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

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

This prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. These securities have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "1933 Act"), or any state securities laws, and accordingly will not be offered, sold or delivered, directly or indirectly within the United States of America, its possessions and other areas subject to its jurisdiction, except in limited circumstances. See "Plan of Distribution".

Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada. *Copies of the documents incorporated herein by reference may be obtained on request without charge from the Secretary of Dundee REIT at 30 Adelaide Street East, Suite 1600, Toronto, Ontario, M5C 3H1 (telephone 416-365-3535), and are also available electronically at www.sedar.com. For the purpose of the Province of Québec, this simplified prospectus contains information to be completed by consulting the permanent information record. A copy of the permanent information record may be obtained without charge from the Secretary of Dundee REIT at the above-mentioned address and telephone number and is also available electronically at www.sedar.com.*

PRELIMINARY SHORT FORM PROSPECTUS

New Issue January 21, 2011

DUNDEE R·E·I·T™

DUNDEE REAL ESTATE INVESTMENT TRUST

$125,139,000

4,130,000 REIT Units, Series A

This short form prospectus qualifies the distribution of 4,130,000 REIT Units, Series A (the "Units") of Dundee Real Estate Investment Trust ("Dundee REIT") at a price of $30.30 per Unit.

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

Our outstanding Units are listed on the Toronto Stock Exchange (the "TSX") under the symbol "D.UN". The closing price of the Units on the TSX on January 17, 2011, the last trading day prior to Dundee REIT's announcement of this offering, was $31.05. We have applied to list the Units on the TSX. Listing will be subject to Dundee REIT fulfilling all of the requirements of the TSX.

PRICE: $30.30 per Unit

	Price to the Public	Underwriters' Fee	Net Proceeds to Dundee REIT(1)
Per Unit	$30.30	$1.212	$29.088
Total(2)	$125,139,000	$5,005,560	$120,133,440

Notes:

(1) After deducting the Underwriters' fee but before deducting expenses of this offering, estimated to be $502,000, which will be paid from the proceeds of this offering. Dundee Properties LP will reimburse Dundee REIT for the Underwriters' fee and for the expenses of this offering.

(2) We have granted the Underwriters an option (the "Over-Allotment option"), exercisable in whole or in part for a period of 30 days from the closing of this offering, to purchase up to 619,500 additional Units on the same terms as set forth above solely to cover over-allotments, if any. If the Over-Allotment Option is exercised in full, the total Price to the Public, Underwriters' Fee and Net Proceeds to Dundee REIT will be $143,909,850, $5,756,394 and $138,153,456, respectively. This prospectus qualifies the grant of the Over-Allotment Option and the issuance of Units on the exercise of the Over-Allotment Option. A purchaser who acquires Units forming part of the Underwriters' over-allocation position acquires such Units under this prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. See "Plan of Distribution".

The price of the Units offered under this prospectus was established by negotiation between us and TD Securities Inc., Scotia Capital Inc., CIBC World Markets Inc., BMO Nesbitt Burns Inc., RBC Dominion Securities Inc., Dundee Securities Corporation, Canaccord Genuity Corp., Raymond James Ltd., Brookfield Financial Corp., Desjardins Securities Inc., HSBC Securities (Canada) Inc. and National Bank Financial Inc. (collectively, the "Underwriters").

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

(Continued on next page)

(Continued from front cover)

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

A return on an investment in Units is not comparable to the return on investment in a fixed income security. The recovery of your investment in Units is at risk, and the anticipated return on your investment in Units is based on many performance assumptions. Although we intend to make distributions of our available cash to holders of Units, these cash distributions may be reduced or suspended, depending on numerous factors disclosed in our continuous disclosure documents. In addition, the market value of the Units may decline if we are unable to meet our cash distribution targets in the future, and that decline may be significant.

It is important for you to consider the particular risk factors that may affect the real estate industry, and therefore the stability of the distributions that holders of Units receive. See, for example, "Risk Factors" in this short form prospectus, "Risks Inherent in the Real Estate Industry May Affect Our Financial Performance" under the section "Risk Factors" in our annual information form dated March 31, 2010 and "Risks and Our Strategy to Manage" in our 2010 Q3 MD&A. That section also describes our assessment of certain of those risk factors, as well as the potential consequences to you if a risk should occur.

The after-tax return from an investment in Units to unitholders subject to Canadian income tax will depend, in part, on the composition for income tax purposes of distributions paid by Dundee REIT on its Units, portions of which may be fully or partially taxable or may constitute tax deferred distributions which are not subject to tax at the time of receipt but reduce a unitholder's cost base in the Unit for tax purposes. The composition may change over time, thus affecting a unitholder's after-tax return. Distributions of the taxable income of Dundee REIT are generally taxed as ordinary income in the hands of a unitholder. Distributions in excess of the taxable income of Dundee REIT are generally tax-deferred (and reduce a unitholder's cost base in the Unit for tax purposes).

We are not a trust company and are not registered under applicable legislation governing trust companies as we do not carry on the business of a trust company. The Units are not "deposits" within the meaning of the *Canada Deposit Insurance Corporation Act* and are not insured under the provisions of that Act or any other legislation.

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

Subscriptions will be received subject to rejection or allotment in whole or in part, and the Underwriters reserve the right to close the subscription books at any time without notice. It is anticipated that definitive certificates representing the Units will be available for delivery at closing, which is expected to occur on or about February 4, 2011, or such other date as we and the Underwriters may agree, but in any event no later than February 11, 2011.

Underwriters' Position	Maximum number of securities held	Exercise period/ acquisition date	Exercise price or average acquisition price
Over-Allotment Option	619,500	30 days from closing of this offering	$30.30 per Unit
Compensation option	N/A	N/A	N/A
Any other option granted by issuer or insider of issuer	N/A	N/A	N/A
Total securities under option	619,500	30 days from closing of this offering	$30.30 per Unit
Other compensation securities	N/A	N/A	N/A

One of the Underwriters, Dundee Securities Corporation, is a related issuer of our asset manager, Dundee Realty Corporation. **Accordingly, we are a connected issuer to Dundee Securities Corporation for the purposes of applicable Canadian securities legislation**. See "Plan of Distribution".

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

DOCUMENTS INCORPORATED BY REFERENCE

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

(a) the annual information form of Dundee REIT dated March 31, 2010;

(b) the management information circular of Dundee REIT dated April 5, 2010 prepared in connection with the annual meeting of unitholders held on May 6, 2010;

(c) the audited consolidated financial statements of Dundee REIT as at December 31, 2009 and December 31, 2008 and for the years ended December 31, 2009 and December 31, 2008, together with the notes thereto and the auditors' report thereon;

(d) management's discussion and analysis of the financial condition and results of operations of Dundee REIT for the year ended December 31, 2009;

(e) the unaudited consolidated financial statements of Dundee REIT as at September 30, 2010 and for the period ended September 30, 2010, together with the notes thereto;

(f) the 2010 Q3 MD&A;

(g) the business acquisition report of Dundee REIT dated May 11, 2010;

(h) the audited consolidated financial statements of Realex as at September 30, 2010 and 2009 and for the years ended September 30, 2010 and 2009, together with the notes thereto and the auditors' report thereon; and

(i) the unaudited *pro forma* financial statements of Dundee REIT as at September 30, 2010 and for the nine months ended September 30, 2010 and for the year ended December 31, 2009, together with the notes thereto.

Any documents of the type referred to above, any comparative interim financial statements, any business acquisition reports and any material change reports (excluding confidential material change reports, if any) filed by Dundee REIT with the provincial securities commissions or similar authorities in Canada after the date of this short form prospectus and prior to the termination of this offering shall be deemed to be incorporated by reference into and form an integral part of this short form prospectus. **Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this short form prospectus to the extent that a statement contained herein or in any other subsequently filed document that also is incorporated or is deemed to be incorporated by reference herein, modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior**

statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or omission to state a material fact that was required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall be deemed, except as so modified or superseded, not to constitute a part of this short form prospectus.

FORWARD-LOOKING INFORMATION

This prospectus includes or incorporates by reference certain statements that are "forward-looking information" within the meaning of applicable securities legislation. All statements, other than statements of historical fact, in this prospectus that address activities, events, developments or financial performance that we or a third party expect or anticipate will or may occur in the future, including our future growth, results of operations, performance and business prospects and opportunities, and the assumptions underlying any of the foregoing, are forward-looking statements and constitute forward-looking information. Forward-looking information is based upon a number of assumptions and is subject to a number of risks and uncertainties, many of which are beyond our control, that could cause actual results to differ materially from those that are disclosed in or implied by such forward-looking information. These risks and uncertainties include, but are not limited to: general and local economic and business conditions; the financial condition of tenants; our ability to refinance maturing debt; leasing risks, including those associated with the ability to lease vacant space; our ability to source and complete accretive acquisitions; interest and currency rate fluctuations; and those that are described under the heading "Risk Factors" in this short form prospectus, under the heading "Risk Factors" in our annual information form dated March 31, 2010 and under the heading "Risks and Our Strategy to Manage" in our 2010 Q3 MD&A.

Although the forward-looking statements contained in this prospectus are based upon what we believe are reasonable assumptions, there can be no assurance that actual results will be consistent with these forward-looking statements. Our material assumptions made in preparing the forward-looking information contained in this prospectus include the assumptions that: the Canadian economy will remain stable; interest rates will remain stable; conditions in the real estate market, including competition for acquisitions, will be consistent with the current climate; and capital markets will continue to provide us with ready access to equity and/or debt.

All forward-looking information in this short form prospectus speaks as of January 21, 2011. We do not undertake to update any such forward-looking information whether as a result of new information, future events or otherwise, except as required by law. Additional information about these assumptions and risks and uncertainties is contained in our filings with securities regulators, including our latest annual information form, which are available on SEDAR at www.sedar.com. These filings are also available on our website at www.dundeereit.com.

TERMS USED TO DESCRIBE DUNDEE REIT AND ITS ACTIVITIES

Dundee REIT's investment and operating activities are limited, because our operating activities are carried out by Dundee Properties LP, our principal operating subsidiary. We hold our interest in Dundee Properties LP through two limited partnerships, Partnership A and Partnership B. For simplicity, we use terms in this prospectus to refer to our activities and operations as a whole. Accordingly, in this prospectus, unless the context otherwise requires, when we use terms such as "we", "us" and "our", we are referring to Dundee REIT and its subsidiary entities, including trusts and partnerships in which Dundee REIT owns directly or indirectly more than a 50% equity interest. When we use expressions such as "our activities", 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 our properties, we are referring to Dundee REIT's ownership of and investment in our 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.

MARKET AND INDUSTRY DATA

Certain market information has been obtained from the CB Richard Ellis MarketView, Third Quarter 2010, 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. Neither we nor the Underwriters have independently verified this information and make no representation as to its accuracy.

DUNDEE REIT

We are a provider of high quality, affordable business premises, with a focus on mid-sized urban and suburban office and industrial properties in Canada. Our portfolio consists of approximately 12.6 million square feet of gross leasable area across Canada. Through Dundee Management LP, we currently provide property management services to our tenants and others.

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 Tax Act, but is not a "mutual fund" within the meaning of applicable Canadian securities legislation. Our head office is located at 30 Adelaide Street East, Suite 1600, Toronto, Ontario, M5C 3H1. A copy of our Declaration of Trust is available from our Secretary during the period of distribution of the Units and is available on SEDAR at www.sedar.com.

Overview of Our Properties

The table below sets forth information concerning the office and industrial properties comprising our portfolio.

	Owned Gross Leasable Area (sq. ft.) September 30, 2010	
	Total	**%**
British Columbia Office	520,323	5
Alberta Office	3,145,627	29
Saskatchewan & NWT Office	915,689	8
Ontario Office	3,364,363	31
Alberta Industrial	1,660,173	15
Ontario & Québec Industrial	1,280,437	12
Total(1)(2)	**10,886,612**	**100**

Notes:

(1) Excludes redevelopment properties.

(2) Subsequent to September 30, 2010, we acquired approximately 1.8 million square feet of gross leasable space in the Greater Vancouver Area, Calgary, Edmonton, Saskatoon, the Greater Toronto Area, London, Ottawa and Halifax. See "Recent Developments".

Office Rental Properties

At September 30, 2010, our portfolio consisted of 57 office properties (74 buildings) comprising approximately 7.9 million square feet, excluding redevelopment properties, located in Ottawa, Toronto, Saskatoon, Regina, Calgary, Edmonton, Vancouver and Yellowknife. These office properties can generally be categorized as high-quality, affordable, suburban and downtown buildings. At September 30, 2010, the average occupancy rate across our office portfolio was 96.6%. The national industry average occupancy rate was 90.1% (CB Richard Ellis, Canadian Office MarketView, Third Quarter 2010). Our occupancy rates include lease commitments for space that is currently being readied for occupancy but for which rent is not yet being recognized.

Industrial Rental Properties

At September 30, 2010, our portfolio also consisted of 39 prime suburban industrial properties (42 buildings) comprising approximately 2.9 million square feet, in Calgary, Edmonton, Toronto, Ottawa and Montréal. At September 30, 2010, the average occupancy rate across our industrial portfolio was 98.5%. By comparison, the market occupancy rates in Calgary and Edmonton, our two major industrial markets, as at September 30, 2010 were 95.9% and 96.7%, respectively (CB Richard Ellis, Calgary and Edmonton Industrial MarketView, Third Quarter 2010).

Objectives

We are committed to:

- managing our business 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 a diversified, growth-oriented portfolio of office and industrial 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 Legislation in order to provide certainty to unitholders with respect to taxation of distributions.

Strategy

Our core strategy remains unchanged — investing in the office and industrial sectors in key markets across Canada and providing a solid platform for stable and growing cash flows. The execution of that strategy, however, is continuously reviewed and includes acquisitions and dispositions, our capital structure, and our analysis of current economic conditions. Our executive team has worked together for many years and has experience operating through a number of real estate cycles. We are highly motivated to continue to increase the value of our portfolio and maintain a sharp focus on providing stable and reliable returns for our unitholders. In addition, we were among the first to qualify as a real estate investment trust under the SIFT Legislation and we are steadfast in maintaining this status.

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

Investing in high-quality office and industrial properties

Our portfolio is concentrated in Canada's key urban markets and is comprised of high-quality 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 strong 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.

Diversifying our portfolio to mitigate risk

With the acquisitions completed in 2009, 2010 and to date in 2011, we have demonstrated our commitment to once again achieving greater geographic diversification across our portfolio. We will continue to pursue 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 the acquisition of office and industrial properties 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 balanced debt maturities.

RECENT DEVELOPMENTS

The following table provides an overview of Dundee REIT's acquisitions in 2010 and to date in 2011. Additional details on recent acquisitions are set out below.

Location	Property Type	Approx. GLA (sq. ft.)	Purchase Price ($millions)	Closing Date
Adelaide Place, Toronto	Office	654,249	217.5	January 18, 2010
Aviva Corporate Centre, Toronto	Office	436,704	45.9	February 10, 2010
10130 – 103rd Street, Edmonton	Office	265,625	90.0	April 16, 2010
2340 St. Laurent Blvd., Ottawa	Industrial	114,724	11.3	April, 26, 2010
4915 – 52 Street, Yellowknife	Redevelopment		0.7	April 30, 2010
Financial Building, Regina	Office	65,763	14.2	May 4, 2010
30 Eglinton Avenue West, Mississauga	Office	164,987	38.5	May 31, 2010
625 Cochrane Drive, Markham	Office	161,997	29.9	June 18, 2010
Valleywood Corporate Centre, Markham	Office	154,116	31.7	June 18, 2010
275 Wellington Street East, Aurora	Industrial	317,000	25.4	July 30, 2010
8000 Av Blaise-Pascal, Montréal	Industrial	206,305	11.3	July 30, 2010
6509 Airport Road, Mississauga	Office	60,000	12.3	August 3, 2010
3035 Orlando Drive, Mississauga	Office	16,754	2.4	August 3, 2010
2075 Kennedy Road, Toronto	Office	201,730	31.8	August 12, 2010
1421 Rue Ampère, Boucherville	Industrial	457,875	29.4	September 2, 2010
1313 Autoroute Chomedey, Laval	Industrial	184,493	12.7	September 2, 2010
150 Metcalfe Street, Ottawa	Office	109,374	34.5	September 16, 2010
Brownlow Centre, Halifax	Office	60,739	7.2	October 5, 2010
970 Fraser Drive, Burlington	Office	95,444	6.8	October 19, 2010
2200 & 2204 Walkley Road, Ottawa	Office	156,551	22.1	November 2, 2010
2625 Queensview Drive, Ottawa	Office	46,156	8.6	November 5, 2010
30 Simmonds Dr. & 105 Akerley Blvd., Halifax	Industrial	94,676	4.5	November 22, 2010
4259 – 4299 Canada Way, Burnaby	Office	118,536	25.4	December 15, 2010
Renfrew Business Centre, Vancouver	Office	81,662	35.1	December 21, 2010
AFIAA Portfolio, Toronto, Mississauga and Calgary	Office	198,271	43.7	December 21, 2010
HSBC Bank Canada Building, Edmonton	Office	296,998	83.4	December 22, 2010
580 Industrial Road, London	Industrial	113,595	9.4	December 30, 2010
100 Gough Road, Markham	Office	111,840	30.0	December 30, 2010
Total Closed in 2010		**4,946,164**	**$ 915.7**	
Saskatoon Square, Saskatoon	Office	209,600	50.0	January 4, 2011
400 Cumberland Street, Ottawa	Office	174,921	38.3	January 17, 2011
Total Closed in 2010 & 2011		**5,330,685**	**$1,004.0**	
Realex	Office/Industrial	1,837,300	$ 373.4(1)	
TOTAL CLOSED AND UNDER CONTRACT		**7,167,985**	**$1,377.4**	

Note:

(1) Comprised of cash consideration of approximately $154.4 million, assumed mortgage and other debt of approximately $210 million and approximately $9 million in working capital.

The following summarizes Dundee REIT's acquisitions completed in 2010 and to date in 2011, subsequent to the date of our most recent annual information form (other than the property held for redevelopment).

Acquisition of 10130-103rd Street in Edmonton, Alberta

On April 16, 2010, we completed the purchase of 10130-103rd Street in Edmonton, Alberta for approximately $90.0 million (including transaction costs). This 22-storey, multi-tenant building was constructed in 1981 and comprises approximately 266,000 square feet of office and retail space together with associated parking and other site improvements. At the time of acquisition, the property was 95% leased, with Enbridge Pipelines, the Government of Alberta and Bell Canada being the largest tenants, and had an average remaining lease term of 6.6 years. As part of the acquisition, we assumed debt in the principal amount of approximately $27.8 million, maturing August 1, 2016, bearing interest at the rate of 5.47% per annum.

Acquisition of 2340 St. Laurent Boulevard in Ottawa, Ontario

On April 26, 2010, we completed the purchase of 2340 St. Laurent Boulevard in Ottawa, Ontario for approximately $11.3 million (including transaction costs). This approximate 115,000 square foot single-tenant industrial building was constructed in 1988-1989, substantially renovated and expanded in 1999, offers 24 foot clear ceiling heights and had an average remaining lease term of 15 years at the time of acquisition.

Acquisition of Financial Building (2101 Scarth Street) in Regina, Saskatchewan

On May 4, 2010, we completed the purchase of the Financial Building (2101 Scarth Street), an eight-story, approximate 66,000 square foot office building in downtown Regina, Saskatchewan, for approximately $14.2 million (including transaction costs). At the time of acquisition, the property was 100% leased, with the Government of Saskatchewan comprising 90% of the tenancies, and had an average remaining lease term of 5.3 years. The building was completely renovated and reclad in 1992, with substantial mechanical upgrades completed in 1998.

Acquisition of 30 Eglinton Avenue West in Mississauga, Ontario

On May 31, 2010, we completed the purchase of 30 Eglinton Avenue West in Mississauga, Ontario for approximately $38.5 million (including transaction costs). The property is comprised of an eight-storey office tower with two ground-floor retail wings and three free-standing retail pads totalling approximately 165,000 square feet. At the time of acquisition, the property was 90% occupied and had an average remaining lease term of 4.4 years. As part of the acquisition, we assumed a mortgage in the principal amount of $21.2 million, with a six year term bearing interest at the face rate of 5.39% per annum.

Acquisition of 625 Cochrane Drive in Markham, Ontario

On June 18, 2010, we completed the purchase of 625 Cochrane Drive in Markham, Ontario for approximately $29.9 million (including transaction costs). This Class A suburban office property comprises approximately 162,000 square feet of office space and is located in the Highway 404 and Highway 7 office node in the Greater Toronto Area, providing excellent visibility from the two major routes. At the time of acquisition, the property was 100% occupied and had an average remaining lease term of 5.3 years.

Acquisition of Valleywood Corporate Centre in Markham, Ontario

On June 18, 2010, we completed the purchase of Valleywood Corporate Centre in Markham, Ontario for approximately $31.7 million (including transaction costs). This Class A suburban office property comprises approximately 154,000 square feet of space and is located in the Highway 404 and Highway 7 office node in the Greater Toronto Area. The property contains excess lands of approximately 7.4 acres and is one of the few remaining prime developable office parcels in the area with frontage on Highway 404. At the time of acquisition, the property was 98% occupied and had an average remaining lease term of 5.2 years.

Acquisition of 8000 Avenue Blaise-Pascal in Montréal, Québec and 275 Wellington Street East in Aurora, Ontario

On July 30, 2010, we completed the purchase of 8000 Avenue Blaise-Pascal in Montréal, Québec and 275 Wellington Street East in Aurora, Ontario for approximately $36.7 million (including transaction costs). The properties consist of approximately 523,000 square feet of industrial space. At the time of acquisition, the buildings were 100% occupied and had an average remaining lease term of 11.8 years.

Acquisition of 6509 Airport Road and 3035 Orlando Drive in Mississauga, Ontario

On August 3, 2010, we completed the purchase of 6509 Airport Road and 3035 Orlando Drive in Mississauga, Ontario for approximately $14.7 million (including transaction costs). The properties consist of approximately 77,000 square feet of office space. At the time of acquisition, the buildings were 97% occupied and had an average remaining lease term of 10.2 years.

Acquisition of 2075 Kennedy Road in Toronto, Ontario

On August 12, 2010, we completed the purchase of 2075 Kennedy Road in Toronto, Ontario for approximately $31.8 million (including transaction costs). The property consists of approximately 202,000 square feet of office space. At the time of acquisition, the property was 97% occupied and had an average remaining lease term of approximately 3.6 years.

Acquisition of 1421 Rue Ampère in Boucherville, Québec

On September 2, 2010, we completed the purchase of 1421 Rue Ampère in Boucherville, Québec for approximately $29.4 million (including transaction costs). The property consists of approximately 458,000 square feet of industrial space. At the time of acquisition, the property was 100% occupied and had an average remaining lease term of approximately 15.0 years.

Acquisition of 1313 Autoroute Chomedey in Laval, Québec

On September 2, 2010, we completed the purchase of 1313 Autoroute Chomedey in Laval, Québec for approximately $12.7 million (including transaction costs). The property consists of approximately 184,000 square feet of industrial space. At the time of acquisition, the property was 100% occupied and had an average remaining lease term of approximately 15.0 years.

Acquisition of 150 Metcalfe Street in Ottawa, Ontario

On September 16, 2010, we completed the purchase of 150 Metcalfe Street in Ottawa, Ontario for approximately $34.5 million (including transaction costs). The property consists of approximately 109,000 square feet of office space. At the time of acquisition, the property was 92% occupied and had an average remaining lease term of approximately 3.4 years.

Acquisition of Brownlow Centre in Halifax, Nova Scotia

On October 5, 2010, we completed the purchase of Brownlow Centre in Halifax, Nova Scotia for approximately $7.2 million (excluding transaction costs). The property comprises approximately 61,000 square feet of office space and is located in an office park in the Greater Halifax Area. At the time of acquisition, the property was 95% occupied and had an average remaining lease term of 3.6 years.

Acquisition of 970 Fraser Drive in Burlington, Ontario

On October 19, 2010, we completed the purchase of 970 Fraser Drive in Burlington, Ontario for approximately $6.8 million (excluding transaction costs). The property comprises approximately 95,000 square feet of office space and is located in the west end of the Greater Toronto Area. At the time of acquisition, the property was 100% leased and had an average remaining lease term of 17.3 years.

Acquisition of 2200 & 2204 Walkley Road in Ottawa, Ontario

On November 2, 2010, we completed the purchase of 2200 & 2204 Walkley Road in Ottawa, Ontario for approximately $22.1 million (excluding transaction costs). The property comprises approximately 157,000 square feet of office space and is located in the Ottawa East office node. At the time of acquisition, the property was 100% leased and had an average remaining lease term of 4.6 years.

Acquisition of 2625 Queensview Drive in Ottawa, Ontario

On November 5, 2010, we completed the purchase of 2625 Queensview Drive in Ottawa, Ontario for approximately $8.6 million (excluding transaction costs). The property comprises approximately 46,000 square feet of office space and is located in the west end of Ottawa. At the time of acquisition, the property was 100% leased and had an average remaining lease term of 6.6 years.

Acquisition of 30 Simmonds Drive and 105 Akerley Boulevard in Halifax, Nova Scotia

On November 22, 2010, we completed the purchase of 30 Simmonds Drive and 105 Akerley Boulevard in Halifax, Nova Scotia for approximately $4.5 million (excluding transaction costs). The property comprises approximately 95,000 square feet of flex-industrial space and is located in the Greater Halifax Area. At the time of acquisition, the property was 88% leased and had an average remaining lease term of 1.9 years.

Acquisition of 4259 — 4299 Canada Way in Burnaby, British Columbia

On December 15, 2010, we completed the purchase of 4259-4299 Canada Way in Burnaby, British Columbia for approximately $25.4 million (excluding transaction costs). The property comprises approximately 119,000 square feet of office space and is located in the Greater Vancouver Area. At the time of acquisition, the property was 96% occupied and had an average remaining lease term of 3.9 years.

Acquisition of Renfrew Business Centre in Vancouver, British Columbia

On December 21, 2010, we completed the purchase of Renfrew Business Centre in Vancouver, British Columbia for approximately $35.1 million (excluding transaction costs). The property comprises approximately 82,000 square feet of office space and is located in the east end of Vancouver. At the time of acquisition, the property was 100% leased and had an average remaining lease term of 9.5 years.

Acquisition of 250 Dundas Street West in Toronto, Ontario, 2550 Argentia Road in Mississauga, Ontario and 110 Country Hills Landing NW in Calgary, Alberta (collectively, "AFIAA Portfolio")

On December 21, 2010, we completed the purchase of 250 Dundas Street West in Toronto, Ontario, 2550 Argentia Road in Mississauga, Ontario and 110 Country Hills Landing NW in Calgary, Alberta for approximately $43.7 million (excluding transaction costs). The AFIAA Portfolio comprises approximately 198,000 square feet of office space and is located in downtown and suburban Toronto and suburban Calgary. At the time of acquisition, the AFIAA Portfolio was 95% occupied and had an average remaining lease term of 5.3 years.

Acquisition of HSBC Bank Canada Building (10250 — 101st Street) in Edmonton, Alberta

On December 22, 2010, we completed the purchase of the HSBC Bank Canada Building (10250 — 101st Street) in Edmonton, Alberta for approximately $83.4 million (excluding transaction costs). The property comprises approximately 297,000 square feet of office space and is located in the central business district of Edmonton. At the time of acquisition, the property was 80% occupied and had an average remaining lease term of 4.6 years.

Acquisition of 580 Industrial Road in London, Ontario

On December 30, 2010, we completed the purchase of 580 Industrial Road in London, Ontario for approximately $9.4 million (excluding transaction costs). The property comprises approximately 114,000 square feet industrial space and is located near Dundas Street and Airport Road in London. At the time of acquisition, the single-tenant industrial building was 100% leased and had a remaining lease term of 6.3 years.

Acquisition of 100 Gough Road in Markham, Ontario

On December 30, 2010, we completed the purchase of 100 Gough Road in Markham, Ontario for approximately $30.0 million (excluding transaction costs). The property comprises approximately 112,000 square feet of office space, has expansion potential for up to an additional 50,000 square feet and is located in the north end of the Greater Toronto Area. At the time of acquisition, the property was 100% leased and had an average remaining lease term of 5.8 years.

Acquisition of Saskatoon Square in Saskatoon, Saskatchewan

On January 4, 2011, we completed the purchase of Saskatoon Square in Saskatoon, Saskatchewan, for approximately $50.0 million (excluding transaction costs). The property comprises approximately 210,000 square feet of office space and is located at 410 22nd Street East in downtown Saskatoon. At the time of acquisition, the property was 100% leased and had an average remaining lease term of 4.9 years.

Acquisition of 400 Cumberland Street in Ottawa, Ontario

On January 17, 2011, we completed the purchase of 400 Cumberland Street in Ottawa, Ontario for approximately $38.3 million (excluding transaction costs). The property comprises approximately 175,000 square feet of office space and is located in downtown Ottawa in the ByWard Market. At the time of acquisition, the property was 100% leased and had an average remaining lease term of 4.5 years.

Current Discussions and Agreements Regarding Proposed Acquisitions and Dispositions

Consistent with our past practices and in the normal course, we are engaged in discussions with respect to possible acquisitions of new properties and dispositions of existing properties in our portfolio. 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.

Acquisition of Realex Properties Corp.

On December 14, 2010, Dundee REIT and Realex entered into an agreement for Dundee REIT to acquire all of the outstanding common shares of Realex for cash consideration of approximately $154.4 million (excluding transaction costs). Holders of Realex common shares will receive $8.25 per share reflecting an enterprise value of approximately $385 million. Realex is an Alberta corporation listed on the TSX Venture Exchange under the symbol “RP”.

Realex is an owner and manager of primarily office properties located principally in Alberta and Southwestern Ontario. Realex owns interests in 24 office and industrial properties in Ontario and Alberta, totalling approximately 1.8 million square feet (2.4 million square feet on a 100% basis). Seven of the properties, comprising approximately 945,000 square feet of predominantly office space, are located in the downtown core of Kitchener, Ontario and the University of Waterloo Technology Park in Waterloo, Ontario. All of these properties are wholly-owned by Realex. In addition, Realex owns interests in five office properties in Calgary, Alberta and six office properties in Edmonton, Alberta, comprising approximately 444,000 square feet (670,000 square feet on a 100% basis) and approximately 275,000 square feet (593,000 square feet on a 100% basis), respectively. The portfolio also includes four industrial assets located in smaller Alberta and British Columbia centres and two industrial buildings in Edmonton, Alberta. In connection with the transaction, Dundee REIT will assume approximately $210 million in mortgage and other debt. The mortgages have a weighted average interest rate of approximately 5.6% and an average term to maturity of approximately 5.7 years. The assumed debt to purchase price ratio is 56%.

Further information regarding Realex, including its most recent annual information form, can be found under its SEDAR profile at www.sedar.com. Information in this prospectus regarding Realex and its properties is derived from Realex’s publicly filed information.

The acquisition will be carried out by way of a court-approved plan of arrangement (the “Arrangement”) and will require the approval of at least 66⅔% of the votes cast by the common shareholders of Realex at a special meeting of Realex common shareholders scheduled to take place on January 25, 2011. In addition, because of the severance and other amounts to be received by an officer of Realex, the Arrangement must also be approved by a simple majority of the votes cast by Realex common shareholders excluding the votes in respect of the Realex common shares held by such officer. If the Arrangement is approved by the requisite 66⅔% of the votes cast thereon by the common shareholders of Realex at the special meeting of Realex common shareholders, it is a mathematical certainty that the Arrangement will have been approved by a simple majority of the votes cast by Realex common shareholders other than such officer. In addition to shareholder and court approvals, the Arrangement is subject to applicable regulatory approvals and the satisfaction of certain other closing conditions customary in transactions of this nature. Subject to these approvals and conditions, the Arrangement is expected to be completed in February

2011. As a result, although we have completed our due diligence in respect of Realex, there can be no assurance that all conditions will be satisfied or that the transaction will be completed.

The transaction has been unanimously approved by the Board of Directors of Realex and the Board of Trustees of Dundee REIT. The Board of Directors of Realex has unanimously resolved to recommend that holders of common shares of Realex vote in favour of the Arrangement.

Each of the directors and senior officers of Realex, and certain shareholders of Realex, representing approximately 49% of the issued and outstanding Realex common shares, have entered into voting agreements with Dundee REIT pursuant to which they have agreed to vote in favour of the Arrangement at the special meeting of Realex common shareholders. The holders of 100% of the Preferred Shares, Series A of Realex have entered into support agreements pursuant to which they have approved the Arrangement and have agreed to transfer their Preferred Shares, Series A to Dundee REIT under the Arrangement.

The arrangement agreement imposes customary restrictive covenants on Realex and includes customary termination provisions for transactions of this nature. Realex has agreed to pay a termination fee of $6.25 million to Dundee REIT in certain circumstances.

We may finance the foregoing acquisition in cash, by issuing Units or other securities, with credit facilities or other indebtedness, or with any combination of the foregoing.

Under applicable Canadian securities laws, once completed, the acquisition by Dundee REIT of the Realex shares will be considered a "significant acquisition". Financial statements relating to Realex, and *pro forma* financial statements of Dundee REIT, are incorporated by reference into this prospectus.

CONSOLIDATED CAPITALIZATION

The changes in our consolidated capitalization from September 30, 2010 to January 20, 2011 are as follows:

- Indebtedness increased by $192.5 million mainly as a result of the placement of mortgage debt in the total principal amount of $203.9 million, offset by (i) $11.3 million in scheduled and lump sum repayments of mortgage financing; and (ii) $0.1 million on conversion of 6.5% Debentures and 6.0% Debentures; and
- Unitholders' equity increased by (i) the issuance of 3,864,000 Units pursuant to a public offering; (ii) the issuance of 123,980 Units pursuant to the DRIP plan; (iii) the issuance of 3,404 Units as a result of the conversion of $0.1 million principal amount of 6.5% Debentures and 6.0% Debentures; and (iv) net income for the period, net of distributions paid.

As a result of the planned issuance of Units under this offering, Unitholders' equity would increase by approximately $119,631,440 ($137,651,456 if the Over-Allotment Option is exercised in full).

PLAN OF DISTRIBUTION

Pursuant to the Underwriting Agreement between the Underwriters and us, we have agreed to sell and the Underwriters have severally agreed to purchase, subject to the terms and conditions contained in the Underwriting Agreement, on February 4, 2011 or on such other date as may be agreed between Dundee REIT and the Underwriters but, in any event, not later than February 11, 2011, a total of 4,130,000 Units at a price of $30.30 per Unit, payable in cash to Dundee REIT against delivery. The Underwriting Agreement provides that we will pay to the Underwriters an aggregate fee of $5,005,560 in respect of all of the Units offered or $1.212 per Unit in consideration of their services in connection with this offering.

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

We have granted to the Underwriters an option (the "Over-Allotment Option"), exercisable in whole or in part for a period of 30 days from the closing of this offering, to purchase up to 619,500 additional Units on the same terms as set out above solely to cover over-allotments, if any. We have agreed to pay to the Underwriters a fee of

$1.212 per Unit with respect to Units issued under the Over-Allotment Option. This prospectus qualifies the grant of the Over-Allotment Option and the issuance of Units on the exercise of the Over-Allotment Option. A purchaser who acquires Units forming part of the Underwriters over-allocation position acquires such Units under this prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases.

This offering is being made in each of the provinces of Canada. The Units have not and will not be registered under the 1933 Act or any state securities laws and, subject to certain exceptions, may not be offered or sold in the United States. The Underwriters have agreed that they will not offer or sell the Units within the United States of America, its territories, its possessions and other areas subject to its jurisdiction, except, in accordance with the Underwriting Agreement, pursuant to an exemption from the registration requirements of the 1933 Act provided by Rule 144A thereunder and/or to a limited number of institutional "accredited investors" (as defined in Rule 501(a)(1),(2),(3) or (7) of Regulation D under the 1933 Act) in transactions that are exempt from the registration requirements under the 1933 Act, and, in each case, in compliance with applicable state securities laws. This prospectus does not constitute an offer to sell or solicitation of an offer to buy any of the Units in the United States. In addition, until 40 days after the commencement of the offering of the Units pursuant to this prospectus, an offer or sale of Units within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the 1933 Act if such offer is made otherwise than in compliance with Rule 144A.

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

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

We have applied to list the Units on the TSX. Listing will be subject to Dundee REIT fulfilling all of the requirements of the TSX.

Each of Dundee Corporation and GE Canada Real Estate Equity has waived its pre-emptive right under the Declaration of Trust in connection with this offering.

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

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

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

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

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

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

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

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

One of the Underwriters, Dundee Securities Corporation, is a related issuer of our asset manager, Dundee Realty Corporation. Accordingly, we are a connected issuer to Dundee Securities Corporation for the purposes of applicable Canadian securities legislation. The terms of the offering of the Units were negotiated at arm's-length between TD Securities Inc. (of which we are neither a related issuer nor a connected issuer) and us. The Underwriters participated in the drafting of this prospectus, the negotiation of the pricing of the Units and the due diligence process in respect of this offering. Dundee Securities Corporation will not receive any benefit in connection with this offering other than as described in this prospectus.

In order for Dundee REIT to maintain its status as a mutual fund trust as defined in the Tax Act, it must not be established or maintained primarily for the benefit of non-residents of Canada within the meaning of the Tax Act. The Declaration of Trust provides constraints on the ownership of our units for this purpose. See "Declaration of Trust and Description of REIT Units — Limitation on Non-Resident Ownership" in our latest annual information form. 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.

USE OF PROCEEDS

The net proceeds from the sale of Units under this short form prospectus are estimated to be approximately $119,631,440 ($137,651,456 if the Over-Allotment Option is exercised in full) after deduction of the Underwriters' fee and the estimated expenses of this offering. The Underwriters' fee and the expenses of this offering will be paid out of the proceeds of this offering. We will use the net proceeds of this offering to partially fund the acquisition of Realex, to fund potential future acquisitions and for general trust purposes. This offering is not conditional on the acquisition by Dundee REIT of Realex.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Wilson & Partners LLP, a law firm affiliated with PricewaterhouseCoopers LLP and special tax counsel to Dundee REIT, and Torys LLP, counsel to the Underwriters (together, the "Counsel"), the following is, as of the date hereof, a summary of the principal Canadian federal income tax considerations generally applicable under the Tax Act to the acquisition, holding and disposition of Units by a holder who acquires such Units pursuant to this offering. This summary is applicable to a holder who at all relevant times, for purposes of the Tax Act, deals at arm's length and is not affiliated with Dundee REIT and its Affiliates and holds the Units as capital property (in this section, a "Unitholder"). Generally, the Units will be considered to be capital property to a Unitholder provided the Unitholder does not hold the Units in the course of carrying on a business and has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade. Unitholders who do not hold their Units as capital property should consult their own tax advisors regarding their particular circumstances.

This summary is not applicable to a Unitholder that is a "financial institution", as defined in the Tax Act for purposes of the mark-to-market rules, a "specified financial institution", as defined in the Tax Act, a Unitholder that has elected to have the "functional currency" reporting rules under the Tax Act apply, or a Unitholder an interest in which is a "tax shelter investment", as defined in the Tax Act. Such Unitholders should consult their own tax advisors to determine the tax consequences to them of the acquisition, holding and disposition of Units acquired pursuant to this offering. In addition, this summary does not address the deductibility of interest by an investor who has borrowed money to acquire Units under this offering.

This summary is based upon the provisions of the Tax Act and the regulations thereunder, a certificate as to certain factual matters from an officer of Dundee REIT, and Counsel's understanding, based on publicly available published materials, of the administrative policies and assessing practices of the CRA, all in effect as of the date of this prospectus. This summary takes into account all specific proposals to amend the Tax Act and the Regulations that have been publicly announced by or on behalf of the Minister prior to the date of this prospectus (the "Tax Proposals"). This summary does not otherwise take into account or anticipate any changes in law, whether by legislative, governmental or judicial decision or action, or changes in CRA's administrative policies and assessing practices, nor does it take into account provincial, territorial or foreign tax legislation or considerations, which may differ significantly from those discussed herein. This summary assumes that the Tax Proposals will be enacted as currently proposed, but no assurances can be given that this will be the case. There can be no assurances that CRA will not change its administrative policies and assessing practices.

This summary is not exhaustive of all possible Canadian federal tax considerations applicable to an investment in Units. Moreover, the income and other tax consequences of acquiring, holding or disposing of Units will vary depending on the Unitholder's particular circumstances. Accordingly, this summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any prospective purchaser of Units. Consequently, a prospective Unitholder should consult the Unitholder's own tax advisor for advice with respect to the tax consequences of an investment in Units based on the prospective Unitholder's particular circumstances.

Status of Dundee REIT

Qualification as a "Mutual Fund Trust"

Based on representations as to certain factual matters from an officer of Dundee REIT, Dundee REIT qualifies as a "mutual fund trust" as defined in the Tax Act, and is expected to continue to qualify at all times as a "mutual fund trust" under the provisions of the Tax Act. This summary assumes this to be the case.

To qualify as a mutual fund trust, Dundee REIT must be a "unit trust" as defined by the Tax Act, must not be established or maintained primarily for the benefit of non-residents, and must restrict its undertaking to: (i) the investing of its funds in property (other than real property or an interest in real property or an immovable or real right in an immovable), (ii) the acquiring, holding, maintaining, improving, leasing or managing of any real property (or interest in real property or of any immovable or real right in immovables) that is capital property of Dundee REIT, or (iii) any combination of the activities described in (i) and (ii), and Dundee REIT must comply on a continuous basis with certain minimum requirements respecting the ownership and dispersal of its Units.

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

Qualification as a "Real Estate Investment Trust"

SIFT Legislation

The SIFT Legislation effectively taxes certain income of a publicly-traded trust or partnership that is distributed to its investors on the same basis as would have applied had the income been earned through a taxable corporation and distributed by way of dividend to its shareholders. These rules apply only to "SIFT trusts", "SIFT partnerships" (each as defined in the Tax Act) and their investors.

A trust resident in Canada will generally be a SIFT trust for a particular taxation year for purposes of the Tax Act if, at any time during the taxation year, investments in the trust are listed or traded on a stock exchange or other public market and the trust holds one or more "non-portfolio properties" (as defined in the Tax Act). Non-portfolio properties generally include certain investments in real properties situated in Canada and certain investments in corporations and trusts resident in Canada and in partnerships with specified connections to Canada. However, a trust will not be considered a SIFT trust for a taxation year if it qualifies as a "real estate investment trust" (as defined in the Tax Act) for that year (the "REIT Exception") (discussed below).

Where the SIFT Legislation applies, distributions of a SIFT trust's "non-portfolio earnings" are not deductible in computing the SIFT trust's net income. Non-portfolio earnings are generally defined as income attributable to a business carried on by the SIFT trust in Canada or to income (other than certain dividends) from, and capital gains from the disposition of, non-portfolio properties. The SIFT trust is itself liable to pay income tax on an amount equal to the amount of such non-deductible distributions at a rate that is substantially equivalent to the combined federal and provincial general tax rate applicable to taxable Canadian corporations. Such non-deductible distributions paid to a holder of units of the SIFT trust are generally deemed to be taxable dividends received by the holder of such units from a taxable Canadian corporation. Such deemed dividends will qualify as "eligible dividends" for purposes of the enhanced gross-up and dividend tax credit available under the Tax Act to individuals resident in Canada.

Distributions that are paid as returns of capital will generally not attract the tax under the SIFT Legislation.

Effective Dates

Effective January 1, 2011, the SIFT Legislation applies to a SIFT trust, unless the trust satisfies the REIT Exception.

REIT Exception

A trust that satisfies the REIT Exception is excluded from the definition of a SIFT trust in the Tax Act and is therefore not subject to the SIFT Legislation. On December 16, 2010, Tax Proposals were released for public comment that proposed amendments to the Tax Act and, in particular, the rules to qualify for the REIT Exception. If enacted as proposed, the amendments, which are generally relieving in nature, will be effective for the 2011 and subsequent taxation years and also on an elective basis for earlier taxation years.

Assuming that the Tax Proposals are enacted as proposed, the following five criteria must be met in order for a trust to qualify for the REIT Exception in a year subsequent to 2010, as well as prior to 2011 if the trust elects in the prescribed manner and within the prescribed time:

(i) at each time in the taxation year, the total fair market value at that time of all "non-portfolio properties" that are "qualified REIT properties" held by the trust must be at least 90% of the total fair market value at that time of all non-portfolio properties held by the trust;

(ii) not less than 90% of the trust's "gross REIT revenue" for the taxation year must be derived from one or more of the following: "rent from real or immovable properties", interest, capital gains from the disposition of "real or immovable properties", dividends, royalties and gains from dispositions of "eligible resale properties";

(iii) not less than 75% of the trust's gross REIT revenue for the taxation year must be derived from one or more of the following: rent from real or immovable properties, interest from mortgages, or hypothecs, on real or immovable properties, and capital gains from dispositions of real or immovable properties;

(iv) at no time in the taxation year can the total fair market value of properties comprised of real or immovable properties, cash, deposits (within the meaning of the *Canada Deposit Insurance Corporation Act* or with a branch in Canada of a bank or a credit union), indebtedness of Canadian corporations represented by banker's acceptances, and debt issued or guaranteed by the Canadian government or issued by a province, municipal government or certain other qualifying public institutions be less than 75% of the "equity value" of the trust at that time; and

(v) investments in the trust must be, at any time in the taxation year, listed or traded on a stock exchange or other public market.

The SIFT Legislation contains a look-through rule under which a trust could qualify for the REIT Exception where it holds its real properties indirectly through intermediate entities, provided that each such entity, assuming it were a trust, would satisfy the REIT Exception.

The REIT Exception in the SIFT Legislation (both as currently enacted and as amended pursuant to the Tax Proposals) contains a number of technical tests and the determination as to whether Dundee REIT qualifies for the REIT Exception in any particular taxation year can only be made at the end of that taxation year. Based on representations as to certain factual matters from an officer of Dundee REIT, Dundee REIT has, at all times since December 31, 2007 and throughout 2010, qualified for the REIT Exception under the SIFT Legislation as currently enacted and management of Dundee REIT has advised Counsel that Dundee REIT expects to continue to qualify under the REIT Exception, as proposed to be amended, throughout 2011 and subsequent taxation years and that each direct or indirect Subsidiary of Dundee REIT qualifies, and is expected to continue to qualify as an "excluded subsidiary entity" as defined in the Tax Act throughout 2011 and subsequent taxation years. The balance of this summary assumes this to be the case. If Dundee REIT does not so qualify or ceases to qualify as a real estate investment trust under the REIT Exception, or each direct or indirect Subsidiary of Dundee REIT were not to qualify as an excluded subsidiary entity, the income tax considerations described below would, in some respects, be materially different.

Taxation of Dundee REIT

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

Dundee REIT will, generally, also not be subject to tax on any amounts received as distributions from Partnership A and Partnership B. Generally, distributions to Dundee REIT in excess of its allocated share of the income of Partnership A or Partnership B for a fiscal year will result in a reduction of the adjusted cost base of Dundee REIT's units in Partnership A or Partnership B, as applicable, by the amount of such excess. If Dundee REIT's adjusted cost base at the end of a taxation year of its units in Partnership A or Partnership B is a negative amount, Dundee REIT will be deemed to realize a capital gain in such amount for that year, and Dundee REIT's adjusted cost base at the beginning of the next taxation year of its units in Partnership A or Partnership B, as applicable, will then be nil.

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

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

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

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

Taxation of Partnership A and Partnership B

The fiscal period of each of Partnership A and Partnership B is the calendar year. Partnership A and Partnership B are not subject to tax under the Tax Act. Generally, each partner of Partnership A and Partnership B (i.e. each general partner of such partnerships and Dundee REIT) is required to include in computing the partner's income the partner's share of the income (or loss) of Partnership A or Partnership B, as applicable, for the partnership's fiscal year ending in, or coinciding with, the partner's taxation year end, whether or not any such income is distributed to the partner in the taxation year. For this purpose, the income (or loss) of Partnership A and Partnership B will be computed for each fiscal year as if it were a separate person resident in Canada and will include its share of the income (or loss) of Dundee Properties LP and any capital gain or loss that may arise on the disposition or deemed disposition of its interests in such partnership.

Taxation of Dundee Properties LP

Dundee Properties LP is not subject to tax under the Tax Act. Generally, each partner of Dundee Properties LP, including Partnership A and Partnership B, is required to include in computing the partner's income the partner's share of the income (or loss) of Dundee Properties LP for the partnership's fiscal year ending in, or coinciding with, the partner's taxation year end, whether or not any such income is distributed to the partner in the taxation year. For this purpose, the income or loss of Dundee Properties LP will be computed for each fiscal year as if Dundee Properties LP were a separate person resident in Canada and will include its share of the income or loss of Dundee Management LP and other partnerships in which it holds any interest and any capital gain or loss that may arise on the disposition or deemed disposition of its interests in such partnership. In computing the income or loss of Dundee Properties LP, deductions may generally be claimed in respect of its administrative and other expenses incurred for the purpose of earning income from business or property to the extent they are not capital in nature and do not exceed a reasonable amount and available capital cost allowances. The income or loss of Dundee Properties LP for a fiscal year will be allocated to the partners of Dundee Properties LP, including Partnership A and Partnership B, on the basis of their respective share of such income or loss as provided in the limited partnership agreement of Dundee Properties LP, subject to the detailed rules in the Tax Act. Generally, distributions to partners in excess of the income of the Dundee Properties LP for a fiscal year will result in a reduction of the adjusted cost base of the partner's units in Dundee Properties LP by the amount of such excess. If Partnership A's or Partnership B's adjusted cost base at the end of a taxation year of its units in Dundee Properties LP is a negative amount, Partnership A or Partnership B, as applicable, will be deemed to realize a capital gain in such amount for that year, and Partnership A's and Partnership B's adjusted cost base at the beginning of the next taxation year of its units in Dundee Properties LP will then be nil. If Dundee Properties LP were to incur losses for tax purposes, Partnership A's and Partnership B's ability to deduct such losses may be limited by certain rules under the Tax Act.

Taxation of Unitholders Resident in Canada

This portion of the summary is generally applicable to a Unitholder who at all relevant times, for the purposes of the Tax Act, is or is deemed to be resident in Canada. Certain Unitholders who might not otherwise be considered hold their Units as capital property may, in certain circumstances, be entitled to make an irrevocable election in accordance with subsection 39(4) of the Tax Act to have such Units, and any other "Canadian security" (as defined in the Tax Act) owned in the taxation year in which the election is made and in subsequent taxation years, deemed to be capital property.

Trust Distributions

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

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

Provided that appropriate designations are made by Dundee REIT, such portions of the net taxable capital gains, taxable dividends received, or deemed to be received, on shares of taxable Canadian corporations and foreign source income as are paid or payable, or deemed to be paid or payable, by Dundee REIT to the Unitholders will effectively retain their character and be treated and taxed as such in the hands of the Unitholders for purposes of the Tax Act, and Unitholders may be entitled to claim a foreign tax credit for foreign taxes paid by Dundee REIT. To the extent that amounts are designated as having been paid to Unitholders out of the net taxable capital gains of Dundee REIT, such designated amounts will be deemed for tax purposes to be received by Unitholders in the year as a taxable capital gain and will be subject to the general rules relating to the taxation of capital gains described below. To the extent that amounts are designated as having been paid to Unitholders out of taxable dividends received, or deemed to be received, on shares of taxable Canadian corporations, they will be subject to the normal gross-up and dividend tax credit provisions in respect of Unitholders who are individuals, to the refundable tax under Part IV of the Tax Act in respect of Unitholders that are private corporations and certain other corporations controlled directly or indirectly by or for the benefit of an individual (other than a trust) or related group of individuals (other than trusts), and to the deduction in computing taxable income in respect of Unitholders that are corporations. A Unitholder that is a Canadian-controlled private corporation (as defined in the Tax Act) may also be liable to pay an additional refundable 6⅔% tax on certain investment income, including taxable capital gains. Unitholders should consult their own tax advisors for advice with respect to the potential application of these provisions.

Certain taxable dividends received by individuals from a corporation resident in Canada will be eligible for the enhanced dividend tax credit to the extent certain conditions are met and designations are made, such as the dividend being sourced out of income that is subject to tax at the general corporate tax rate. This could apply to distributions made by Dundee REIT to the Unitholders that have as their sources eligible taxable dividends received from a corporation resident in Canada, to the extent Dundee REIT makes the appropriate designation to have such eligible taxable dividend deemed received by the Unitholder and provided that the corporate dividend payer makes the required designation to treat such taxable dividend as an eligible dividend.

Dispositions of Units

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

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

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

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

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

Alternative Minimum Tax

In general terms, net income of Dundee REIT, paid or payable, or deemed to be paid or payable, to a Unitholder who is an individual or trust (other than certain specified trusts), and that is designated as taxable dividends or as net taxable capital gains, and capital gains realized on the disposition of Units may increase the Unitholder's liability for alternative minimum tax.

Taxation of Unitholders Not Resident in Canada

This portion of the summary is generally applicable to a Unitholder who at all relevant times, for the purpose of the Tax Act, is not and is not deemed to be, resident in Canada, does not use or hold the Units in a business carried on in Canada and is not an insurer that carries on business in Canada and elsewhere (a "Non-Resident Unitholder").

Distributions on Units

A Non-Resident Unitholder will be subject to Canadian withholding tax at the rate of 25% on any income and capital gains distributions (including income and capital gains distributions in respect of the redemption of Units) paid or credited, or deemed to be paid or credited, in respect of a Unit by Dundee REIT to Non-Resident Unitholder, whether such distributions are paid in cash or Units, and at the rate of 15% on any other distributions paid or credited, or deemed to be paid or credited, in respect of a Unit by Dundee REIT to the Non-Resident Unitholder. The 25% rate of withholding tax referred to above is subject to reduction pursuant to the provisions of an applicable tax convention. For example, the reduced rate under the Canada-U.S. Tax Convention is generally 15%.

Dundee REIT withholds such taxes as required by the Tax Act and remits such payments to the tax authorities on behalf of the Non-Resident Unitholder. **Non-Resident Unitholders should consult with their own tax advisors with regard to the availability of any applicable foreign tax credits in respect of any Canadian withholding taxes.**

Disposition of Units

A Non-Resident Unitholder will not be subject to tax under the Tax Act on any capital gain realized on the disposition, or deemed disposition, whether on redemption or otherwise, of Units unless the Units are taxable Canadian property to the Non-Resident Unitholder. The Units will not be taxable Canadian property to a Non-Resident Unitholder if the Non-Resident Unitholder, persons with whom the Non-Resident Unitholder does not deal at arm's length (within the meaning of the Tax Act), or the Non-Resident Unitholder together with such persons, do not own 25% or more of the issued units of Dundee REIT at any time during the 60 month period immediately preceding the disposition.

ELIGIBILITY FOR INVESTMENT

Units

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

The Units will not be a "prohibited investment" for a trust governed by a tax-free savings account provided the holder of the tax-free savings account deals at arm's length with Dundee REIT for purposes of the Tax Act and does not have a significant interest (within the meaning of the Tax Act) in Dundee REIT or in any person or partnership with which Dundee REIT does not deal at arm's length for purposes of the Tax Act.

PRIOR SALES

All information in this section is provided as of January 21, 2011.

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

On December 21, 2010, Dundee REIT completed a bought deal public offering of Units at a price of $29.85 per Unit, resulting in a total of 3,864,000 Units being issued for gross proceeds of $115,340,400.

On September 2, 2010, Dundee REIT completed a bought deal public offering of Units at a price of $25.40 per Unit, resulting in a total of 5,669,500 Units being issued for gross proceeds of $144,005,300.

On June 2, 2010, Dundee REIT completed a bought deal public offering of Units at a price of $24.40 per Unit, resulting in a total of 4,100,000 Units being issued for gross proceeds of $100,040,000. On June 17, 2010, Dundee REIT completed the issuance of an additional 615,000 Units for gross proceeds of $15,006,000 pursuant to the exercise by the underwriters of their over-allotment option with respect to the offering.

On March 16, 2010, Dundee REIT completed a bought deal public offering of Units at a price of $25.25 per Unit, resulting in a total of 3,965,000 Units being issued for gross proceeds of $100,116,250. On March 26, 2010, Dundee REIT completed the issuance of an additional 594,750 Units for gross proceeds of $15,017,438 pursuant to the exercise by the underwriters of their over-allotment option with respect to the offering.

Dundee REIT distributes Units on a monthly basis to existing unitholders who elect to reinvest their monthly distributions in Units pursuant to the DRIP plan. In addition, holders of LP Class B Units, Series 1 may elect to reinvest the monthly distributions on their LP Class B Units, Series 1 in Units pursuant to DRIP-like arrangements provided for in the Dundee Properties LP agreement. Since January 21, 2010, Dundee REIT has issued 339,705 Units pursuant to the DRIP plan and the DRIP-like arrangements under the Dundee Properties LP agreement. Units distributed pursuant to the DRIP plan and the DRIP-like arrangements under the Dundee Properties LP agreement are issued at a price equal to the weighted average closing price of the Units on the TSX for the five trading days immediately proceeding the relevant distribution payment date. Unitholders who participate in the DRIP plan or the DRIP-like arrangements under the Dundee Properties LP agreement receive a "bonus" distribution with each reinvestment equal to 4.0% of the amount of the distribution reinvested in the form of additional Units.

Dundee REIT also has a Deferred Unit Incentive Plan, pursuant to which it grants Deferred Units to its Trustees and senior officers and certain of its employees. Units are issued to participants in the Deferred Unit Incentive Plan upon vesting of the Deferred Units, unless deferred in accordance with the terms of the Deferred Unit Incentive Plan. Since January 21, 2010, Dundee REIT has issued 19,463 Units pursuant to the Deferred Unit Incentive Plan.

Pursuant to the terms of the Debentures, the 6.5% Debentures are convertible into Units at a conversion price of $25.00 per Unit (being a conversion ratio of 40 Units per $1,000 principal amount), the 5.7% Debentures are convertible into Units at a conversion price of $30.00 per Unit (being a conversion ratio of 33.33333 Units per $1,000 principal amount) and the 6.0% Debentures are convertible into Units at a conversion price of $41.40 per Unit (being a conversion ratio of 24.15459 Units per $1,000 principal amount). Since January 21, 2010, Dundee REIT has issued 5,560 Units upon the conversion of 6.5% Debentures, no Units upon the conversion of 5.7% Debentures and 844 Units upon the conversion of 6.0% Debentures.

Holders of LP Class B Units, Series 1 of Dundee Properties LP have the right to exchange such units for REIT Units, Series B on a one-for-one basis. Each REIT Unit, Series B is convertible at any time at the option of the holder into one fully-paid and non-assessable Unit. Since January 21, 2010, no LP Class B Units, Series 1 were exchanged for REIT Units, Series B.

MARKET FOR SECURITIES

Trading Price and Volume

The REIT Units, Series A 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 Units, Series A on the TSX for each month of the 12-month period before the date of this short form prospectus:

Period	High ($)	Low ($)	Volume
January 2010	26.74	20.00	5,174,928
February 2010	26.13	24.15	1,555,724
March 2010	26.80	24.90	6,908,467
April 2010	26.00	25.12	1,561,416
May 2010	25.76	17.77	2,735,037
June 2010	25.71	23.46	2,915,006
July 2010	25.59	24.20	1,659,983
August 2010	25.98	25.18	2,040,498
September 2010	28.09	25.38	4,018,773
October 2010	30.40	27.75	2,337,074
November 2010	31.77	29.00	2,326,069
December 2010	30.34	27.26	2,316,456
Up to January 19, 2011	31.10	30.01	2,209,703

The 6.5% Debentures are listed on the TSX under the symbol "D.DB". 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 12-month period before the date of this short form prospectus:

Period	High ($)	Low ($)	Volume
January 2010	—	—	—
February 2010	105.00	105.00	390
March 2010	104.00	104.00	150
April 2010	105.00	105.00	200
May 2010	—	—	—
June 2010	105.51	105.10	70
July 2010	105.11	105.02	130
August 2010	—	—	—
September 2010	121.00	106.55	250
October 2010	121.00	113.80	350
November 2010	120.00	118.95	310
December 2010	119.30	119.15	110
Up to January 19, 2011	123.00	123.00	140

The 5.7% Debentures are listed on the TSX under the symbol "D.DB.A". 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 12-month period before the date of this short form prospectus:

Period	High ($)	Low ($)	Volume
January 2010	109.00	98.50	1,350
February 2010	106.00	100.01	940
March 2010	102.10	100.50	520
April 2010	101.20	101.20	100
May 2010	101.30	93.00	610
June 2010	102.00	99.50	1,190
July 2010	101.00	99.00	270
August 2010	102.50	102.00	260
September 2010	103.00	102.50	460
October 2010	103.10	103.00	180
November 2010	108.50	104.10	1,060
December 2010	106.00	103.13	420
Up to January 19, 2011	105.95	103.27	710

The 6.0% Debentures are listed on the TSX under the symbol "D.DB.B". 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 12-month period before the date of this short form prospectus:

Period	High ($)	Low ($)	Volume
January 2010	101.00	98.50	84,860
February 2010	103.00	101.00	19,340
March 2010	102.85	101.00	13,050
April 2010	102.00	98.00	19,380
May 2010	101.50	99.50	24,760
June 2010	101.50	100.00	32,480
July 2010	103.00	100.50	8,770
August 2010	103.00	101.25	12,940
September 2010	104.00	102.50	6,310
October 2010	106.50	103.00	7,040
November 2010	106.25	104.00	4,920
December 2010	104.50	102.51	27,080
Up to January 19, 2011	104.50	102.00	7,060

RISK FACTORS

An investment in Units is subject to a number of risks, including those set forth in our most recent annual information form and in our 2010 Q3 MD&A. Prospective investors should carefully consider these risks before purchasing Units.

Dilution

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

LEGAL MATTERS

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

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

AUDITORS, REGISTRAR AND TRANSFER AGENT

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

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

PURCHASERS' STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

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

AUDITORS' CONSENT

We have read the preliminary short form prospectus of Dundee Real Estate Investment Trust ("Dundee REIT") dated January 21, 2011 relating to the issue and sale of REIT Units, Series A of Dundee REIT. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned preliminary short form prospectus of our report to the unitholders of Dundee REIT on the consolidated balance sheets of Dundee REIT as at December 31, 2009 and December 31, 2008 and the consolidated statements of net income and comprehensive income, unitholders' equity and cash flows for the years ended December 31, 2009 and December 31, 2008. Our report is dated February 23, 2010.

We consent to the incorporation by reference in the above-mentioned preliminary short form prospectus of our report to the owner of 150 York Street on the balance sheet of 150 York Street as at December 31, 2009 and the statements of income and owner's equity and cash flows for the year ended December 31, 2009. Our report is dated May 6, 2010.

We consent to the incorporation by reference in the above-mentioned preliminary short form prospectus of our report to the owner of DBRS Tower on the balance sheet of DBRS Tower as at December 31, 2009 and the statements of income and owner's equity and cash flows for the year ended December 31, 2009. Our report is dated May 6, 2010.

We consent to the incorporation by reference in the above-mentioned preliminary short form prospectus of our report to the owner of 181 University Land on the balance sheet of 181 University Land as at December 31, 2009 and the statements of income and owner's equity for the year ended December 31, 2009. Our report is dated May 6, 2010.

(Signed) PricewaterhouseCoopers LLP
Chartered Accountants
Licensed Public Accountants

Toronto, Ontario
January 21, 2011

AUDITORS' CONSENT

We have read the short form prospectus of Dundee Real Estate Investment Trust ("Dundee REIT") dated ● , 2011 relating to the issue and sale of REIT Units, Series A of Dundee REIT. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned short form prospectus of our report to the shareholders of the Realex Properties Corp. ("Realex") on the consolidated balance sheets of Realex as at September 30, 2010 and 2009 and the consolidated statements of income (loss) and comprehensive income (loss), deficit and cash flow for the years then ended. Our report is dated November 25, 2010.

Chartered Accountants

Calgary, Alberta
● , 2011

GLOSSARY OF TERMS

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

"1933 Act" means the United States Securities Act of 1933;

"2010 Q3 MD&A" means management's discussion and analysis of the financial condition and results of operations of Dundee REIT for the period ended September 30, 2010;

"5.7% Debentures" means the Series 2005-1 5.7% convertible unsecured subordinated debentures of Dundee REIT due March 31, 2015;

"6.5% Debentures" means the 6.5% convertible unsecured subordinated debentures of Dundee REIT due June 30, 2014;

"6.0% Debentures" means the 6.0% convertible unsecured subordinated debentures of Dundee REIT due December 31, 2014;

"Affiliate" has the meaning ascribed to that term in National Instrument 45-106 — *Prospectus and Registration Exemptions* of the Canadian Securities Administrators;

"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 Dundee Realty Corporation, as amended or amended and restated from time to time;

"CRA" means the Canada Revenue Agency;

"Debentures" means the 6.5% Debentures, the 5.7% Debentures and the 6.0% Debentures;

"Declaration of Trust" means the amended and restated declaration of trust of Dundee REIT dated as of December 31, 2009, as amended or amended and restated from time to time;

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

"Deferred Units" means deferred trust units and income deferred trust units under the Deferred Unit Incentive Plan;

"Department" means the Department of Finance (Canada);

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

"Dundee Management LP" means Dundee Management Limited Partnership, a limited partnership formed under the laws of the Province of Ontario;

"Dundee Properties LP" means Dundee Properties Limited Partnership, a limited partnership formed under the laws of the Province of Ontario;

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

"LP Class B Units, Series 1" means the LP Class B, Series 1 limited partnership units of Dundee Properties LP;

"Minister" means the Minister of Finance (Canada);

"Partnership A" means Dundee Properties OTA Limited Partnership, a limited partnership formed under the laws of the Province of Ontario;

"Partnership B" means Dundee Properties OTB Limited Partnership, a limited partnership formed under the laws of the Province of Ontario;

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

"Realex" means Realex Properties Corp.;

"REIT" means a real estate investment trust;

"REIT Exception" means the exception under the SIFT Legislation 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 Units, the REIT Units, Series B and the Special Trust Units;

"REIT Units, Series A" means the REIT Units, Series A of Dundee REIT, each representing an undivided beneficial interest in any distributions from Dundee REIT;

"REIT Units, Series B" means the REIT Units, Series B of Dundee REIT, each representing an undivided beneficial interest in any distributions from Dundee REIT;

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

"SIFT Legislation" 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 Class B Units, Series 1 providing rights to vote (and only a nominal economic interest) as a unitholder of Dundee REIT, all of which are currently indirectly held by Dundee Corporation;

"Subsidiary" has the meaning ascribed to that term in National Instrument 45-106 — *Prospectus and Registration Exemptions* of the Canadian Securities Administrators;

"Subsidiary Securities" means securities of a Subsidiary of Dundee REIT;

"Tax Act" means the *Income Tax Act* (Canada), R.S.C. 1985, c. 1 (5^{th} supplement) as amended;

"TSX" means the Toronto Stock Exchange;

"Underwriters" means TD Securities Inc., Scotia Capital Inc., CIBC World Markets Inc., BMO Nesbitt Burns Inc., RBC Dominion Securities Inc., Dundee Securities Corporation, Canaccord Genuity Corp., Raymond James Ltd. Brookfield Financial Corp., Desjardins Securities Inc., HSBC Securities (Canada) Inc. and National Bank Financial Inc.;

"Underwriting Agreement" means the underwriting agreement dated January 21, 2011 between Dundee REIT, Dundee Properties LP and the Underwriters, as amended;

"Unitholders" means holders of Units, but **"unitholders"**, when used in lower case type, refers to all holders of REIT Units;

"Units" means the REIT Units, Series A of Dundee REIT; and

"U.S." or **"United States"** means United States of America.

CERTIFICATE OF DUNDEE REIT

Dated: January 21, 2011

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

DUNDEE REAL ESTATE INVESTMENT TRUST

(Signed) MICHAEL J. COOPER Chief Executive Officer	(Signed) MARIO BARRAFATO Senior Vice President and Chief Financial Officer

On Behalf of the Board of Trustees

(Signed) DONALD K. CHARTER Trustee	(Signed) ROBERT G. GOODALL Trustee

CERTIFICATE OF UNDERWRITERS

Dated: January 21, 2011

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

TD SECURITIES INC.

By: (Signed) ARMEN FARIAN

SCOTIA CAPITAL INC.

By: (SIGNED) STEPHEN SENDER

CIBC WORLD MARKETS INC.

By: (Signed) MARK G. JOHNSON

BMO NESBITT BURNS INC.	RBC DOMINION SECURITIES INC.
By: (Signed) DEREK DERMOTT	By: (Signed) WILLIAM WONG

DUNDEE SECURITIES CORPORATION

By: (Signed) ONORIO LUCCHESE

CANACCORD GENUITY CORP.	RAYMOND JAMES LTD.
By: (Signed) JUSTIN BOSA	By: (Signed) GRAHAM FELL

BROOKFIELD FINANCIAL CORP.	DESJARDINS SECURITIES INC.	HSBC SECURITIES (CANADA) INC.	NATIONAL BANK FINANCIAL INC.
By: (Signed) MARK MURSKI	By: (Signed) DENNIS LOGAN	By: (Signed) BRENT LARKAN	By: (Signed) ANDREW WALLACE

DUNDEE
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