

**DUNDEE REAL ESTATE INVESTMENT TRUST**

**Suite 1600**

**30 Adelaide Street East**

**Toronto, Ontario M5C 3H1**

**NOTICE OF ANNUAL MEETING OF UNITHOLDERS**

**NOTICE IS HEREBY GIVEN** that the annual meeting (the "Meeting") of the unitholders of **DUNDEE REAL ESTATE INVESTMENT TRUST** (the "Trust") will be held:

on **Thursday, May 3, 2007**  
at **4:00 p.m. (Toronto time)**  
at the **TSX Broadcast Centre - Gallery**  
**The Exchange Tower**  
**130 King Street West**  
**Toronto, Ontario**

for the following purposes:

1. to receive the audited consolidated financial statements of the Trust for the financial year ended December 31, 2006 together with the report of the auditor thereon;
2. to elect trustees of the Trust for the ensuing year;
3. to appoint the auditor of the Trust and its subsidiaries for the ensuing year and to authorize the trustees of the Trust to fix the remuneration of such auditor;
4. to consider and vote on a resolution to amend the Trust's deferred unit incentive plan to increase the number of deferred units that may be granted under the plan by a further 500,000 units and to modify the general amendment provision of the plan; and
5. to transact such other business as may properly be brought before the Meeting or any adjournment thereof.

If you are a registered holder of units of the Trust and you are unable to attend the Meeting in person, you are requested to complete, sign, date and return to Computershare Trust Company of Canada, the transfer agent and registrar of the Trust, the enclosed form of proxy. All instruments appointing proxies to be used at the Meeting must be deposited with Computershare Trust Company of Canada, 100 University Avenue, 9th Floor, Toronto, Ontario M5J 2Y1 not later than 5:00 p.m. (Toronto time) on Tuesday, May 1, 2007, and any instruments appointing proxies to be used at any adjournment or postponement of the Meeting must be so deposited at least 48 hours (excluding Saturdays and holidays) prior to the time set for such adjournment or postponement of the Meeting.

If you are a non-registered holder of units of the Trust (for example, if you hold units of the Trust in an account with a broker, dealer or other intermediary), you should follow the voting procedures described in the voting instruction form or other document accompanying the Management Information Circular or call your broker, dealer or other intermediary for information on how you can vote your units.

The trustees of the Trust have fixed March 27, 2007 as the record date for the determination of unitholders of the Trust entitled to receive notice of and vote at the Meeting.

DATED at Toronto, Ontario this 5th day of April, 2007.

By Order Of The Board



Michael J. Cooper  
Vice Chairman and Chief Executive Officer

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## DUNDEE REAL ESTATE INVESTMENT TRUST MANAGEMENT INFORMATION CIRCULAR

All information in this management information circular is presented as of March 15, 2007 unless otherwise indicated.

**This management information circular (the “Management Information Circular”) is furnished in connection with the solicitation of proxies by management of Dundee Real Estate Investment Trust (the “Trust” or “Dundee REIT”) for use at the annual meeting of unitholders of the Trust (the “Meeting”) to be held at the time and place and for the purposes set forth in the Notice of Annual Meeting of Unitholders which accompanies this Management Information Circular.**

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### *PART I – VOTING*

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#### **SOLICITATION OF PROXIES**

Proxies will be solicited primarily by mail and supplemented by telephone or other personal contact by the trustees and officers of the Trust and/or employees of subsidiaries of the Trust. These persons will not receive any extra compensation for these activities. The Trust may pay brokers or other service providers acting on their behalf for their reasonable expenses incurred in connection with sending proxies and this Management Information Circular to beneficial owners of units and obtaining voting instructions from them. The Trust will bear the cost of soliciting proxies.

No person is authorized to give any information or to make any representation other than that which is contained in this Management Information Circular and, if given or made, you should not rely upon that information or representation as having been authorized by the Trust. Information in this Management Information Circular that is current as of a particular date may have changed by the time you receive this document.

#### **APPOINTMENT AND REVOCATION OF PROXIES**

If you are a registered holder of REIT Units, Series A of the Trust (a “Unitholder”), you will have received a form of proxy with this Management Information Circular. The persons named in the form of proxy are trustees and/or officers of the Trust. **Unitholders have the right to appoint a person or company (who does not need to be a Unitholder), other than the persons whose names appear on the form of proxy, to attend and act for and on behalf of that Unitholder at the Meeting and at any adjournment or postponement of the Meeting.** This right may be exercised by either striking out the names of the persons specified in the form of proxy and inserting the name of the person or company to be appointed in the blank space provided in the form of proxy, or by completing another proper form of proxy and, in either case, delivering the completed and executed form of proxy in the manner described in the Notice of Annual Meeting of Unitholders which

accompanies this Management Information Circular (the “Notice of Meeting”).

A Unitholder who has completed and delivered a proxy may revoke it by delivering a written instrument (such as another completed form of proxy). This instrument must be executed by the Unitholder or by his or her attorney authorized in writing or, if the Unitholder is a corporation, by an officer or attorney of the corporation properly authorized. This instrument must be delivered to Computershare Trust Company of Canada, 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1, prior to 5:00 p.m. (Toronto time) on the second last business day preceding the day of the Meeting or any adjournment or postponement of the Meeting. A Unitholder may also revoke a proxy in any other manner permitted by law.

Only Unitholders or the persons they appoint are permitted to attend and vote at the Meeting. You are a “Non-Registered Unitholder” if you hold units that are registered either (a) in the name of an intermediary (an “Intermediary”), such as a broker, investment dealer, bank, trust company or trustee or administrator of a self-administered RRSP, RRIF, RESP or similar plan; or (b) in the name of a clearing agency, such as the Canadian Depository for Securities Limited, of which the Intermediary is a participant. Non-Registered Unitholders may have their units voted at the Meeting by following the instructions provided to them by or on behalf of their Intermediaries.

Typically, a Non-Registered Unitholder will receive a voting instruction form or other document with this Management Information Circular. This form allows you to provide voting instructions with respect to your units. The voting instruction form is similar to the form of proxy provided to Unitholders. However, its purpose is limited to instructing a registered Unitholder how to vote on your behalf. Intermediaries will typically make arrangements that will allow you to provide voting instructions by completing and returning a voting instruction form by mail or facsimile, calling a toll-free telephone number

(1-800-474-7493) or by using the internet at [www.proxyvote.com](http://www.proxyvote.com). You should carefully follow the directions provided to you in order to ensure that your units are voted at the Meeting.

**In general, Non-Registered Unitholders receiving a voting instruction form or other document from an Intermediary cannot use that document to vote units directly at the Meeting. Rather, the completed voting instruction form must be returned or voting instructions must otherwise be provided pursuant to the instructions accompanying the document well in advance of the deadline for the receipt of proxies set out in this Management Information Circular.**

Please note that Non-Registered Unitholders seeking to attend the Meeting will not be recognized at the Meeting for the purpose of voting units registered in the name of an Intermediary or a clearing agency, unless the Non-Registered Unitholder instructs the Intermediary or clearing agency to appoint him or her as a proxyholder. In order to do this, the individual should follow the instructions on the voting instruction form regarding the manner in which voting instructions are to be provided and, in doing so, specify that individual's own name as the person to be appointed as proxyholder for the purposes of voting his or her units. For instance, if "John Smith" is a Non-Registered Unitholder and he wishes to be appointed as a proxyholder, in the voting instruction form he receives from his Intermediary, he should insert the name "John Smith" in the space provided and follow the other procedures specified on the form for appointing a proxyholder other than one of the individuals specified on the form.

**Non-Registered Unitholders should communicate their voting instructions well in advance of the deadline for the receipt of proxies of 5:00 p.m. (Toronto time) on Tuesday, May 1, 2007 in order to allow their instructions to be processed before the deadline.**

#### **EXERCISE OF DISCRETION BY PROXIES**

The units represented by a properly completed proxy will be voted or withheld from voting on any ballot that may be conducted at the Meeting or at any adjournment or postponement of the Meeting in accordance with the instructions on the proxy. **In the absence of instructions, those units will be voted FOR each of the matters referred to in the proxy.**

The accompanying form of proxy is for use by Unitholders and confers discretionary authority on the persons named in the form of proxy to vote on any amendments to or variations of the matters identified in the Notice of Meeting and on other matters, if any, which may properly be brought before the Meeting or any adjournment or

postponement of the Meeting. As at April 5, 2007, the date of the Notice of Meeting, management of the Trust does not know of any amendments, variations or other matters to be brought before the Meeting. However, if any other matters should properly be brought before the Meeting or any adjournment or postponement of the Meeting, the units represented by that proxy will be voted on those matters in accordance with the judgement of the person named as proxyholder in the proxy.

#### **DOCUMENTS AVAILABLE UPON REQUEST**

A copy of the following documents will be made available to any person upon request to the Chief Financial Officer of the Trust: (a) the most recent annual information form of the Trust, together with any documents incorporated by reference therein; (b) the most recent annual report of the Trust containing the Trust's audited comparative financial statements for the year ended December 31, 2006; (c) any interim financial statements of the Trust filed with Canadian securities regulators for any period after December 31, 2006; and (d) the management information circular of the Trust in respect of the most recent annual meeting of unitholders of the Trust. The Trust will provide these documents to securityholders without charge and may require a person making a request who is not a security holder to pay a reasonable charge for providing these documents.

#### **VOTING SECURITIES AND PRINCIPAL HOLDER**

##### **Description of REIT Units**

The amended and restated declaration of trust governing Dundee REIT (the "Declaration of Trust") authorizes the issuance of an unlimited number of two classes of units: REIT units and special trust units ("Special Trust Units"). The REIT units are issuable in two series: REIT Units, Series A and REIT Units, Series B. As at March 15, 2007, there were 40,195,654 REIT Units, Series A and no REIT Units, Series B outstanding.

Special Trust Units may only be issued to holders of certain limited partnership units of Dundee Properties Limited Partnership ("Dundee Properties LP"), the Trust's principal operating subsidiary, and allow persons holding those limited partnership units to vote on matters relating to the Trust. As at March 15, 2007, there were 7,888,584 Special Trust Units outstanding. Each REIT Unit, Series A (also referred to in this Management Information Circular as a "Unit" and collectively as the "Units") and Special Trust Unit entitles the holder of record to one vote per unit on each matter to be acted upon at the Meeting. In this Management Information Circular, REIT Units, Series A, REIT Units, Series B and Special Trust Units are referred to collectively as "REIT Units".

Voting REIT Units Outstanding at March 15, 2007	
REIT Units Series A	40,195,654
Special Trust Units	7,888,584
<b>TOTAL VOTING REIT UNITS OUTSTANDING</b>	<b>48,084,238</b>

### Record Date

The trustees of the Trust have fixed March 27, 2007 as the record date for the determination of holders of REIT Units entitled to receive notice of and vote at the Meeting. REIT Unit holders of record at the close of business on March 27, 2007 will be entitled to vote at the Meeting and at all adjournments and postponements of the Meeting, even if they have

**Table 1 – Principal Unitholder**

Name and Municipality of Residence	Number and Class of Units	Percentage of Outstanding Class
Dundee Corporation, directly and indirectly through its subsidiaries Toronto, Ontario	7,888,584 Special Trust Units  34,990 Units	100% (representing 16% of the outstanding voting securities of the Trust)  0.1% (representing 0.1% of the outstanding voting securities of the Trust)

Management understands that the Units registered in the name of CDS & Co. are beneficially owned through various dealers and other intermediaries on behalf of their clients and other parties. The names of the beneficial owners of such Units are not known to the Trust.

disposed of their REIT Units since the record date. Accordingly, any holder acquiring REIT Units after the record date will not be entitled to receive notice of and vote at the Meeting.

### Principal Unitholder

To the knowledge of the trustees and senior officers of the Trust, the only person, firm or corporation which beneficially owns, directly or indirectly, or exercises control or direction over, voting securities of the Trust carrying more than 10% of the voting rights attached to any class of outstanding voting securities of the Trust is as outlined in the table below.

Except as set out above, the trustees and officers of the Trust have no knowledge of any person or corporation which owns or exercises control or direction over more than 10% of the outstanding REIT Units.

## PART II – BUSINESS OF THE MEETING

### FINANCIAL STATEMENTS

The audited consolidated financial statements of the Trust for the financial year ended December 31, 2006 are included in the annual report of the Trust, which has been mailed to unitholders together with this Management Information Circular.

### ELECTION OF TRUSTEES

Pursuant to the Declaration of Trust, Dundee REIT may have between five and 12 trustees at any given time, and a majority of the trustees must be resident Canadians. Dundee REIT currently has 11 trustees. Pursuant to the Declaration of Trust, Dundee Corporation is entitled to appoint up to one less than a majority of the trustees, provided that Dundee Corporation and its affiliates maintain an ownership interest in the Trust at a certain level. The remaining trustees are to be elected by unitholders. Dundee Corporation is also entitled to vote its Special Trust Units for the election of the remaining trustees. Pursuant to the Declaration of Trust, Dundee REIT's Chief Executive Officer and/or President may not be

appointed as a trustee by Dundee Corporation, but may be elected as a trustee by unitholders.

Dundee Corporation has opted to appoint only three trustees, whose names are set forth below in Table 3. Accordingly, unitholders will be asked to elect eight of the 11 trustees for the ensuing year. The persons named in the form of proxy which accompanies this Management Information Circular intend to vote for the election of the eight nominees whose names are set forth in Table 2 below, unless the unitholder who has given the proxy has directed that the units represented by the proxy be withheld from voting in respect of the election of trustees of the Trust.

Management of the Trust does not contemplate that any of the eight nominees listed below will be unable to serve as a trustee of the Trust for the ensuing year. However, if that should occur for any reason prior to the Meeting or any adjournment or postponement of the Meeting, the persons named in the form of proxy which accompanies this Management Information Circular intend to vote for

the election of the remaining nominees and may vote for the election of a substitute nominee in their discretion. Other than the nominees of Dundee Corporation, trustees will hold office for a term expiring at the conclusion of the next annual meeting of unitholders of the Trust or until their successors are elected or appointed and will be eligible for re-election. Nominees of Dundee Corporation will hold office for a term expiring at the next annual meeting unless removed prior to that meeting at the direction of Dundee Corporation. A trustee appointed by the trustees between meetings of unitholders or to fill a vacancy will be appointed for a term expiring at the conclusion of the next annual meeting or until his or

her successor is elected or appointed and will be eligible for election or re-election.

Table 2 below sets forth the names of the eight nominees to be elected by unitholders, their position with the Trust, their principal occupation or employment, the date upon which they became a trustee of the Trust, the approximate number of units beneficially owned by them, directly or indirectly, or over which control or direction is exercised by them and information regarding the number of meetings attended in 2006. All of the individuals set forth in Table 2 and Table 3 are residents of Ontario, Canada, other than Mr. Bierbaum and Dr. Bautz, who are residents of Germany.

**Table 2 – Nominees to be Elected by Unitholders**

Name and Position	Principal Occupation	Date Became Trustee	Units Owned or Controlled <sup>(1)</sup>	Board Meetings Attended	Committee Meetings Attended
Dr. Günther Bautz Trustee	Counsellor on Intellectual Property to Braun GmbH, a manufacturer of small electric appliances	June 30, 2003	19,851	7 of 8	4 of 4
Detlef Bierbaum Vice-Chairman and Trustee	Partner, Bankhaus Sal. Oppenheim jr. & Cie, KGaA, a private investment bank	June 30, 2003	4,702	7 of 8	1 of 1
Donald K. Charter <sup>(2)</sup> Trustee	Corporate Director and President, 3Cs Corporation, a private company	June 30, 2003	52,538	7 of 8	n/a
Michael J. Cooper <sup>(3)</sup> Trustee	Vice Chairman and Chief Executive Officer of Dundee REIT	June 30, 2003	704,744	8 of 8	n/a
Peter A. Crossgrove <sup>(4)</sup> Trustee	Corporate Director	May 9, 2003	17,160	7 of 8	8 of 8
Robert G. Goodall Trustee	President, Canadian Mortgage Capital Corporation, a mortgage brokerage company	June 30, 2003	18,985	8 of 8	7 of 7
Duncan Jackman <sup>(5)</sup> Trustee	Chairman and Chief Executive Officer, E-L Financial Corporation Limited, an insurance holding company	September 11, 2003	2,353	8 of 8	1 of 1
Robert Tweedy <sup>(6)</sup> Trustee	Chairman, Useppa Holdings Limited, a diversified management company, and Chairman, Sklar Peppler Furniture Corporation, a furniture manufacturer	September 11, 2003	1,000	7 of 8	1 of 1

(1) The respective nominee has furnished the information as to the number of Units beneficially owned or over which control or direction is exercised.

(2) Mr. Charter is also a director of Breakwater Resources Ltd., Glencairn Gold Corporation, Great Plains Exploration Inc., IAMGold Corporation and Lundin Mining Corporation, each of which is a reporting issuer in Canada.

(3) Mr. Cooper is also a director of Dundee Precious Metals Inc., Cogitore Resources Inc. and Zolander Corporation, each of which is a reporting issuer in Canada. Mr. Cooper holds a 21.7% equity interest in Dundee Realty Corporation, a subsidiary of Dundee Corporation. Dundee Realty Corporation holds 475,964 LP Class B Units, Series 1 and the same number of corresponding Special Trust Units.

(4) Mr. Crossgrove is also a director of Barrick Gold Corporation, QLT Inc., Excellon Resources Inc. and West Timmins Mining Inc., each of which is a reporting issuer in Canada.

(5) Mr. Jackman is also a director of E-L Financial Corporation Limited, Algoma Central Corporation, United Corporations Limited, Economic Investment Trust Limited and First National Financial Income Fund, each of which is a reporting issuer in Canada.

(6) Mr. Tweedy is also a director of Rockwater Capital Corporation, which is a reporting issuer in Canada. Mr. Tweedy has, within 10 years before the date of the Management Information Circular, made a proposal under the *Bankruptcy and Insolvency Act* (Canada) in connection with his Lloyds of London participation. The proposal was accepted by Lloyds and discharged in February 2001.

**Table 3 – Nominees of Dundee Corporation**

Name and Position	Principal Occupation	Date Became Trustee	Units Owned or Controlled <sup>(1)</sup>	Board Meetings Attended	Committee Meetings Attended
Joanne Ferstman <sup>(2)</sup>	Executive Vice President, Chief Financial Officer and Corporate Secretary, Dundee Corporation, a holding company dedicated to wealth management, real estate and resources and Executive Vice President and Chief Financial Officer, Dundee Wealth Management Inc., a wealth management company	March 26, 2007	2,187	n/a	n/a
David J. Goodman <sup>(3)</sup> Trustee	President and Chief Executive Officer, Goodman & Company Investment Counsel Ltd., an investment management company	June 30, 2003	7,119	7 of 8	n/a
Ned Goodman <sup>(4)</sup> Chairman and Trustee	President and Chief Executive Officer, Dundee Corporation, a holding company dedicated to wealth management, real estate and resources	June 30, 2003	127,271 <sup>(5)</sup>	8 of 8	3 of 3

(1) The respective nominee has furnished the information as to the number of Units beneficially owned or over which control or direction is exercised.

(2) Ms. Ferstman is a new appointee of Dundee Corporation. Ms. Ferstman is also a trustee of Aeroplan Income Fund, a reporting issuer in Canada.

(3) Mr. David Goodman is also a director of Dundee Wealth Management Inc., a reporting issuer in Canada.

(4) Mr. Ned Goodman is also a director of Breakwater Resources Ltd., Cogitore Resources Inc., Dundee Corporation, Dundee Wealth Management Inc. and Eurogas Corporation, each of which is a reporting issuer in Canada. He is also a director of a number of corporations which are the general partners of certain investment funds that are or were reporting issuers in Canada, including investment funds managed by affiliates of Dundee Corporation.

(5) Does not include the units beneficially owned or over which control or direction is exercised by Dundee Corporation, an associate of Ned Goodman. See "Principal Unitholder".

## APPOINTMENT OF AUDITOR

Unitholders are being asked to approve the appointment of PricewaterhouseCoopers LLP, Chartered Accountants, as the auditor of the Trust and the Trust's subsidiaries for the ensuing year and to authorize the trustees of the Trust to fix the remuneration of the auditor. The Trust's subsidiaries are Dundee Properties Operating Trust A, Dundee Properties Operating Trust B and Dundee Properties LP. PricewaterhouseCoopers LLP was initially appointed as the auditor of the Trust on June 23, 2003.

## AMENDMENTS TO DEFERRED UNIT INCENTIVE PLAN

The Trust has a deferred unit incentive plan (the "Deferred Unit Incentive Plan"), the purpose of which is to enhance the ability of the Trust to attract and retain high quality trustees, officers, senior management, employees and consultants, and to promote a greater alignment of interests between such individuals and the unitholders of the Trust. For a description of the plan, see "Part IV Compensation and Other Information – Deferred Unit Incentive Plan". (Terms defined in that Part are used here.)

Unitholders are being asked to consider and vote on a resolution to amend the Deferred Unit Incentive Plan to increase the number of Deferred Trust Units and Income Deferred Trust Units that may be granted under the plan by a further 500,000 units and to modify the general amendment provision of the plan. The Toronto Stock Exchange ("TSX") has

pre-cleared the portions of this Management Information Circular pertaining to the proposed amendments to the plan.

The maximum number of Deferred Trust Units and Income Deferred Trust Units that may be granted under the Deferred Unit Incentive Plan is currently 500,000. As of March 15, 2007, a total of 354,839.22 Deferred Trust Units and Income Deferred Trust Units had been granted (or credited, in the case of Income Deferred Trust Units) under the Deferred Unit Incentive Plan. This represents approximately 0.9% of the Trust's outstanding Units and 0.7% of the outstanding REIT Units. As of the same date, a total of 49,128 REIT Units, Series A had been issued on the vesting of Deferred Trust Units and Income Deferred Trust Units pursuant to the plan. This represents approximately 0.1% of the Trust's outstanding Units and outstanding REIT Units. If the proposed 500,000 increase in the maximum number of deferred units that may be granted under the plan is approved by unitholders, the number of REIT Units, Series A that would be issuable under the plan is 950,872 (being the 500,000 of additional deferred units, plus the 450,872 REIT Units, Series A that have not yet been issued under the plan due to the fact that only 49,128 REIT Units, Series A have been issued).

The TSX has issued a notice advising issuers listed on the TSX that they have until June 30, 2007 to adopt TSX-approved amendment procedures in their compensation plans. Issuers that fail to do so by this

deadline will no longer be able to make any amendments to their plans without seeking unitholder approval, even if those amendments are considered to be of a "housekeeping" nature. The purpose of the TSX's requirements is to distinguish between types of plan amendments that do and do not require unitholder approval. The TSX requires listed issuers to obtain unitholder approval for certain types of amendments, such as a reduction in the exercise price of a stock option or the extension of the term of an option benefiting an insider.

Because the Trust's plan is not an option plan or a purchase plan, some of the TSX's requirements do not apply, since units granted under the Deferred Unit Incentive Plan do not have features such as an exercise price, term or expiry date. Rather, a participant who has been granted Deferred Trust Units or Income Deferred Trust Units under the plan is issued Units on a one-for-one basis for each Deferred Trust Unit or Income Deferred Trust Unit on each scheduled vesting date. Units are issued under the plan at no cost to the participant.

The Deferred Unit Incentive Plan was adopted in June 2003, which was prior to the introduction of the new TSX rules. The plan currently has a general amendment provision which permits the compensation committee of the Trust to amend the plan. In response to the TSX's notice, the Trust is proposing changes to the general amendment provision to specify the types of amendments to the plan that would require unitholder approval.

The proposed changes to the general amendment provision of the Deferred Unit Incentive Plan would add a requirement for unitholder approval to be obtained for (a) any increase in the number of Deferred Trust Units and Income Deferred Trust Units issuable under the plan; (b) any amendment which would permit deferred units granted under the plan to be transferable or assignable other than for normal estate settlement purposes; or (c) any modification to the general amendment provision of the plan or the provision in the plan that states that (a) the number of REIT Units, Series A issuable to insiders of Dundee REIT, at any time, under all of Dundee REIT's security based compensation arrangements, shall not exceed 10% of Dundee REIT's issued and outstanding REIT Units; and (b) the number of REIT Units, Series A issued to insiders of Dundee REIT, within any one year period, under all of Dundee REIT's security based compensation arrangements, shall not exceed 10% of Dundee REIT's issued and outstanding REIT Units.

The types of changes to the Deferred Unit Incentive Plan that would not require unitholder approval would include, for example: (a) changes to correct errors, immaterial inconsistencies or ambiguities in the plan text; (b) changes necessary or desirable to comply with applicable laws or regulatory requirements, rules or policies (including stock exchange requirements); and (c) changes to the vesting provisions of deferred units issued under the plan.

A copy of the Deferred Unit Incentive Plan, blacklined to show the text of the proposed amendments to the plan described above, is attached to this Management Information Circular.

The proposed changes were approved by the board of trustees of the Trust effective March 26, 2007.

At the Meeting, unitholders will be asked to pass the following ordinary resolution, with or without variation, relating to the proposed changes to the Deferred Unit Incentive Plan:

"RESOLVED THAT:

1. The Dundee Real Estate Investment Trust (the "Trust") Deferred Unit Incentive Plan for Trustees, Senior Management and Consultants (the "Plan") be amended to provide that the number of Deferred Trust Units and Income Deferred Trust Units that may be granted under the Plan be increased by an additional 500,000 Deferred Trust Units and Income Deferred Trust Units.
2. The modifications to the general amendment provision of the Plan, as approved by the board of trustees of the Trust and as described in the Trust's Management Information Circular for its May 3, 2007 annual meeting of unitholders, are hereby approved.
3. Any trustee or officer of the Trust be and he or she is hereby authorized to execute and deliver and file all such documents, and to do all such other things on behalf of the Trust as may, in his or her opinion, be necessary or desirable to give full effect to the foregoing resolution."

In order to be passed, this resolution requires approval by more than 50% of the votes cast by the unitholders, either present in person or represented by proxy, at the Meeting. The persons named in the enclosed form of proxy intend to vote for the approval of this resolution.

**The board of trustees of the Trust (the "Board") unanimously recommends that unitholders vote FOR this resolution.**

### **TRUSTEES' AND OFFICERS' LIABILITY INSURANCE**

Dundee REIT carries trustees' and officers' liability insurance with a total annual aggregate policy limit of \$15,000,000. Under this insurance coverage, the Trust is reimbursed for payments made under indemnity provisions on behalf of trustees and officers contained in the Declaration of Trust, and pursuant to individual indemnity agreements between Dundee REIT and each officer and trustee (the "Indemnities") subject to a deductible payable by the Trust of \$250,000 for securities claims and \$150,000 for all other claims. The Declaration of Trust and the Indemnities provide for the indemnification in certain circumstances of trustees and officers from and against liability and costs in respect of any action or suit against them in respect of the execution of their duties of office.

### **GOVERNANCE PRACTICES**

The Trust is committed to maintaining high standards of governance. The Trust has continued to refine its governance practices in light of Canadian regulatory initiatives, particularly National Policy 58-201 – *Corporate Governance Guidelines* ("NP 58-201") and Multilateral Instrument 52-110 – *Audit Committees* ("MI 52-110"). The Trust's governance practices are disclosed below in accordance with National Instrument 58-101 – *Disclosure of Corporate Governance Practices* ("NI 58-101"). The Board will continue to review the Trust's governance practices on an ongoing basis in response to evolving regulatory standards.

#### **Board of Trustees**

##### ***Trustee Independence***

The Board has determined that six of the 11 individuals standing for election or appointment as trustees at the Meeting are independent within the meaning of NI 58-101. The following individuals are not independent: Mr. Cooper, who is Vice Chairman and Chief Executive Officer of the Trust; Mr. Don Charter, who has been, within the last three years, an executive officer of Dundee Corporation; Ms. Joanne Ferstman, who is an executive officer of Dundee Corporation; Mr. David Goodman, who is an executive officer of a subsidiary of Dundee Corporation; and Mr. Ned Goodman, who is Chairman of the Board and an executive officer of Dundee Corporation.

The Governance and Environmental Committee of the Board participates in the determination of trustee independence and makes recommendations to the Board. The determinations are based on information concerning the personal, business and other

relationships and dealings between the trustees and the Trust, its affiliates and auditors.

The Board has a preference for an independent, non-executive Chair of the Board, but is prepared to consider exceptions when that would be in the best interests of the Trust. The current Chair of the Board is not an independent trustee. However, in order to provide leadership for independent trustees, an independent trustee will, as required from time to time, chair meetings of independent trustees and assume other responsibilities. Although the independent trustees do not hold regularly scheduled meetings, a meeting of independent trustees may be called whenever an issue arises which requires consideration by independent trustees. For instance, in 2006, the independent trustees held five meetings to discuss and approve certain matters related to the internalization of the property manager of the Trust. Mr. Crossgrove acted as Chair of these meetings.

#### **Board Mandate**

The Board is responsible for the stewardship of the activities and affairs of the Trust. The Board seeks to discharge this responsibility by reviewing, discussing and approving the Trust's strategic planning and organizational structure and supervising management to ensure that the strategic planning and organizational structure enhance and preserve the business of the Trust and the underlying value of the Trust. The text of the Board's mandate is attached as Schedule A to this Management Information Circular.

#### **Position Descriptions**

The Board has adopted position descriptions for each of the Chair of the Board and the Chief Executive Officer of the Trust.

The primary responsibility of the Chair of the Board is to provide leadership to the Board and to enhance Board effectiveness. The position description for the Chair sets out the responsibilities and duties of the Chair, including: overseeing the Board's discharge of its duties; taking steps to foster the Board's understanding of its responsibilities and boundaries with management; overseeing the responsibilities delegated to all Board committees; assisting in reviewing and monitoring the long term business plan, strategies and policies of the Trust's operating subsidiary and the achievement of its objectives; establishing procedures to govern the effective and efficient conduct of the Board's work; scheduling meetings of the Board and working with committee chairs to co-ordinate the schedule of meetings for committees; organizing and presenting agendas for

Board meetings based on input from trustees and management; overseeing the distribution of information to the Board in a manageable form and sufficiently in advance of meetings; presiding over Board meetings and conducting meetings in an efficient, effective and focussed manner; and chairing meetings of the Trust's unitholders.

The primary responsibility of the Chief Executive Officer is to lead the Trust by providing a strategic direction that includes the development and implementation of plans, policies, strategies and budgets for the growth and profitable operation of the Trust. The position description for the Chief Executive Officer sets out specific responsibilities, including: seeing that the day-to-day activities and affairs of the Trust are appropriately managed; recommending to the Board and, following their approval by the Board, consistently striving to achieve the Trust's financial and other goals and objectives; overseeing the Trust's achievement and maintenance of a satisfactory competitive position within the real estate industry; overseeing and taking steps to enhance where necessary reliable internal control systems; fulfilling all responsibilities as assigned by the Board, in the manner expected by the Board; taking steps to build an effective management team below the level of the Chief Executive Officer and overseeing the Trust's active plan for management's development and succession; fostering a culture that promotes ethical practices and encourages individual integrity; maintaining a positive and ethical work climate that is conducive to attracting, retaining and motivating a diverse group of top-quality employees at all levels; and serving as the chief spokesperson for the Trust.

### **Orientation and Continuing Education**

New trustees are given the opportunity to individually meet with senior executive officers of the Trust to improve their understanding of the Trust's operations. Tours of certain properties may also be arranged for interested trustees. New trustees are provided with a package of materials containing, among other things, a copy of the Declaration of Trust, reference materials describing the Trust's organizational structure, the structure of the Board and its committees and a copy of the Board's mandate. New trustees are briefed on matters such as the Trust's reporting structure, strategic plans, significant financial, accounting and risk issues, management and the external auditors. Prior to agreeing to join the Board, new trustees are given a clear indication of the workload and time commitment required.

On an ongoing basis, trustees are given presentations on various aspects of the Trust's activities and functions during regularly scheduled Board meetings. In addition, all trustees regularly

receive information on Dundee Properties LP's operations, a financial overview and other pertinent information. All trustees have open access to the Trust's senior management. Reading materials on topics relevant to the real estate industry, as well as governance and compliance matters, are included from time to time in the materials provided to trustees for meetings. Trustees identify their continuing education needs through a variety of means, including discussions with management and at Board and committee meetings. Suggested reading materials are also identified by the Chair of the Board and committee chairs.

### **Ethical Business Conduct**

The Trust has adopted a code of conduct that serves as a statement of the values and principles that guide trustees, officers and employees of the Trust and its subsidiaries and related entities in their day-to-day business activities. The code of conduct sets out procedures for monitoring compliance with the code, describes the measures designed to ensure that the trustees exercise independent judgment in considering transactions and agreements in respect of which a trustee, officer or employee has a material interest, and describes other steps taken to encourage and promote a culture of ethical business conduct. For instance, if, at any Board meeting, a trustee or officer has a material interest in a matter being considered, such trustee or officer will not be present for discussions relating to the matter and will not participate in any vote on the matter. A copy of the code of conduct of the Trust is available on the SEDAR website at [www.sedar.com](http://www.sedar.com), and on the Trust's website at [www.dundeereit.com](http://www.dundeereit.com).

The Trust has also adopted a whistleblower policy which allows officers and employees to bring forward, on a confidential and anonymous (if desired) basis, concerns or complaints regarding unethical or fraudulent business practices or any activity that could give rise to a financial concern.

The Board believes that providing a forum for employees and officers to raise concerns about ethical conduct and treating all complaints with the appropriate level of seriousness fosters a culture of ethical conduct within the Trust.

### **Board Committees**

The Board has four committees: the Audit Committee, the Compensation Committee, the Governance and Environmental Committee and the Investment Committee. Each committee has a written charter that sets out the role and responsibilities of its members. These charters are reviewed to ensure they reflect best practices for the Trust as well as applicable regulatory requirements and guidelines.

The corporate governance guidelines in NP 58-201 recommend that an issuer's nominating committee and compensation committee be composed entirely of "independent" directors, within the meaning of NI 58-101. The Declaration of Trust also requires that committees of the trustees, other than the Investment Committee, be composed of a majority of "Independent Trustees". As defined in the Declaration of Trust, an "Independent Trustee" is any trustee who is not or has not been an employee of Dundee Corporation or any affiliate of Dundee Corporation at any time or who is not directly employed by Dundee REIT or any of its affiliates.

The members of the Audit Committee are: Messrs. Bautz, Crossgrove and Goodall, with Mr. Crossgrove being the Chair. Each of these trustees is "independent" within the meaning of MI 52-110 and is an "Independent Trustee" for the purposes of the Declaration of Trust.

The members of the Compensation Committee are: Messrs. Crossgrove, Goodall and Ned Goodman, with Mr. Goodall being the Chair. Messrs. Crossgrove and Goodall are "independent" within the meaning of NI 58-101 and Independent Trustees for the purposes of the Declaration of Trust.

The members of the Governance and Environmental Committee are: Messrs. Bierbaum, Crossgrove, Jackman and Tweedy, with Mr. Crossgrove being the Chair. Each of these trustees is "independent" within the meaning of NI 58-101 and is an "Independent Trustee" for the purposes of the Declaration of Trust.

The members of the Investment Committee are: Messrs. Bierbaum, Cooper and Ned Goodman, with Mr. Ned Goodman being the Chair.

#### ***Audit Committee***

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

Each member of the Audit Committee is "financially literate" within the meaning of MI 52-110.

Additional information relating to the Audit Committee and a copy of the Audit Committee's

charter is set out in the latest annual information form of Dundee REIT.

#### ***Compensation Committee***

The Compensation Committee is responsible for annually reviewing and making recommendations to the Board with respect to the compensation of trustees, the Chief Executive Officer, the President and the Chief Financial Officer of the Trust and any other officers of the Trust and such other employees of and consultants to the Trust and members of management as may be identified to the committee by the Board (collectively, "Management").

The committee has the authority to retain consultants to advise the committee and to assist in carrying out the committee's responsibilities, including determining the compensation of the Chief Executive Officer and other Management, although the Committee did not exercise such authority in 2006.

The committee annually reviews and recommends to the Board the terms upon which trustees, the Chair of the Board and the committee chairs are compensated (including the level and nature of such compensation) to ensure that such compensation adequately reflects the responsibilities they are assuming.

The Committee also annually reviews, assesses and approves the compensation package of the Chief Executive Officer and each member of Management. In conducting such review, the committee considers: (i) the compensation packages of the Chief Executive Officer and Management for the prior year, (ii) the committee's evaluation of the performance of the Chief Executive Officer and the Chief Executive Officer's evaluation of the performance of Management, (iii) the Trust's performance and relative unitholder's return, (iv) whether the compensation package reflects an appropriate balance between short and longer-term incentives to improve performance of the Trust, (v) the competitiveness of the compensation package, including the value of similar incentive awards paid to equivalent officers and positions at comparable real estate companies and REITs, and (vi) the awards given to the Chief Executive Officer and Management in previous years.

The Compensation Committee also assists the Board in reviewing and approving any employment contracts or arrangements with the Chief Executive Officer and Management, including any retiring allowance arrangements, severance payments or any similar arrangements to take effect in the event of a termination of employment and any change of control agreements.

The committee reviews and makes recommendations to the Board with respect to

compensation policies and processes and any incentive compensation and equity compensation plans of the Trust or changes to such plans and, in particular, the compensation policies, processes and plans respecting the Chief Executive Officer and Management.

The committee is also responsible for administering the Trust's Deferred Unit Incentive Plan. The committee makes recommendations as to who should receive grants of deferred units and the terms of such grants, the overall level of outstanding deferred units and changes to the plan.

The committee periodically reviews with the Chair of the Board and the Chief Executive Officer the succession plans relating to the position of the Chief Executive Officer of the Trust (including in respect of an unexpected incapacitation of the Chief Executive Office) and other senior positions and makes recommendations to the Board with respect to the selection of individuals to occupy these positions.

#### ***Governance and Environmental Committee***

The Governance and Environmental Committee performs a number of functions: it assists the Board in developing the Trust's approach to governance, including overseeing and assessing the functioning of the Trust, the Board and the committees of the Board; it identifies qualified candidates for trustees (other than those trustees considered to be appointees of Dundee Corporation) and recommends those candidates to the Board for election at the next annual meeting of unitholders; and it reviews the environmental state of any real property owned by Dundee Properties LP and establishes formal policies and procedures to review and monitor environmental exposure of the Trust and its subsidiaries.

The Governance and Environmental Committee is responsible for identifying and recommending to the Board suitable trustee candidates. In undertaking this responsibility, the Committee: (i) reviews from time to time the size of the Board, with a view to facilitating effective decision making; (ii) develops and reviews periodically standards to be applied in making determinations as to the presence or absence of material relationships between a trustee and the Trust; (iii) considers what competencies and skills the Board, as a whole, should possess and reviews annually the competencies, skills and personal qualities required of a trustee in order to add value to the Trust, in light of: (A) the opportunities and risks facing the Trust and the Trust's proposed strategy; (B) the need to ensure that a majority of the Board is comprised of independent trustees; and (C) the Trust's governance guidelines and Board policies with respect to trustee tenure, retirement and succession and the number of boards on which a trustee may

sit; (iv) reviews periodically the competencies, skills and personal qualities of each existing trustee, and the contributions made by the trustee to the effective operation of the Board as a group; and (v) reviews any significant change in the primary occupation of the trustee.

The committee is also responsible for, among other things: establishing, approving and periodically reviewing the Trust's code of conduct, granting any waivers from the application of the code and overseeing management's monitoring of compliance with the code; overseeing the Board and trustee evaluation process; monitoring and assessing the relationship between the Board and management; defining the limits of management's responsibilities; and making such recommendations as it may deem necessary with a view to ensuring that the Board is able to function independently of management.

#### ***Investment Committee***

The Investment Committee assists the Board in discharging the Board's oversight responsibilities relating to acquisitions and dispositions of investments, proposed transactions and financing arrangements.

Each member of the committee must have a minimum of three years of substantial experience in the real estate industry which may include, without limitation, having been a board member or senior officer of a real estate company.

The approval of the committee is required in order for Dundee Properties GP Inc. to approve or authorize any investments, acquisitions or dispositions by Dundee Properties LP having a purchase or investment price greater than \$5 million, net of assumed or arranged mortgage debt, if any. In addition, the committee must approve or reject any financing (including the assumption or granting of any mortgage relating to such financing) proposed to be obtained by Dundee Properties LP where the dollar amount or value of the financing (net of assumed or pre-arranged debt which is non-recourse to Dundee Properties LP) is greater than \$35 million, other than a renewal of any existing mortgage by any of the Trust's subsidiary entities.

#### ***Assessment of Trustees***

The Governance and Environmental Committee evaluates the performance of: the Chair of the Board; the chair of each committee; the performance and contribution of individual trustees, having regard to the Board's mandate; the position description for the Chair of the Board and the Chief Executive Officer; the charter for each committee of the Board; the results of annual surveys of the trustees; attendance at Board and committee meetings; and the overall contribution, competencies and skills

each individual trustee is expected to bring to the Board.

The committee assesses the effectiveness of the Board as a whole and each committee of the Board, having regard for the mandate of the Board and the charter of each Board committee, and makes

recommendations to the Board. The Governance and Environmental Committee may conduct annual surveys of trustees with respect to their views on the effectiveness of the Board, the Chair of the Board, each committee of the Board and its chair and the contribution of individual trustees.

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**PART IV – COMPENSATION AND OTHER INFORMATION**

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**COMPENSATION OF TRUSTEES AND OTHER INFORMATION**

The compensation of the trustees, other than trustees who are also employees, is \$20,000 per year plus a meeting fee of \$1,500 per day for each meeting of the board of trustees or a committee thereof attended in person or via telephone conference. The trustees of Dundee REIT are also reimbursed for their out-of-pocket expenses incurred in acting as a trustee. The Chairman of the board of trustees, if not an employee of Dundee REIT or one of its subsidiaries, receives an annual fee of \$100,000, but does not receive any other fees for board or committee meetings attended. The chair of each committee (other than the chair of the Investment Committee when it is a committee of the board as a whole), if not an employee of Dundee REIT or one of its subsidiaries, receives an additional annual fee of \$5,000. In addition, trustees are entitled to receive remuneration for services rendered to Dundee REIT in any other capacity, except in respect of their service as trustees or directors of any of Dundee REIT's subsidiaries. Trustees who are employees of and who receive salary from Dundee REIT are not entitled to receive any remuneration for their services in acting as trustees, but are entitled to reimbursement of their out-of-pocket expenses incurred in acting as trustees.

For the financial year ended December 31, 2006, non-management trustees were paid fees totaling approximately \$425,000. In addition, non-management trustees are entitled to receive Deferred Trust Units and Income Deferred Trust Units under the Trust's Deferred Unit Incentive Plan, which is described in this Management Information Circular under "Statement of Executive Compensation – Deferred Unit Incentive Plan".

The following table sets forth the number of Deferred Trust Units granted to non-management trustees in each year since 2003, the value of such Deferred Trust Units on the grant date and the number of Income Deferred Trust Units credited to non-management trustees in 2006 in respect of each grant of Deferred Trust Units.

Grant Date	Grant	Grant Date Value <sup>1</sup>	Income Deferred Units Credited in 2006
November 9, 2006	13,000	\$ 36.37	126.75
November 10, 2005	13,000	\$ 25.67	975.95
September 16, 2004	13,000	\$ 24.25	1,077.46
September 22, 2003	28,000	\$ 21.35	2,548.65

(1) The Grant Date Value is the closing price of the Units on the TSX on the date on which the Deferred Trust Units were granted.

Each of the non-management trustees elected to defer the issuance of REIT Units, Series A on the vesting of his Deferred Trust Units and related Income Deferred Trust Units on November 10, 2006, September 16, 2006 and September 22, 2006 in accordance with the terms of the plan.

**STATEMENT OF EXECUTIVE COMPENSATION**

The following table sets forth all annual and long term compensation for services in all capacities rendered to the Trust and the subsidiaries thereof for the financial years ended December 31, 2004, December 31, 2005 and December 31, 2006 in respect of individuals who were, during the financial year ended December 31, 2006, named executive officers within the meaning of applicable securities legislation (collectively the "Named Executive Officers"):

**Table 4 – Summary Compensation**

Name and Principal Position	Annual Compensation			Long Term Compensation			
	Year	Salary <sup>(1)</sup>	Bonus <sup>(2)</sup>	No. of Deferred Trust Units Granted <sup>(3)</sup>	Grant Date Value	Dollar Value on Date of Grant	Income Deferred Trust Units Credited in 2006
Michael J. Cooper Vice Chairman and Chief Executive Officer	2006	\$500,000	\$700,000	35,000	\$36.37	\$1,272,950	341.24
	2005	\$500,000	\$500,000	20,000	\$25.67	\$513,400	1,501.46
	2004	\$500,000	\$350,000	20,000	\$24.25	\$485,000	1,657.63
J. Michael Knowlton <sup>(4)</sup> President and Chief Operating Officer	2006	\$300,000	\$260,000	12,500	\$36.37	\$454,625	121.87
	2005	\$285,000	\$199,500	12,500	\$25.67	\$320,875	938.41
	2004	\$285,000	\$149,625	9,500	\$24.25	\$230,375	787.37
Mario Barrafato <sup>(5)</sup> Senior Vice President and Chief Financial Officer	2006	\$210,000	\$147,000	7,500	\$36.37	\$272,775	73.12
	2005	-	-	-	-	-	-
	2004	-	-	-	-	-	-

- (1) Represents annual salary. The aggregate value of perquisites and other personal benefits for each of the senior officers was less than the lesser of \$50,000 and 10% of total annual salary and bonus.
- (2) An additional bonus of \$200,000 was granted to Michael Cooper due to his strong performance in 2006 and the significant improvement in achieving the REIT's key financial objectives for the year. An additional bonus of \$50,000 was granted to Michael Knowlton to recognize his strong performance over 2006.
- (3) Dundee REIT has a deferred unit incentive plan, but does not have a unit option plan. See "— Deferred Unit Incentive Plan".
- (4) Mr. Knowlton served as Chief Financial Officer until February 23, 2006, on which date he was appointed President and Chief Operating Officer.
- (5) Mr. Barrafato was appointed Senior Vice President and Chief Financial Officer on February 23, 2006.

### Employment Agreements

The employment agreement of Michael J. Cooper, originally entered into with Dundee Realty Corporation and assumed by a subsidiary of Dundee REIT on June 30, 2003, has an original five year term terminating on December 31, 2004, and renews automatically for successive three year periods unless terminated by the Trust or by Mr. Cooper on three months' notice. The Compensation Committee of the Board has approved certain changes to Mr. Cooper's employment agreement, as follows: If Mr. Cooper is terminated other than by reason of death, disability or voluntary resignation, the amended agreement will entitle Mr. Cooper to receive a lump sum payment consisting of three years' salary using his annual salary in the calendar year prior to the year in which he is terminated, and three years' bonus using the average of his bonuses over the last three calendar years prior to the year in which he is terminated. In addition, the amended agreement will provide that Mr. Cooper has the right to elect that there has been a termination in his employment and to receive the lump sum payment upon (i) any material diminution of his compensation, duties or responsibilities, (ii) the Trust's failure to comply with any material term of the agreement, or (iii) the Trust's failure to obtain the assumption of the agreement by any successor upon a change of control.

J. Michael Knowlton does not have an employment agreement with Dundee REIT. However, the Board has approved and awarded a special bonus of \$1.0 million to Mr. Knowlton, payable in cash or Deferred Trust Units, to be payable on June 30, 2008. The bonus will only be payable if Mr. Knowlton remains an employee of Dundee REIT continuously to such date. Should Mr. Knowlton be terminated for any reason, the amount of the special bonus will be paid to Mr. Knowlton in full, but the unearned portion of the bonus (pro-rated from July 1, 2003 to June 30, 2008) will be applied against any severance amounts that would otherwise be paid to Mr. Knowlton. In the event that Dundee REIT undergoes a change of control, the full amount of the special bonus will become immediately due and payable. In addition, the full amount of the special bonus will become immediately due and payable if, as a result of a major corporate transaction, Mr. Knowlton is subsequently terminated without cause. Subject to execution of written agreements, the Compensation Committee of the Board has also approved additional compensation for Mr. Cooper, Mr. Knowlton and Mr. Barrafato in the event that Dundee REIT undergoes a change of control. In such circumstances, each of Mr. Knowlton and Mr. Barrafato would be entitled to receive a lump sum payment consisting of two years' salary using his annual salary in the calendar year prior to the year in which he is terminated, and two years' bonus using the average of his bonuses over the last two

calendar years prior to the year in which he is terminated. In the circumstances of a change of control, Mr. Cooper would also receive an award of 65,000 Deferred Trust Units, Mr. Knowlton would receive an award of 12,500 Deferred Trust Units, and Mr. Barrafato would receive an award of 7,500 Deferred Trust Units.

### **Deferred Unit Incentive Plan**

Eligible Individuals may participate in the Deferred Unit Incentive Plan. "Eligible Individuals" under the Deferred Unit Incentive Plan consist of (i) the trustees and officers of Dundee REIT, (ii) employees of Dundee REIT or any of its affiliates, and (iii) employees of certain service providers who spend a significant amount of time and attention on the affairs and business of one or more of Dundee REIT and its affiliates. The Deferred Unit Incentive Plan provides for the grant to Eligible Individuals of deferred trust units ("Deferred Trust Units") and income deferred trust units ("Income Deferred Trust Units"). Income Deferred Trust Units are credited to holders of Deferred Trust Units and Income Deferred Trust Units based on distributions paid by Dundee REIT on REIT Units.

Currently, up to a maximum of 500,000 Deferred Trust Units and Income Deferred Trust Units are issuable under the Deferred Unit Incentive Plan (unitholders are being asked to consider and vote on a resolution to increase this number by a further 500,000). 500,000 represents approximately 1% of the Trust's outstanding Units and outstanding REIT Units. As of March 15, 2007, a total of 354,839.22 Deferred Trust Units and Income Deferred Trust Units had been granted (or credited, in the case of Income Deferred Trust Units) under the Deferred Unit Incentive Plan. This represents approximately 0.9% of the Trust's outstanding Units and 0.7% of the outstanding REIT Units. As of the same date, a total of 49,128 Units had been issued on the vesting of Deferred Trust Units and Income Deferred Trust Units pursuant to the plan. This represents approximately 0.1% of the Trust's outstanding Units and outstanding REIT Units.

Under the Deferred Unit Incentive Plan, Deferred Trust Units may be granted from time to time to Eligible Individuals at the discretion of the trustees. The number of Income Deferred Trust Units credited to a holder of Deferred Trust Units and/or Income Deferred Trust Units will be calculated by multiplying the aggregate number of Deferred Trust Units and Income Deferred Trust Units held on the relevant distribution record date by the amount of distributions paid by the Trust on each Unit, and dividing the result by the market value of the Units on the distribution payment date. Market value for this purpose is the weighted average closing price of the Units on the Toronto Stock Exchange for the five

trading days immediately preceding the relevant distribution payment date.

Deferred Trust Units will vest on either a five year or a three year vesting schedule. Deferred Trust Units granted to an Eligible Individual who is an officer or trustee of Dundee REIT (a "Five Year Grantee"), will vest on a five year vesting schedule, pursuant to which one-fifth of the Deferred Trust Units granted to such individual will vest on each anniversary of the grant date for a period of five years. Deferred Trust Units granted to any other Eligible Individual will vest on a three year vesting schedule, pursuant to which one-third of the Deferred Trust Units granted to such individual will vest on each anniversary of the grant date for a period of three years. Income Deferred Trust Units credited to participants in the Deferred Unit Incentive Plan ("Plan Participants") vest on the same five or three year schedule as their corresponding Deferred Trust Units and are issued on the same date as the Deferred Trust Units or Income Deferred Trust Units in respect of which they were credited.

Upon the vesting of Deferred Trust Units and Income Deferred Trust Units, Dundee REIT will issue Units to Plan Participants on the basis of one Unit for each Deferred Trust Unit and Income Deferred Trust Unit that has vested. Units are issued by Dundee REIT at no cost to Plan Participants. Five Year Grantees have the ability to elect to defer the issuance of Units to them on the vesting of their Deferred Trust Units and Income Deferred Trust Units in respect of any vesting date. The issuance of Units to Five Year Grantees may be deferred indefinitely, unless the Five Year Grantee's employment or term of office is terminated, in which case Units will be issued on the relevant date of termination of employment or term of office.

Any unvested Deferred Trust Units or Income Deferred Trust Units held by an Eligible Individual will be forfeited if the employment or term of office of the individual is terminated for any reason, whether voluntarily or involuntarily. However, pursuant to the Deferred Unit Incentive Plan, the trustees may, in their discretion if the circumstances warrant, accelerate the vesting of such units held by an individual whose employment or term of office is terminated. In these circumstances, any unvested Deferred Trust Units or Income Deferred Trust Units will vest effective upon the termination date of the individual, or on such later date or dates determined by the Compensation Committee of the trustees of Dundee REIT in its discretion. The Deferred Unit Incentive Plan was amended effective in 2004 to provide the Compensation Committee with this discretion to determine such later date or dates on which unvested deferred units may vest. Unitholder approval of this amendment was not required by the TSX, since this amendment was not a material

amendment to the Deferred Unit Incentive Plan within the meaning of the then-existing rules of that exchange. The Deferred Unit Incentive Plan was further amended on March 2007 in order to (a) remove the discretion of the trustees to accelerate the vesting of, or make other arrangements with respect to, Deferred Trust Units and Income Deferred Trust Units if Dundee REIT undergoes a change of control (such that all Deferred Trust Units and Income Deferred Trust Units will be accelerated and will fully vest immediately prior to a change of control); (b) amend the definition of change of control in the plan to provide that a change of control will not have occurred if (i) Dundee Corporation and its affiliates continue to maintain their minimum ownership interest in the Trust such that Dundee Corporation continues to be entitled to appoint up to one less than a majority of the trustees, and (ii) the successor entity acquiring Dundee REIT or its assets continues to own all or substantially all of the real estate assets owned directly or indirectly by Dundee REIT as of the announcement of a change of control transaction and there is no material diminution in the position of the Chief Executive Officer or any other executive officer of Dundee REIT (including status, compensation, benefits, offices, titles or reporting requirements), or his or her authorities, duties and responsibilities; (c) make certain housekeeping changes, including adding a provision to the effect that (a) the number of REIT Units, Series A issuable to insiders of Dundee REIT, at any time, under all of Dundee REIT's security based compensation arrangements, shall not exceed 10% of Dundee REIT's issued and outstanding REIT Units; and (b) the number of REIT

Units, Series A issued to insiders of Dundee REIT, within any one year period, under all of Dundee REIT's security based compensation arrangements, shall not exceed 10% of Dundee REIT's issued and outstanding REIT Units. Unitholder approval of these amendments is not required under current TSX rules.

Deferred Trust Units and Income Deferred Trust Units are non-transferable, except to a Plan Participant's estate, and the rights of Plan Participants under the Deferred Unit Incentive Plan are not assignable, except as required by law.

The Compensation Committee of the trustees of Dundee REIT may review and confirm the terms of the Deferred Unit Incentive Plan from time to time and may amend or suspend the Deferred Unit Incentive Plan in whole or in part as well as terminate the Deferred Unit Incentive Plan without prior notice as it deems appropriate (if approved by unitholders at the Meeting, the general amendment provision of the plan will be amended as described in this Management Information Circular). However, subject to the terms of the Deferred Unit Incentive Plan, no amendment may adversely affect the Deferred Trust Units or Income Deferred Trust Units previously granted under the Deferred Unit Incentive Plan without the consent of the affected Plan Participant.

The following table provides information regarding the Trust's Deferred Unit Incentive Plan, being the only equity compensation plan of the Trust. Information is provided as of December 31, 2006.

**Table 5 – Equity Compensation Plan Information**

<b>Plan Category</b>	<b>Number of Units to be issued upon vesting of Deferred Trust Units and Income Deferred Trust Units</b>	<b>Weighted-average price of unvested Deferred Trust Units and Income Deferred Trust Units</b>	<b>Number of Deferred Trust Units and Income Deferred Trust Units remaining available for future grant under the Deferred Unit Incentive Plan <sup>(1)</sup></b>
Equity compensation plans approved by unitholders	305,711	N/A	145,161

(1) 500,000 Deferred Trust Units and Income Deferred Trust Units were authorized under the plan.

### **Report on Executive Compensation**

The primary goal of the Compensation Committee is to ensure that the overall compensation provided to the executive officers of the Trust is determined with regard to the business strategies and objectives of the Trust, such that the financial interest of the executive officers of the Trust is consistent with the financial interest of the unitholders of the Trust. The Trust seeks to attract and retain top quality executives by providing total compensation that is competitive with that paid by other real estate investment trusts and corporations of comparable size. The principal components of the executive compensation program of the Trust are base salary and annual and long-term incentives.

#### **Base Salary**

The Compensation Committee approves the base salaries for each of the executive officers of the Trust on an individual basis, taking into consideration the past, current and potential contribution to the success of the Trust, the position and responsibilities of the executive officers and competitive industry pay practices for other real estate investment trusts and corporations of comparable size.

### **Annual Incentives**

The executive officers are eligible to be paid an annual bonus in an amount to be determined by the Compensation Committee based on qualitative and quantitative performance standards established and approved at the beginning of each financial year. The maximum bonus payable to Mr. Cooper is 100% of his annual salary, while the maximum bonus payable to each of the other executive officers is 70% of their respective salaries.

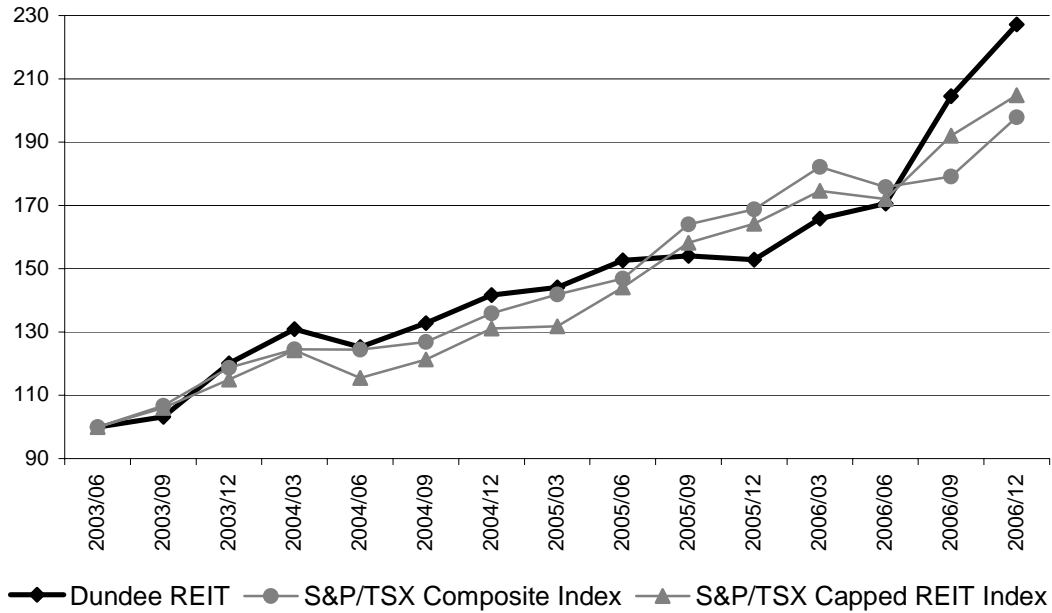
### **Long Term Incentives**

The Deferred Unit Incentive Plan is designed to promote a greater alignment of interests between management of the Trust and unitholders. See “Deferred Unit Incentive Plan” in this Management Information Circular. The trustees, acting on the recommendation of the Compensation Committee, may designate individuals eligible to receive grants of Deferred Units which vest over a period of time. In determining grants of Deferred Trust Units, an individual’s performance and contributions to the Trust’s success, relative position, tenure and past grants are taken into consideration.

The current members of the Compensation Committee have provided the foregoing report.

## PERFORMANCE GRAPH

The following graph shows the percentage change in the cumulative Unitholder return on the Units compared to the cumulative total return of the S&P/TSX Composite Index and the S&P/TSX Capped REIT Index since July 2, 2003, assuming an investment of \$100 on July 2, 2003. The Units were listed on the Toronto Stock Exchange under the symbol "D.UN" on July 2, 2003.



	S&P/TSX Composite Index	S&P/TSX Capped REIT Index	Dundee REIT Units Total Return
June 30, 2003	100.00	100.00	100.00
September 20, 2003	106.70	106.03	103.23
December 31, 2003	118.74	115.01	120.09
March 31, 2004	124.51	124.24	130.87
June 30, 2004	124.48	115.44	125.23
September 30, 2004	126.82	121.37	132.82
December 31, 2004	135.93	131.11	141.64
March 31, 2005	141.85	131.77	144.13
June 30, 2004	146.93	144.04	152.61
September 30, 2005	164.02	158.16	154.07
December 31, 2005	168.72	164.22	152.89
March 31, 2006	182.18	174.62	165.88
June 30, 2004	175.80	171.99	170.53
September 30, 2006	179.17	192.01	204.50
December 31, 2006	197.85	204.82	227.14

## **INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

On April 7, 2006, the Trust completed a public offering of 2,200,000 Units at a price of \$27.75 per unit, and on April 28, 2006, the Trust issued an additional 320,000 Units, also at a price of \$27.75 per unit, pursuant to the exercise of an over-allotment option granted to the underwriters. The underwriters of this offering received total fees of \$2,797,200.

On June 8, 2006, the Trust completed a public offering of 3,560,000 Units at a price of \$28.10 per unit. The underwriters of this offering received total fees of \$4,001,440.

On December 12, 2006, the Trust completed a public offering of 4,110,000 Units at a price of \$36.50 per unit. The underwriters of this offering received total fees of \$6,000,600.

On March 12, 2007, the Trust completed a public offering of 3,700,000 Units at a price of \$40.75 per unit. The underwriters of this offering received total fees of \$6,031,000.

Dundee Securities Corporation, an indirect subsidiary of Dundee Corporation, was a member of the underwriting syndicates for these public offerings. Three trustees of the Trust, being Messrs. Charter, David Goodman and Ned Goodman, are or were officers of Dundee Corporation.

On May 12, 2006, the Trust acquired, through Dundee Properties LP, the remaining 50% interest in Dundee Management LP from Dundee Realty. The initial purchase price was satisfied through the issuance by Dundee Properties LP of LP Class B Units, Series 1, which may be surrendered or indirectly exchanged for REIT Units, Series B at the option of the holder. On closing, 450,000 LP Class B Units, Series 1 were issued to Dundee Realty for consideration of approximately \$12.4 million. A further 92,000 LP Class B Units, Series 1 (with an additional 8,000 LP Class B Units, Series 1 and/or Units expected to be issued upon the reinvestment of distributions thereon, for a total of 100,000 units) are being held in escrow until June 30, 2007. On that date, additional LP Class B Units, Series 1 and/or Units will be released in accordance with a formula established in the purchase agreement and proportionate to the acquisitions completed by Dundee REIT. As of December 31, 2006, an additional \$1.5 million was expensed, representing the cost of an additional 55,326 LP Class B Units, Series 1 that Dundee Realty will be entitled to receive on June 30, 2007.

Dundee Realty, the vendor in this transaction, was an indirect subsidiary of Dundee Corporation. Three trustees of the Trust, being Ms. Joanne Ferstman, Messrs. David Goodman and Ned Goodman, are officers of Dundee Corporation.

## **ADDITIONAL INFORMATION**

Additional information relating to Dundee REIT is available on SEDAR at [www.sedar.com](http://www.sedar.com).

Unitholders may request copies of Dundee REIT's financial statements and Management's Discussion and Analysis by sending a request in writing to:

Dundee Real Estate Investment Trust  
c/o Chief Financial Officer  
30 Adelaide Street East, Suite 1600  
Toronto, Ontario  
M5C 3H1

Financial information is provided in Dundee REIT's comparative financial statements and Management's Discussion and Analysis for its most recently completed financial year.

## **APPROVAL**

The trustees of the Trust have approved the contents of this Management Information Circular and the sending thereof to the unitholders of the Trust.

By Order Of The Board



Michael J. Cooper  
Vice Chairman and Chief Executive Officer

April 5, 2007

## **SCHEDULE A**

### **MANDATE FOR THE BOARD OF TRUSTEES**

Pursuant to the amended and restated Declaration of Trust of the Trust dated June 14, 2005, the Trust may have a board of trustees (the “**Board**”) consisting of between five and 12 trustees at any give time, although a majority of the trustees must be resident Canadians. Dundee Corporation is entitled to appoint up to one less than a majority of the trustees, provided that Dundee Corporation maintains a beneficial ownership interest in the Trust above a certain level. The remaining trustees are elected by the holders of REIT Units, Series A of the Trust, REIT Units, Series B of the Trust and Special Trust Units (collectively, the “**Unitholders**”). Although trustees may be appointed by Dundee Corporation or elected by the Unitholders to bring special expertise or a point of view to Board deliberations, they are not chosen to represent a particular constituency. The best interests of the Trust must be paramount at all times.

#### **DUTIES OF TRUSTEES**

The Board is responsible for the stewardship of the activities and affairs of the Trust. The Board seeks to discharge such responsibility by reviewing, discussing and approving the Trust’s strategic planning and organizational structure and supervising management to oversee that the strategic planning and organizational structure enhance and preserve the business of the Trust and the underlying value of the Trust.

The Board discharges its responsibility for overseeing the management of the Trust’s activities and affairs by delegating to the Trust’s senior officers the responsibility for day-to-day activities of the Trust. The Board discharges its responsibilities both directly and through its committees, the Audit Committee, the Governance and Environmental Committee, the Investment Committee and the Compensation Committee. In addition to these regular committees, the Board may appoint ad hoc committees periodically to address certain issues of a more short-term nature. The Board’s primary roles are overseeing performance and providing quality, depth and continuity of management to meet the Trust’s strategic objectives. Other principal duties include, but are not limited to the following categories:

#### **Appointment of Management**

1. The Board is responsible for approving the appointment of the Chief Executive Officer and all other senior management, and approving their compensation, following a review of the recommendations of the Compensation Committee.
2. The Board from time to time delegates to senior management the authority to enter into certain types of transactions, including financial transactions, subject to specified limits. Investments and other expenditures above the specified limits, and material transactions outside the ordinary course of business are reviewed by and are subject to the prior approval of the Board.
3. The Board oversees that succession planning programs are in place, including programs to train and develop management.

#### **Board Organization**

4. The Board will respond to recommendations received from the Governance and Environmental Committee and the Compensation Committee, but retains responsibility for managing its own affairs by giving its approval for its composition and size, the selection of the Chair of the Board, candidates nominated for election to the Board, committee and committee chair appointments, committee charters and director compensation.
5. The Board may delegate to Board committees matters it is responsible for, including the approval of compensation of the Board and management, the conduct of performance evaluations and oversight of internal controls systems, but the Board retains its oversight function and ultimate responsibility for these matters and all other delegated responsibilities.

#### **Strategic Planning**

6. The Board has oversight responsibility to participate directly, and through its committees, in reviewing, questioning and approving the mission of the Trust and its objectives and goals.
7. The Board is responsible for reviewing the business, financial and strategic plans by which it is proposed that the Trust may reach those goals.

8. The Board is responsible for providing input to management on emerging trends and issues and on strategic plans, objectives and goals that management develops.
9. The Board will consider alternate strategies in response to possible change of control transactions or take-over bids with a view to maximizing value for Unitholders.

#### **Monitoring of Financial Performance and Other Financial Reporting Matters**

10. The Board is responsible for enhancing congruence between Unitholder expectations, Trust plans and management performance.
11. The Board is responsible for:
  - a. adopting processes for monitoring the Trust's progress toward its strategic and other goals, and to revise and alter its direction to management in light of changing circumstances affecting the Trust; and
  - b. taking action when Trust performance falls short of its goals or other special circumstances warrant.
12. The Board is responsible for approving the audited financial statements, interim financial statements and the notes and Management's Discussion and Analysis accompanying such financial statements.
13. The Board is responsible for reviewing and approving material transactions outside the ordinary course of business and those matters which the Board is required to approve under the Trust's Declaration of Trust and other governing documents, including the payment of distributions, purchase and redemptions of securities, acquisitions and dispositions.

#### **Risk Management**

14. The Board is responsible for the identification of the principal risks of the Trust's business and ensuring the implementation of appropriate systems to effectively monitor and manage such risks with a view to the long-term viability of the Trust and achieving a proper balance between the risks incurred and the potential return to the Trust's Unitholders.

#### **Policies and Procedures**

15. The Board is responsible for:
  - a. approving and monitoring compliance with all significant policies and procedures by which the Trust is operated; and
  - b. approving policies and procedures designed to ensure that the Trust operates at all times within applicable laws and regulations and in accordance with ethical and moral standards.
16. The Board shall enforce its policy respecting confidential treatment of the Trust's proprietary information and the confidentiality of Board deliberations.

#### **Communications and Reporting**

17. The Board has approved and will revise from time to time as circumstances warrant a disclosure policy to address communications with Unitholders, employees, financial analysts, governments and regulatory authorities, the media and the Canadian and international communities.
18. The Board is responsible for:
  - a. overseeing the accurate reporting of the financial performance of the Trust to Unitholders, other securityholders and regulators on a timely and regular basis;
  - b. overseeing that the financial results are reported fairly and in accordance with generally accepted accounting standards and related legal disclosure requirements;
  - c. taking steps to enhance the timely disclosure of any other developments that have a significant and material impact on the Trust;
  - d. reporting annually to Unitholders on its stewardship for the preceding year; and
  - e. overseeing the Trust's implementation of systems which accommodate feedback from Unitholders.

**SCHEDULE B**

**DUNDEE REAL ESTATE INVESTMENT TRUST**

**DEFERRED UNIT INCENTIVE PLAN**

**FOR**

**TRUSTEES, SENIOR MANAGEMENT AND CONSULTANTS**

ARTICLE 1	
INTRODUCTION .....	1
1.1 Purpose.....	1
1.2 Definitions.....	1
1.3 Term of Plan .....	3
1.4 Interpretation.....	3
ARTICLE 2	
ADMINISTRATION .....	3
2.1 Administration of the Plan .....	3
2.2 Participants.....	4
2.3 Information .....	4
ARTICLE 3	
GRANT, VESTING AND FORFEITURE OF DEFERRED TRUST UNITS AND INCOME DEFERRED TRUST UNITS.....	4
3.1 Grant of Deferred Trust Units.....	4
3.2 Vesting of Deferred Trust Units .....	4
3.3 Income Deferred Trust Units .....	5
3.4 Fractional Income Deferred Trust Units .....	5
3.5 Forfeiture.....	5
3.6 Disability.....	6
3.7 Transfer of Employment.....	6
ARTICLE 4	
ACCELERATION .....	6
4.1 Acceleration of Vesting Upon Termination of Employment or Term of Office .....	6
4.2 Acceleration of Vesting Upon Change of Control.....	6
ARTICLE 5	
DELIVERY OF TRUST UNITS .....	8
5.1 Issue of Trust Units.....	8
5.2 Deferral of Issue of Trust Units .....	8
ARTICLE 6	
GENERAL.....	9
6.1 Reporting.....	9
6.2 Amendment, Suspension, or Termination of the Plan .....	9
6.3 Compliance with Laws .....	9
6.4 Units Non-Transferrable .....	10
6.5 No Other Benefit.....	10
6.6 Governing Law .....	10
6.7 Submission To Jurisdiction.....	10
6.8 Unfunded Plan .....	10
6.9 Adjustments and Reorganizations.....	10
6.10 No Right to Employment.....	10
6.11 No Unitholder Rights.....	10
6.12 Determination of Value if Trust Units Not Publicly Traded .....	11

6.13	Reorganization of the Dundee REIT.....	11
6.14	Successors and Assigns.....	11
6.15	General Restrictions and Assignment.....	11
6.16	Severability .....	11

## **ARTICLE 1 INTRODUCTION**

### **1.1 Purpose**

The Plan is intended to enhance the ability of the Dundee REIT to attract and retain high quality trustees, officers, senior management employees and consultants and to promote a greater alignment of interests between such individuals and the unitholders of the Dundee REIT.

### **1.2 Definitions**

As used in the Plan, the following terms have the respective meanings:

**“Account”** means an account maintained for each Participant on the books of the Dundee REIT which will be credited with Deferred Trust Units and Income Deferred Trust Units in accordance with the terms of the Plan.

**“Affiliated Entities”** means, with respect to a Person, affiliates of the Person, with “affiliate” having the meaning given in National Instrument 45-106 – Prospectus and Registration Exemptions, as amended from time to time, and any successor to such instrument.

**“Allocation Date”** shall have the meaning given in Section 3.1.

**“Associate”** has the meaning set forth in the *Securities Act* (Ontario).

**“Acquiror”** shall have the meaning specified in Section 4.2.

**“Board”** means the Board of Trustees of the Dundee REIT.

**“Business Day”** means a day, other than a Saturday or Sunday, on which the principal commercial banks located in the City of Toronto are open for business during normal banking hours.

**“Change in Control”** has the meaning set forth in Section 4.2.

**“Committee”** means the Compensation Committee of the Board.

**“Consultant Company”** means a corporation which is engaged by the Dundee REIT or one or more of its Affiliated Entities to provide on a bona fide basis consulting, technical, management or other services to the Dundee REIT or an Affiliated Entity under a written contract between such corporation and one or more of the Dundee REIT and its Affiliated Entities.

**“Declaration of Trust”** means the amended and restated declaration of trust governing the Dundee REIT, as further amended from time to time.

**“Deferred Trust Unit”** means a bookkeeping entry equivalent in value to a Trust Unit credited to a Participant’s Account in accordance with the Plan.

**“Disabled”** means eligible for long-term disability under the terms of a long-term disability plan sponsored by the Participant’s employer.

**“Dundee REIT”** means the Dundee Real Estate Investment Trust.

**“Eligible Individuals”** means:

- (a) trustees and officers of the Dundee REIT;
- (b) Employees; and
- (c) employees of a Consultant Company who, in the Board’s reasonable opinion, spends or will spend a significant amount of time and attention on the affairs and business of one or more of the Dundee REIT and its Affiliated Entities.

**“Employee”** means an employee of the Dundee REIT or any of its Affiliated Entities.

**“Income Deferred Trust Unit”** means a bookkeeping entry equivalent in value to a whole or fractional Trust Unit, credited to a Participant’s Account in accordance with Section 3.3 of the Plan.

**“insider”** shall have the meaning ascribed thereto in Section 601 of the Toronto Stock Exchange Company Manual.

**“LP Class B Units, Series 1”** shall have the meaning ascribed thereto in the Declaration of Trust.

**“Market Value”** means the weighted average closing price of the Trust Units on the Toronto Stock Exchange for the five (5) trading days immediately preceding the distribution payment date.

**“Notice”** shall have the meaning ascribed thereto in Section 5.2.

**“Notice Units”** shall have the meaning ascribed thereto in Section 5.2.

**“Offer”** has the meaning set forth in Section 4.2.

**“Participant”** means an Eligible Individual who has been selected to participate in the Plan in accordance with Section 2.2 of the Plan.

**“Person”** includes an individual, sole proprietorship, partnership, unincorporated association, unincorporated syndicate, unincorporated organization, trust, body corporate, and a natural person in his or her capacity as trustee, executor, administrator or other legal representative;

**“Plan”** means the Dundee Real Estate Investment Trust Deferred Unit Incentive Plan for Trustees, Senior Management and Consultants.

**“REIT Units”** shall have the meaning ascribed thereto in the Declaration of Trust.

**“Retirement”** means retirement from active employment under the retirement policies of the Dundee REIT, its Affiliated Entities or a Consultant Company, as applicable, at or after the age of 65, or, with the consent for the purposes of the Plan of such officer of the Dundee REIT as may be designated by the Committee, at or after such earlier age and upon the completion of such years of service as the Committee may specify.

**“security based compensation arrangements”** shall have the meaning ascribed thereto in Section 613 of the Toronto Stock Exchange Company Manual.

**“Settlement Date”** means the date specified in Section 5.2(b).

**“Termination Date”** means the date designated by Dundee REIT, an Affiliated Entity or a Consultant Company, as applicable, on which a Participant ceases to be a trustee or officer of the Dundee REIT, an Employee or an employee of a Consultant Company and “Termination Date” specifically does not mean the date on which any period of reasonable notice that Dundee REIT, an Affiliated Entity or a Consultant Company (as the case may be) may be required by law to provide to a Participant terminates.

**“Trust Unit”** means a whole or fractional REIT Unit, Series A of the Dundee REIT.

**“Units”** shall have the meaning ascribed thereto in the Declaration of Trust.

**“Vesting Date”** means the date specified in Section 3.2.

### **1.3 Term of Plan**

The Plan shall come into effect on June 30, 2003, as amended effective as of September 3, 2003, as further amended effective as of April 30, 2004 and as further amended effective as of ●, 2007.

During the term of the Plan: (i) a maximum of ~~500,000~~1,000,000 Deferred Trust Units and Income Deferred Trust Units shall be granted in accordance with the Plan; and (ii) no one Participant shall be granted an aggregate number of Deferred Trust Units and Income Deferred Trust Units in any year that exceeds 5 per cent of the total number of outstanding Trust Units in such year.

### **1.4 Interpretation**

- (a) Whenever the Board or the Committee is to exercise discretion in the administration of the terms and conditions of the Plan, “discretion” shall mean the sole and absolute discretion of the Board or the Committee, as the case may be.
- (b) As used herein, the terms “Article” and “Section” shall mean and refer to the specified Article and Section of the Plan, respectively.
- (c) Unless otherwise specified, time periods within or following which any payment is to be made or act is to be done shall be calculated by excluding the day on which the period begins, including the day on which the period ends, and abridging the period to the immediately preceding Business Day in the event that the last day of the period is not a Business Day. In the event an action is required to be taken or a payment is required to be made on a day which is not a Business Day such action shall be taken or such payment shall be made on the immediately preceding Business Day.
- (d) In the text words importing the singular meaning shall include the plural and vice versa, and words importing the masculine shall include the feminine and neuter genders.

## **ARTICLE 2 ADMINISTRATION**

### **2.1 Administration of the Plan**

Except for the matters that are under the jurisdiction of the Board as specified under the Plan or as required by law:

- (a) the Plan shall be administered by the Committee, which shall have full authority to interpret the Plan, to establish, amend, and rescind any rules and regulations relating to

the Plan, and to make such determinations as it deems necessary or desirable for the administration of the Plan; and

- (b) all actions taken and decisions made by the Committee in this regard shall be final, conclusive, and binding on all parties concerned, including, but not limited to, the Dundee REIT, its Affiliated Entities, the Participants and their beneficiaries and legal representatives.

## **2.2 Participants**

The Board shall determine which Eligible Individuals will participate in the Plan.

## **2.3 Information**

Each Participant shall provide the Dundee REIT with all information required in order to administer the Plan.

# **ARTICLE 3 GRANT, VESTING AND FORFEITURE OF DEFERRED TRUST UNITS AND INCOME DEFERRED TRUST UNITS**

## **3.1 Grant of Deferred Trust Units**

- (a) At the discretion of the Board, a grant of Deferred Trust Units may be made to Participants at any time in any year (each, an “**Allocation Date**”). Any grants of Deferred Trust Units will be credited to a Participant’s Account effective on the Allocation Date.
- (b) Notwithstanding anything in this Plan, (a) the number of Trust Units issuable to insiders of Dundee REIT, at any time, under all of the Dundee REIT’s security based compensation arrangements, shall not exceed 10% of the Dundee REIT’s issued and outstanding Units; and (b) the number of Trust Units issued to insiders of the Dundee REIT, within any one year period, under all of the Dundee REIT’s security based compensation arrangements, shall not exceed 10% of the Dundee REIT’s issued and outstanding Units.

## **3.2 Vesting of Deferred Trust Units**

Subject to Article 4, Deferred Trust Units granted to a Participant:

- (a) who is an officer or trustee of the Dundee REIT shall vest in accordance with the following schedule:
  - (i) one-fifth (1/5) of the Deferred Trust Units granted in any year will vest on the first anniversary of their Allocation Date;
  - (ii) one-fifth (1/5) of the Deferred Trust Units granted in any year will vest on the second anniversary of their Allocation Date;
  - (iii) one-fifth (1/5) of the Deferred Trust Units granted in any year will vest on the third anniversary of their Allocation Date;

- (iv) one-fifth (1/5) of the Deferred Trust Units granted in any year will vest on the fourth anniversary of their Allocation Date; and
  - (v) the final one-fifth (1/5) of the Deferred Trust Units granted in any year will vest on the fifth anniversary of their Allocation Date.
- (b) who is not an officer or trustee of the Dundee REIT shall vest in accordance with the following schedule:
- (i) one-third (1/3) of the Deferred Trust Units granted in any year will vest on the first anniversary of their Allocation Date;
  - (ii) one-third (1/3) of the Deferred Trust Units granted in any year will vest on the second anniversary of their Allocation Date; and
  - (iii) the final one-third (1/3) of the Deferred Trust Units granted in any year will vest on the third anniversary of their Allocation Date;

with each such date being a “**Vesting Date**”, provided that (i) if the Committee or Board determines in accordance with the terms of the Plan that any Deferred Trust Units shall vest on an earlier date or that the vesting of any Deferred Trust Units shall be accelerated to an earlier date, or (ii) if the vesting of Deferred Trust Units is accelerated in accordance with Section 4.2, in each case the Vesting Date shall be such earlier date.

### **3.3 Income Deferred Trust Units**

A Participant’s Account shall be credited with Income Deferred Trust Units as of each distribution payment date in relation to any distributions made with respect to Trust Units. The number of Income Deferred Trust Units so credited shall be calculated by dividing: (a) the amount obtained by multiplying the amount of the distributions paid on each Trust Unit by the aggregate number of Deferred Trust Units and Income Deferred Trust Units in each Participant’s account on the distribution record date by; (b) the Market Value of the Trust Units on the distribution record date.

Income Deferred Trust Units granted under this Section 3.3 shall vest on the same Vesting Date as the Deferred Trust Units or Income Deferred Trust Units in respect of which they were credited.

### **3.4 Fractional Income Deferred Trust Units**

Notwithstanding the provisions of Section 3.3, the Dundee REIT shall not be required to issue any fractional Trust Unit with respect to Income Deferred Trust Units which vest on any Vesting Date. In lieu of issuing any fractional Trust Unit, the Dundee REIT shall satisfy such fractional interest by paying to the Participant, within ten business days of the Vesting Date, an amount (computed to the nearest cent and less any required withholding taxes) equal to the relevant fractional Trust Unit multiplied by the Market Value determined as if such Vesting Date was a distribution record date.

### **3.5 Forfeiture**

Subject to Sections 3.6, 3.7 and 4.1, if a Participant’s employment or term of office is terminated then any unvested Deferred Trust Units or Income Deferred Trust Units credited to such Participant’s Account shall be forfeited effective on such Participant’s Termination Date.

### **3.6 Disability**

If a Participant becomes Disabled while still employed or holding office, any Deferred Trust Units or Income Deferred Trust Units credited to such Participant's Account shall continue to vest in accordance with Section 3.2 and shall continue to be credited with Income Deferred Trust Units in accordance with Section 3.3 during the period that the Participant is Disabled and notwithstanding any termination of the Participant's employment while Disabled.

### **3.7 Transfer of Employment**

Unless the Committee, in its discretion, otherwise determines, at any time and from time to time, Deferred Trust Units and Income Deferred Trust Units are not affected by a change of employment or office within or among the Dundee REIT, its Affiliated Entities and a Consulting Company for so long as the Participant continues to be an Employee, officer or trustee of the Dundee REIT or an employee of a Consulting Company.

## **ARTICLE 4 ACCELERATION**

### **4.1 Acceleration of Vesting Upon Termination of Employment or Term of Office**

Notwithstanding the provisions of Section 3.5, any Deferred Trust Units or Income Deferred Trust Units credited to a Participant's account shall immediately vest upon the death of the Participant. Subject to Section 3.6, if a Participant's employment or term of office is terminated in other circumstances, the Committee may, in its discretion, provide that any unvested Deferred Trust Units or Income Deferred Trust Units credited to a Participant's Account shall vest effective upon such Participant's Termination Date or such later date or dates determined by the Committee in its discretion.

### **4.2 Acceleration of Vesting Upon Change of Control**

- (a) Upon the Dundee REIT entering into an agreement relating to, or otherwise becoming aware of, a transaction which, if completed, would result in a Change in Control, the Dundee REIT shall give written notice of the proposed Change in Control to the Participants, together with a description of the effect of such Change in Control on Deferred Trust Units and Income Deferred Trust Units, not less than 10 Business Days prior to the closing of the transaction resulting in the Change of Control.
- (b) Without any action by the Board or the Committee, the vesting of all Deferred Trust Units and Income Deferred Trust Units held by a Participant shall be accelerated to provide that, notwithstanding Section 3.2, such Deferred Trust Units and Income Deferred Trust Units shall be fully vested and conditionally delivered immediately prior to the completion of the Change in Control. If, for any reason, the Change in Control does not occur within the contemplated time period, the acceleration of the vesting of the Deferred Trust Units and Income Deferred Trust Units shall be retracted and vesting shall instead revert to the manner provided in Section 3.2.
- (c) If any individual, corporation or other entity (an **"Acquiror"**) makes an offer to purchase all of the outstanding Trust Units (an **"Offer"**) and the Offer is accepted by all of the holders of outstanding Trust Units, other than those unitholders who acquired their Trust Units solely pursuant to Deferred Trust Units or Income Deferred Trust Units granted under the Plan, such unitholders shall be required to sell such Trust Units together with all other Trust Units which they acquire pursuant to the accelerated vesting of any

Deferred Trust Units or Income Deferred Trust Units then owned by them to the Acquiror on the same terms and conditions as set out in the Offer.

- (d) For purposes of this Section 4.2, a “**Change in Control**” means:
- (i) unless the circumstances described in Section 4.2(d)(ii) below are applicable, the happening of any of the following events (each, a “**Transaction**”):
    - (A) any transaction pursuant to which: (I) the Dundee REIT goes out of existence; or (II) any Person, or any Associate or Affiliated Entity of such Person, (other than the Dundee REIT, a subsidiary of the Dundee REIT or an employee benefit program of the Dundee REIT (including any trustee of such program acting as trustee)) hereafter acquires the direct or indirect “beneficial ownership” (as defined by the *Business Corporations Act* (Ontario)) of securities of the Dundee REIT representing 50% or more of the aggregate voting power of all of the Dundee REIT’s then issued and outstanding securities;
    - (B) the sale of all or substantially all of the Dundee REIT’s assets to a Person other than a Person that was an Affiliated Entity;
    - (C) the dissolution or liquidation of the Dundee REIT except in connection with the distribution of assets of the Dundee REIT to one or more Persons which were Affiliated Entities prior to such event; or
    - (D) the occurrence of a transaction requiring approval of the Dundee REIT’s unitholders involving the acquisition of the Dundee REIT by an entity through purchase of assets, by amalgamation or otherwise;
  - (ii) provided that a Change of Control shall not have occurred if both of the following would be applicable on completion or effectiveness of any Transaction:
    - (A) Dundee Corporation continues to beneficially own, in the aggregate, at least 4,000,000 Units or an aggregate number of REIT Units and LP Class B Units, Series 1 that, upon surrender or exchange of the LP Class B Units, Series 1, would equal at least 4,000,000 REIT Units or an equivalent amount resulting from any consolidation, subdivision or division of REIT Units or LP Class B Units, Series 1, and Dundee Corporation shall continue to have the right under the Declaration of Trust to appoint up to a majority of the trustees of the Dundee REIT serving on the board, less one such trustee; and
    - (B) (I) all or substantially all of the real estate assets owned by the Dundee REIT, directly and/or indirectly, as of the time of announcement of the Transaction are owned, directly and/or indirectly, by: (w) the Person acquiring securities of the Dundee REIT representing 50% or more of the aggregate voting power of all of the Dundee REIT’s then issued and outstanding securities, (x) the Person acquiring all or substantially all of the Dundee REIT’s assets, (y) the Person acquiring assets from the Dundee REIT in connection with the dissolution or liquidation of the Dundee REIT, or (z) the Person acquiring the Dundee REIT through

purchase of assets, by amalgamation or otherwise, and (II) there is no material diminution in the position of the Chief Executive Officer or any other executive officer of the Dundee REIT (including status, compensation, benefits, offices, titles or reporting requirements), or his or her authorities, duties and responsibilities.

## **ARTICLE 5 DELIVERY OF TRUST UNITS**

### **5.1 Issue of Trust Units**

Subject to Section 5.2, effective upon the vesting of any Deferred Trust Unit or Income Deferred Trust Unit held by a Participant, the Dundee REIT will issue a Trust Unit to the Participant. For greater certainty, except for Participants covered under Section 5.2 (whose Deferred Trust Units vest in accordance with Section 3.2(a)), the Trust Units in relation to a grant of Deferred Trust Units shall be issued no later than December 31 of the third year following the year of grant.

### **5.2 Deferral of Issue of Trust Units**

- (a) If the Participant is an Employee or an officer or a trustee of the Dundee REIT, the Participant may, by giving notice (a **“Notice”**) to the REIT not less than 30 days prior to any Vesting Date of any unvested Deferred Trust Unit or Income Deferred Trust Unit, elect to defer the issuance by the Dundee REIT of Trust Units in respect of the Deferred Trust Units or Income Deferred Trust Units which are the subject of the Notice (the **“Notice Units”**). Notwithstanding the vesting of the Notice Units, the Notice Units shall continue to be credited to the Participant’s Account as Deferred Trust Units or Income Deferred Trust Units, as applicable, and the Participant shall continue to be credited with Income Deferred Trust Units in respect of such Notice Units in accordance with Section 3.3, provided that there are a sufficient number of Income Deferred Trust Units authorized under the Plan to provide for such crediting of Income Deferred Trust Units. Should there be an insufficient number of Income Deferred Trust Units authorized under the Plan, such Participants will be paid the cash equivalent of any such distributions (less any applicable withholding taxes) by the Dundee REIT as soon as practicable after the relevant distribution payment date.
- (b) The Dundee REIT shall issue Trust Units to the Participant in settlement of all vested Deferred Trust Units or Income Deferred Trust Units credited to the Participant’s Account (including, for greater certainty, all Notice Units) effective on the earlier of (i) the Termination Date, if the Participant’s employment or term of office should terminate for any reason, or (ii) such date as the Participant may select from time to time by giving not less than ten days prior written notice to the Dundee REIT, such earlier date being the **“Settlement Date”**. The Dundee REIT shall not be required to issue any fractional Trust Unit on the Settlement Date. In lieu of issuing any fractional Trust Unit, the Dundee REIT shall satisfy such fractional interest by paying to the Participant, within 10 days of the Settlement Date, an amount (computed to the nearest cent and less any required withholding taxes) equal to the relevant fractional Trust Unit multiplied by the Market Value determined as if the Settlement Date was a distribution record date.

## ARTICLE 6 GENERAL

### 6.1 Reporting

Statements of the Participant's Account will be provided to the Participant at least annually.

### 6.2 Amendment, Suspension, or Termination of the Plan

- (a) The Committee may review and confirm the terms of the Plan from time to time.
- (b) The Committee may from time to time amend or suspend the Plan in whole or in part and may at any time terminate the Plan without prior notice, as it deems appropriate; provided, however, that any amendment to the Plan that would: (a) result in any increase in the number of Deferred Trust Units and Income Deferred Trust Units issuable under the Plan; (b) permit Deferred Trust Units or Income Deferred Trust Units granted under the plan to be transferable or assignable other than for normal estate settlement purposes, or (c) result in any modification to this Section 6.2(b) or Section 3.1(b), in each case, shall be subject to the approval of unitholders of the Dundee REIT. The Committee may correct any defect or supply any omission or reconcile any inconsistency in the Plan in the manner and to the extent the Committee deems necessary or desirable. Without limitation, the Committee may, without obtaining the approval of unitholders of the Dundee REIT, make changes: (a) to correct errors, immaterial inconsistencies or ambiguities in the Plan text; (b) necessary or desirable to comply with applicable laws or regulatory requirements, rules or policies (including stock exchange requirements); and (c) to the vesting provisions applicable to Deferred Trust Units and Income Deferred Trust Units issued under the Plan. However, except as expressly set forth herein, no such amendment, suspension or termination may adversely effect the Deferred Trust Units or Income Deferred Trust Units previously granted to a Participant at the time of such amendment, suspension or termination, without the consent of the affected Participant.
- (c) If the Committee terminates or suspends the Plan, no new Deferred Trust Units or Income Deferred Trust Units will be credited to the account of a Participant. However, previously credited Deferred Trust Units or Income Deferred Trust Units shall remain outstanding but shall not be entitled to Income Deferred Trust Units as provided under Section 3.3, unless at the date of termination or suspension, the Committee elects to continue the entitlement to Income Deferred Trust Units with respect to outstanding Deferred Trust Units or Income Deferred Trust Units after the date of termination or during the course of the suspension, as applicable.

### 6.3 Compliance with Laws

The administration of the Plan shall be subject to and made in conformity with all applicable laws, regulations, policies, rules, notices and administrative practices. Should the Committee, in its sole discretion, determine that it is not feasible or desirable to honour an award of Deferred Trust Units or Income Deferred Trust Units made under the Plan due to such laws, regulations, policies, rules, notices and administrative practices, its obligation shall be satisfied by means of an equivalent cash payment (equivalence being determined on a before-tax basis).

#### **6.4 Units Non-Transferrable**

Deferred Trust Units and Income Deferred Trust Units are non-transferrable (except to a Participant's estate) and certificates representing Deferred Trust Units or Income Deferred Trust Units will not be issued by the Dundee REIT.

#### **6.5 No Other Benefit**

No amount will be paid to, or in respect of, a Participant under the Plan to compensate for a downward fluctuation in the price of a Trust Unit, nor will any other form of benefit be conferred upon, or in respect of, a Participant for such purpose.

#### **6.6 Governing Law**

The Plan shall be governed by, and interpreted in accordance with, the laws of the Province of Ontario and the federal laws of Canada applicable therein.

#### **6.7 Submission To Jurisdiction**

The Dundee REIT and each Participant irrevocably submits to the exclusive jurisdiction of the courts of competent jurisdiction in the Province of Ontario in respect of any action or proceeding relating in any way to the Plan, including with respect to the award of Deferred Trust Units, Income Deferred Trust Units and any issuance of Trust Units made in accordance with the Plan.

#### **6.8 Unfunded Plan**

Unless otherwise determined by the Committee, the Plan shall be unfunded. To the extent any Participant or his or her estate holds any rights by virtue of a grant of Deferred Trust Units or Income Deferred Trust Units under the Plan, such rights (unless otherwise determined by the Committee) shall be no greater than the rights of an unsecured creditor of the Dundee REIT.

#### **6.9 Adjustments and Reorganizations**

In the event of any distribution on Trust Units in the form of Trust Units, subdivision, combination or exchange of Trust Units, merger, consolidation, spin-off or other distribution (other than normal cash distribution) of Dundee REIT assets to unitholders or any other change affecting Trust Units, such proportionate adjustments, if any, as the Committee, in its discretion may deem appropriate to reflect such change, shall be made with respect to the number of Deferred Trust Units or Income Deferred Trust Units outstanding under the Plan. In the event the Dundee REIT is not the surviving entity of a merger, consolidation or amalgamation with another entity, or in the event of liquidation or reorganization and in the absence of any surviving entity's assumption of outstanding awards made under the Plan, the Committee may provide for appropriate settlements of Participant's Accounts.

#### **6.10 No Right to Employment**

Participation in the Plan shall not be construed to give any Participant a right to be retained in the employment of the Dundee REIT or their employer as at the Allocation Date.

#### **6.11 No Unitholder Rights**

Under no circumstances shall Deferred Trust Units or Income Deferred Trust Units be considered Trust Units nor shall they entitle any Participant to exercise voting rights or any other rights attaching to the ownership of Trust Units, nor shall any Participant be considered the owner of Trust Units by virtue of the

award of Deferred Trust Units or Income Deferred Trust Units until such time as Trust Units have been issued to such Participant.

#### **6.12 Determination of Value if Trust Units Not Publicly Traded**

Should Trust Units no longer be publicly traded at any time such that the amount of payment cannot be determined in accordance with the formula set out in the Plan, such amount shall be determined by the Committee.

#### **6.13 Reorganization of the Dundee REIT**

The existence of any Deferred Trust Units or Income Deferred Trust Units shall not affect in any way the right or power of the Dundee REIT or its unitholders to make or authorize any adjustment, recapitalization, reorganization or other change in the Dundee REIT's capital structure or its business, or any amalgamation, combination, merger or consolidation involving the Dundee REIT or to create or issue any bonds, debentures, units or other securities of the Dundee REIT or the rights and conditions attaching thereto or to affect the dissolution or liquidation of the Dundee REIT or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar nature or otherwise.

#### **6.14 Successors and Assigns**

The Plan shall be binding on all successors and assigns of the Dundee REIT and its Affiliated Entities.

#### **6.15 General Restrictions and Assignment**

Except as required by law, the rights of a Participant under the Plan are not capable of being anticipated, assigned, transferred, alienated, sold, encumbered, pledged, mortgaged or charged and are not capable of being subject to attachment or legal process for the payment of any debts or obligations of the Participant.

#### **6.16 Severability**

The invalidity or unenforceability of any provision of the Plan shall not affect the validity or enforceability of any other provision and any invalid or unenforceable provision shall be severed from the Plan.