whiterock REIT and BNY;

“Serial Trust Indenture” means the serial trust indenture dated December 20, 2005 between Whiterock REIT and CIBC Mellon;

“Series K and L Senior Indebtedness” means “Senior Indebtedness” as defined in the Series K and L Indenture;

“Series H Indenture” means the Serial Trust Indenture, as supplemented by a fourth supplemental trust indenture dated December 1, 2009, a fifth supplemental indenture dated October 1, 2009, a sixth supplemental trust indenture dated December 9, 2011 (in each case between Whiterock REIT and CIBC Mellon), and as supplemented by a seventh supplemental trust indenture dated March 2, 2012, between Whiterock REIT, Dundee REIT and CIBC Mellon;

“Series H Senior Indebtedness” means “Senior Indebtedness” as defined in the Series H Indenture;

“Series K and L Indenture” means the Senior Debt Serial Trust Indenture, as supplemented by a first supplemental trust indenture dated April 21, 2011 and a second supplemental trust indenture dated August 5, 2011 (in each case, between Whiterock REIT and BNY), and as supplemented by a third supplemental trust indenture dated March 2, 2012, between Whiterock REIT, Dundee REIT and BNY; and

“Unitholders” means the holders of REIT A Units.

Series H Debentures

The 5.50% Series H Debentures are direct, unsecured debt obligations of Dundee REIT and are repayable on the Maturity Date, subject to the prior conversion or redemption thereof.

The 5.50% Series H Debentures are limited in the aggregate principal amount of \$51,750,000. As at December 31, 2012, \$51,128,000 aggregate principal amount of 5.50% Series H Debentures were outstanding. The 5.50% Series H Debentures were issued in denominations of \$1,000. The Maturity Date of the 5.50% Series H Debentures is March 31, 2017.

Interest Rate and Interest Payment Date

The 5.50% Series H Debentures bear interest at a rate of 5.50% per annum. Interest is payable semi-annually on March 31 and September 30 in each year.

Interest Payment Election

Unless an Event of Default has occurred and is continuing, Dundee REIT may elect, from time to time, subject to applicable regulatory approval, to issue and deliver freely-tradeable REIT A Units to a Broker in order to raise funds to satisfy all or any part of Dundee REIT's obligations to pay interest on the 5.50% Series H Debentures in accordance with the Series H Indenture (the "**Series H Unit Interest Payment Option**"), in which event Holders of the 5.50% Series H Debentures will be entitled to receive a cash payment equal to the interest payable from the proceeds of the sale of such REIT A Units by the Broker. The Series H Indenture provides that, upon such election, the Broker shall (i) accept delivery of REIT A Units from Dundee REIT; (ii) accept bids with respect to, and consummate sales of, such REIT A Units (as Dundee REIT shall direct in its absolute discretion); (iii) invest the proceeds of such sales in short term Canadian Government Obligations which mature prior to the applicable interest payment date, and deliver, one Business Day prior to the applicable interest payment date, such proceeds to the Debenture Trustee to pay Dundee REIT's interest payment obligations in respect of which the Series H Unit Interest Payment Option was made; and (iv) perform any other action necessarily incidental thereto. If the proceeds of the sale of REIT A Units are insufficient to make full payment of Dundee REIT's interest payment obligations, Dundee REIT shall be responsible for making up any shortfall.

Purchase of Debentures

Dundee REIT may at any time and from time to time purchase 5.50% Series H Debentures in the market if such Debentures are publicly listed, or by tender or private contract subject to regulatory requirements. Any 5.50% Series H Debentures that are so purchased will be cancelled and will not be reissued or resold.

Conversion Privilege

Subject to the limitation on non-resident ownership described below under "Limitation on Non-Resident Ownership", each Series H Debenture will be convertible into fully-paid, non-assessable and freely-tradeable REIT A Units at the Holder's option at any time prior to the close of business on the earlier of the Maturity Date and the Business Day immediately preceding the date specified by Dundee REIT for redemption of the 5.50% Series H Debentures, at the Conversion Price, subject to adjustment in the event of: (i) the subdivision or consolidation of the outstanding REIT A Units; (ii) the distribution of REIT A Units to all or substantially all Unitholders by way of REIT A Unit distribution, including a distribution of convertible or exchangeable securities; (iii) the issuance of options, rights or warrants to all or substantially all Unitholders entitling them to purchase REIT A Units or convertible or exchangeable securities at less than 95% of the then Current Market Price of the REIT A Units; or (iv) the distribution to all or substantially all Unitholders of REIT A Units, shares, rights, options, warrants, evidences of indebtedness, or assets (other than cash distributions on the REIT A Units). There will be no such

adjustment to the Conversion Price until the cumulative effect is at least a 1% change in the Conversion Price.

Holder of 5.50% Series H Debentures converting their 5.50% Series H Debentures will receive accrued and unpaid interest on such 5.50% Series H Debentures for the period from and including the last interest payment date (or the date of issuance of the 5.50% Series H Debentures, if no interest has yet been paid by Dundee REIT), to and including the last Record Date set by Dundee REIT occurring prior to the date of conversion for determining the Unitholders entitled to receive a distribution on the REIT A Units. In the event Dundee REIT has suspended regular distributions, a Holder of 5.50% Series H Debentures, in addition to the applicable number of REIT A Units to be received on conversion, will be entitled to receive accrued and unpaid interest for the period from and including the last interest payment date prior to the date of conversion (or the date of issuance of the 5.50% Series H Debentures, if no interest has yet been paid by Dundee REIT), to but excluding the date of conversion. Notwithstanding the foregoing, the Debenture Trustee is not required to convert any 5.50% Series H Debentures during the 15 days preceding March 31 and September 30 in each year, commencing March 31, 2012 or 15 days prior to the Maturity Date, as the register of the Indenture Trustee will be closed during such periods.

No fractional REIT A Units will be issued on any conversion of the 5.50% Series H Debentures. In lieu thereof, Dundee REIT shall satisfy such fractional interest by a cash payment equal to the fractional value of the REIT A Unit on the Business Day preceding the date of the conversion; provided no such payment is required if the amount is less than \$5.00.

Payment upon Redemption or Maturity

On redemption or at the Maturity Date, Dundee REIT will repay the indebtedness represented by the 5.50% Series H Debentures by paying to the Debenture Trustee in lawful money of Canada an amount equal to the principal amount of the outstanding 5.50% Series H Debentures, together with accrued and unpaid interest thereon. Dundee REIT may, at its option, on not more than 60 days' and not less than 40 days' prior written notice and subject to any required regulatory approvals, unless an Event of Default has occurred and is continuing, elect to satisfy its obligation to repay, in whole or in part, the principal amount of the 5.50% Series H Debentures that are to be redeemed or that have matured by issuing freely-tradeable REIT A Units, to the holders of the 5.50% Series H Debentures. The number of REIT A Units to be issued will be determined by delivering for each \$100 of 5.50% Series H Debentures then due that number of freely-tradeable REIT A Units obtained by dividing each \$100 of principal amount of the 5.50% Series H Debentures then due by 95% of the Current Market Price of the Units on the date fixed for redemption or the Maturity Date, as the case may be. No fractional REIT A Units will be issued to Holders of Series H Debentures but, in lieu thereof, Dundee REIT shall satisfy such fractional interest by a cash payment equal to such fractional interest multiplied by the Current Market Price on the date fixed for redemption or the Maturity Date, as the case may be.

Dundee REIT's Redemption Right

The 5.50% Series H Debentures will not be redeemable prior to March 31, 2015. On or after March 31, 2015, but prior to March 31, 2016, the 5.50% Series H Debentures will be redeemable, in whole or in part, at a price equal to the principal amount thereof, plus accrued and unpaid interest, at Dundee REIT's sole option, on not more than 60 days' and not less than 30 days' prior written notice, provided that the Current Market Price calculated on the date on which notice of redemption is given is not less than 125% of the Conversion Price. On or after March 31, 2016, but prior to the Maturity Date, the 5.50% Series H Debentures will be redeemable, in whole or in part, at a price equal to the principal amount thereof, plus accrued and unpaid interest, at Dundee REIT's sole option, on not more than 60 days' and not less than 30 days' prior written notice. Any 5.50% Series H Debentures redeemed as aforesaid will be cancelled and may not be reissued or resold.

Change of Control

In the event of a Change of Control, Holders of any 5.50% Series H Debentures have the right, upon written notice to Dundee REIT, to require Dundee REIT to repurchase, on a date that is not later than 30 days following such Change of Control as set out below (the (“**Put Date**”), the whole or any part of such Holder’s 5.50% Series H Debentures, at a price equal to 101% of the principal amount thereof, plus accrued and unpaid interest up to but excluding the Put Date, which amounts shall be payable in cash. Dundee REIT shall provide written notice to the Debenture Trustee forthwith and, in any event, within two Business Days following occurrence of a Change of Control.

If 90% or more in aggregate principal amount of the 5.50% Series H Debentures outstanding on the date of the giving of notice of the Change of Control have been tendered for purchase on the Put Date, Dundee REIT will have the right, but not the obligation, to redeem all the remaining 5.50% Series H Debentures on the Put Date, at the same price and with interest as referred to above, which shall be payable in cash. Notice of such redemption must be given to the Debenture Trustee on or prior to the Put Date and as soon as reasonably possible thereafter by the Debenture Trustee to the holders of 5.50% Series H Debentures not tendered for purchase.

Dundee REIT will comply with the requirements of Canadian securities laws to the extent such laws are applicable in connection with the repurchase of the 5.50% Series H Debentures in the event of a Change of Control. Any 5.50% Series H Debentures so repurchased as aforesaid will be cancelled and may not be reissued or resold.

Subordination

The payment of the principal of, and interest on, the 5.50% Series H Debentures has priority over the payment of any distributions on the REIT A Units, but is subordinated in right of payment to the prior payment in full of any Series H Senior Indebtedness; provided that Dundee REIT shall be entitled to pay interest on and the principal amount of the Series H Debentures if there is no default on payment under any Series H Senior Indebtedness.

The 5.50% Series H Debentures rank subordinate to the 5.95% Series K Debentures, the 5.95% Series L Debentures and any future debt issued pursuant to the Senior Debt Serial Trust Indenture. The Series H Indenture permits Dundee REIT to create and issue further debentures in the future that, except to the extent prescribed by law, rank pari passu or subordinate to the 5.50% Series H Debentures without the prior consent of the Holders of the 5.50% Series H Debentures.

The Series H Indenture restricts Dundee REIT, the Holders of 5.50% Series H Debentures and the Debenture Trustee from making any changes to the terms of the Series H Indenture, or to any 5.50% Series H Debenture, that would materially prejudice the rights of each holder of Series H Senior Indebtedness without the consent of such Holder or their representative.

Limitation on Non-Resident Ownership

No REIT A Units will be issued pursuant to the conversion of all or part of the 5.50% Series H Debentures and no 5.50% Series H Debentures will be issued, if any such issuance of REIT A Units or 5.50% Series H Debentures would result in Persons who are non-residents of Canada for the purposes of the Tax Act holding or beneficially owning more than 49% of the REIT A Units (on either a basic or fully diluted basis). The Series H Indenture provides a mechanism to permit the trustees of Dundee REIT to cause Holders of 5.50% Series H Debentures to provide declarations of residency and, possibly, requiring non-residents to sell their 5.50% Series H Debentures if the trustees of Dundee REIT determine that more than 49% of the REIT A Units (on a basic or fully-diluted basis) are held for the benefit of non-residents.

Depository Services

5.50% Series H Debentures are issued in the form of fully-registered Global Debentures held by, or on behalf of, CDS or its successor, as custodian for its Participants.

All 5.50% Series H Debentures will be represented in the form of Global Debentures registered in the name of CDS or its nominee. Purchasers of 5.50% Series H Debentures represented by such Global Debentures will not receive 5.50% Series H Debentures in definitive form. Rather, the 5.50% Series H Debentures are represented only in “book-entry only” form (subject to as hereinafter provided). Beneficial interests in such Global Debentures, constituting ownership of the 5.50% Series H Debentures, will be represented through book-entry accounts of Participants, which include securities brokers and dealers, banks and trust companies, acting on behalf of beneficial owners.

If CDS notifies Dundee REIT that it is unwilling or unable to continue as depository in connection with the Global Debentures relating to the 5.50% Series H Debentures, or if at any time CDS ceases to be a clearing agency or otherwise ceases to be eligible to be a depository, and Dundee REIT and Debenture Trustee are unable to locate a qualified successor, or if Dundee REIT elects, in its sole discretion, to terminate the book-entry system, beneficial owners of 5.50% Series H Debentures represented by Global Debentures at such time will receive 5.50% Series H Debentures in registered and definitive form (the “**Definitive Series H Debentures**”).

Transfer and Exchange of Series H Debentures

Transfers of beneficial ownership in 5.50% Series H Debentures represented by the Global Debentures will be effected through records maintained by CDS 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 Dundee REIT prepares and delivers Definitive Series H Debentures in the circumstances described above, beneficial owners who are not Participants in CDS’ book-entry system, but who desire to purchase, sell or otherwise transfer ownership of or other interest in the Global Debentures relating to the 5.50% Series H 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 5.50% Series H Debenture represented by a Global Debenture to pledge the 5.50% Series H Debenture, or otherwise take action with respect to such owner’s interest in a 5.50% Series H 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 Series H Debentures may transfer such 5.50% Series H Debentures upon payment of taxes or other charges incidental thereto, if any, by executing and delivering a form of transfer together with the 5.50% Series H Debentures to the Debenture Trustee for the 5.50% Series H Debentures in such city or cities as may from time to time be designated by Dundee REIT, whereupon new 5.50% Series H Debentures will be issued in authorized denominations in the same aggregate principal amount as the 5.50% Series H Debentures so transferred, and registered in the names of the transferees. No transfer or exchange of 5.50% Series H Debentures will be registered during the period from the date of any selection by the Debenture Trustee of any 5.50% Series H 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 5.50% Series H Debentures is given. In addition, no transfer or exchange of any 5.50% Series H Debentures which have been selected or called for redemption will be registered.

Payment of Interest and Principal

Payments of interest and principal on each Global Debenture relating to the 5.50% Series H Debentures will be made to the Depository or its nominee, as the case may be, as the registered Holder of such Global Debenture. As long as the Depository or its nominee is the registered owner of a Global Debenture, such Depository or its nominee, as the case may be, will be considered the sole legal owner of such Global

Debenture for the purposes of receiving payments of interest and principal on such 5.50% Series H Debentures and for all other purposes under the Series H Indenture and such 5.50% Series H Debentures.

CDS 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 CDS or its nominee. 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. Dundee REIT's responsibility and liability in respect of payments on 5.50% Series H Debentures represented by the Global Debenture is limited solely and exclusively, while the 5.50% Series H Debentures are registered in Global Debenture form, to making payment of any interest and principal due on such Global Debenture to CDS or its nominee.

If Definitive Series H Debentures are issued instead of or in place of Global Debentures, payments of interest on each Definitive Series H Debenture will be made by electronic funds transfer, if agreed to by the Holder of the Definitive Series H Debenture or if required under any applicable payment clearing system rules, or by cheque dated the interest payment date and mailed on such date to the address of the Holder appearing in the register maintained by the registrar for the Series H 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 such city or cities as may from time to time be designated by Dundee REIT) against surrender of the Definitive Series H Debentures, if any. If the due date for payment of any amount of principal or interest on any Definitive Series H Debenture is not, at the place of payment, a Business Day, such payment will be made on the next Business Day and the Holder of such Definitive Series H Debenture shall not be entitled to any further interest or other payment in respect of such delay.

Certain Covenants of Dundee REIT under the Series H Indenture

Among other things, Dundee REIT has covenanted in the Series H Indenture substantially to the effect that, so long as any of the 5.50% Series H Debentures remain outstanding:

- (a) Dundee REIT will duly and punctually pay or cause to be paid to every Debentureholder the principal and interest accrued on the 5.50% Series H Debentures of which such Debentureholder is the holder, on the dates, at the places, in the moneys and in the manner mentioned therein and in the 5.50% Series H Debentures;
- (b) Dundee REIT will carry on and conduct its investments in a proper and efficient manner; and at all reasonable times it will furnish or cause to be furnished to the Debenture Trustee or its duly authorized agent or attorney or the Debentureholders such information relating to the investments of Dundee REIT as the Debentureholders may reasonably request or as the Debenture Trustee may reasonably require for the performance of its duties thereunder;
- (c) Dundee REIT will pay the Debenture Trustee's reasonable remuneration for services thereunder and will repay to the Debenture Trustee on demand all moneys which will have been paid by the Debenture Trustee in and about the execution of the trusts thereby created with interest at the rate of 2% per month (24% per annum) from 30 days after the date of the invoice from the Debenture Trustee to Dundee REIT with respect to such expenditure until repayment, and such moneys and the interest thereon, including the Debenture Trustee's remuneration, shall be payable out of any funds coming into the possession of the Debenture Trustee in priority to any of the 5.50% Series H Debentures or interest thereon. The said remuneration will continue to be payable until the trusts thereof be finally wound up and whether or not the trusts of the Series H Indenture will be in the course of administration by or under the direction of the court;

- (d) Dundee REIT shall not, without the prior approval of the Debentureholders given by Extraordinary Resolution (as defined below), declare or pay any distribution with respect to any REIT A Units, at any time while Dundee REIT is in default of payments on any principal or interest outstanding on the 5.50% Series H Debentures;
- (e) Dundee REIT will furnish to the Debenture Trustee sufficient copies of all interim reports to REIT A Unitholders, annual reports, financial statements, and the report, if any, of Dundee REIT's auditors thereon, which are furnished to holders of REIT A Units to enable the Debenture Trustee to forward to all Debentureholders (at Dundee REIT's expense) a copy of such documents within the time specified for delivery of such documents to holders of REIT A Units under applicable securities laws;
- (f) in order to prevent any accumulation after maturity of unpaid interest, Dundee REIT will not directly or indirectly extend or assent to the extension of time for payment of any interest upon any 5.50% Series H Debentures and it will not directly or indirectly be or become a party to or approve any such arrangement by purchasing or funding any interest on the 5.50% Series H Debentures or in any other manner;
- (g) Dundee REIT shall diligently preserve such rights, powers, privileges, franchises and goodwill as are necessary or advisable, and such qualifications to invest and own property in all jurisdictions in which such qualification is necessary or advisable;
- (h) Dundee REIT shall observe and comply in all respects with all governing laws and other requirements relating to its real property (including without limitation, applicable statutes, regulations, orders and restrictions relating to Environmental Laws, Environmental Matters (as each of those terms is defined in the Series H Indenture) or to energy regulations);
- (i) Dundee REIT shall ensure that all covenants, conditions, stipulations and provisos contained in the Series H Indenture and the 5.50% Series H Debentures are duly performed;
- (j) Dundee REIT shall promptly notify the Debentureholders of any material adverse change in its investments;
- (k) Dundee REIT shall cause all necessary and proper steps to be taken diligently to protect and defend its property and the property of its Subsidiaries and the proceeds thereof against any material adverse claim or demand, including without limitation, the employment or use of counsel for the prosecution or defence of litigation and the contest, settlement, release or discharge of any such claim or demand;
- (l) Dundee REIT shall maintain, or shall cause its Subsidiaries to maintain, with financially sound and reputable insurers, insurance with respect to its property against such liabilities, casual risks and contingencies and in such types and amounts as is customary in the case of corporations holding properties of a similar nature and similarly situated; and
- (m) Dundee REIT shall use its best efforts to maintain a listing of the REIT A Units on the TSX (or such other stock exchange(s) upon which the REIT A Units may become listed).

Events of Default

Subject to any restrictions on acceleration of payment contained in any Series H Senior Indebtedness, the Series H Indenture provides that the outstanding principal amount and accrued interest will become accelerated upon, among other things, the happening of any one or more of the following events (each an “**Event of Default**”), namely:

- (a) if Dundee REIT makes default in payment of the principal on any 5.50% Series H Debenture when the same becomes due and payable under any provision of the Series H Indenture or of the 5.50% Series H Debentures;
- (b) if Dundee REIT makes default in payment of any interest due on any 5.50% Series H Debenture and such default continues for a period of 30 days;
- (c) if a decree or order of a court having jurisdiction in the premises is entered adjudging Dundee REIT a bankrupt or insolvent under the *Bankruptcy and Insolvency Act* (Canada) or any other bankruptcy, insolvency or analogous laws, or issuing sequestration or process of execution against, or against all or any substantial part of the property of Dundee REIT, or appointing a receiver or receiver-manager of, or of any substantial part of the property of Dundee REIT or ordering the winding-up or liquidation of its affairs;
- (d) if a resolution is passed for the winding-up or liquidation of Dundee REIT except in the course of carrying out or pursuant to a transaction with respect to which the conditions of the Series H Indenture are duly observed and performed, or if Dundee REIT institutes proceedings to be adjudicated a bankrupt or insolvent, or consents to the institution of bankruptcy or insolvency proceedings against it under the *Bankruptcy and Insolvency Act* (Canada) or any other bankruptcy, insolvency or analogous laws or consents to the filing of any such petition, or if a receiver or receiver-manager is appointed over all or any substantial part of the property of Dundee REIT, or Dundee REIT makes a general assignment for the benefit of creditors or admits in writing its inability to pay its debts generally as they become due, or takes action in furtherance of any of the aforesaid purposes;
- (e) if an event of default, as defined in any indenture or instrument under which Dundee REIT has outstanding any indebtedness for borrowed money which matures by its terms, or which is renewable at the option of the payor, to a date more than 18 months after the creation, assumption or guarantee thereof, shall happen and be continuing, and such indebtedness shall have been accelerated so that an amount in excess of \$200,000 shall be or become due and payable prior to the date on which the same would otherwise have become due and payable, and such acceleration will not be rescinded or annulled, or such event of default under such indenture or instrument shall not be remedied or cured, whether by payment or otherwise, or waived by the holders of such indebtedness, within 10 days after such acceleration will have occurred; or
- (f) if Dundee REIT shall fail to observe or perform any other covenant or condition contained in the Series H Indenture on its part to be observed or performed and, after a notice in writing has been given by the Debenture Trustee or Debentureholder to Dundee REIT specifying such default and requiring Dundee REIT to rectify the same (which said notice may be given by the Debenture Trustee upon a “**Debentureholder’s Request**”), and Dundee REIT shall fail to make good such default within a period of 30 days, unless the Debenture Trustee (having regard to the subject matter of the default) shall have agreed to a longer period, and in such event, within the period agreed to by the Debenture Trustee.

Upon the happening of any Event of Default:

- (a) the Debentureholders of not less than 51% of the principal amount of the Debentures then outstanding shall have the power (in addition to the powers exercisable by Extraordinary Resolution) by requisition in writing to instruct the Debenture Trustee to waive any Event of Default and to cancel any declaration made by the Debenture Trustee pursuant to the terms of the Series H Indenture, and the Debenture Trustee shall thereupon waive the Event of Default and cancel such declaration upon such terms and conditions as will be prescribed in such requisition; and

- (b) the Debenture Trustee, so long as it has not become bound to declare the principal of and interest on the Debentures then outstanding to be due and payable, or to obtain or enforce payment of the same, shall have power to waive any Event of Default if, in the Debenture Trustee's opinion, the same shall have been cured or adequate satisfaction made therefor, and in such event to cancel any such declaration theretofore made by the Debenture Trustee in the exercise of its discretion, upon such terms and conditions as the Debenture Trustee may deem advisable, provided that no act or omission either of the Debenture Trustee or of the Debentureholders in the premises shall extend to or be taken in any manner whatsoever to affect any subsequent Event of Default or the rights resulting therefrom.

Powers Exercisable by Extraordinary Resolution

In addition to the powers conferred upon them by any other provisions of the Series H Indenture or by law, subject as provided above under "Subordination", Debentureholders shall have the following powers exercisable from time to time by Extraordinary Resolution:

- (a) the power to sanction any modification, abrogation, alteration, compromise or arrangement of the rights of the Debentureholders or the Debenture Trustee (subject to the consent of the Debenture Trustee) against Dundee REIT, or against its property, whether such rights arise under the Series H Indenture, the Debentures or otherwise;
- (b) the power to assent to any modification of or change in or addition to or omission from the provisions contained in the Series H Indenture, or any Debenture which shall be agreed to by Dundee REIT, and to authorize the Debenture Trustee to concur in and execute any indenture supplemental to the Series H Indenture embodying any modification, change, addition or omission;
- (c) the power to sanction any scheme for the reconstruction or reorganization of Dundee REIT or for the consolidation or merger of Dundee REIT with any other entity or for the sale, leasing, transfer or other disposition of the undertaking, property and assets of Dundee REIT or any part thereof, provided that no such sanction be necessary with respect to any such transaction if the provisions of the Series H Indenture shall have been complied with;
- (d) the power to direct or authorize the Debenture Trustee to exercise any power, right, remedy or authority given to it by the Series H Indenture in any manner specified in any such Extraordinary Resolution or to refrain from exercising any such power, right, remedy or authority;
- (e) the power to waive and direct the Debenture Trustee to waive any default under the Series H Indenture, or cancel any declaration made by the Debenture Trustee pursuant to the Series H Indenture either unconditionally or upon any condition specified in such Extraordinary Resolution;
- (f) the power to restrain any Debentureholder from taking or instituting any suit, action or proceeding for the purpose of enforcing payment of the principal of or interest on the Debentures, or for the execution of any trust or power thereunder unless such action by a Debentureholder is already restrained by the terms of the Series H Indenture;
- (g) the power to direct any Debentureholder who, as such, has brought any action, suit or proceeding to stay or discontinue or otherwise deal with the same upon payment, if the taking of such suit, action or proceeding shall have been permitted by the Series H Indenture, of the costs, charges and expenses reasonably and properly incurred by such Debentureholder in connection therewith;

- (h) the power to assent to any compromise or arrangement with any creditor or creditors or any class or classes of creditors, whether secured or otherwise, and with holders of any other securities of Dundee REIT;
- (i) the power to appoint a committee with power and authority (subject to such limitations, if any, as may be prescribed in such Extraordinary Resolution) to exercise, and to direct the Debenture Trustee to exercise, on behalf of the Debentureholders, such of the powers of the Debentureholders as are exercisable by Extraordinary Resolution or other resolution and shall be included in the resolution appointing the committee. The Extraordinary Resolution making such appointment may provide for payment and expenses and disbursements of and compensation to such committee. Such committee shall consist of such number of persons as shall be prescribed in the resolution appointing it and the members need not be Debentureholders. Every such committee may elect its chairman and may make regulations respecting its quorum, the calling of its meetings, the filling of vacancies occurring in its number and its procedure generally. Such regulations may provide that the committee may act at a meeting at which a quorum is present or may act by minutes signed by the number of members thereof necessary to constitute a quorum. All acts of any such committee within the authority delegated to it shall be binding upon all Debentureholders. Neither the committee nor any member thereof shall be liable for any loss arising from or in connection with any action taken or omitted to be taken by them in good faith;
- (j) the power to authorize the Debenture Trustee or any other Person or Persons to bid at any sale of Dundee REIT's properties or assets or any part thereof and to borrow the moneys required to take any deposit at said sale or pay the balance of the purchase price and to hypothecate, mortgage, pledge, charge, cede and transfer the property or assets so purchased as security for the repayment of the moneys so borrowed and interest thereon, or itself, himself or themselves, as the case may be, to advance such moneys (in which event it, he or they shall have a lien upon the property or assets so purchased for the amount so advanced and interest thereon) and to hold any property or assets so purchased (subject to any hypothec, mortgage, pledge, charge or lien to secure any moneys so borrowed or advanced) in trust for all of the Debentureholders outstanding at the time of such sale pro rata in proportion to the amounts due to them thereon respectively for principal, if any, and interest before such sale, and to sell, transfer and convey the whole or any part or parts of the property or assets so purchased for such consideration in cash or in the Units, shares, bonds, debentures or other securities or obligations of any entity formed or to be formed, or partly in cash and partly in such securities or obligations, and upon such terms and conditions as may be determined by such Extraordinary Resolution of the Debentureholders and, subject to such terms and conditions, to dispose of such cash, Units, bonds, debentures or other securities or obligations pursuant to the provisions of the Series H Indenture, and until the sale, transfer or conveyance of the whole of such property or assets so purchased to maintain and operate such part of said property and assets as has not been disposed of, and for such purposes and to borrow the moneys required to make any deposit at said sale or pay the balance of the purchase price and to hypothecate, mortgage, pledge, charge, cede and transfer the property or assets so purchased, or any part thereof, as security for the repayment of the moneys so borrowed and interest thereon, or itself, himself or themselves, as the case may be, to advance such moneys (in which event it, he or they shall have a lien upon the property or assets so purchased for the amount so advanced and interest thereon), and otherwise deal with such property and assets and the proceeds of any sale, transfer or conveyance thereof as the Debentureholders may by such Extraordinary Resolution direct;
- (k) the power to remove the Debenture Trustee from office and to appoint a new Debenture Trustee or Debenture Trustees;
- (l) the power to sanction the exchange of the Debentures for or the conversion thereof into Units, bonds, debentures, or other securities or obligations of Dundee REIT or of any entity formed or to be formed;

- (m) the power to authorize Dundee REIT and the Debenture Trustee to grant extensions of time for payment of interest on any of the Debentures whether or not the interest the payment with respect to which is extended, is at the time due or overdue; and
- (n) the power to amend, alter or repeal any Extraordinary Resolution previously passed or sanctioned by the Debentureholders or by any committee appointed pursuant to the Series H Indenture.

The expression “**Extraordinary Resolution**” means, subject as provided below, a resolution proposed to be passed as an Extraordinary Resolution at a meeting of Debentureholders (including an adjourned meeting) duly convened for the purpose and held in accordance with the provisions of the Series H Indenture at which two or more Debentureholders holding more than 50% in principal amount of the Debentures then outstanding are present in person or by proxy and passed by the favourable votes of the Debentureholders of not less than 66⅔% of the principal amount of Debentures represented at the meeting and voted on a poll upon such resolution. At an adjourned meeting duly convened in accordance with the Series H Indenture, the Debentureholders present shall form a quorum and may transact the business for which the meeting was originally convened, and a resolution proposed at such adjourned meeting and passed by the requisite vote as provided above shall be an Extraordinary Resolution within the meaning of the Series H Indenture, notwithstanding that the Debentureholders of more than 50% in principal amount of the Debentures then outstanding may not be present in person or by proxy at such adjourned meeting. An instrument in writing signed by the requisite Debentureholders as provided above shall also be an Extraordinary Resolution within the meaning of the Series H Indenture.

Series K and L Debentures

The 5.95% Series K Debentures and the 5.95% Series L Debentures are direct, senior unsecured debt obligations of Dundee REIT and are repayable on the Maturity Date, subject to the prior redemption thereof.

The 5.95% Series K Debentures are limited in the aggregate principal amount of \$35,000,000 and the 5.95% Series L Debentures are limited in the aggregate principal amount of \$10,000,000. Both the 5.95% Series K Debentures and the 5.95% Series L Debentures bear interest at the rate of 5.95% per annum calculated and payable monthly on the last day of each calendar month. As at December 31, 2012, \$25,000,000 aggregate principal amount of 5.95% Series K Debentures were outstanding and \$10,000,000 aggregate principal amount of 5.95% Series L Debentures were outstanding. The 5.95% Series K Debentures and the 5.95% Series L Debentures were issued in denominations of \$1,000. The Maturity Date of the 5.95% Series K Debentures is April 26, 2016 and of the 5.95% Series L Debentures is September 30, 2016.

Interest Payment Election

Unless an Event of Default has occurred and is continuing, Dundee REIT may elect, from time to time, subject to applicable regulatory approval, to issue and deliver freely-tradeable REIT A Units to a Broker in order to raise funds to satisfy all or any part of Dundee REIT’s obligations to pay interest on the 5.95% Series K Debentures or the 5.95% Series L Debentures in accordance with the Series K and L Indenture (the “**Series K and L Unit Interest Payment Option**”), in which event Holders of either the 5.95% Series K Debentures or the 5.95% Series L Debentures, as the case may be, will be entitled to receive a cash payment equal to the interest payable from the proceeds of the sale of such REIT A Units by the Broker. The Series K and L Indenture provides that, upon such election, the Broker shall (i) accept delivery of REIT A Units from Dundee REIT; (ii) accept bids with respect to, and consummate sales of, such REIT A Units (as Dundee REIT shall direct in its absolute discretion); (iii) invest the proceeds of such sales in short term Canadian Government Obligations which mature prior to the applicable interest payment date, and deliver, one Business Day prior to the applicable interest payment date, such proceeds to the Debenture Trustee to pay Dundee REIT’s interest payment obligations in respect of which the Series K and L Unit Interest Payment Option was made; and (iv) perform any other action necessarily

incidental thereto. If the proceeds of the sale of REIT A Units are insufficient to make full payment of Dundee REIT's interest payment obligations, Dundee REIT shall be responsible for making up any shortfall.

Subordination

The 5.95% Series K Debentures and the 5.95% Series L Debentures are direct, senior unsecured obligations of Dundee REIT and, except to the extent prescribed by law, rank: (i) equally and rateably with one another and with all future indebtedness issued under the Senior Debt Serial Trust Indenture; (ii) senior to any future indebtedness of Dundee REIT issued under the Serial Trust Indenture (which includes the 5.50% Series H Debentures); and (iii) subordinate to all Series K and L Senior Indebtedness. The 5.95% Series K Debentures and the 5.95% Series L Debentures do not limit our ability to incur additional indebtedness or grant liens on our properties to secure any indebtedness.

The payment of the principal of, and interest on, the 5.95% Series K Debentures and the 5.95% Series L Debentures will have priority over the payment of any distributions on the REIT A Units.

Redemption by Dundee REIT

At its option, Dundee REIT may redeem the 5.95% Series K Debentures or the 5.95% Series L Debentures at any time, in whole or in part, on payment of a redemption price equal to the greater of (i) the Canada Yield Price and (ii) par, together in each case with accrued and unpaid interest to the date fixed for redemption. Dundee REIT will give notice of redemption at least 30 days but not more than 60 days before the date fixed for redemption. Where less than all of the 5.95% Series K Debentures or the 5.95% Series L Debentures are to be redeemed pursuant to their terms, the 5.95% Series K Debentures or the 5.95% Series L Debentures to be so redeemed will be redeemed on a pro rata basis according to the principal amount of 5.95% Series K Debentures or the 5.95% Series L Debentures, as applicable, registered in the respective name of each applicable Holder of 5.95% Series K Debentures or the 5.95% Series L Debentures, or in such other manner as the Debenture Trustee may consider equitable.

Purchase of Debentures

Dundee REIT may at any time and from time to time purchase the 5.95% Series K Debentures or the 5.95% Series L Debentures in the market (which will include purchases from or through an investment dealer or a firm holding membership on a recognized stock exchange), or by tender or private contract at any price. The 5.95% Series K Debentures or the 5.95% Series L Debentures that are so purchased will be cancelled and will not be reissued or resold.

Depository Services

Except as otherwise provided below, the 5.95% Series K Debentures and the 5.95% Series L Debentures were issued in "book-entry only" form and must be purchased or transferred through participants ("**Participants**") in the depository service of CDS, which includes securities brokers and dealers, banks and trust companies. Except as described below, no Holder of a 5.95% Series K Debenture or a 5.95% Series L Debenture is entitled to a certificate or other instrument from Dundee REIT or CDS evidencing that Debentureholder's ownership thereof, and no Debentureholder is shown on the records maintained by CDS except through a book-entry account of a Participant acting on behalf of such Debentureholder.

Debentures are issued in fully registered form to Holders or their nominees other than CDS or its nominee if (i) Dundee REIT determines that CDS is no longer willing or able to discharge properly its responsibilities as depository and Dundee REIT is unable to locate a qualified successor, (ii) Dundee REIT at its option elects, or is required by law, to terminate the book-entry system through CDS, or (iii) after the occurrence of an Event of Default under the Series K and L Indenture, Holders of the 5.95% Series K Debentures or the 5.95% Series L Debentures, representing beneficial interests aggregating over

50% of the outstanding principal amount of the 5.95% Series K Debentures or the 5.95% Series L Debentures, as applicable, determine that the continuation of the book-entry system is no longer in their best interests.

Dundee REIT will not assume any liability for: (a) any aspect of the records relating to the beneficial ownership of the 5.95% Series K Debentures or the 5.95% Series L Debentures held by CDS or the payments relating thereto; (b) maintaining, supervising or reviewing any records relating to the 5.95% Series K Debentures or the 5.95% Series L Debentures; or (c) any advice or representation made by or with respect to CDS or any action to be taken by CDS or at the direction of its Participants. The rules governing CDS provide that it acts as the agent and depositary for the Participants. As a result, Participants must look solely to CDS and beneficial owners must look solely to Participants for the payment of the principal and interest on the 5.95% Series K Debentures or the 5.95% Series L Debentures paid by or on behalf of Dundee REIT to CDS.

As indirect Holders of the 5.95% Series K Debentures or the 5.95% Series L Debentures, investors should be aware that they (subject to certain exceptions): (a) may not have the 5.95% Series K Debentures or the 5.95% Series L Debentures registered in their name; (b) may not have physical certificates representing their interest in the 5.95% Series K Debentures or the 5.95% Series L Debentures; (c) may not be able to sell the 5.95% Series K Debentures or the 5.95% Series L Debentures to institutions required by law to hold physical certificates for securities they own; and (d) may be unable to pledge 5.95% Series K Debentures or the 5.95% Series L Debentures as security.

Transfers

Transfers of ownership in the 5.95% Series K Debentures or the 5.95% Series L Debentures will be effected only through records maintained by CDS or its nominee for such 5.95% Series K Debentures or the 5.95% Series L Debentures with respect to interests of Participants and on the records of Participants with respect to interests of persons other than Participants. Debentureholders who are not Participants, but who desire to purchase, sell or otherwise transfer ownership of or other interest in the 5.95% Series K Debentures or the 5.95% Series L Debentures, may do so only through Participants. The ability of a Debentureholder to pledge a Debenture or otherwise take action with respect to such Debentureholder's interest in the Debenture (other than through a Participant) may be limited due to the lack of a physical certificate.

Payment of Interest and Principal

Except in the case of payment on maturity, in which case payment may be made on surrender of the Global Debentures, payments of interest and principal on each Global Debenture are made to CDS as registered holder of the Global Debentures. Interest payments on the Global Debentures will be made by cheque dated the date interest is payable and delivered to CDS at least one day before the date interest is payable. Payments of interest may also be made by electronic funds transferred to CDS at the option of Dundee REIT. Principal payments on the Global Debentures will be made by cheque dated the maturity date delivered to CDS at maturity against receipt of the Global Debentures. As long as CDS is the registered holder of the Global Debentures, CDS will be considered the sole owner of the Global Debentures for the purpose of receiving payment on the 5.95% Series K Debentures or the 5.95% Series L Debentures, and for all other purposes under the Series K and L Indenture.

Upon receipt of any payment of principal or interest in respect of a Global Debenture, CDS credits Participants' accounts, on the date principal or interest is payable, with payments in amounts proportionate to their respective beneficial interests in the principal amount of such Global Debenture as shown on the records of CDS. Payments of principal and interest by Participants to the owners of beneficial interests in such Global Debenture held through such Participants are governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and are the responsibility of such Participants. The

responsibility and liability of Dundee REIT and the Debenture Trustee in respect of the 5.95% Series K Debentures or the 5.95% Series L Debentures represented by the Global Debentures shall be limited to making payment of any principal and interest due on such Global Debentures to CDS.

If the date for payment of any amount of principal or interest on any 5.95% Series K Debenture or 5.95% Series L Debenture is not a business day at the place of payment, then payment will be made on the next business day and the Holder of the 5.95% Series K Debenture or 5.95% Series L Debenture, as applicable, will not be entitled to any further interest or other payment in respect of the delay.

Change of Control

In the event of a Change of Control, Holders of any 5.95% Series K Debentures or 5.95% Series L Debentures may require Dundee REIT to repurchase their 5.95% Series K Debentures or 5.95% Series L Debentures, as the case may be, in whole or in part, at a price equal to: (i) 101% of the principal amount of such 5.95% Series K Debentures or 5.95% Series L Debentures, as the case may be, plus (ii) all accrued interest up to but excluding the date of repurchase. If 90% or more in aggregate principal amount of the 5.95% Series K Debentures or 5.95% Series L Debentures, as the case may be, outstanding have been tendered by Holders for repurchase, Dundee REIT will have the right, but not the obligation, to redeem all the remaining 5.95% Series K Debentures or 5.95% Series L Debentures, as applicable, at the same price, which will be payable in cash.

Dundee REIT will comply with the requirements of Canadian securities laws to the extent such laws and regulations are applicable in connection with the repurchase of the 5.95% Series K Debentures or 5.95% Series L Debentures in the event of a Change of Control. Any 5.95% Series K Debentures or 5.95% Series L Debentures so repurchased as aforesaid will be cancelled and may not be reissued or resold.

Events of Default

Subject to any restrictions on acceleration of payment contained in any Series K and L Senior Indebtedness, the Series K and L Indenture provides that the outstanding principal amount and accrued interest will become accelerated upon, among other things, the happening of any one or more of the following events (each an “**Event of Default**”), namely:

- (a) if Dundee REIT makes default in payment of the principal on any 5.95% Series K Debenture or any 5.95% Series L Debenture when the same becomes due and payable under any provision of the Series K and L Indenture or of the 5.95% Series K Debentures or the 5.95% Series L Debentures;
- (b) if Dundee REIT makes default in payment of any interest due on any 5.95% Series K Debenture or any 5.95% Series L Debenture and such default continues for a period of 30 days;
- (c) if a decree or order of a court having jurisdiction in the premises is entered adjudging Dundee REIT a bankrupt or insolvent under the *Bankruptcy and Insolvency Act* (Canada) or any other bankruptcy, insolvency or analogous laws, or issuing sequestration or process of execution against, or against all or any substantial part of the property of Dundee REIT, or appointing a receiver or receiver-manager of, or of any substantial part of the property of Dundee REIT or ordering the winding-up or liquidation of its affairs;
- (d) if a resolution is passed for the winding-up or liquidation of Dundee REIT except in the course of carrying out or pursuant to a transaction with respect to which the conditions of the Series K and L Indenture are duly observed and performed, or if Dundee REIT institutes proceedings to be adjudicated a bankrupt or insolvent, or consents to the institution of bankruptcy or insolvency proceedings against it under the *Bankruptcy and Insolvency Act* (Canada) or any other bankruptcy, insolvency or analogous laws or consents to the filing of any such petition, or if a

receiver or receiver-manager is appointed over all or any substantial part of the property of Dundee REIT, or Dundee REIT makes a general assignment for the benefit of creditors or admits in writing its inability to pay its debts generally as they become due, or takes action in furtherance of any of the aforesaid purposes;

- (e) if an event of default, as defined in any indenture or instrument under which Dundee REIT has outstanding any indebtedness for borrowed money which matures by its terms, or which is renewable at the option of the payor, to a date more than 18 months after the creation, assumption or guarantee thereof, shall happen and be continuing, and such indebtedness shall have been accelerated so that an amount in excess of \$200,000 shall be or become due and payable prior to the date on which the same would otherwise have become due and payable, and such acceleration will not be rescinded or annulled, or such event of default under such indenture or instrument shall not be remedied or cured, whether by payment or otherwise, or waived by the holders of such indebtedness, within 10 days after such acceleration will have occurred; or
- (f) if Dundee REIT shall fail to observe or perform any other covenant or condition contained in the Series K and L Indenture on its part to be observed or performed and, after a notice in writing has been given by the Debenture Trustee or Debentureholder to Dundee REIT specifying such default and requiring Dundee REIT to rectify the same (which said notice may be given by the Debenture Trustee upon a “**Debentureholder’s Request**”), and Dundee REIT shall fail to make good such default within a period of 30 days, unless the Debenture Trustee (having regard to the subject matter of the default) shall have agreed to a longer period, and in such event, within the period agreed to by the Debenture Trustee.

Upon the happening of any Event of Default:

- (a) the Debentureholders of not less than 51% of the principal amount of the Debentures then outstanding shall have the power (in addition to the powers exercisable by Extraordinary Resolution) by requisition in writing to instruct the Debenture Trustee to waive any Event of Default and to cancel any declaration made by the Debenture Trustee pursuant to the terms of the Series K and L Indenture, and the Debenture Trustee shall thereupon waive the Event of Default and cancel such declaration upon such terms and conditions as will be prescribed in such requisition; and
- (b) the Debenture Trustee, so long as it has not become bound to declare the principal of and interest on the Debentures then outstanding to be due and payable, or to obtain or enforce payment of the same, shall have power to waive any Event of Default if, in the Debenture Trustee’s opinion, the same shall have been cured or adequate satisfaction made therefor, and in such event to cancel any such declaration theretofore made by the Debenture Trustee in the exercise of its discretion, upon such terms and conditions as the Debenture Trustee may deem advisable, provided that no act or omission either of the Debenture Trustee or of the Debentureholders in the premises shall extend to or be taken in any manner whatsoever to affect any subsequent Event of Default or the rights resulting therefrom.

Powers Exercisable by Extraordinary Resolution

In addition to the powers conferred upon them by any other provisions of the Series K and L Indenture or by law, subject as provided above under “Subordination”, Debentureholders shall have the following powers exercisable from time to time by Extraordinary Resolution:

- (a) the power to sanction any modification, abrogation, alteration, compromise or arrangement of the rights of the Debentureholders or the Debenture Trustee (subject to the consent of the Debenture Trustee) against Dundee REIT, or against its property, whether such rights arise under the Series K and L Indenture, the Debentures or otherwise;

- (b) the power to assent to any modification of or change in or addition to or omission from the provisions contained in the Series K and L Indenture, or any Debenture which shall be agreed to by Dundee REIT, and to authorize the Debenture Trustee to concur in and execute any indenture supplemental to the Series K and L Indenture embodying any modification, change, addition or omission;
- (c) the power to sanction any scheme for the reconstruction or reorganization of Dundee REIT or for the consolidation or merger of Dundee REIT with any other entity or for the sale, leasing, transfer or other disposition of the undertaking, property and assets of Dundee REIT or any part thereof, provided that no such sanction be necessary with respect to any such transaction if the provisions of the Series K and L Indenture shall have been complied with;
- (d) the power to direct or authorize the Debenture Trustee to exercise any power, right, remedy or authority given to it by the Series K and L Indenture in any manner specified in any such Extraordinary Resolution or to refrain from exercising any such power, right, remedy or authority;
- (e) the power to waive and direct the Debenture Trustee to waive any default under the Series K and L Indenture, or cancel any declaration made by the Debenture Trustee pursuant to the Series K and L Indenture either unconditionally or upon any condition specified in such Extraordinary Resolution;
- (f) the power to restrain any Debentureholder from taking or instituting any suit, action or proceeding for the purpose of enforcing payment of the principal of or interest on the Debentures, or for the execution of any trust or power thereunder unless such action by a Debentureholder is already restrained by the terms of the Series K and L Indenture;
- (g) the power to direct any Debentureholder who, as such, has brought any action, suit or proceeding to stay or discontinue or otherwise deal with the same upon payment, if the taking of such suit, action or proceeding shall have been permitted by the Series K and L Indenture, of the costs, charges and expenses reasonably and properly incurred by such Debentureholder in connection therewith;
- (h) the power to assent to any compromise or arrangement with any creditor or creditors or any class or classes of creditors, whether secured or otherwise, and with holders of any other securities of Dundee REIT;
- (i) the power to appoint a committee with power and authority (subject to such limitations, if any, as may be prescribed in such Extraordinary Resolution) to exercise, and to direct the Debenture Trustee to exercise, on behalf of the Debentureholders, such of the powers of the Debentureholders as are exercisable by Extraordinary Resolution or other resolution and shall be included in the resolution appointing the committee. The Extraordinary Resolution making such appointment may provide for payment and expenses and disbursements of and compensation to such committee. Such committee shall consist of such number of persons as shall be prescribed in the resolution appointing it and the members need not be Debentureholders. Every such committee may elect its chairman and may make regulations respecting its quorum, the calling of its meetings, the filling of vacancies occurring in its number and its procedure generally. Such regulations may provide that the committee may act at a meeting at which a quorum is present or may act by minutes signed by the number of members thereof necessary to constitute a quorum. All acts of any such committee within the authority delegated to it shall be binding upon all Debentureholders. Neither the committee nor any member thereof shall be liable for any loss arising from or in connection with any action taken or omitted to be taken by them in good faith;

- (j) the power to authorize the Debenture Trustee or any other Person or Persons to bid at any sale of Dundee REIT's properties or assets or any part thereof and to borrow the moneys required to take any deposit at said sale or pay the balance of the purchase price and to hypothecate, mortgage, pledge, charge, cede and transfer the property or assets so purchased as security for the repayment of the moneys so borrowed and interest thereon, or itself, himself or themselves, as the case may be, to advance such moneys (in which event it, he or they shall have a lien upon the property or assets so purchased for the amount so advanced and interest thereon) and to hold any property or assets so purchased (subject to any hypothec, mortgage, pledge, charge or lien to secure any moneys so borrowed or advanced) in trust for all of the Debentureholders outstanding at the time of such sale pro rata in proportion to the amounts due to them thereon respectively for principal, if any, and interest before such sale, and to sell, transfer and convey the whole or any part or parts of the property or assets so purchased for such consideration in cash or in the Units, shares, bonds, debentures or other securities or obligations of any entity formed or to be formed, or partly in cash and partly in such securities or obligations, and upon such terms and conditions as may be determined by such Extraordinary Resolution of the Debentureholders and, subject to such terms and conditions, to dispose of such cash, Units, bonds, debentures or other securities or obligations pursuant to the provisions of the Series K and L Indenture, and until the sale, transfer or conveyance of the whole of such property or assets so purchased to maintain and operate such part of said property and assets as has not been disposed of, and for such purposes and to borrow the moneys required to make any deposit at said sale or pay the balance of the purchase price and to hypothecate, mortgage, pledge, charge, cede and transfer the property or assets so purchased, or any part thereof, as security for the repayment of the moneys so borrowed and interest thereon, or itself, himself or themselves, as the case may be, to advance such moneys (in which event it, he or they shall have a lien upon the property or assets so purchased for the amount so advanced and interest thereon), and otherwise deal with such property and assets and the proceeds of any sale, transfer or conveyance thereof as the Debentureholders may by such Extraordinary Resolution direct;
- (k) the power to remove the Debenture Trustee from office and to appoint a new Debenture Trustee or Debenture Trustees;
- (l) the power to sanction the exchange of the Debentures for or the conversion thereof into Units, bonds, debentures, or other securities or obligations of Dundee REIT or of any entity formed or to be formed;
- (m) the power to authorize Dundee REIT and the Debenture Trustee to grant extensions of time for payment of interest on any of the Debentures whether or not the interest the payment with respect to which is extended, is at the time due or overdue; and
- (n) the power to amend, alter or repeal any Extraordinary Resolution previously passed or sanctioned by the Debentureholders or by any committee appointed pursuant to the Series K and L Indenture.

The expression “**Extraordinary Resolution**” means, subject as provided below, a resolution proposed to be passed as an Extraordinary Resolution at a meeting of Debentureholders (including an adjourned meeting) duly convened for the purpose and held in accordance with the provisions of the Series K and L Indenture at which two or more Debentureholders holding more than 50% in principal amount of the Debentures then outstanding are present in person or by proxy and passed by the favourable votes of the Debentureholders of not less than 66 $\frac{2}{3}$ % of the principal amount of Debentures represented at the meeting and voted on a poll upon such resolution. At an adjourned meeting duly convened in accordance with the Series K and L Indenture, the Debentureholders present shall form a quorum and may transact the business for which the meeting was originally convened, and a resolution proposed at such adjourned meeting and passed by the requisite vote as provided above shall be an Extraordinary Resolution within the meaning of the Series K and L Indenture, notwithstanding that the Debentureholders of more than 50% in principal amount of the Debentures then outstanding may not be present in person or by proxy at

such adjourned meeting. An instrument in writing signed by the requisite Debentureholders as provided above shall also be an Extraordinary Resolution within the meaning of the Series K and L Indenture.

DESCRIPTION OF DUNDEE PROPERTIES LP

General

Dundee Properties LP is a limited partnership formed under the laws of the Province of Ontario. Dundee Properties LP holds our direct and indirect interests in all of the Properties.

Properties General Partner

Properties General Partner is the general partner of Dundee Properties LP. Properties General Partner is a wholly-owned subsidiary of Dundee REIT. Michael J. Cooper, P. Jane Gavan, Mario Barrafato and Ned Goodman are currently the directors of Properties General Partner. Pursuant to the Governance Agreement, Dundee Corporation has the right to have one nominee appointed as a director of Properties General Partner. A majority of the directors of Properties General Partner cannot be the same individuals as our trustees.

Partnership Units

Dundee Properties LP is authorized to issue an unlimited number of two classes of limited partnership units, the LP Class A Units and the LP Class B Units, and such other classes of partnership interests as Properties General Partner may decide from time to time. The LP Class B Units are issuable in two series: LP B Units and LP Class B Units, Series 2. Partnership A holds the LP Class A Units, DRC and its affiliates hold the LP B Units and Partnership B holds the LP Class B Units, Series 2.

The LP B Units, together with the accompanying Special Trust Units, except as otherwise noted, have economic and voting rights equivalent in all material respects to the REIT A Units and REIT B Units. In particular, subject to certain limitations contained in the Properties Limited Partnership Agreement and the Exchange and Support Agreement, each LP B Unit entitles the holder thereof to receive a distribution from Dundee Properties LP equal to the amount of a distribution we declare on a REIT B Unit, or, if no such distribution is declared, on a REIT A Unit. Additional principal terms of the LP B Units are as follows: (i) the LP B Units may be surrendered or, if such surrender cannot be effected, indirectly exchanged, on a one-for-one basis (subject to customary anti-dilution provisions) for REIT B Units at the option of the holder, at any time unless our trustees determine, acting reasonably this would cause a significant risk to Dundee REIT's status as a "unit trust", "mutual fund trust", "real estate investment trust" or "registered investment" under the Tax Act; (ii) each LP B Unit will be accompanied by a Special Trust Unit which will entitle the holder thereof to receive notice of, to attend and to vote at all meetings of unitholders (except in respect of LP B Units previously surrendered or exchanged); (iii) except as required by law and in certain specified circumstances where the rights of a holder of LP B Units are affected, holders of the LP B Units are not entitled to vote at any meeting of the limited partners of Dundee Properties LP, and (iv) the LP B Units, may not be transferred, subject to certain limited exceptions.

Pursuant to the Declaration of Trust and the Exchange and Support Agreement, if an offer, issuer bid, takeover bid or similar transaction with respect to the REIT A Units and/or the REIT B Units is proposed by us or is proposed to us or holders of REIT A Units and/or REIT B Units and is recommended by our trustees, or is otherwise effected or to be effected with the consent or approval of our trustees, and the LP B Units are not acquired by Dundee Properties LP or exchanged for REIT B Units, Dundee REIT will, expeditiously and in good faith, take all such actions and do all such things as are necessary or desirable to enable and permit holders of those LP B Units to participate in such offer to the same extent and on an economically equivalent basis as the holders of REIT A Units and/or REIT B Units, without discrimination. Without limiting the generality of the foregoing, Dundee REIT will, expeditiously and in good faith, ensure that holders of LP B Units may participate in all such offers without being required to surrender such units for withdrawal or exercise their right to exchange such units (or, if so required, to

ensure that any such surrender or exchange will be effective only upon, and will be conditional upon, the closing of the offer and only to the extent necessary to tender to or deposit under the offer). In the case of offers, issuer bids, take-over bids or similar transactions which are not effected or to be effected with the consent or approval of our trustees, Dundee REIT will take such actions only to the extent possible in the circumstances.

Pursuant to the Reorganization, DRC and its affiliate subscribed for 6,909,245 LP B Units of Dundee Properties LP, which were subsequently transferred to two wholly-owned subsidiaries of Dundee Corporation in July, 2006. The LP B Units may also be issued in respect of other acquisitions made by Dundee Properties LP from time to time, with the consent of all of the holders of LP B Units.

The LP Class B Units, Series 2 have terms similar to those attached to the LP B Units, except that the holders of LP Class B Units, Series 2: (i) are not entitled to receive REIT B Units in the event of a full or partial surrender of the LP Class B Units, Series 2 or upon the liquidation, dissolution or winding up of Dundee Properties LP; (ii) are not entitled to elect to reinvest the cash distributions payable on the LP Class B Units, Series 2 in additional LP Class B Units, Series 2 or to elect to receive a loan from Dundee Properties LP in an amount equal to the cash distributions payable on the LP Class B Units, Series 2; and (iii) are entitled to receive notice of, to attend and vote at all meetings of the partners of Dundee Properties LP, but will not be entitled to receive notice of, to attend or vote at meetings of the unitholders. Partnership B holds all of the issued and outstanding LP Class B Units, Series 2.

The LP Class A Units have terms substantially similar to those attached to the LP Class B Units, Series 2. Partnership A owns all of the issued and outstanding LP Class A Units.

Amendments to Properties Limited Partnership Agreement

Pursuant to the Properties Limited Partnership Agreement, no amendment to the investment guidelines or operating policies set forth above or any other material change to such agreement may be made without the approval of 66 2/3% of the votes cast by the limited partners entitled to vote at a meeting called for such purpose or the written approval of holders holding more than 66 2/3% of the outstanding limited partnership units entitled to vote.

Distributions

Dundee Properties LP will distribute to Properties General Partner and to the limited partners holding LP Class A Units and LP Class B Units their *pro rata* portions of distributable income as set out below. Distributions will be made forthwith after Properties General Partner determines the distributable income of Dundee Properties LP and determines its expenses for acting as general partner, which shall take place no later than the 10th day of each month. Distributable income will represent, in general, all of Dundee Properties LP's cash on hand that is derived from any source (other than amounts received in connection with the subscription for additional interests in Dundee Properties LP) and that is determined by Properties General Partner not to be required in connection with the business of Dundee Properties LP. The amount of distributable income that will be distributed to the limited partners of Dundee Properties LP will be the amount of distributable income which remains after the distribution of (a) an amount to Properties General Partner sufficient to reimburse it for its expenses incurred in performing its duties and obligations under the Properties Limited Partnership Agreement; (b) an amount to the holders of LP Class A Units and LP Class B Units, Series 2 sufficient to allow Dundee REIT, Partnership A and Partnership B to pay their expenses on a timely basis; and (c) an amount to Properties General Partner equal to 0.1% of the balance of the distributable income of Dundee Properties LP remaining after the distributions in (a) and (b) have been made. However, holders of LP B Units will be entitled to receive distributions on each such unit equal to the amount of the distribution declared on each REIT B Unit or, if no such distribution is declared, on each REIT A Unit. The record date and the payment date for any distribution declared on the LP B Units will be the same as those for the REIT B Units or REIT A Units, as the case may be.

Our principal investor, Dundee Corporation, as the beneficial holder of LP B Units, has the right to elect to reinvest all or a portion of distributions payable on its limited partnership units of Dundee Properties LP on the same economic terms as participants in our DRIP. Dundee Corporation may reinvest such distributions in LP B Units, REIT B Units or, subject to regulatory approval, REIT A Units, or any combination thereof. If it elects to reinvest all or a portion of its distributions, Dundee Corporation will receive a bonus distribution of 4% of the amount elected to be reinvested, which bonus distribution will be reinvested in the units that Dundee Corporation elects to receive.

Allocation of Net Income and Losses

Dundee Properties LP's income or loss for tax purposes for a fiscal year will be allocated to Properties General Partner and to each person who was a limited partner of Dundee Properties LP in that year in the manner provided below. At the end of each fiscal year, Properties General Partner will be allocated taxable income of Dundee Properties LP, as determined in accordance with the Tax Act, in an amount equal to the aggregate of (a) all of the amounts paid to Properties General Partner as reimbursement for its expenses in performing its duties and obligations under Properties Limited Partnership Agreement and (b) all distributions from Dundee Properties LP that it has received during that year. After giving effect to the allocation of taxable income to Properties General Partner, each person who was a limited partner of Dundee Properties LP at any point during that year will be allocated taxable income or losses of Dundee Properties LP, as determined in accordance with the Tax Act, in an amount based on the total sum of the cash distributions received by that limited partner with respect to that fiscal year. However, if, with respect to a given fiscal year, no cash distribution is made by Dundee Properties LP to its limited partners, or Dundee Properties LP has a loss for tax purposes, the income or loss, as the case may be, for tax purposes of Dundee Properties LP for that fiscal year will be allocated to each person who was a limited partner at anytime in such fiscal year in the proportion determined by Properties General Partner.

Functions and Powers of Properties General Partner

Subject to the provisions of the Properties Limited Partnership Agreement, Properties General Partner is authorized to carry out the business of Dundee Properties LP with the full power and exclusive authority to administer, manage, control and operate the operations and affairs of Dundee Properties LP and the business of Dundee Properties LP and to bind Dundee Properties LP. In addition, Properties General Partner has all of the power and authority for and on behalf of Dundee Properties LP to do or cause to be done any act, take any proceeding, make any decision and execute and deliver any instrument, deed, agreement or document on behalf of Dundee Properties LP permitted by the Properties Limited Partnership Agreement and involving matters or transactions which are necessary for or incidental to carrying on the business of Dundee Properties LP. Properties General Partner is required to exercise its powers and discharge its duties honestly, in good faith and in the best interests of Dundee Properties LP and to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances and as would the director of a corporation in comparable circumstances. Properties General Partner is not entitled to dissolve Dundee Properties LP, wind up its affairs or effect a sale of all or substantially all of Dundee Properties LP's assets except in accordance with the provisions of the Properties Limited Partnership Agreement.

The Properties Limited Partnership Agreement provides that all material transactions and agreements involving Dundee Properties LP must be approved by Properties General Partner's board of directors.

Restrictions on the Authority of Properties General Partner

The authority of Properties General Partner is limited in certain respects by the Limited Partnership Agreement. For example, Properties General Partner is prohibited, without the prior approval of the limited partners given by special resolution, from selling or otherwise disposing of all or substantially all of the assets of Dundee Properties LP. Properties General Partner has also agreed to certain limitations on its powers in the Governance Agreement. See "Governance of Dundee REIT".

Reimbursement of Properties General Partner

Dundee Properties LP will reimburse Properties General Partner for all expenses incurred by Properties General Partner in the performance of its duties as general partner under the Properties Limited Partnership Agreement on behalf of Dundee Properties LP.

Limited Liability

Properties General Partner will operate and carry on the business of Dundee Properties LP and conduct the affairs of Dundee Properties LP in a manner so as to ensure to the greatest extent possible the limited liability of its limited partners. However, limited partners may lose their limited liability in certain circumstances.

RISK FACTORS

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

SIFT Rules

Under the SIFT Rules, a publicly traded income trust will be considered a SIFT unless it qualifies for the REIT Exception. As a result of the reorganization completed on December 31, 2007, Dundee REIT has met the REIT Exception. Therefore, the SIFT Rules and the Normal Growth Guidelines should not apply to Dundee REIT after 2007; however, no assurances can be made in this regard. If Dundee REIT does not qualify continuously for the REIT Exception, the SIFT Rules and the Normal Growth Guidelines may have an adverse impact on Dundee REIT and the holders of REIT A Units, on the value of the REIT A Units and the ability of Dundee REIT to undertake financings and acquisitions, and if the SIFT Rules were to apply, distributable cash of Dundee REIT may be materially reduced. The effect of the recently enacted SIFT Rules on the market for the REIT A Units is uncertain.

We Rely on DRC for Asset Management Services

We rely on DRC with respect to the asset management of our properties. Although our Asset Management Agreement with DRC provides that, subject to the termination provisions in such agreement, DRC will automatically be rehired at the expiration of the agreement's initial five year term and each five year renewal term, DRC has the right, at any time, but upon 60 days' notice, to terminate our Asset Management Agreement for any reason. Our Asset Management Agreement may also be terminated in other circumstances, such as in the event of default or insolvency of DRC within the meaning of such agreement. Accordingly, there can be no assurance that DRC will continue to be our asset manager. If DRC should cease for whatever reason to be our asset manager, this may adversely impact our ability to meet our objectives and execute our strategy.

The Asset Management Agreement does not obligate DRC to provide the services of any particular person to Dundee REIT, including the services of our current senior management team. However, we have no reason to believe the services of our current senior management team will not continue to be provided by DRC.

Risks Inherent in the Real Estate Industry May Affect Our Financial Performance

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

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

Certain significant obligations, including property taxes, maintenance costs, mortgage payments, insurance costs and related charges must be made regardless of whether or not a property is producing sufficient income to pay such expenses. As at December 31, 2012, we had outstanding indebtedness of approximately \$3,315 million. A portion of the cash flow generated by the Properties will be devoted to servicing such debt, and there can be no assurance that these properties will continue to generate sufficient cash flow from operations to meet required interest and principal payments. If we are unable or unwilling to meet mortgage payments on any property, the mortgage lender may exercise its rights of foreclosure or sale.

The Illiquidity of Real Estate Investments May Limit Our Ability to Vary Our Portfolio in Response to Changing Economic or Investment Conditions

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

Competition in the Office Market May Adversely Affect Our Financial Performance

We compete with other investors, managers and owners of properties in seeking tenants and for the purchase and development of desirable real estate properties. Some of the commercial office properties of our competitors are newer, better located or better capitalized than our Properties. Certain of these competitors have greater financial and other resources and greater operating flexibility than us. The existence of competing managers and owners could have a material adverse effect on our ability to lease space in our Properties and on the rents we are able to charge, and could adversely affect our revenues and our ability to meet our obligations.

Our Trustees and Executive Officers May be Put in a Position of Conflict as a Result of their Positions Held and Interests in Other Businesses

Certain of our trustees and executive officers are also directors and officers of other entities such as Dundee Management LP, or are otherwise engaged, and will continue to be engaged, in activities that may put them in conflict with our business strategy. Consequently, there exists the possibility for such trustees and executive officers to be in a position of conflict. Pursuant to our Declaration of Trust, all decisions to be made by such trustees which involve us are required to be made in accordance with their duties and obligations to act honestly and in good faith with a view to our and our unitholders' best interests. In addition, our trustees and officers are required to declare their interests in, and such trustees are required to refrain from voting on, any matter in which they may have a material conflict of interest.

Environmental Contamination on Properties May Expose Us to Liability and Adversely Affect Our Financial Performance

As an owner of real property, we are subject to various federal, provincial, state and municipal laws relating to environmental matters. Such laws provide a range of potential liability, including potentially significant penalties, and potential liability for the costs of removal or remediation of certain hazardous substances. The presence of such substances, if any, could adversely affect our ability to sell or redevelop such real estate or to borrow using such real estate as collateral and, potentially, could also result in civil claims against us. In order to obtain financing for the purchase of a new property through traditional channels, we may be requested to arrange for an environmental audit to be conducted. Although such an audit provides us and our lenders with some assurance, we may become subject to liability for undetected pollution or other environmental hazards on our properties against which we cannot insure, or against which we may elect not to insure where premium costs are disproportionate to our perception of relative risk.

We have formal policies and procedures to review and monitor environmental exposure. These policies include the requirement to conduct a Phase I environmental audit before acquiring any real property or any interest therein.

Some of the Properties including, in particular, the industrial properties, have tenants that use hazardous or toxic substances or create waste. In addition, asbestos containing materials, underground storage tanks, petroleum hydrocarbons and lead paint are known to be present at certain of the Properties. Where circumstances so warrant, designated substance surveys and/or Phase II environmental assessments are conducted to determine the presence and/or extent of these or any other materials or potential environmental hazards. If appropriate, we remediate such situations. Notwithstanding the above, we are not aware of any environmental conditions with respect to any of the Properties that we believe would involve material expenditure by us.

Insurance to protect against certain environmental liability is in place in respect of certain of the Properties with a limit of \$5 million per claim and a \$10 million aggregate claim limit during the term of coverage (which is five years expiring in 2016). In addition, certain of the existing tenant leases in respect of the Properties specify that the tenant will conduct its business in accordance with environmental laws and regulations and be responsible for any liabilities arising out of infractions to such laws and regulations.

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

Losses of Key Personnel May Affect Our Ability to Operate Effectively

Our operations are dependent upon the participation of our key executives. While we believe that we could find replacements for these key executives, the loss of their services and Dundee REIT's or Dundee Management LP's inability to attract and retain qualified and experienced personnel may materially affect our ability to operate and expand.

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

Upon the expiry of the term of the financing or refinancing of any particular property or operating or acquisition debt facilities, refinancing may not be available in the amounts required or may be available only on terms less favourable to us than existing financing. We may require additional financing in order to grow and expand our operations. It is possible that such financing will not be available or, if it is

available, will not be available on favourable terms. Future financing may take many forms, including debt or equity financing which could alter the current debt-to-equity ratio or which could be dilutive to our unitholders.

Leverage and Restrictive Covenants

We have third-party debt service obligations pursuant to our indebtedness. The degree to which we are leveraged could have important consequences to unitholders, including: (i) our ability to make distributions to unitholders may be limited; (ii) our ability to obtain additional debt financing for working capital, capital expenditures or acquisitions in the future may be limited; (iii) a portion of our cash flow from operations will be dedicated to the payment of the principal of and/or interest on indebtedness, thereby reducing funds available for future operations; and (iv) certain of our borrowings may be at variable rates of interest, which exposes us to the risk of increased interest rates.

Certain of our competitors may operate on a less leveraged basis, and therefore could have greater financing flexibility than us. Our ability to make scheduled payments of interest on and to refinance our indebtedness will depend upon our future operating performance and cash flow, which are subject to prevailing economic conditions, prevailing interest rate levels and financial, competitive, business and other factors, many of which are beyond our control. These factors might inhibit us from refinancing indebtedness at all or on favourable terms, which could have a negative impact on our ability to make distributions on the REIT Units.

We may need to refinance indebtedness as principal amounts become due, and there can be no assurance that we will be able to do so or will be able to do so on terms as favourable as those currently in place with respect to the indebtedness. If we are unable to refinance our indebtedness, or are only able to refinance our indebtedness on less favourable terms, this may have a material adverse effect on our financial position, or distributable income. This, in turn, could result in the reduction or suspension of cash distributions to unitholders.

Certain of our indebtedness contains restrictive covenants that may limit the discretion of management with respect to certain business matters. These covenants place restrictions upon, among other things, our ability to (i) incur additional indebtedness, (ii) create liens or other encumbrances, (iii) pay distributions or certain other payments, investments, loans and guarantees, (iv) sell or otherwise dispose of assets, and (v) merge or consolidate with another entity. In addition, our indebtedness may contain financial covenants that require us to maintain certain financial ratios and financial condition tests. Failure to comply with such obligations could result in an event of default which, if not cured or waived, could result in acceleration of the relevant indebtedness. If any indebtedness was to be accelerated, there can be no assurance that our assets would be sufficient to repay that indebtedness in full. If an event of default under any indebtedness was to occur, distributions may be suspended.

Investments in, and Profits and Cash Flows from, Properties May be Lost in the Event of Uninsured or Underinsured Losses to Properties or Losses from Title Defects

We carry general liability, umbrella liability and excess liability insurance with a total limit of \$101,000,000. For the property risks we carry “All Risks” property insurance including but not limited to, flood, earthquake and loss of rental income insurance (with a 24 month indemnity period). We also carry Boiler and Machinery insurance covering all boilers, pressure vessels, HVAC systems and equipment breakdown. There are, however, certain types of risks (generally of a catastrophic nature such as from war or nuclear accident) which are uninsurable under any insurance policy. Furthermore there are other risks that are not economically viable to insure at this time. Our general position is to self-insure against terrorism risk for the Canadian portfolio, but some properties may have terrorism insurance in place in order to satisfy terms made under co-owner or lender agreements. We have insurance for earthquake risks, subject to certain policy limits, deductibles and self-insurance arrangements. Should an uninsured or underinsured loss occur, we could lose our investment in, and anticipated profits and cash flows from, one or more of the Properties, but we would continue to be obligated to repay any recourse mortgage

indebtedness on such properties. Additionally, we generally have owners' title insurance policies with respect to our properties located in the United States. However, the amount of coverage under such policies may be less than the full value of such properties. If a loss occurs resulting from a title defect with respect to a property where there is no title insurance or the loss is in excess of insured limits, we could lose all or part of our investment in, and anticipated profits and cash flows from, such property.

Investments in Real Estate Properties Through Joint Venture, Partnership and Co-Ownership Agreements May Restrict Our Ability to Deal with Those Properties or Expose Us to Liability

We are a participant in joint ventures and partnerships with third parties in respect of four of the Properties. In addition, we are a participant in two joint ventures with third parties in respect of developing office and prestige industrial properties. A joint venture or partnership involves certain additional risks, including, (i) the possibility that such co-venturers/partners may at any time have economic or business interests or goals that will be inconsistent with ours or take actions contrary to our instructions or requests or to our policies or objectives with respect to our real estate investments, (ii) the risk that such co-venturers/partners could experience financial difficulties or seek the protection of bankruptcy, insolvency or other laws, which could result in additional financial demands on us to maintain and operate such properties or repay the co-venturers'/partners' share of property debt guaranteed by us or for which we will be liable and/or result in our suffering or incurring delays, expenses and other problems associated with obtaining court approval of joint venture or partnership decisions, (iii) the risk that such co-venturers/ partners may, through their activities on behalf of or in the name of, the ventures or partnerships, expose or subject us to liability, and (iv) the need to obtain co-venturers'/partners' consents with respect to certain major decisions, including the decision to distribute cash generated from such properties or to refinance or sell a property. In addition, the sale or transfer of interests in certain of the joint ventures and partnerships may be subject to rights of first refusal or first offer and certain of the joint venture and partnership agreements may provide for buy-sell or similar arrangements. Such rights may be triggered at a time when we may not desire to sell but may be forced to do so because we do not have the cash to purchase the other party's interests. Such rights may also inhibit our ability to sell an interest in a property or a joint venture/partnership within the time frame or otherwise on the basis we desire. The investment by Dundee Properties LP in properties through joint venture and partnership agreements is subject to the investment guidelines set out in "Investment Guidelines and Operating Policies — Investment Guidelines of Dundee Properties LP".

Development Risk

From time to time we are involved in development activities and are subject to related risks that include:

- (a) the potential insolvency of a developer;
- (b) the developer's failure to use advanced funds in payment of construction costs;
- (c) construction or unanticipated delays;
- (d) incurring construction costs before ensuring rental revenues will be earned from the project;
- (e) cost over-runs on the project; and
- (f) the failure of tenants to occupy and pay rent in accordance with lease arrangements.

Such risks are minimized by generally not commencing construction until satisfactory levels of pre-leasing/sales are achieved. Our risk exposure is further mitigated by our Declaration of Trust, which limits the amount we are able to commit to development activity at any one time to no more than 10% of unitholders' equity adjusted for accumulated depreciation and amortization.

Risks Associated with the Structure of Dundee REIT

We are entirely dependent on the business of Dundee Properties LP through our ownership of Partnership A, Partnership B and, to a lesser extent, Dundee Management LP. The cash distributions to unitholders are dependent on the ability of Partnership A and Partnership B to pay distributions in respect of the units of Partnership A and Partnership B and interest on the notes of Partnership A and Partnership B, respectively, and the ability of Dundee Properties LP to pay distributions on the LP Class A Units and LP Class B Units, Series 2. The ability of Dundee Properties LP to pay distributions or make other payments or advances to Partnership A or Partnership B may be subject to contractual restrictions contained in any instruments governing the indebtedness of Dundee Properties LP. The ability of Dundee Properties LP to pay distributions or make other payments or advances is also dependent on the ability of Dundee Properties LP's subsidiaries to pay distributions or make other payments or advances to Dundee Properties LP.

Cash Distributions are not Guaranteed and May Fluctuate with Our Financial Performance

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

Although we intend to make cash distributions in accordance with our distribution policy, the actual amount of Distributable Income will depend upon numerous factors, including the amount of net rental income from the Properties, interest payable on our indebtedness, tenant allowances, leasing commissions, capital expenditures, unit redemptions and other factors that may be beyond our control.

Distributable Income may exceed actual cash available to us from time to time because of items such as principal repayments, tenant allowances, leasing commissions and capital expenditures. We may be required to use part of our debt capacity or to reduce the cash component of distributions in order to accommodate such items. We may temporarily fund such items, if necessary, through an operating line of credit in expectation of refinancing long-term debt on its maturity.

Market for Securities and Prices

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

Unitholders Do Not have Legal Rights Normally Associated with the Ownership of Shares of a Corporation

Unitholders do not have all of the statutory rights normally associated with ownership of shares of a company including, for example, the right to bring "oppression" or "derivative" actions against us. The units are not "deposits" within the meaning of the *Canada Deposit Insurance Corporation Act* and are not insured under the provisions of that Act or any other legislation. Furthermore, Dundee REIT is not a trust company and, accordingly, is not registered under any trust and loan company legislation as it does not carry on or intend to carry on the business of a trust company.

The Ability of Unitholders to Redeem REIT Units is Subject to Restrictions

It is anticipated that the redemption right attached to the units will not be the primary mechanism by which holders of such units liquidate their investments. The entitlement of holders of REIT A Units and REIT B Units to receive cash upon the redemption of their REIT A Units or REIT B Units is subject to

the limitations that: (i) the total amount payable by us in respect of such REIT A Units or REIT B Units and all other REIT units tendered for redemption in the same calendar month shall not exceed \$50,000 (provided that such limitations may be waived at the discretion of our trustees); (ii) at the time such REIT A Units or REIT B Units are tendered for redemption, our outstanding units of the applicable series (or in the case of REIT B Units, where that series is not listed, REIT A Units) shall be listed for trading on a stock exchange or traded or quoted on another market which our trustees consider, in their sole discretion, provides representative fair market value prices for such series of our units; and (iii) the normal trading of the REIT A Units or REIT B Units is not suspended or halted on any stock exchange on which such series of our units (or in the case of REIT B Units, where that series is not listed, REIT A Units) are listed (or, if not listed on a stock exchange, on any market on which such series of our units are quoted for trading) on the redemption date or for more than five trading days during the 20-day trading period commencing immediately after the redemption date.

Regulatory Approvals May be Required in Connection with a Distribution of Securities on a Redemption of REIT Units or Our Termination

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

An Investment in Securities of Dundee REIT is Subject to Certain Tax Considerations

There can be no assurance that Canadian federal income tax laws respecting the treatment of mutual fund trusts will not be changed in a manner which adversely affects the holders of REIT A Units. If Dundee REIT ceases to qualify as a “mutual fund trust” or “registered investment” under the Tax Act, the income tax considerations applicable to Dundee REIT would be materially and adversely different in certain respects, including that REIT A Units may cease to be qualified investments for Plans and RESPs. The Tax Act imposes penalties for the acquisition or holding of non-qualified investments.

Our Declaration of Trust provides that a sufficient amount of Dundee REIT’s net income and net realized capital gains will be distributed each year to unitholders in cash, or otherwise in order to eliminate Dundee REIT’s liability for tax under Part I of the Tax Act. Where such amount of net income and net realized capital gains in a taxation year exceeds the cash available for distribution in the year, such excess net income and net realized capital gains will be distributed to unitholders in the form of additional REIT A Units. Unitholders will generally be required to include an amount equal to the fair market value of those REIT A Units in their taxable income, in circumstances where they do not directly receive a cash distribution.

Although we are of the view that all expenses to be claimed by Dundee REIT, Partnership A, Partnership B and Dundee Properties LP will be reasonable and deductible, that the cost amount and capital cost allowance claims of entities indirectly owned by Dundee REIT will have been correctly determined and that the allocation of Dundee Properties LP’s income for purposes of the Tax Act among its partners is reasonable, there can be no assurance that the Tax Act, or the interpretation of the Tax Act will not change, or that the Canada Revenue Agency will agree. If the Canada Revenue Agency successfully challenges the deductibility of such expenses or the allocation of such income, Dundee Properties LP’s allocation of taxable income to Partnership A and Partnership B, taxes payable by Partnership A and Partnership B, and indirectly the taxable income of Dundee REIT and the unitholders, will increase or change.

The extent to which distributions will be non-taxable in the future will depend in part on the extent to which entities indirectly owned by Dundee REIT are able to deduct capital cost allowance relating to the Properties held by them.

We will endeavour to ensure that the REIT A Units continue to be qualified investments for Plans and RESPs; however, there can be no assurance that this will be so. REIT A Units will cease to be qualified investments for Plans and RESPs if Dundee REIT ceases to qualify as a mutual fund trust and its registration as a registered investment under the Tax Act is revoked. In addition, Subsidiary Securities received on a redemption in specie of REIT A Units may not be qualified investments for Plans and RESPs. The Tax Act imposes penalties for the acquisition or holding of non-qualified investments.

Certain properties within the Dundee Properties LP portfolio were acquired on a tax deferred basis. Accordingly, Dundee Properties LP's tax cost in certain properties will be less than the fair market value of those properties. If one or more of those properties are disposed of, the gain recognized by Dundee Properties LP for tax purposes will be in excess of that which it could have realized if it had acquired the properties with a tax cost equal to their fair market values. In addition, any disposition by us or one of our subsidiary entities of real estate located in the United States will be potentially subject to U.S. tax.

The Debentures are Unsecured, Subordinated Obligations of Dundee REIT and the Likelihood That Purchasers of the Debentures Will Receive Payments Owing to Them Under the Terms of the Debentures Will Depend on Our Financial Condition and Creditworthiness. The Governing the Debentures Contains Limited Covenant Protection

The likelihood that purchasers of the Debentures will receive payments owing to them under the terms of the Debentures will depend on our financial condition and creditworthiness. In addition, the Debentures are unsecured obligations of Dundee REIT and are subordinate in right of payment to all Dundee REIT's existing and future senior indebtedness. Therefore, if Dundee REIT becomes bankrupt, liquidates its assets, reorganizes or enters into certain other transactions, Dundee REIT's assets will be available to pay its obligations with respect to the Debentures only after it has paid all of its senior and secured indebtedness in full. There may be insufficient assets remaining following such payments to pay amounts due on any or all of the Debentures then outstanding. The Debentures are also effectively subordinate to claims of creditors of Dundee REIT's subsidiaries except to the extent Dundee REIT is a creditor of such subsidiaries ranking at least *pari passu* with such other creditors. The Indenture does not prohibit or limit the ability of Dundee REIT or its subsidiaries to incur additional debt or liabilities (including Senior Indebtedness and secured indebtedness) or to make distributions, except, in respect of distributions, where an Event of Default has occurred and such default has not been cured or waived. The Indenture does not contain any provision specifically intended to protect holders of Debentures in the event of a future leveraged transaction involving Dundee REIT.

The Effect of Certain Transactions on the Debentures Could Substantially Lessen or Eliminate the Value of the Conversion Privilege

In the case of certain transactions involving Dundee REIT that could occur in the future, the Debentures will become convertible into the securities, cash or property receivable by a holder of REIT A Units in the kind and amount of securities, cash or property into which the Debentures were convertible immediately prior to the transaction. This change could substantially lessen or eliminate the value of the conversion privilege associated with the Debentures in the future. For example, if Dundee REIT were acquired in a cash merger, the Debentures would become convertible solely into cash and would no longer be convertible into securities whose value would vary depending on Dundee REIT's future prospects and other factors. See "Description of the Debentures – Conversion Privilege".

MARKET FOR SECURITIES

Trading Price and Volume

The REIT A Units are listed on the TSX under the symbol “D.UN”. The following table sets forth the high and low reported trading prices and the trading volume of the REIT A Units on the TSX for each month of the most recently completed financial year:

<u>Period</u>	<u>High (\$)</u>	<u>Low (\$)</u>	<u>Volume</u>
January 2012	35.20	32.60	4,694,275
February 2012	34.77	33.51	3,797,946
March 2012.....	37.44	34.38	10,902,317
April 2012	37.35	35.10	3,983,642
May 2012.....	37.94	35.86	4,211,076
June 2012	38.90	35.55	6,958,290
July 2012	39.74	37.88	2,847,932
August 2012	39.30	37.83	3,385,055
September 2012	38.92	37.08	4,807,191
October 2012.....	37.76	36.11	3,494,505
November 2012	36.94	34.05	4,463,773
December 2012	37.83	35.76	2,982,480

The 5.50% Series H Debentures are listed on the TSX under the symbol “D.DB.H”. The following table sets forth the high and low reported trading prices and the trading volume of such Debentures on the TSX for each month of the most recently completed financial year:

<u>Period</u>	<u>High (\$)</u>	<u>Low (\$)</u>	<u>Volume</u>
March 2012.....	106.49	102.50	28,500
April 2012	108.20	104.75	17,680
May 2012.....	109.93	105.50	17,030
June 2012	112.24	105.93	35,610
July 2012	111.49	108.62	23,990
August 2012	111.88	108.50	37,090
September 2012	110.50	108.00	11,350
October 2012.....	109.99	107.02	27,330
November 2012	109.98	105.00	9,350
December 2012	109.98	106.60	4,200

The 5.95% Series K Debentures are listed on the TSX under the symbol “D.DB.K”. There was no trading activity in 2012.

Prior Sales of Unlisted Securities

The Special Trust Units of Dundee REIT are not listed or quoted on any marketplace, and may only be issued to holders of LP B Units. See “Declaration of Trust and Description of REIT Units”. One of our principal investors, Dundee Corporation, has the ability to reinvest distributions payable on the limited partnership units of Dundee Properties LP it indirectly holds on the same economic terms as participants in our DRIP. Accordingly, Special Trust Units are issued from time-to-time to one or more subsidiaries of Dundee Corporation on a one-for-one basis with each LP B Unit issued under the distribution reinvestment provisions governing the LP B Units. In 2012, 22,551 LP B Units of Dundee Properties LP and Special Trust Units were issued for these purposes. While the LP B Units are issued on the same economic terms as those specified in our DRIP, Special Trust Units are not issued for any cash consideration.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Since January 1, 2010, Dundee REIT has completed the following public offerings of securities:

- (a) On January 7, 2010, Dundee REIT completed a public offering of 5,520,000 REIT A Units, including REIT A Units issued pursuant to the exercise of the over-allotment option granted to the underwriters of the offering, at a price of \$18.75 per unit. The underwriters for this offering received total fees of approximately \$4.1 million.
- (b) On March 16, 2010, we completed a public offering of 3,965,000 REIT A Units at a price of \$25.25 per unit. On March 26, 2010, we issued an additional 594,750 REIT A Units at the same price pursuant to the exercise of the over-allotment option granted to the underwriters of the offering. The underwriters for this offering received total fees of approximately \$4.6 million.
- (c) On June 2, 2010, we completed a public offering of 4,100,000 REIT A Units at a price of \$24.40 per unit. On June 17, 2010, we issued an additional 615,000 REIT A Units at the same price pursuant to the exercise of the over-allotment option granted to the underwriters of the offering. The underwriters for this offering received total fees of approximately \$4.6 million.
- (d) On September 2, 2010, we completed a public offering of 5,669,500 REIT A Units, including REIT A Units issued pursuant to the exercise of the over-allotment option granted to the underwriters of the offering, at a price of \$25.40 per unit. The underwriters for this offering received total fees of approximately \$5.8 million.
- (e) On December 21, 2010, we completed a public offering of 3,864,000 REIT A Units, including REIT A Units issued pursuant to the exercise of the over-allotment option granted to the underwriters of the offering, at a price of \$29.85 per unit. The underwriters for this offering received total fees of approximately \$4.6 million.
- (f) On February 4, 2011, we completed a public offering of 4,749,500 REIT A Units, including REIT A Units issued pursuant to the exercise of the over-allotment option granted to the underwriters of the offering, at a price of \$30.30 per unit. The underwriters for this offering received total fees of approximately \$5.8 million.
- (g) On June 14, 2011, we completed a public offering of 4,660,000 REIT A Units at a price of \$33.30 per Unit. On June 29, 2011, we issued an additional 699,000 REIT A Units at the same price pursuant to the exercise of the over-allotment option granted to the underwriters of the offering. The underwriters for this offering received total fees of approximately \$6.7 million.
- (h) On August 15, 2011, we completed a public offering of 5,037,000 REIT A Units at a price of \$32.40 per unit. The offering includes 407,000 Units purchased by Dundee Corporation at the

offering price pursuant to the exercise of its pre-emptive right under the Declaration of Trust. The underwriters for this offering received total fees of approximately \$6.0 million.

- (i) On December 20, 2011, we completed a public offering of 4,393,000 REIT A Units, including REIT A Units issued pursuant to the exercise of the over-allotment option granted to the underwriters of the offering, at a price of \$32.75 per unit. The underwriters for this offering received total fees of approximately \$5.8 million.
- (j) On March 28, 2012, we completed a public offering of 6,555,000 REIT A Units, including REIT A Units issued pursuant to the exercise of the over-allotment option granted to the underwriters of the offering, at a price of \$35.35 per unit. The offering includes 364,800 units purchased by Dundee Corporation at the offering price pursuant to the exercise of its pre-emptive right under the Declaration of Trust. The underwriters for this offering received total fees of approximately \$8.8 million.
- (k) On June 12, 2012, we completed a public offering of 10,392,550 REIT A Units, including REIT A Units issued pursuant to the exercise of the over-allotment option granted to the underwriters of the offering, at a price of \$35.90 per unit. The underwriters for this offering received total fees of approximately \$14.0 million.

Dundee Securities Ltd., a subsidiary of our principal investor, Dundee Corporation, was a member of the underwriting syndicate for each of these public offerings. Mr. Ned Goodman, is an officer of Dundee Securities Ltd.

MATERIAL CONTRACTS

The only material contracts, other than contracts entered into in the ordinary course of business, that we entered into in 2012 or after, or entered into before 2012 but are still in effect, are:

- (a) the Declaration of Trust (See “Declaration of Trust and Description of REIT Units”);
- (b) the Asset Management Agreement (See “Real Estate Asset Management and Advisory Services – Asset Management Agreement”);
- (c) the Exchange and Support Agreement (See “Description of Dundee Properties LP”);
- (d) the Properties Limited Partnership Agreement (See “Description of Dundee Properties LP”);
- (e) the Governance Agreement (See “Trustees and Officers–Governance of Dundee REIT”);
- (f) the Dundee Realty Non-Competition Agreement (See “Real Estate Management and Advisory Services – Dundee Realty Non-Competition Agreement”);
- (g) the Individual Non-Competition Agreements (See “Trustees and Officers–Dundee Realty Non-Competition Agreement”);
- (h) the Indenture (See “Description of Debentures”);
- (i) the underwriting agreements dated August 24, 2009, December 15, 2009, March 2, 2010, May 18, 2010, August 11, 2010, December 3, 2010, January 21, 2011, May 24, 2011, July 29, 2011, December 5, 2011, May 28, 2012, and March 14, 2012 between Dundee REIT and Dundee Properties and various syndicates of underwriters regarding the issuance and sale of REIT A Units and Debentures. Each underwriting agreement provided that we would pay to the underwriters an aggregate fee in respect of the REIT A Units or Debentures offered thereunder and that we would indemnify the underwriters and their directors, officers and employees against certain liabilities pursuant to the underwriting agreement, including liabilities under Canadian securities legislation.

LEGAL PROCEEDINGS

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

INTEREST OF EXPERTS

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

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar of the REIT A Units is Computershare Trust Company of Canada at its principal offices in Toronto, Ontario. The transfer agent and registrar of the 5.50% Series H Debentures is CIBC Mellon. The transfer agent and registrar of the 5.95% Series K Debentures and 5.95% Series L Debentures is BNY.

ADDITIONAL INFORMATION

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

Additional financial information is provided in the consolidated financial statements and notes to the consolidated financial statements and management's discussion and analysis of Dundee REIT for 2012.

DUNDEE REAL ESTATE INVESTMENT TRUST

(the “Trust”)

AUDIT COMMITTEE CHARTER

(the “Charter”)

PURPOSE

The Audit Committee (the “Committee”) is a standing committee appointed by the board of trustees of the Trust (the “Board”) pursuant to the Amended and Restated Declaration of Trust for Dundee Real Estate Investment Trust (the “Trust”) dated as of June 15, 2012 (the “Declaration”). The Committee is established to fulfil applicable securities law obligations respecting audit committees and to assist the Board in fulfilling its oversight responsibilities with respect to financial reporting, including to:

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

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

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

assurance that, among other things, such financial statements are in accordance with International Financial Reporting Standards.

PROCEDURES, POWERS AND DUTIES

Pursuant to Section 8.3 of the Declaration of Trust, the Committee shall have the following procedures, powers and duties:

General

- (a) Definitions – Unless otherwise defined herein, all capitalized terms shall have the meanings set out in the Declaration of Trust.

COMPOSITION OF THE COMMITTEE AND MEETINGS

1. The Committee shall consist of at least three members, a majority of whom shall be Independent Trustees and resident Canadians. The Chair of the Committee shall be selected from the group who are resident Canadians appointed to serve on the Committee. Each member of the Committee shall be an “independent” trustee (as such term is defined from time to time under the requirements or guidelines for audit committee service under applicable securities laws and the rules of any stock exchange on which the Trust’s securities are listed for trading) and none of the members shall have participated in the preparation of the financial statements of the Trust at any time over the past three years.
2. All members of the Committee must have the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Trust’s financial statements.
3. Separate Executive Meetings – The Committee shall meet periodically with the chief financial officer, the head of the internal audit function (if other than the chief financial officer) and the external auditors in separate executive sessions to discuss any matters that the Committee or each of these groups believes should be discussed privately and such persons shall have access to the Committee to bring forward matters requiring its attention. However, the Committee shall also meet periodically without management present.
4. Professional Assistance – The Committee may require the external auditors and internal auditors to perform such supplemental reviews or audits as the Committee may deem desirable. In addition, the Committee may retain such special legal, accounting, financial or other consultants as the Committee may determine to be necessary to carry out the Committee’s duties at the Trust’s expense.
5. Reliance – Absent actual knowledge to the contrary (which shall be promptly reported to the Board), each member of the Committee shall be entitled to rely on (i) the integrity of those persons or organizations within and outside the Trust from which it receives information, (ii) the accuracy of the financial and other information provided to the Committee by such persons or organizations and (iii) representations made by management and the external auditors as to any information technology, internal audit and other non-audit services provided by the external auditors to the Trust and its subsidiaries.

6. Reporting to the Board – The Committee will report through the chair of the Committee to the Board following meetings of the Committee on matters considered by the Committee, its activities and compliance with this Charter.
7. Procedure – The Committee meetings shall be conducted as follows: (i) questions arising at any meeting shall be decided by a majority of the votes cast; (ii) decisions may be taken by written consent signed by all members of the Committee; and (iii) meetings may be called by the external auditors of the Trust or any member of the Committee upon not less than 48 hours notice. The external auditors of the Trust are entitled to receive notice of every meeting of the Committee and, at the expense of the Trust, to attend and be heard thereat and, if so requested by a member of the Committee, shall attend any meeting of the Committee held during the term of office of the external auditors.

AUDIT RESPONSIBILITIES OF THE COMMITTEE

Selection and Oversight of the External Auditors

1. The external auditors are ultimately accountable to the Committee and the Board as the representatives of the unitholders of the Trust and the Committee shall so instruct the external auditors. The Committee shall evaluate the performance of the external auditors and make recommendations to the Board on the reappointment or appointment of the external auditors of the Trust to be proposed in the Trust's management information circular for approval of the unitholders of the Trust and the compensation to be paid by the Trust to the external auditors. If a change in external auditors is proposed, the Committee shall review the reasons for the change and any other significant issues related to the change, including the response of the incumbent auditors, and enquire on the qualifications of the proposed auditors before making its recommendation to the Board.
2. The Committee shall approve in advance the terms of engagement of the external auditors with respect to the conduct of the annual audit. The Committee may approve policies and procedures for the pre-approval of services to be rendered by the external auditors, which policies and procedures shall include reasonable detail with respect to the services covered. All non-audit services to be provided to the Trust or any of its subsidiaries by the external auditors or any of their affiliates which are not covered by pre-approval policies and procedures approved by the Committee shall be subject to pre-approval by the Committee.
3. The Committee shall review the independence of the external auditors and shall make recommendations to the Board on appropriate actions to be taken which the Committee deems necessary to protect and enhance the independence of the external auditors. In connection with such review, the Committee shall:
 - (a) actively engage in a dialogue with the external auditors about all relationships or services that may impact the objectivity and independence of the external auditors;
 - (b) require that the external auditors submit to it on a periodic basis, and at least annually, a formal written statement delineating all relationships between the

Trust and its subsidiaries, on the one hand, and the external auditors and their affiliates on the other hand;

- (c) consider whether there should be a regular rotation of the external audit firm itself; and
 - (d) consider the auditor independence standards promulgated by applicable auditing regulatory and professional bodies.
4. The Committee shall prohibit the external auditor and its affiliates from providing certain non-audit services to the Trust and its subsidiaries.
 5. The Committee shall establish and monitor clear policies for the hiring by the Trust of employees or former employees of the external auditors.
 6. The Committee shall require the external auditors to provide to the Committee, and the Committee shall review and discuss with the external auditors, all reports which the external auditors are required to provide to the Committee or the Board under rules, policies or practices of professional or regulatory bodies applicable to the external auditors, and any other reports which the Committee may require.
 7. The Committee is responsible for resolving disagreements between management and the external auditors regarding financial reporting.

Appointment and Oversight of Internal Auditors

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

Oversight and Monitoring of Audits

12. The Committee shall review with the external auditors, the internal auditors and management the audit function generally, the objectives, staffing, locations, co-

ordination, reliance upon management and internal audit and general audit approach and scope of proposed audits of the financial statements of the Trust and its subsidiaries, the overall audit plans, the responsibilities of management, the internal auditors and the external auditors, the audit procedures to be used and the timing and estimated budgets of the audits.

13. The Committee shall meet periodically with the internal auditors to discuss the progress of their activities and any significant findings stemming from internal audits and any difficulties or disputes that arise with management and the adequacy of management's responses in correcting audit-related deficiencies.
14. The Committee shall discuss with the external auditors any difficulties or disputes that arose with management or the internal auditors during the course of the audit and the adequacy of management's responses in correcting audit-related deficiencies.
15. The Committee shall review with management the results of internal and external audits.
16. The Committee shall take such other reasonable steps as it may deem necessary to satisfy itself that the audit was conducted in a manner consistent with all applicable legal requirements and auditing standards of applicable professional or regulatory bodies.

Oversight and Review of Accounting Principles and Practices

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

- (g) management's determination of goodwill impairment, if any, as required by applicable accounting standards.
18. The Committee will review and resolve disagreements between management and the external auditors regarding financial reporting or the application of any accounting principles or practices.

Oversight and Monitoring of Internal Controls

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

Communications with Others

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

Oversight and Monitoring of the Trust's Financial Disclosures

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

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

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

Oversight of Finance Matters

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

Additional Responsibilities

29. The Committee shall review any significant transactions outside the Trust's ordinary activities and all pending litigation involving the Trust.
30. The Committee shall review and make recommendations to the Board concerning the financial structure, condition and strategy of the Trust and its subsidiaries, including with respect to annual budgets, long-term financial plans, corporate borrowings, investments,

capital expenditures, long term commitments and the issuance and/or repurchase of securities.

31. The Committee shall review and/or approve any other matter specifically delegated to the Committee by the Board and undertake on behalf of the Board such other activities as may be necessary or desirable to assist the Board in fulfilling its oversight responsibilities with respect to financial reporting.

AUDIT COMMITTEE CHARTER

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

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