

*This prospectus supplement, together with the short form base shelf prospectus dated November 26, 2012 to which it relates, as amended or supplemented, and each document incorporated by reference into this prospectus supplement or the accompanying 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.*

*No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. These securities have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "1933 Act"), or the securities laws of any state of the United States, and accordingly may not be offered, sold or delivered, directly or indirectly within the United States of America, its territories and possessions and other areas subject to its jurisdiction (collectively, the "United States"), except pursuant to an exemption from the registration requirements of the 1933 Act and applicable state securities laws. This prospectus supplement does not constitute an offer to sell or a solicitation of an offer to buy any of these securities in the United States. See "Plan of Distribution".*

*Information has been incorporated by reference in this prospectus supplement and the accompanying 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.*

**PROSPECTUS SUPPLEMENT**  
**To a Short Form Base Shelf Prospectus dated November 26, 2012**

New Issue

October 3, 2013



**DUNDEE REAL ESTATE INVESTMENT TRUST**

**\$125,000,000**

**Series B Floating Rate Debentures due January 9, 2017**  
**(Senior Unsecured)**

This prospectus supplement, together with the short form base shelf prospectus dated November 26, 2012 to which it relates (the "**prospectus**"), qualifies the distribution of \$125,000,000 aggregate principal amount of series B floating rate senior unsecured debentures due January 9, 2017 (the "**Debentures**") of Dundee Real Estate Investment Trust ("**Dundee REIT**").

The Debentures will bear interest at an annual rate equal to 3 Month CDOR (as defined herein) plus 1.70%, payable quarterly in arrears on January 9, April 9, July 9 and October 9 in each year, beginning on January 9, 2014. See "Details of the Offering".

	Price to Dundee REIT	Underwriters' Fee <sup>(1)</sup>	Net Proceeds to Dundee REIT <sup>(2)</sup>
Per \$1,000 principal amount of Debentures	\$1,000	\$3.75	\$996.25
Total.....	\$125,000,000	\$468,750	\$124,531,250

Notes:

- (1) Representing 0.375% of the principal amount of the Debentures.
- (2) After deducting the Underwriters' fee but before deducting expenses of this offering, estimated to be \$250,000, which will be paid from the proceeds of this offering.

**There is no market through which the Debentures may be sold and purchasers of Debentures may not be able to resell the Debentures purchased under this prospectus supplement. This may affect the pricing of the Debentures in the secondary market, the transparency and availability of trading prices, the liquidity of the securities, and the extent of issuer regulation. See "Risk Factors".**

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

disclosure referred to in that section also describes our assessment of certain of those risk factors, as well as the potential consequences if a risk should occur.

At the time of closing of this offering, the Debentures will qualify for investment as set out under “Eligibility for Investment”.

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

Under the underwriting agreement (the “**Underwriting Agreement**”) dated October 3, 2013 between TD Securities Inc., RBC Dominion Securities Inc., Scotia Capital Inc., CIBC World Markets Inc. and BMO Nesbitt Burns Inc. (collectively, the “**Underwriters**”), Dundee REIT and Dundee Properties Limited Partnership (“**Dundee Properties LP**”), Dundee REIT has agreed to sell and the Underwriters have severally agreed to purchase, subject to the terms and conditions in the Underwriting Agreement, \$125,000,000 principal amount of Debentures at the price set out on the cover page to this prospectus supplement, payable in cash to Dundee REIT against delivery of the Debentures. The price at which the Underwriters will purchase Debentures from Dundee REIT was established by negotiation between Dundee REIT and the Underwriters. See “Plan of Distribution”.

**The Debentures will be offered to the public at prices to be negotiated between each purchaser and the Underwriters. Accordingly, the price at which the Debentures will be offered and sold to the public may vary as between purchasers and during the period of distribution of the Debentures. The Underwriters’ overall compensation will increase or decrease by the amount by which the aggregate price paid for the Debentures by the purchasers exceeds or is less than the gross proceeds paid by the Underwriters to Dundee REIT. See “Plan of Distribution”.**

The Underwriters, as principals, conditionally offer the Debentures, 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 certain tax matters, and on behalf of the Underwriters by Torsys LLP.

Each of TD Securities Inc., RBC Dominion Securities Inc., Scotia Capital Inc. and CIBC World Markets Inc. is a Subsidiary of a Canadian chartered bank that is a lender to us under our demand revolving credit facility. We will use a portion of the net proceeds of this offering for the repayment of existing indebtedness, including indebtedness owing under that credit facility. **Consequently, Dundee REIT may be considered a “connected issuer” of such Underwriters for the purposes of applicable Canadian securities legislation. See “Plan of Distribution”.**

In connection with this offering, the Underwriters may effect transactions that stabilize or maintain the market price of the Debentures at levels other than those which otherwise might prevail on the open market. Such transactions, if commenced, may be discontinued at any time. See “Plan of Distribution”.

Subscriptions for Debentures 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. Subject to customary closing conditions, the closing of this offering is expected to occur on October 9, 2013, or such other date as we and the Underwriters may agree, but no later than October 16, 2013. The Debentures will be issued in “book-entry only” form and will be deposited with CDS Clearing and Depository Services Inc. (“**CDS**”). Beneficial owners of Debentures will not, except in certain limited circumstances, be entitled to receive physical certificates evidencing their ownership of Debentures. See “Plan of Distribution” and “Details of the Offering – Depository Services”.

All dollar amounts set forth in this prospectus supplement are in Canadian dollars.

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.

## TABLE OF CONTENTS

	<b><u>Page</u></b>		<b><u>Page</u></b>
ABOUT THIS PROSPECTUS SUPPLEMENT .....	S-1	USE OF PROCEEDS .....	S-20
DOCUMENTS INCORPORATED BY REFERENCE .....	S-1	CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS .....	S-20
MARKETING MATERIALS .....	S-2	ELIGIBILITY FOR INVESTMENT .....	S-22
FORWARD-LOOKING INFORMATION .....	S-2	RISK FACTORS .....	S-22
TERMS USED TO DESCRIBE DUNDEE REIT AND ITS ACTIVITIES .....	S-2	LEGAL MATTERS .....	S-24
DUNDEE REIT .....	S-3	AUDITORS AND INDENTURE TRUSTEE .....	S-24
RECENT DEVELOPMENTS .....	S-3	PURCHASERS' STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION .....	S-24
CAPITALIZATION .....	S-3	AGENT FOR SERVICE OF PROCESS IN CANADA .....	S-24
DETAILS OF THE OFFERING .....	S-4	GLOSSARY OF TERMS .....	S-25
CREDIT RATING .....	S-14	CERTIFICATE OF THE GUARANTOR .....	C-1
INTEREST AND EARNINGS COVERAGES .....	S-15	CERTIFICATE OF THE UNDERWRITERS .....	C-2
GUARANTOR FINANCIAL INFORMATION .....	S-16		
PLAN OF DISTRIBUTION .....	S-18		

## **ABOUT THIS PROSPECTUS SUPPLEMENT**

This document is in two parts. The first part is this prospectus supplement, which describes the terms of the securities that we are currently offering. The second part is the accompanying prospectus, which gives more general information, some of which may apply to the securities that we are currently offering.

You should read this prospectus supplement along with the accompanying prospectus. You should rely only on the information contained in or incorporated by reference in this prospectus supplement and the accompanying prospectus. We have not authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. You should not assume that the information provided by this prospectus supplement or the accompanying prospectus is accurate as of any date other than the date on the front of these documents. Our business, financial condition, results of operations and accompanying prospects may have changed since those dates. The Debentures are being offered only in jurisdictions in which offers and sales are permitted.

If the information varies between this prospectus supplement and the accompanying prospectus, the information in this prospectus supplement supersedes the information in the accompanying prospectus.

## **DOCUMENTS INCORPORATED BY REFERENCE**

This prospectus supplement is deemed to be incorporated by reference into the accompanying prospectus solely for the purpose of this offering of the Debentures. Other documents are also incorporated or deemed to be incorporated by reference into the accompanying prospectus and you should refer to the prospectus for full particulars thereof.

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

- (a) the annual information form of Dundee REIT dated April 1, 2013;
- (b) the management information circular of Dundee REIT dated April 8, 2013 prepared in connection with the annual meeting of unitholders held on May 8, 2013;
- (c) the audited consolidated financial statements of Dundee REIT as at December 31, 2012 and 2011 and for the years ended December 31, 2012 and 2011, together with the notes thereto and the independent auditor's report thereon;
- (d) the unaudited condensed consolidated financial statements of Dundee REIT as at June 30, 2013 and for the three and six-month periods ended June 30, 2013 and 2012, together with the notes thereto;
- (e) the 2012 MD&A;
- (f) management's discussion and analysis of the financial condition and results of operations of Dundee REIT for the three and six-month periods ended June 30, 2013; and
- (g) the template version of the Debenture term sheet dated October 1, 2013, filed on SEDAR in connection with this offering.

Any documents of the type referred to above, any material change reports (excluding confidential material change reports, if any) and any business acquisition reports filed by Dundee REIT with the provincial securities commissions or similar authorities in Canada after the date of this prospectus supplement and prior to the termination of this offering shall be deemed to be incorporated by reference into and form an integral part of this prospectus supplement and the accompanying prospectus. Additionally, any template version of marketing materials for this offering filed after the date of this prospectus supplement and before the termination of this offering shall be deemed to be incorporated by reference into and form an integral part of this prospectus supplement and the

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

### **MARKETING MATERIALS**

A template version of the term sheet for this offering is specifically incorporated by reference into and forms an integral part of this prospectus supplement and the accompanying prospectus as of the date of this prospectus supplement. See “Documents Incorporated by Reference”.

### **FORWARD-LOOKING INFORMATION**

This prospectus supplement 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 supplement 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 prospectus supplement, under the heading “Risk Factors” in our annual information form dated April 1, 2013 and under the heading “Risks and Our Strategy to Manage” in our 2012 MD&A.

Although the forward-looking statements contained in this prospectus supplement 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 supplement 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 prospectus supplement speaks as of the date of this prospectus supplement. 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](http://www.sedar.com). These filings are also available on our website at [www.dundeereit.com](http://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 supplement to refer to our activities and operations as a whole. Accordingly, in this prospectus supplement, 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. When we refer to “Dundee REIT”, we are referring only to Dundee Real Estate Investment Trust.

## **DUNDEE REIT**

We provide high quality, well-located and attractively priced business premises. Our portfolio comprises central business district and suburban office properties predominantly located in major urban centres across Canada, including Toronto, Calgary, Edmonton, Montréal, Kitchener-Waterloo, Ottawa, Vancouver, Regina, Saskatoon, Québec City, Yellowknife and Halifax. At June 30, 2013, our ownership interests included 184 office properties totalling approximately 24.3 million square feet of gross leasable area, including 24.2 million square feet of office properties and 0.1 million square feet of redevelopment properties. Through Dundee Management LP, we provide property management services to our tenants and other businesses.

Dundee REIT is an unincorporated, open-ended real estate investment trust governed by the laws of the Province 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 Debentures and is available on SEDAR at [www.sedar.com](http://www.sedar.com).

## **RECENT DEVELOPMENTS**

### **IBM Corporate Centre, Calgary, Alberta**

On August 13, 2013, we completed the acquisition of our partner’s 67% interest in IBM Corporate Centre, a 357,000 square foot, institutional quality, Class A office campus consisting of three buildings in Calgary for approximately \$125 million (excluding transaction costs). We now own 100% of this property. At the time of the acquisition, the complex was over 98% occupied, with a weighted average remaining lease term of over five years.

### **4561 Parliament Avenue, Regina, Saskatchewan (Harbour Landing Business Park)**

On September 16, 2013, we completed the acquisition of 4561 Parliament Avenue, a 39,000 square foot, three-storey office building nearing completion in suburban Regina, just south of the airport, for approximately \$15.3 million (excluding transaction costs). The building is 100% pre-leased to two tenants, KGS Group (a regional engineering firm) and Dundee Realty Corporation, a related party to us, for ten year terms.

### **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.

## **CAPITALIZATION**

The material changes in our consolidated capitalization from July 1, 2013 to October 1, 2013 are as follows:

- Indebtedness increased by \$117.9 million as a result of \$105.0 million of new mortgage financings and net drawings of \$120.0 million on our revolving demand credit facilities. These increases were offset by \$107.0 million of principal and lump sum repayments on our mortgages and a \$0.1 million reduction in term debt.
- Unitholders' equity increased by \$11.1 million as a result of an increase of \$12.9 million due to the issuance of 426,443 Units pursuant to our DRIP, offset by a decrease of \$1.8 million as a result of the cancellation of 62,000 Units following our acquisition of Units pursuant to our normal course issuer bid.

As a result of the planned issuance of Debentures under this offering, indebtedness would increase by approximately \$125.0 million, net of expenses of this offering and the underwriters' fee estimated to be \$0.7 million.

## **DETAILS OF THE OFFERING**

*The following is a brief summary of the material attributes and characteristics of the Debentures. This summary does not contain all of the terms and conditions of the Trust Indenture, including the Series B Supplemental Indenture. As a result, this summary does not purport to be complete and is subject to, and qualified in its entirety by the terms of, the Trust Indenture, including the Series B Supplemental Indenture. For full particulars, reference is made to the Trust Indenture, as amended, supplemented or restated from time to time, including the Series B Supplemental Indenture. Should any conflict arise between the following summary and the Trust Indenture or the Series B Supplemental Indenture, the terms of the Trust Indenture or the Series B Supplemental Indenture, as the case may be, will govern.*

### **Definitions**

The following terms relate to the Debentures and are defined in the Trust Indenture, substantially as follows.

**“3 Month CDOR”** means, with respect to any Interest Reset Date, the rate per annum (based on a year of 365 days) determined by Dundee REIT as (a) the arithmetic average rounded to the fifth decimal place (with 0.000005 being rounded up) of the bid rate of interest for three month Canadian dollar bankers' acceptances for the applicable Interest Period, as expressed on the Reuters CDOR page at 10:00 a.m. (Toronto time) on such Interest Reset Date, if three or more such bid rates appear on such Reuters CDOR page at such time, or (b) if fewer than three such bid rates appear on the Reuters CDOR page at such time, the arithmetic average rounded to the fifth decimal place (with 0.000005 being rounded up) of the bid rate quotations for three month Canadian dollar bankers' acceptances for the applicable Interest Period and that is representative of a single transaction in the market at such time, by the principal Toronto office of three of the five largest Schedule I Canadian chartered banks in the Canadian interbank market selected by Dundee REIT at approximately 10:00 a.m. (Toronto time) on such Interest Reset Date;

**“Adjusted Unitholders' Equity”** at any time, means the sum of the following items, calculated without duplication: (a) equity of Dundee REIT; (b) Subsidiary Redeemable Units; and (c) Deferred Unit Incentive Plan, each as shown on Dundee REIT's most recently published annual or interim consolidated balance sheet, calculated as at the date of such consolidated balance sheet in accordance with GAAP and adjusted, as and to the extent applicable, to include Proportionate Consolidation Adjustments and to remove the following items, without duplication, as shown on Dundee REIT's most recently published annual or interim consolidated balance sheet: (aa) accumulated depreciation and amortization; (bb) accumulated fair value of financial derivative instruments that are held for economic hedging purposes, (cc) deferred income tax assets and liabilities; (dd) the cumulative effect of any other adjustments which correspond to those made in accordance with the definition of Consolidated EBITDA (other than those adjustments relating to fair value adjustments to investment properties); and (ee) any Proportionate Consolidation Adjustments that correspond to items (aa) through (dd);

**“Affiliate”** has the meaning ascribed to that term in National Instrument 45-106 – *Prospectus and Registration Exemptions* of the Canadian Securities Administrators, as amended, or any successor instrument;

**“Aggregate Adjusted Assets”** as at any date means the Aggregate Assets as of the relevant Calculation Reference Date, provided that the component amount thereof that would otherwise comprise the amount shown on the consolidated balance sheet as “Investment properties” (and/or its equivalent) shall be instead calculated as the amount obtained by applying the Capitalization Factor as at such Calculation Reference Date to determine the fair value of Dundee REIT’s assets that would comprise “Investment properties” (and/or its equivalent) as at such date, using the investment properties valuation methodology described by Dundee REIT in its then most recently published annual or interim consolidated financial statements or management’s discussion and analysis, applied consistently in accordance with past practice;

**“Aggregate Assets”** of Dundee REIT as of any date means the total assets as shown on Dundee REIT’s most recently published annual or interim consolidated balance sheet, calculated as at the date of such consolidated balance sheet in accordance with GAAP and adjusted, as and to the extent applicable to include Proportionate Consolidation Adjustments and to remove the following items, without duplication, shown on Dundee REIT’s most recently published annual or interim consolidated balance sheet: (a) deferred income tax assets; (b) accumulated depreciation and amortization; (c) accumulated fair value of financial derivative assets that are held for economic hedging purposes; (d) goodwill; (e) the cumulative effect of any other adjustments which correspond to those made in accordance with the definition of Consolidated EBITDA (other than those adjustments relating to fair value adjustments to investment properties); and (f) any Proportionate Consolidation Adjustments which correspond to items (a) through (e);

**“Approved Rating Organization”** means any one of DBRS, Fitch Ratings, Moody’s, Standard & Poor’s Ratings Services and any of the Persons providing ratings under such business names, or their successors, and any other rating organization commonly used for the purpose of rating publicly offered Canadian debt securities;

**“Business Day”** means any day, other than Saturday, Sunday, any statutory holiday in Toronto, Ontario or any day on which the Indenture Trustee is closed for business in Toronto, Ontario;

**“Calculation Reference Date”** means, with respect to any date, the last day of the most recently completed fiscal quarter of Dundee REIT;

**“Capitalization Factor”** of Dundee REIT means, as at the relevant Calculation Reference Date, the amount determined as the simple average of the weighted average capitalization rate published by Dundee REIT in reference to the calculation of the fair value of its investment properties in Dundee REIT’s annual or interim consolidated financial statements or management’s discussion and analysis published for each of the eight most recently completed fiscal quarters (including the fiscal quarter in which the relevant Calculation Reference Date occurs);

**“CDS”** means CDS Clearing and Depository Services Inc. or any successor provider of depository services;

**“Change of Control”** means the acquisition by a Person, who is not an Affiliate of Dundee REIT, or group of such Persons acting jointly and in concert, of Units (and/or securities convertible into Units) representing (on a diluted basis, but only giving effect to the conversion or exercise of convertible securities held by such Person or group of Persons) greater than 50% of the Units;

**“Consolidated EBITDA”** of Dundee REIT for any period means Consolidated Net Income adjusted to exclude, to the extent included in the determination of Consolidated Net Income, the sum of the following items, calculated without duplication: (a) interest expense included in Consolidated Net Income (also excluding, for greater certainty, distributions on Subsidiary Redeemable Units that are presented as interest expense in Consolidated Net Income); (b) any gain or loss attributable to the sale or other disposition of some or all of any assets or liabilities of Dundee REIT, including dilution gains or losses; (c) fair value adjustments to investment properties as shown on Dundee REIT’s consolidated income statement; (d) acquisition related costs, net; (e) debt settlement and other costs, net; (f) depreciation and amortization; (g) fair value adjustments to financial instruments that are held for economic hedging purposes; (h) fair value adjustments to Subsidiary Redeemable Units and Deferred Unit Incentive Plan; (i) any extraordinary gains or losses; (j) non-recurring items; (k) non-cash items impacting Consolidated Net Income, including adjustments resulting from a change in accounting principles in determining Consolidated Net Income for such period; (l) Consolidated Income Tax Expense for such period; and (m) any Proportionate Consolidation Adjustments which correspond to items (a) through (l);



**“Consolidated Income Tax Expense”** of Dundee REIT for any period means the income tax expense of Dundee REIT for such period, determined on a consolidated basis in accordance with GAAP, adjusted to include Proportionate Consolidation Adjustments, if any;

**“Consolidated Indebtedness”** of Dundee REIT as at any date means the consolidated Indebtedness of Dundee REIT as at such date determined, except as otherwise expressly provided in the Trust Indenture, in accordance with GAAP;

**“Consolidated Interest Expense”** of Dundee REIT for any period means the aggregate amount of interest expense of Dundee REIT, adjusted, in all cases, for any Proportionate Consolidation Adjustments, in respect of Consolidated Indebtedness, Finance Lease Obligations, the original issue discount of any Consolidated Indebtedness issued at a price less than the face amount thereof paid, accrued or scheduled to be paid or accrued by Dundee REIT during such period and, to the extent interest has been capitalized on projects that are under development or held for future development during the period, the amount of interest so capitalized (including any Proportionate Consolidation Adjustments), all as determined on a consolidated basis in accordance with GAAP (provided that, notwithstanding its presentation under GAAP, all interest expense of Dundee REIT in respect of convertible debenture Indebtedness will be included at the face rate of interest if paid or payable in cash (without duplication), and excluded if paid or payable in Units (where such payment in Units has been publicly disclosed by Dundee REIT), and will include the amortization of financing costs, in determining Consolidated Interest Expense);

**“Consolidated Net Income”** of Dundee REIT for any period means the net income (loss) of Dundee REIT for such period determined on a consolidated basis in accordance with GAAP as shown on Dundee REIT’s most recently published annual or interim consolidated income statement, adjusted to include Proportionate Consolidation Adjustments, if any;

**“Coupon Debt Securities”** means Debt Securities which are issued and certified under the Trust Indenture with interest coupons attached;

**“Coupons”** means the interest coupons attached or appertaining to Coupon Debt Securities;

**“Debt Securities”** means the unsecured debt securities of Dundee REIT issued and certified from time to time pursuant to the Trust Indenture, either in registered form, unregistered form or registered as to principal only and includes Coupon Debt Securities, Fully Registered Debt Securities, Global Debt Securities, Registered Debt Securities and Unregistered Debt Securities, and include for greater certainty the Debentures;

**“Downgraded”** means a downgrade in Rating or the withdrawal of any Rating on the Debt Securities of any series;

**“Extraordinary Resolution”** means, for any series of Debt Securities, a resolution passed as an Extraordinary Resolution by the affirmative votes of the holders of not less than 66 2/3%, or in the case set forth in the Trust Indenture (see “Details of the Offering – Modification and Waiver”), 75%, of the outstanding aggregate principal amount of Debt Securities of such series represented and voting on a poll at a meeting of Debentureholders duly convened and held in accordance with the provisions of the Trust Indenture, or an instrument in writing signed in accordance with the Trust Indenture;

**“Finance Lease Obligation”** of any Person means the obligation of such Person, as lessee, to pay rent or other payment amounts under a lease of real or personal property which is required to be classified and accounted for as a finance lease or a liability on a consolidated balance sheet of such Person in accordance with GAAP;

**“Fully Registered Debt Securities”** means Debt Securities without Coupons that are registered as to principal and interest;

**“GAAP”** means, as at any date of determination, generally accepted accounting principles in effect in Canada as of the date hereof of the Trust Indenture that are applicable to Dundee REIT;

**“Global Debenture”** means one or more Global Debt Securities representing the Debentures;

**“Global Debt Securities”** means Debt Securities represented in the form of fully registered global Debt Securities held by, or on behalf of, CDS;

**“Indebtedness”** of any Person means, without duplication: (a) any obligation of such Person for borrowed money (including, for greater certainty, the full principal amount of convertible debt, notwithstanding its presentation under GAAP); (b) any obligation of such Person incurred in connection with the acquisition of property, assets or businesses; (c) any obligation of such Person issued or assumed as the deferred purchase price of property; (d) any Finance Lease Obligation of such Person; and (e) any obligations of the type referred to in clauses (a) through (d) of another Person, the payment of which such Person has guaranteed or for which such Person is responsible or liable; provided that, for the purpose of items (a) through (e) (except in respect of convertible debt, as described above), an obligation will constitute Indebtedness only to the extent that it would appear as a liability on the consolidated balance sheet of Dundee REIT in accordance with GAAP. Obligations referred to in items (a) through (c) exclude the following items, calculated without duplication: (aa) Subsidiary Redeemable Units; (bb) Deferred Unit Incentive Plan; (cc) other financial derivative instruments that are held for economic hedging purposes; (dd) trade accounts payable; (ee) distributions payable to Unitholders (including, for greater certainty, distributions payable on Subsidiary Redeemable Units that are included in accrued interest payable); (ff) accrued liabilities arising in the ordinary course of business which are not overdue or which are being contested in good faith; (gg) deferred revenues; (hh) intangible liabilities; (ii) deferred income taxes; and (jj) indebtedness with respect to the unpaid balance of installment receipts, where such indebtedness has a term not in excess of 12 months, all of which will be deemed not to be Indebtedness for the purpose of this definition. Furthermore, obligations referred to in items (a) through (e) shall be adjusted, as and to the extent applicable, for (aaa) any further adjustments which correspond to those made in accordance with the definition of Consolidated EBITDA (other than those adjustments relating to fair value adjustments to investment properties); and (bbb) Proportionate Consolidation Adjustments, if any;

**“Indenture Trustee”** means Computershare Trust Company of Canada in its capacity as trustee under the Trust Indenture and its successors and permitted assigns in such capacity;

**“Interest Period”** means the period commencing on each Interest Reset Date and ending on the day immediately preceding the next following Interest Payment Date;

**“Interest Reset Date”** means October 9, 2013 and each Interest Payment Date thereafter up to and including October 9, 2016, provided that if any such day is not a Business Day, the applicable Interest Reset Date will be the following Business Day unless the next Business Day is in the next calendar month, in which case the Interest Reset Date will be the first preceding day which is a Business Day;

**“Joint Venture Arrangements”** means any real estate asset or operation in which Dundee REIT participates, directly or indirectly, where Dundee REIT does not own, directly or indirectly, 100% of the equity interests in such asset or operation and that is not consolidated or proportionately consolidated under GAAP in the financial statements of Dundee REIT or in Dundee REIT’s most recently published management’s discussion and analysis, but excluding: (a) Dundee Industrial Real Estate Investment Trust so long as it is not consolidated or proportionately consolidated for accounting purposes; and (b) any such individual real estate asset or operation where Dundee REIT’s investment in such asset or operation is less than 1% of consolidated assets as shown on Dundee REIT’s most recently published annual or interim consolidated balance sheet. The real estate assets or operations excluded by item (b) shall not exceed, in the aggregate, 3% of consolidated assets as shown on Dundee REIT’s most recently published annual or interim consolidated balance sheet;

**“Material Subsidiary”** at any date means any Subsidiary which constitutes more than 10% of Adjusted Unitholders’ Equity calculated as at such date;

**“Non-Recourse Indebtedness”** means any Indebtedness of a Subsidiary of Dundee REIT which is a single purpose company or any Subsidiary of Dundee REIT whose principal assets and business are constituted by a particular property and pursuant to the terms of such Indebtedness payment is to be made from the revenues arising out of such property with recourse for such payment being available only to the revenues or the assets of such single purpose company or such property;

“**Person**” includes an individual, corporation, partnership, joint venture, trust, unincorporated organization or government or any agency or political subdivision thereof;

“**Proportionate Consolidation Adjustments**” means adjustments, if necessary, to assets, liabilities, equity, revenues, expenses and other financial statement elements for Joint Venture Arrangements to apply the proportionate consolidation method of accounting irrespective of, and in place of, the accounting method applied under GAAP;

“**Rating**” means the final rating, if any, assigned to the senior unsecured debt of a Person or to such Person, as applicable, by an Approved Rating Organization;

“**Real Estate Business**” means the business of investing funds in, and of acquiring, holding, financing, maintaining, improving, leasing or developing, real property;

“**Reference Period**” means the most recently completed four fiscal quarters for which consolidated financial statements of Dundee REIT have been publicly released preceding the date of a calculation pursuant to the Series B Supplemental Indenture;

“**Registered Debt Securities**” means Fully Registered Debt Securities and Coupon Debt Securities registered as to principal only;

“**Reuters CDOR page**” means the display designated as page “CDOR” on the Reuters Monitor Money Rates Service (or such other page as may replace the CDOR page on that service) for purposes of displaying Canadian dollar bankers’ acceptance rates;

“**Series B Supplemental Indenture**” means the second supplemental trust indenture to the Trust Indenture to be dated as of the closing of this offering between Dundee REIT and the Indenture Trustee providing for the issuance of the Debentures;

“**Subsidiary**” has the meaning ascribed to that term in National Instrument 45-106 – *Prospectus and Registration Exemptions* of the Canadian Securities Administrators, as amended, or any successor instrument;

“**Subsidiary Redeemable Units**” means the LP Class B Units, Series 1 of Dundee Properties LP that are referred to as subsidiary redeemable units, as presented as a liability in accordance with GAAP on the consolidated balance sheet of Dundee REIT;

“**Trust Indenture**” means the trust indenture dated June 13, 2013 between Dundee REIT and the Indenture Trustee providing for the issuance of Debt Securities, as it may be amended or supplemented from time to time, including pursuant to the Series B Supplemental Indenture; and

“**Unregistered Debt Securities**” means Coupon Debt Securities which are not Registered Debt Securities.

## **General**

The Debentures will be issued in \$1,000 denominations and will be unlimited as to principal amount. The Debentures issued in this offering will be limited to \$125,000,000 aggregate principal amount and will be dated as of the closing of this offering. The Debentures will be issued under CUSIP No. 265270AM0 and ISIN No. CA 265270AM08.

The Debentures will mature on January 9, 2017, the date that the Debentures become due and payable, together with all accrued interest and unpaid interest thereon (the “**Maturity Date**”). The Debentures are not redeemable by Dundee REIT. Interest on the Debentures will be payable quarterly in arrears on January 9, April 9, July 9 and October 9 in each year, beginning on January 9, 2014 (each, an “**Interest Payment Date**”). Interest on the Debentures in respect of each Interest Period, or in respect of periods after the Maturity Date, will be calculated on the basis of a year of 365 days and the actual number of days elapsed in the relevant period and will accrue from day to day.

If the date for payment of any amount of principal or interest on any Debenture is not a Business Day, then payment will be made on the next Business Day, unless such Business Day falls in the next calendar month, in which case payment will be made on the immediately preceding Business Day, and Debentureholders will not be entitled to any further interest or other payment in respect of the delay.

The Debentures will bear interest on the unpaid principal amount thereof at the floating rate determined and adjusted as specified below from their date of issue payable in arrears on each Interest Payment Date. Interest payments for the Debentures will include accrued interest from and including the date of issue or from and including the last date in respect of which interest has been paid, as the case may be, to but excluding the next Interest Payment Date.

The interest rate (the “**Interest Rate**”) applicable to the outstanding principal amount of Debentures in respect of each Interest Period (and in effect for each day during such period) shall be equal to the 3 Month CDOR determined on the Interest Reset Date at the commencement of such Interest Period, plus 1.70% (170 basis points). On each Interest Reset Date, the Interest Rate shall be reset as of such date.

Calculation of the Interest Rate applicable to each Interest Period shall be made on each Interest Reset Date by Dundee REIT. Upon request of the holder of any Debenture or the Indenture Trustee, Dundee REIT will provide the Interest Rate then in effect. The Indenture Trustee shall be entitled to rely on the calculation provided by Dundee REIT.

#### **Rank**

The Debentures will be direct senior unsecured obligations of Dundee REIT and will rank equally and rateably with one another and with all other Debt Securities and with all other present and future unsecured and unsubordinated Indebtedness of Dundee REIT, except for sinking fund provisions (if any) applicable to other Debt Securities or to other similar types of obligations of Dundee REIT, except to the extent prescribed by law.

#### **Guarantee**

The Debentures will be guaranteed by Dundee Properties LP. In the case of default by Dundee REIT, the Indenture Trustee will, subject to the Trust Indenture, be entitled to seek redress from Dundee Properties LP for the guaranteed obligations in the same manner and upon the same terms that it may seek to enforce the obligations of Dundee REIT. This guarantee is intended to address structural subordination, which arises as a consequence of Dundee REIT’s assets being primarily held, directly or indirectly, by Dundee Properties LP. If Dundee Properties LP or any other future guarantor is not a resident of Canada (within the meaning of the Tax Act), that guarantor may be released from its guarantee in certain circumstances as set out in the applicable guarantee. See “Risk Factors”.

Certain unconsolidated financial information relating to Dundee REIT, Dundee Properties LP and other subsidiaries of Dundee REIT, are included in this prospectus supplement under the heading “Guarantor Financial Information”.

#### **Purchase of Debentures**

Provided no event of default under the Trust Indenture has occurred and is continuing, Dundee REIT may, at any time and from time to time, purchase Debentures in the market (which will include purchases from or through an investment dealer or a firm holding membership on or being a participating organization with respect to a recognized stock exchange) or by tender or private contract at any price. Debentures that are so purchased will be cancelled and will not be reissued or resold.

#### **Certain Covenants in the Series B Supplemental Indenture**

The Series B Supplemental Indenture will contain covenants substantially to the following effect.

### ***Consolidated EBITDA to Consolidated Interest Expense Ratio***

Dundee REIT will maintain at all times a ratio, calculated for each Reference Period, of Consolidated EBITDA (to be calculated on a *pro forma* basis in accordance with the Series B Supplemental Indenture) to Consolidated Interest Expense (to be calculated on a *pro forma* basis in accordance with the Series B Supplemental Indenture) of not less than 1.65 to 1.

### ***Restrictions on Additional Indebtedness***

On each day that Dundee REIT or any Subsidiary of Dundee REIT incurs Indebtedness, other than certain permitted Indebtedness described in the Series B Supplemental Indenture (which includes refinancing Indebtedness) Dundee REIT will calculate an Indebtedness percentage as set out below. Dundee REIT will not incur, or permit any Subsidiary to incur, any Indebtedness, other than certain permitted Indebtedness described in the Series B Supplemental Indenture (which includes refinancing Indebtedness), unless (i) the quotient (expressed as a percentage) obtained by dividing the amount of Consolidated Indebtedness (excluding any convertible Indebtedness) by the amount of Aggregate Adjusted Assets (in the case of each such amount, including any cash or cash equivalents on hand of a Joint Venture Arrangement, but excluding all other cash or cash equivalents on hand) and calculated on a *pro forma* basis as described below would be less than or equal to 60%, and (ii) the quotient (expressed as a percentage) obtained by dividing the amount of Consolidated Indebtedness (including, for certainty, any convertible Indebtedness) by the amount of Aggregate Adjusted Assets (in the case of each such amount, including any cash or cash equivalents on hand of a Joint Venture Arrangement, but excluding all other cash or cash equivalents on hand) and calculated on a *pro forma* basis as described below would be less than or equal to 65% (the 60% and 65% percentages in the preceding clauses (i) and (ii) are collectively referred to as the “**Indebtedness Percentage**”).

The Series B Supplemental Indenture will provide that the Indebtedness Percentage will be calculated on a *pro forma* basis as at the date of Dundee REIT’s most recently published annual or interim consolidated balance sheet (the “**Balance Sheet Date**”) giving effect to the incurrence of the Indebtedness to be incurred and the application of the proceeds therefrom and to any other event that has increased or decreased Consolidated Indebtedness or Aggregate Adjusted Assets since the Balance Sheet Date to the date of calculation.

### ***Equity Maintenance***

Dundee REIT will maintain at all times Adjusted Unitholders’ Equity of at least \$500 million.

### **Certain Covenants in the Trust Indenture**

The Trust Indenture includes the covenants described below.

### ***Maintenance of Properties***

Dundee REIT will maintain and keep or cause to be maintained and kept in good condition, repair and working order all of the properties owned by it or any of its Subsidiaries used in its business or in the business of any of its Subsidiaries. Dundee REIT will make or cause to be made all necessary renewals and replacements of and repairs and improvements to these properties as in its judgment may be necessary to carry on its business properly and prudently. Notwithstanding the foregoing, subject to various provisions in the Trust Indenture, Dundee REIT and its Subsidiaries will not be prohibited from selling or transferring any of their properties.

### ***Insurance***

Dundee REIT will maintain and will cause its Subsidiaries to maintain such property and liability insurance as would be maintained by a prudent owner.

### ***Restrictions on Consolidations and Mergers***

Without the consent of the Debentureholders by Extraordinary Resolution, Dundee REIT may not consolidate with, amalgamate with, enter into a merger or reorganization or similar transaction with any Person, or

sell, assign, transfer, or lease all or substantially all of its properties and assets to any Person (each a “**Transaction**”) unless:

- (i) the entity (the “**Successor**”) formed by such Transaction or which acquires all or substantially all of Dundee REIT’s properties and assets is organized or existing under the laws of Canada or any province or territory thereof and (except where such assumption is deemed to have occurred solely by the operation of law) the Successor assumes under a supplemental indenture all of Dundee REIT’s obligations under the Trust Indenture, any supplemental indenture and any Debt Securities (including the Debentures);
- (ii) immediately before and immediately after giving effect to such Transaction, no event of default under the Trust Indenture has occurred and is continuing;
- (iii) if, prior to the Transaction, the Person was a wholly-owned Subsidiary of Dundee REIT, the Successor remains a wholly-owned Subsidiary of Dundee REIT;
- (iv) if, prior to the Transaction, the Person is not a wholly-owned Subsidiary of Dundee REIT, but such Person is primarily engaged in the Real Estate Business, and within ten Business Days of the announcement of the proposed Transaction, each Approved Rating Organization that has provided a Rating with respect to Debt Securities (including the Debentures), after giving effect to the proposed Transaction, confirms in writing its Rating, if any, for the Debt Securities at least equal to the Rating assigned to the Debt Securities immediately prior to the announcement, and on or before the closing of such Transaction, no Rating assigned to the Debt Securities is Downgraded;
- (v) immediately after giving effect to the Transaction, the Successor could incur at least \$1.00 of Indebtedness under the indenture supplemental to the Trust Indenture that includes a covenant restricting the amount of Indebtedness Dundee REIT may incur; and
- (vi) in circumstances other than paragraph (iii) or paragraph (iv), such Transaction is to the satisfaction of the Indenture Trustee and in the opinion of counsel will be upon such terms to preserve and not to impair any of the rights and powers of the Indenture Trustee and of the Debentureholders under the Trust Indenture, any supplemental indenture and the Debt Securities (including the Debentures);

provided, however, that if, under the terms of such Transaction, Dundee REIT and the Successor will remain separate legal entities and it is not contemplated that the Successor will assume the obligations of Dundee REIT under the Trust Indenture, any supplemental indenture and the Debt Securities, Dundee REIT may undertake the Transaction provided that (a) the condition in paragraph (ii) is satisfied and within ten Business Days of the announcement of the proposed Transaction, each Approved Rating Organization that has provided a Rating with respect to Debt Securities, after giving effect to the proposed Transaction, confirms in writing its Rating, if any, for the Debt Securities at least equal to the Rating assigned to the Debt Securities immediately prior to the announcement, and on or before closing of such Transaction, no Rating assigned to the Debt Securities is Downgraded, or (b) the condition in paragraph (vi) is satisfied.

### **Change of Control**

If, within 30 days of a Change of Control, a Rating of the Debt Securities (including the Debentures) is Downgraded, Dundee REIT will give notice to this effect and each of the holders of Debt Securities (including Debentureholders) may, not more than 30 days following their deemed receipt of such notice, require Dundee REIT to repurchase its Debt Securities, in whole or in part, at a price of (i) 101% of the principal amount of such Debt Securities plus (ii) all accrued interest to the date of repurchase.

### **Events of Default**

The Trust Indenture provides that each of the following events will constitute an event of default in respect of each series of Debt Securities (including the Debentures):

- (a) default in payment of principal when due;
- (b) default in payment of any interest when due where such default continues for a period of three Business Days after the relevant interest payment date;
- (c) a breach of or default in the performance of any other covenant of Dundee REIT under the Debentures or the Trust Indenture where such default or breach continues for a period of 30 days after the Indenture Trustee has given notice in writing to Dundee REIT specifying such breach or default, and requiring Dundee REIT to put an end to such breach or default unless the Indenture Trustee (having regard to the subject matter of such breach or default) agrees to a longer period, and in such event within the period agreed to by the Indenture Trustee;
- (d) certain events of bankruptcy, insolvency, winding up or dissolution related to Dundee REIT or a Material Subsidiary as set out in the Trust Indenture;
- (e) the rendering of a final judgment (not subject to appeal) against Dundee REIT or any Material Subsidiary in an aggregate amount in excess of \$25 million by a court of competent jurisdiction, which remains undischarged and unstayed for a period of 60 days after the date on which the right to appeal has expired; and
- (f) default by Dundee REIT or any Material Subsidiary under the terms of any Indebtedness (other than any Non-Recourse Indebtedness) where that default results in the acceleration of that Indebtedness (after expiration of any applicable grace period) unless such acceleration is waived or rescinded; provided that the aggregate of all such Indebtedness which is accelerated exceeds \$25 million.

Subject to the provisions of the Trust Indenture relating to the duties of the Indenture Trustee, in case an event of default applicable to a particular series of Debt Securities occurs and is continuing, the Indenture Trustee will be under no obligation to exercise any of its rights or powers under the Trust Indenture at the request or direction of any of the holders of Debt Securities of such series, unless such holders have offered to indemnify the Indenture Trustee to its reasonable satisfaction.

If an event of default (other than an event of default described in paragraph (d) above) occurs and is continuing with respect to a particular series of Debt Securities (including the Debentures), the Indenture Trustee may, in its discretion, or will, upon receiving instruction from the holders of at least 25% in aggregate principal amount of the outstanding Debt Securities of such series, accelerate the maturity of all Debt Securities of such series; provided that, notwithstanding any other provisions of the Trust Indenture, after such acceleration, but before a judgement or decree based on acceleration, the holders of a majority in aggregate principal amount of outstanding Debt Securities of such series may rescind and annul such acceleration in certain circumstances described in the Trust Indenture. See “ – Modification and Waiver”. If an event of default specified in paragraph (d) above occurs, the outstanding Debt Securities will become immediately due and payable without any declaration or other act on the part of the Indenture Trustee or any holder of Debt Securities.

### **Defeasance**

The Trust Indenture contains provisions requiring the Indenture Trustee to release Dundee REIT from its obligations under the Trust Indenture relating to a particular series of Debt Securities (including the Debentures) provided that, among other things, Dundee REIT satisfies the Indenture Trustee that it has deposited funds or made due provision for the payment of the expenses of the Indenture Trustee and for payment of all principal and interest and other amounts due or to become due in respect of such series of Debt Securities.

### **Modification and Waiver**

The rights of holders of Debt Securities (including Debentureholders) may be modified if authorized by Extraordinary Resolution. If the proposed modification affects the rights of the holders of a separate series of Debt Securities rather than all of the Debt Securities, the approval of a like proportion of the holders of such separate series of Debt Securities outstanding will be required.

Notwithstanding the above, the Trust Indenture provides that the approval of holders of 75% of the outstanding principal amount of Debt Securities of a particular series will be required (a) to change the stated maturity of the principal, the redemption price of, or any instalment of interest on, any Debt Securities of such series, (b) to reduce the principal amount of, or interest or premium (if any) on, any Debt Securities of such series, (c) to change the place or currency of payment of the principal of, premium (if any) on redemption price of or interest on, any Debt Securities of such series, or (d) to amend the percentage of Debt Securities of such series necessary to approve an Extraordinary Resolution.

The holders of a majority of the outstanding principal amount of the Debt Securities of a particular series, on behalf of all holders of Debt Securities of such series, may waive compliance by Dundee REIT with certain restrictive provisions of the Trust Indenture relating to such series. Subject to certain rights of the Indenture Trustee as provided in the Trust Indenture, the holders of a majority of the outstanding principal amount of Debt Securities of a particular series, on behalf of all holders of Debt Securities of such series, may waive certain events of default under the Trust Indenture.

### **Financial Information**

Dundee REIT has covenanted in the Trust Indenture to deliver to the Indenture Trustee its audited annual financial statements and unaudited interim financial statements at such time as such statements are delivered to Canadian securities regulators.

### **Depository Services**

Except as otherwise provided below, the Debentures will be issued in book-entry only form and deposited with CDS and must be purchased or transferred through Participants, which include securities dealers, banks and trust companies. On the date of closing of this offering, Dundee REIT will cause a Global Debenture to be delivered to, and registered in the name of, CDS or its nominee. Except as described below, no purchaser of a Debenture will be entitled to a certificate or other instrument from us or CDS evidencing that purchaser's ownership thereof, and no Debentureholder will be shown on the records maintained by CDS except through a book-entry account of a Participant acting on behalf of such Debentureholder. Each Debentureholder will receive a customer confirmation of purchase from the registered dealer from which the Debenture is purchased in accordance with the practices and procedures of that registered dealer. Practices of registered dealers may vary, but generally customer confirmations are issued promptly after execution of a customer order. CDS will be responsible for establishing and maintaining book-entry accounts for its Participants having interests in the Debentures.

Debentures will be issued in fully registered form to Debentureholders or their nominees other than CDS or its nominee if: (i) Dundee REIT determines that CDS is no longer willing or able to discharge properly its responsibilities as depository and Dundee REIT is unable to find a qualified successor, (ii) Dundee REIT at its option elects, or is required by law, to terminate the book-entry system through CDS, (iii) after the occurrence of an event of default under the Trust Indenture, Debentureholders representing beneficial interests aggregating over 50% of the outstanding principal amount of Debentures determine that the continuation of the book-entry system is no longer in their interests; or (iv) the book-entry only system ceases to exist.

Neither Dundee REIT nor the Underwriters will assume any liability for: (a) any aspect of the records relating to the beneficial ownership of the Debentures held by CDS or the payments relating thereto; (b) maintaining, supervising or reviewing any records relating to the Debentures; or (c) any advice or representation made by or with respect to CDS and contained in the prospectus and this prospectus supplement and relating to the rules governing CDS or any action to be taken by CDS or at the direction of its Participants. The rules governing CDS provide that it acts as the agent and depository for the Participants. As a result, Participants must look solely to CDS and beneficial owners must look solely to Participants for the payment of the principal and interest on the Debentures paid by or on behalf of Dundee REIT to CDS.

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



## **Transfers**

Transfers of ownership in the Debentures will be effected only through records maintained by CDS or its nominee for such Debentures with respect to interests of Participants and on the records of Participants with respect to interests of Persons other than Participants. Debentureholders who are not Participants, but who desire to purchase, sell or otherwise transfer ownership of or other interest in the Debentures, may do so only through Participants.

The ability of a Debentureholder to pledge a Debenture or otherwise take action with respect to such Debentureholder's interest in the Debenture (other than through a Participant) may be limited due to the lack of a physical certificate.

## **Payment of Interest and Principal**

Except in the case of payment on maturity, in which case, at the option of Dundee REIT, payment may be made on surrender of the Global Debenture(s), payments of interest and principal on each Global Debenture will be made to CDS as the sole registered Debentureholder. Interest payments on a Global Debenture will be made by cheque dated the date interest is payable and delivered to CDS two Business Days before the date interest is payable. Payments of interest may also be made by electronic funds transferred to CDS at the option of Dundee REIT. Principal payments on a Global Debenture will be made by deposit to the applicable account one Business Day before the Maturity Date and the funds will be paid to CDS against receipt of the Global Debenture. As long as CDS is the registered Debentureholder, CDS will be considered the sole owner of the Global Debenture for the purpose of receiving payment on the Debentures and for all other purposes under the Trust Indenture and the Debentures.

Dundee REIT expects that CDS, upon receipt of any payment of principal or interest in respect of a Global Debenture, will credit Participants' accounts, on the date principal or interest is payable, with payments in amounts proportionate to their respective beneficial interests in the principal amount of such Global Debenture as shown on the records of CDS. Dundee REIT also expects that payments of principal and interest by Participants to the owners of beneficial interests in such Global Debenture held through such Participants will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participants. The responsibility and liability of Dundee REIT and the Indenture Trustee in respect of Debentures represented by a Global Debenture is limited to making payment of any principal and interest due on such Global Debenture to CDS.

## **CREDIT RATING**

DBRS has assigned the Debentures a provisional rating of "BBB (low)", with a "Stable" trend. This rating is on the DBRS long-term scale. The closing of this offering is conditional on the Debentures receiving a final rating of at least "BBB (low)", with a "Stable" trend from DBRS.

Long-term ratings assigned by DBRS provide an opinion of DBRS on the risk of default; that is, the risk that an issuer will fail to satisfy its financial obligations in accordance with the terms under which an obligation has been issued.

DBRS' long-term credit ratings scale ranges from "AAA" (typically assigned to obligations of the highest credit quality) to "D" (typically assigned to obligations in default, obligations that clearly will be in default in the near future or obligations that have been subject to a distressed exchange). A long-term obligation rated "BBB" by DBRS is the fourth highest rated obligation after those rated "AAA", "AA" and "A" and is, in DBRS' view, of adequate credit quality. The capacity for the payment of financial obligations is considered acceptable. DBRS indicates that "BBB" rated obligations may be vulnerable to future events. All DBRS rating categories other than "AAA" and "D" also contain subcategories "(high)" and "(low)". The addition of either a "(high)" or "(low)" designation indicates the relative standing within a rating category.

DBRS uses "rating trends" for its ratings in, among other areas, the corporate sector. DBRS' rating trends provide guidance in respect of DBRS' opinion regarding the outlook for the rating in question, with rating trends falling into one of three categories: "Positive", "Stable" or "Negative". The rating trend indicates the direction in

which DBRS considers the rating is headed should present tendencies continue, or in some cases, unless challenges are addressed. In general, DBRS' view is based primarily on an evaluation of the issuing entity or guarantor itself, but may also include consideration of the outlook for the industry or industries in which the issuing entity operates. A "Positive" or "Negative" trend assigned by DBRS is not an indication that a rating change is imminent, but represents an indication that there is a greater likelihood that the rating could change in the future than would be the case if a "Stable" trend was assigned.

There can be no assurance that a rating will remain in effect for any given period of time or that a rating will not be lowered, withdrawn or revised by DBRS if in its judgment circumstances so warrant. The rating of the Debentures is not a recommendation to buy, sell or hold such securities, inasmuch as such ratings do not comment as to market price or suitability for a particular investor. See "Risk Factors – Credit Ratings and Credit Risk".

Dundee REIT will pay customary rating fees to DBRS in connection with the above-mentioned rating. Dundee REIT did not make any payments to DBRS in respect of any other service provided to Dundee REIT by DBRS.

### **INTEREST AND EARNINGS COVERAGES**

The Series B Supplemental Indenture will contain a covenant that Dundee REIT will maintain a ratio of Consolidated EBITDA to Consolidated Interest Expense of not less than 1.65 to 1. The calculation of such interest coverage ratio will be based on the defined terms of Consolidated EBITDA and Consolidated Interest Expense to be contained in the Trust Indenture. This interest coverage ratio differs from the earnings coverage ratio required to be calculated under applicable Canadian securities laws. Such securities laws require the calculation to be based upon earnings and, as described below under "– Earnings Coverage Ratios", includes a full 12 months of interest expense on indebtedness incurred subsequent to the respective calculation periods as if the indebtedness was incurred at the beginning of the calculation period but gives no credit to income derived from the associated use of proceeds other than interest savings on the repayment, redemption or retirement of other indebtedness. The interest coverage ratio calculated in accordance with the terms of the Series B Supplemental Indenture calculated for the 12 month period ended June 30, 2013 gives *pro forma* effect to the issuance of the Debentures, debt incurred and debt retired during or subsequent to the calculation period, the application of proceeds from such issuance or incurrence, any acquisition or disposition of assets by Dundee REIT or any Subsidiary since the first day of the calculation period, and the associated annual income therefrom as if these transactions occurred at the beginning of the calculation period. These coverage ratios are set out below. The interest coverage ratio referred to below has been calculated using the methodology that will be prescribed by the Series B Supplemental Indenture. The earnings coverage ratios referred to below have been calculated using the methodology prescribed under applicable Canadian securities laws.

#### **Interest Coverage Ratio**

As of October 1, 2013, our interest coverage ratio calculated on a *pro forma* basis for the 12 month period ended June 30, 2013, being the ratio of Consolidated EBITDA to Consolidated Interest Expense calculated in accordance with the terms of the Series B Supplemental Indenture, was 3.1 times.

The following table sets out the interest coverage ratio referred to above as of October 1, 2013.

	<b>For the 12 months ended June 30, 2013 (<i>pro forma</i>, unaudited)</b>
<b>Consolidated EBITDA</b>	\$482.5 million
<b>Consolidated Interest Expense<sup>(1)</sup></b>	\$155.1 million
<b>Interest Coverage Ratio</b>	3.1 times

<sup>(1)</sup> We have assumed an interest rate of 3.0% on the Debentures for purposes of this calculation.

## Earnings Coverage Ratios

As of October 1, 2013, our interest requirements, after giving *pro forma* effect to transactions involving the issuances of long-term debt and changes in indebtedness not reflected in the financial information of Dundee REIT for the twelve-month period ended June 30, 2013 (including, but not limited to, this offering of Debentures and the repayment of indebtedness using the proceeds of this offering as described under “Use of Proceeds”) and all servicing costs that have been, or are expected to be, incurred in connection therewith, but without recognizing any effect on earnings related to such transactions and without giving effect to changes in income taxes or the offsetting changes to net income which result from the change in interest expense, for the twelve-month period ended June 30, 2013 would have been \$145.4 million, and our net income (before deducting interest expense and income taxes) for such period would have been \$623.0 million, which is 4.3 times our *pro forma* interest requirements for such period.

As of October 1, 2013, our interest requirements, after giving *pro forma* effect to transactions involving the issuances of long-term debt and changes in indebtedness not reflected in the audited annual financial statements of Dundee REIT for the twelve-month period ended December 31, 2012 (including, but not limited to, the adjustments referred to above) and all servicing costs that have been, or are expected to be, incurred in connection therewith, but without recognizing any effect on earnings related to such transactions and without giving effect to changes in income taxes or the offsetting changes to net income which result from the change in interest expense, for the twelve-month period ended December 31, 2012 would have been \$145.4 million, and our net income (before deducting interest expense and income taxes) for such period would have been \$425.8 million, which is 2.9 times our *pro forma* interest requirements for such period.

The following table sets out the *pro forma* earnings coverage ratios referred to above as of October 1, 2013.

(in millions)	For the 12 months ended June 30, 2013 (unaudited)	For the 12 months ended June 30, 2013, as adjusted ( <i>pro forma</i> )	For the 12 months ended December 31, 2012 (audited)	For the 12 months ended December 31, 2012, as adjusted ( <i>pro forma</i> )
Interest expense (\$) <sup>(1)</sup>	136.6	145.4	132.9	145.4
Capitalized interest (\$)	-	-	0.1	0.1
<b>Denominator for Earnings Coverage Ratio (\$)</b>	<b>136.6</b>	<b>145.4</b>	<b>133.0</b>	<b>145.5</b>
Net income (\$)	484.5	475.7	291.1	278.6
Income taxes (\$) <sup>(2)</sup>	1.9	1.9	1.8	1.8
Interest expense (\$) <sup>(1)</sup>	136.6	145.4	132.9	145.4
<b>Numerator for Earnings Coverage Ratio (\$)</b>	<b>623.0</b>	<b>623.0</b>	<b>425.8</b>	<b>425.8</b>
<b>Earnings Coverage Ratio</b>	<b>4.6</b>	<b>4.3</b>	<b>3.2</b>	<b>2.9</b>

Notes:

- (1) We have assumed an interest rate of 3.0% on the Debentures for purposes of this calculation.
- (2) Dundee REIT is taxed as a mutual fund trust for income tax purposes. Dundee REIT intends to distribute all taxable income directly earned by Dundee REIT directly to Unitholders and to deduct such distributions for income tax purposes.

## GUARANTOR FINANCIAL INFORMATION

The financial results of Dundee Properties LP, which will be the guarantor of the Debentures, are included in the consolidated financial results of Dundee REIT incorporated by reference in this prospectus supplement. The following tables set forth selected unaudited consolidating summary financial information and additional information for the periods identified below, presented with a separate column for (i) Dundee REIT; (ii) Dundee Properties LP; (iii) our non-guarantor Subsidiaries (“**Other Subsidiaries**”) on a combined basis; (iv) consolidating adjustments; and (v) the total consolidated amounts for Dundee REIT and all of its Subsidiaries. Such tables are unaudited and should be read in conjunction with the financial statements of Dundee REIT incorporated by reference in this prospectus supplement.

**For the three months ended June 30:**

(in millions of dollars)	Dundee REIT <sup>(1)</sup>		Dundee Properties LP <sup>(1)</sup>		Other Subsidiaries <sup>(2)</sup>		Consolidating Adjustments <sup>(3)</sup>		Total Consolidated Amounts	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Revenue	-	-	33.4	27.3	137.2	129.4	-	-	170.6	156.7
Income from continuing operations	148.9	33.0	(355.9)	281.9	132.3	40.9	218.9	(332.3)	144.2	23.5
Net income	148.9	33.0	(355.9)	295.8	132.3	47.2	218.9	(344.1)	144.2	31.9
Add:										
Remeasurement of partnership units to fair value included in income <sup>(4)</sup>	-	-	438.9	(326.6)	-	-	(438.9)	326.6	-	-
Distributions on partnership units included in interest expense <sup>(4)</sup>	-	-	57.8	49.6	-	-	(57.8)	(49.6)	-	-
Adjusted income from continuing operations <sup>(5)</sup>	148.9	33.0	140.8	4.9	132.3	40.9	(277.8)	(55.3)	144.2	23.5
Adjusted net income <sup>(5)</sup>	148.9	33.0	140.8	18.8	132.3	47.2	(277.8)	(67.1)	144.2	31.9

**For the six months ended June 30:**

(in millions of dollars)	Dundee REIT <sup>(1)</sup>		Dundee Properties LP <sup>(1)</sup>		Other Subsidiaries <sup>(2)</sup>		Consolidating Adjustments <sup>(3)</sup>		Total Consolidated Amounts	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Revenue	-	-	61.4	53.9	271.2	234.5	-	-	332.6	288.4
Income from continuing operations	294.2	101.3	(337.7)	543.9	253.8	109.9	82.6	(674.4)	292.9	80.7
Net income	294.2	101.3	(337.7)	562.5	253.8	122.0	82.6	(686.2)	292.9	99.6
Add:										
Remeasurement of partnership units to fair value included in income <sup>(4)</sup>	-	-	518.0	(552.7)	-	-	(518.0)	552.7	-	-
Distributions on partnership units included in interest expense <sup>(4)</sup>	-	-	111.8	89.9	-	-	(111.8)	(89.9)	-	-
Adjusted income from continuing operations <sup>(5)</sup>	294.2	101.3	292.1	81.1	253.8	109.9	(547.2)	(211.6)	292.9	80.7
Adjusted net income <sup>(5)</sup>	294.2	101.3	292.1	99.7	253.8	122.0	(547.2)	(223.4)	292.9	99.6

**As at June 30:**

(in millions of dollars)	Dundee REIT <sup>(1)</sup>	Dundee Properties LP <sup>(1)</sup>	Other Subsidiaries <sup>(2)</sup>	Consolidating Adjustments <sup>(3)</sup>	Total Consolidated Amounts
	2013	2013	2013	2013	2013
Current assets	312.7	371.9	219.4	(822.0)	82.0
Non-current assets	3,767.5	4,400.5	5,268.1	(6,610.5)	6,825.6
Current liabilities	(19.9)	(325.4)	(258.4)	293.4	(310.3)
Non-current liabilities	(280.7)	(4,054.5)	(2,216.6)	3,677.4	(2,874.4)
Add:					
Partnership units included in non-current liabilities <sup>(4)</sup>	-	3,530.0	-	(3,530.0)	-
Adjusted net assets <sup>(5)</sup>	3,779.6	3,922.5	3,012.5	(6,991.7)	3,722.9

**For the year ended December 31:**

(in millions of dollars)	Dundee REIT <sup>(1)</sup>		Dundee Properties LP <sup>(1)</sup>		Other Subsidiaries <sup>(2)</sup>		Consolidating Adjustments <sup>(3)</sup>		Total Consolidated Amounts	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Revenue	-	-	108.8	95.0	499.0	280.0	-	-	607.8	375.0
Income from continuing operations	304.9	388.4	(338.4)	81.4	311.9	290.8	(12.2)	(405.5)	266.2	355.1
Net income	304.9	388.4	(313.5)	127.2	311.9	290.8	(12.2)	(405.5)	291.1	400.9
Add:										
Remeasurement of partnership units to fair value included in income <sup>(4)</sup>	-	-	393.6	131.3	-	-	(393.6)	(131.3)	-	-
Distributions on partnership units included in interest expense and issuance costs <sup>(4)</sup>	-	-	229.6	158.7	-	-	(229.6)	(158.7)	-	-
Adjusted income from continuing operations <sup>(5)</sup>	304.9	388.4	284.8	371.4	311.9	290.8	(635.4)	(695.5)	266.2	355.1
Adjusted net income <sup>(5)</sup>	304.9	388.4	309.7	417.2	311.9	290.8	(635.4)	(695.5)	291.1	400.9

**As at December 31:**

(in millions of dollars)	Dundee REIT <sup>(1)</sup>		Dundee Properties LP <sup>(1)</sup>		Other Subsidiaries <sup>(2)</sup>		Consolidating Adjustments <sup>(3)</sup>		Total Consolidated Amounts	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Current assets	116.3	56.3	446.8	122.3	96.0	68.4	(530.7)	(101.8)	128.4	145.2
Non-current assets	3,335.2	2,245.2	3,702.5	2,927.9	4,700.0	3,135.0	(5,513.1)	(3,986.8)	6,224.6	4,321.3
Current liabilities	(18.1)	(12.4)	(140.4)	(280.3)	(718.9)	(51.4)	465.1	101.8	(412.3)	(242.3)
Non-current liabilities	(108.3)	(154.8)	(4,346.9)	(2,796.5)	(1,997.3)	(1,455.1)	3,808.2	2,299.5	(2,644.3)	(2,106.9)
Add:										
Partnership units included in non-current liabilities <sup>(4)</sup>	-	-	3,786.6	2,277.6	-	-	(3,654.5)	(2,163.2)	132.1	114.4
Adjusted net assets <sup>(5)</sup>	3,325.1	2,134.3	3,448.6	2,251.0	2,079.8	1,696.9	(5,425.0)	(3,850.5)	3,428.5	2,231.7

Notes:

- (1) For the purposes of this table, investments in subsidiary entities including Other Subsidiaries are accounted for by the equity method.
- (2) This column accounts for investments in Other Subsidiaries on a combined basis and includes elimination adjustments applicable to investments in Other Subsidiaries and intercompany balances and transactions.
- (3) This column includes all the necessary adjustments to eliminate the intercompany balances and transactions between Dundee REIT, Dundee Properties LP and Other Subsidiaries and other adjustments to arrive at the information for Dundee REIT on a consolidated basis.
- (4) Under GAAP, the units of Dundee Properties LP are presented as non-current liabilities and measured at fair value. Accordingly, under GAAP, distributions declared on the partnership units and unit issuance costs of Dundee Properties LP are recorded as expenses.
- (5) Adjusted net income from continuing operations, adjusted net income and adjusted net assets are presented to reflect the net income from continuing operations, net income and the net assets of Dundee Properties LP assuming the partnership units of Dundee Properties LP are treated as equity.

**PLAN OF DISTRIBUTION**

Pursuant to the Underwriting Agreement, 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 October 9, 2013 or on such other date as may be agreed between Dundee REIT and the Underwriters but, in any event, not later than October 16, 2013, \$125,000,000 aggregate principal amount of Debentures at the purchase price specified on the cover page of this prospectus supplement, for aggregate gross consideration of \$125,000,000 payable in cash to Dundee REIT against delivery. In consideration for their services in connection with this offering, the Underwriting

Agreement provides that we will pay to the Underwriters a fee of \$3.75 per \$1,000 principal amount of Debentures, being an aggregate of \$468,750.

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

**There is no market through which the Debentures may be sold and purchasers may not be able to resell the Debentures. This may affect the pricing of the Debentures in the secondary market, the transparency and availability of trading prices, the liquidity of the securities and the extent of issuer regulation. See “Risk Factors”.**

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 Debentures will be offered to the public at prices to be negotiated by the Underwriters with purchasers. Accordingly, the price at which the Debentures will be offered and sold to the public may vary as between purchasers and during the period of distribution of the Debentures. The Underwriters overall compensation will increase or decrease by the amount by which the aggregate price paid for the Debentures by the purchasers exceeds or is less than the gross proceeds paid by the Underwriters to Dundee REIT.

Under the Underwriting Agreement, Dundee REIT has agreed that it will not, without the prior written consent of TD Securities Inc., on behalf of the Underwriters, such consent not to be unreasonably withheld or delayed, create, issue or sell any Debt Securities, or any securities convertible into or exchangeable for such Debt Securities, or enter into an agreement to do any of the foregoing, for the period up to and including 60 days after the closing date of this offering other than the Debentures and any mortgages or other charges granted on specific properties owned or acquired by Dundee REIT or any of its Subsidiaries.

In connection with this offering, the Underwriters may effect transactions that stabilize or maintain the market price of the Debentures offered hereby at levels other than those which otherwise might prevail on the open market.

The Debentures have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**1933 Act**”). Accordingly, except in certain transactions exempt from the registration requirements of the 1933 Act, the Debentures may not be offered, sold or delivered within the United States, and each Underwriter or selling agent has agreed that it will not offer, sell or deliver the Debentures within the United States. This prospectus supplement does not constitute an offer to sell or solicitation of an offer to buy any of the Debentures in the United States. In addition, until 40 days after the commencement of this offering, an offer or sale of the Debentures within the United States by a dealer (whether or not participating in this offering) may violate the registration requirements of the 1933 Act.

Each of TD Securities Inc., RBC Dominion Securities Inc., Scotia Capital Inc. and CIBC World Markets Inc. is a Subsidiary of a Canadian chartered bank that is a lender to us under our demand revolving credit facility (the “**Credit Facility**”), which is one of four demand revolving credit facilities that we currently have in place. We will use a portion of the net proceeds of this offering for the repayment of existing indebtedness, including indebtedness owing under the Credit Facility, which, as of the date of this prospectus supplement, was approximately \$120.0 million. Consequently, Dundee REIT may be considered a “connected issuer” of such Underwriters for the purposes of applicable Canadian securities legislation. The Credit Facility is secured by a first-ranking collateral mortgage on two properties and a second-ranking collateral mortgage on one property. We are in compliance with the terms of the credit agreement governing the Credit Facility, and none of the lenders referred to above has waived any breach of the agreement since its execution. Neither our financial position nor the value of the security granted has materially changed since we incurred the indebtedness under the Credit Facility.

We made the decision to offer the Debentures under this prospectus supplement, and the terms of this offering of the Debentures were negotiated at arm’s-length between TD Securities Inc. and us. The Underwriters

participated in the drafting of this prospectus supplement, the negotiation of the pricing of the Debentures and the due diligence process in respect of this offering. We understand that the decision of each of TD Securities Inc., RBC Dominion Securities Inc., Scotia Capital Inc. and CIBC World Markets Inc. to act as an underwriter for this offering was not influenced by its Canadian chartered bank parent, and that none of such Canadian chartered bank parents had any involvement in determining whether and when to distribute Debentures under this offering. Each of TD Securities Inc., RBC Dominion Securities Inc., Scotia Capital Inc. and CIBC World Markets Inc. will receive its proportionate share of the Underwriters' fee payable to the Underwriters.

### USE OF PROCEEDS

The net proceeds from the sale of Debentures under this prospectus supplement are estimated to be approximately \$124.3 million 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 for the repayment of existing indebtedness and for general trust purposes. Repayment of existing indebtedness will include repayment of indebtedness owing under the Credit Facility. As of the date of this prospectus supplement, indebtedness outstanding under the Credit Facility is approximately \$120.0 million. Such amounts drawn under the Credit Facility were used to fund acquisitions, including the acquisitions described under "Recent Developments".

### 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 Debentures by a purchaser who acquires such Debentures pursuant to this offering. This summary is applicable to a Debentureholder who at all relevant times, for purposes of the Tax Act, is or is deemed to be resident in Canada, deals at arm's length and is not Affiliated with Dundee REIT and its Affiliates and holds the Debentures as capital property. Generally, the Debentures will be considered to be capital property to a Debentureholder provided that the Debentureholder does not hold the Debentures in the course of carrying on a business and has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade. Certain Debentureholders who might not otherwise be considered to hold their Debentures 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 Debentures, 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. Debentureholders who do not hold their Debentures as capital property should consult their own tax advisors regarding their particular circumstances.

This summary is not applicable to a Debentureholder: (i) that is a "financial institution" for purposes of the mark-to-market rules; (ii) that is a "specified financial institution"; (iii) that has elected to determine its Canadian tax results in accordance with a "functional currency"; or (iv) an interest in which is a "tax shelter investment", as each term is defined in the Tax Act. Such Debentureholders should consult their own tax advisors to determine the tax consequences to them of the acquisition, holding and disposition of Debentures 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 Debentures under this offering, and assumes that no investor has entered into or will enter into a "derivative forward agreement" (as that term is defined in Tax Proposals (as defined below) released on September 13, 2013) with respect to the Debentures.

This summary is based upon the provisions of the Tax Act and the regulations thereunder (the "**Regulations**"), 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 supplement. 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 supplement (the "**Tax Proposals**"). Except for the Tax Proposals, this summary does not otherwise take into account or anticipate any changes in law, whether by legislative, governmental or judicial decision or action, or changes in CRA's administrative policies and assessing practices, nor does it take into account provincial, territorial or foreign tax legislation or considerations, which may differ significantly from those discussed herein. This summary assumes that the Tax Proposals will be

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

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

#### *Interest on Debentures*

A Debentureholder that is a corporation, partnership, unit trust or any trust of which a corporation or a partnership is a beneficiary will be required to include in computing its income for a taxation year any interest on the Debentures that accrues (or is deemed to accrue) to it to the end of the particular taxation year (or if the Debentureholder disposes of the Debentures in the year, that accrues or is deemed to accrue to it until the time of disposition) or that has become receivable by or is received by the Debentureholder before the end of that taxation year, including on a repayment on maturity, except to the extent that such interest was included in computing the Debentureholder's income for a preceding taxation year.

Any other Debentureholder (including an individual) will be required to include in computing income for a taxation year all interest on the Debentures that is received or receivable by the Debentureholder in that taxation year (depending upon the method regularly followed by the Debentureholder in computing income), including on a repayment on maturity, except to the extent that the interest was included in the Debentureholder's income for a preceding taxation year. Such a Debentureholder may also be required to include in computing the Debentureholder's income for a taxation year all interest (not otherwise required to be included in income) that accrues or is deemed to accrue on the Debentureholder's Debentures to the end of any "anniversary day" (as defined in the Tax Act) in that year. For this purpose, an anniversary day means the day that is one year after the day immediately preceding the date of issue of a Debenture, the day that occurs at every successive one year interval from that day and the day on which the Debenture is disposed of.

A Debentureholder that is a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay an additional refundable tax of 6 % on investment income for the year, including interest.

#### *Repayment of Debentures*

When Dundee REIT repays a Debenture on maturity, the Debentureholder will be considered to have disposed of the Debenture for proceeds of disposition equal to the amount received by the Debentureholder (other than the amount received on account of interest) on such repayment. The Debentureholder may realize a capital gain or capital loss computed as described below under "Disposition of Debentures".

The fair market value of any premium paid by Dundee REIT to a Debentureholder on a repayment of a Debenture will generally be deemed to be interest received at that time by such Debentureholder if such premium is paid by Dundee REIT because of the repayment by it of the Debenture before maturity, but only to the extent that such premium can reasonably be considered to relate to, and does not exceed the value on the date of repayment of, the interest that would have been paid or payable by Dundee REIT on the Debenture for taxation years of the REIT ending after the date of repayment.

#### *Disposition of Debentures*

On a disposition or deemed disposition of a Debenture, interest accrued thereon to the date of disposition and not yet due will be included in computing the Debentureholder's income, except to the extent such amount was otherwise included in the Debentureholder's income, and will be excluded in computing the Debentureholder's proceeds of disposition of the Debenture. In the event that interest has accrued or has been deemed to accrue on a Debenture, a Debentureholder who disposes of a Debenture for consideration equal to its fair market value will generally be entitled to deduct in computing income for the year of disposition an amount equal to any such interest



included in income for that or any preceding year to the extent that no amount was received or became receivable by the Debentureholder in respect of the interest so accrued or deemed to accrue.

A disposition or deemed disposition by a Debentureholder (including a repurchase or repayment) will generally result in the Debentureholder realizing a capital gain (or capital loss) equal to the amount by which the proceeds of disposition (adjusted as described above) are greater (or less) than the aggregate of the Debentureholder's adjusted cost base thereof and any reasonable costs of disposition.

One-half of any capital gain realized by a Debentureholder on a disposition or deemed disposition of a Debenture will be included in the Debentureholder's income as a taxable capital gain. One-half of any capital loss realized by a Debentureholder on a disposition, or deemed disposition of Debenture, may generally be deducted only from taxable capital gains of the Debentureholder 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.

A Debentureholder that is a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay an additional refundable tax of 6 $\frac{2}{3}$ % on investment income for the year, including taxable capital gains.

A Debentureholder that is an individual or a trust may be liable for alternative minimum tax as a result of realizing a capital gain.

### **ELIGIBILITY FOR INVESTMENT**

In the opinion of Counsel, provided that Dundee REIT qualifies as a "mutual fund trust" for purposes of the Tax Act and the Regulations and units of Dundee REIT are listed on a designated stock exchange, the Debentures will, on the date of the closing of this offering, be qualified investments for Plans, other than a deferred profit sharing plan to which payments are made by Dundee REIT.

Notwithstanding the foregoing, a holder of a TFSA or an annuitant under an RRSP or RRIF, as the case may be, will be subject to a penalty tax if the Debentures held in the TFSA, RRSP or RRIF are a "prohibited investment" as defined in the Tax Act for the TFSA, RRSP or RRIF. The Debentures will generally not be a "prohibited investment" for a TFSA, RRSP or RRIF if the holder of the TFSA or the annuitant under the RRSP or RRIF, as the case may be, (i) deals at arm's length with Dundee REIT for the purposes of the Tax Act, (ii) does not have a "significant interest", as defined in the Tax Act, in Dundee REIT, and (iii) does not have a "significant interest", as defined in the Tax Act, in a corporation, partnership or trust with which Dundee REIT does not deal at arm's length for purposes of the Tax Act. Tax Proposals released on December 21, 2012 propose to delete the condition in (iii) above. Holders of a TFSA and annuitants under a RRSP or RRIF should consult their own tax advisors as to whether the Debentures will be a "prohibited investment" in their particular circumstances.

### **RISK FACTORS**

An investment in Debentures is subject to a number of risks, including those set forth in our most recent annual information form, in our 2012 MD&A and those set out below. Prospective investors should carefully consider these risks, in addition to information contained in this prospectus supplement and the prospectus and the information incorporated by reference herein and therein before purchasing Debentures.

#### **Credit Ratings and Credit Risk**

There can be no assurance that the credit rating assigned to the Debentures will remain in effect for any given period of time or that the rating will not be lowered, withdrawn or revised by DBRS at any time. Real or anticipated changes in credit rating on the Debentures may affect the market value of the Debentures. In addition, real or anticipated changes in credit rating can affect the cost at which we can access the capital markets. See "Credit Rating".

The likelihood that purchasers of the Debentures will receive payments owing to them under the terms of the Debentures will depend on our financial health and creditworthiness. In addition, the Debentures will be unsecured obligations of Dundee REIT.

## **Structural Subordination of the Debentures**

Liabilities of a parent entity with assets held by various Subsidiaries may result in the structural subordination of the lenders of the parent entity. The parent entity is entitled only to the residual equity of its Subsidiaries after all debt obligations of its Subsidiaries are discharged. In the event of a bankruptcy, liquidation or reorganization of Dundee REIT, holders of indebtedness of Dundee REIT (including Debentureholders) may become subordinate to lenders to the Subsidiaries of Dundee REIT.

Dundee Properties LP will provide a form of guarantee pursuant to which the Indenture Trustee will, subject to the Trust Indenture, be entitled to seek redress from Dundee Properties LP for the guaranteed indebtedness. This guarantee is intended to address structural subordination which arises as a consequence of Dundee REIT's assets being primarily held, directly and indirectly, by Dundee Properties LP. As assets are held both directly and indirectly by Dundee Properties LP, the guarantee is similarly structurally subordinated to the lenders of Dundee Properties LP's Subsidiaries. In addition, there can be no assurance that the Indenture Trustee will, or will be able to, effectively enforce the guarantee. See "Details of the Offering – Guarantee".

## **Coverage Ratios**

See "Interest and Earnings Coverages" which is relevant to an assessment of the risk that we will be unable to pay interest or principal on the Debentures when due.

## **Market Price or Value Fluctuation**

If the Debentures are traded after their initial issuance, they may trade at a price lower than their initial public offering price. The market price or value of the Debentures depends on many factors, including liquidity of the Debentures, prevailing interest rates and the markets for similar securities, general economic conditions and our financial condition, historic financial performance and future prospects. Prevailing interest rates will affect the market price or value of the Debentures. The amount of interest payable on the Debentures is set only once per period based on 3 Month CDOR on the Interest Reset Date, which rate may fluctuate significantly. In the past, the 3 Month CDOR has experienced significant fluctuations. You should note that historical levels, fluctuations and trends of 3 Month CDOR are not necessarily indicative of future levels. Any historical upward or downward trend in 3 Month CDOR is not an indication that 3 Month CDOR is more or less likely to increase or decrease at any time during an Interest Period, and you should not take the historical levels of 3 Month CDOR as an indication of its future performance. You should further note that although actual 3 Month CDOR on an Interest Payment Date or at other times during an Interest Period may be higher than 3 Month CDOR on the applicable Interest Reset Date, you will not benefit from 3 Month CDOR at any time other than on the Interest Reset Date for such Interest Period. As a result, changes in 3 Month CDOR may not result in a comparable change in the market price or value of the Debentures.

Challenging market conditions, the health of the economy as a whole and numerous other factors beyond our control may have a material effect on our business, financial condition, liquidity and results of operations. Financial markets have recently experienced significant price and volume fluctuations that have particularly affected the market prices of securities of issuers and that have often been unrelated to the operating performance, underlying asset values or prospects of such issuers. There can be no assurance that continuing fluctuations in price and volume will not occur. Accordingly, the market price of the Debentures may decline even if our operating results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are objective evidence of impairment, which may result in impairment losses. If such increased levels of volatility and market turmoil continue, our operations could be adversely impacted and the market price of the Debentures may be adversely affected.

## **Trading Market for Debentures**

There is currently no market through which the Debentures may be sold and purchasers may not be able to resell Debentures purchased under the prospectus, as supplemented by this prospectus supplement. This may affect the pricing of the Debentures in the secondary market, the transparency and availability of trading prices, the liquidity of the Debentures and the extent of issuer regulation. No assurance can be given as to whether an active or

liquid trading market will develop or be maintained for the Debentures. To the extent that an active trading market for the Debentures does not develop, the liquidity and trading prices for the Debentures may be adversely affected.

### **Inability to Purchase Debentures on a Change of Control**

We may be required to purchase all outstanding Debentures upon the occurrence of a Change of Control. However, it is possible that following a Change of Control, we will not have sufficient funds at that time to make any required purchase of outstanding Debentures or that restrictions contained in other indebtedness will restrict those purchases. See “Details of the Offering – Change of Control”.

### **Tax Risk**

The Tax Act contains specific provisions relating to the taxation of SIFTs and their investors. Dundee REIT will not be considered to be a SIFT in respect of a particular taxation year and, accordingly, will not be subject to the SIFT rules in that year if it qualifies under the REIT Exception for the year. Based on a review of its assets and revenues, management has advised counsel that it is expected that Dundee REIT will satisfy the tests to qualify for the REIT Exception for 2013. However, there can be no assurance that Canadian federal income tax laws respecting the taxation of income trusts and other flow-through entities will not be changed in a manner that adversely affects Dundee REIT or that subsequent investments or activities undertaken by Dundee REIT will not result in it failing to qualify for the REIT Exception and being subject to the SIFT Legislation.

## **LEGAL MATTERS**

Certain legal matters in connection with the Debentures 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 AND INDENTURE TRUSTEE**

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

The Indenture Trustee and registrar of the Debentures is Computershare Trust Company of Canada at its principal office 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 irrespective of the determination at a later date of the purchase price of the securities distributed. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that 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. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal adviser.

## **AGENT FOR SERVICE OF PROCESS IN CANADA**

Detlef Bierbaum, a trustee of Dundee REIT, resides outside of Canada. Mr. Bierbaum has appointed Dundee Real Estate Investment Trust, 30 Adelaide Street East, Suite 1600, Toronto, Ontario, M5C 3H1, Canada, as agent for service of process in Canada. Purchasers are advised that it may not be possible for investors to enforce

judgements obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, even if the party has appointed an agent for service of process.

## GLOSSARY OF TERMS

In addition to the terms defined under “Details of the Offering – Definitions”, when used in this prospectus supplement and accompanying prospectus, the following terms have the meanings set forth below unless expressly indicated otherwise.

“**1933 Act**” means the United States Securities Act of 1933, as amended and the rules and regulations promulgated thereunder;

“**2012 MD&A**” means management’s discussion and analysis of the financial condition and results of operations of Dundee REIT for the year ended December 31, 2012;

“**Counsel**” has the meaning ascribed to that term in the section “Certain Canadian Federal Income Tax Considerations” of this prospectus supplement;

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

“**Debentureholders**” means holders of Debentures, and “**Debentureholder**” means any one of them;

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

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

“**DRIP**” means our distribution reinvestment and unit purchase plan pursuant to which Debentureholders of Units and REIT Units, Series B of Dundee REIT 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 of which Dundee Properties (GP) Inc. is the general partner and Partnership A, Partnership B and certain subsidiaries of Dundee Corporation are the sole limited partners;

“**Participants**” has the meaning ascribed to that term in the section “Details of the Offering – Depository Services” of this prospectus supplement;

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

“**prospectus**” means the short form base shelf prospectus of Dundee REIT dated November 26, 2012 to which this prospectus supplement relates;

“**Regulations**” has the meaning ascribed to that term in the section “Certain Canadian Federal Income Tax Considerations” of this prospectus supplement;

“**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;

“**RRIF**” means a trust governed by a registered retirement income fund;

“**RRSP**” means a trust governed by a registered retirement savings plan;

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

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

“**Tax Act**” means the *Income Tax Act* (Canada), R.S.C. 1985, c.1 (5<sup>th</sup> supplement), as amended;

“**Tax Proposals**” has the meaning ascribed to that term in the section “Certain Canadian Federal Income Tax Considerations” of this prospectus supplement;

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

“**Underwriters**” means TD Securities Inc., RBC Dominion Securities Inc., Scotia Capital Inc., CIBC World Markets Inc. and BMO Nesbitt Burns Inc.;

“**Underwriting Agreement**” means the underwriting agreement dated October 3, 2013 between Dundee REIT, Dundee Properties LP and the Underwriters;

“**Unitholders**” means the holders of units of all classes and series of Dundee REIT outstanding from time to time;

“**Units**” means the REIT Units, Series A of Dundee REIT outstanding from time to time; and

“**U.S.**” or “**United States**” means United States of America.

**CERTIFICATE OF THE GUARANTOR**

Dated: October 3, 2013

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

**DUNDEE PROPERTIES LIMITED PARTNERSHIP**  
**by its general partner**  
**DUNDEE PROPERITES (GP) INC.**

(as Guarantor)

(Signed) MICHAEL J. COOPER  
Chief Executive Officer

(Signed) MARIO BARRAFATO  
Chief Financial Officer

On Behalf of the Board of Directors

(Signed) NED GOODMAN  
Director

(Signed) P. JANE GAVAN  
Director

**CERTIFICATE OF THE UNDERWRITERS**

Dated: October 3, 2013

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

TD SECURITIES INC.

By: (Signed) ANDREW BECKER

RBC DOMINION SECURITIES INC.

By: (Signed) DAVID DULBERG

SCOTIA CAPITAL INC.

By: (Signed) GREG LAWRENCE

CIBC WORLD MARKETS INC.

By: (Signed) MARK G. JOHNSON

BMO NESBITT BURNS INC.

By: (Signed) ONORIO LUCCHESI

