



DUNDEE CORPORATION

**Notice of Annual and Special Meeting of Shareholders
to be held on May 16, 2013
and
Management Information Circular
with respect to
a proposed Plan of Arrangement involving Dundee Corporation,
certain of its shareholders and DREAM Unlimited Corp.
as well as Annual Meeting Matters**

Dated April 16, 2013



April 16, 2013

Dear Shareholder:

You are invited to attend an annual and special meeting (the "**Meeting**") of holders of Class A Subordinate Voting Shares ("**Dundee Subordinate Voting Shares**"), Class B Common Shares ("**Dundee Common Shares**") and First Preference Shares, Series 1 ("**Dundee Series 1 Preference Shares**") of Dundee Corporation ("**Dundee**" or the "**Company**") which will be held at The Design Exchange, Exhibition Hall, 3rd Floor, 234 Bay Street, Toronto, Ontario M5K 1B2 on May 16, 2013 at 4:00 p.m. (Toronto time).

At the Meeting, holders of Dundee Subordinate Voting Shares and Dundee Common Shares will be asked to consider the matters relating to annual business outlined in items 1 to 3 in the accompanying Notice of Meeting.

In addition, holders of Dundee Subordinate Voting Shares, Dundee Common Shares and Dundee Series 1 Preference Shares (collectively, the "**Dundee Shares**") will be asked to pass a special resolution approving a statutory plan of arrangement (the "**Arrangement**"). The Arrangement will result in the establishment of a new public real estate company, DREAM Unlimited Corp. ("**DREAM**"), to which the Company will, directly or indirectly, transfer its 70% interest in the common shares and Class C preference shares (collectively, the "**DRC Shares**") of Dundee Realty Corporation, a subsidiary of Dundee. Dundee will own, directly or indirectly, subordinate voting shares of DREAM representing approximately 28.57% of the total number of outstanding subordinate voting shares and common shares of DREAM, and thereby retain an approximate indirect 20% interest in the DRC Shares. The holders of Dundee Subordinate Voting Shares and Dundee Common Shares will retain their interest in the Company and will receive, directly or indirectly, a *pro rata* interest in DREAM through a distribution to them of shares of DREAM (which will result in such shareholders having an approximate indirect 50% interest in the DRC Shares). The holders of Dundee Series 1 Preference Shares will also receive a *pro rata* interest in DREAM by each such holder receiving, for each Dundee Series 1 Preference Share held, (i) a new preference share of the Company with a liquidation amount expected to be approximately \$18.67 and an annual dividend entitlement equal to 5.00% of the liquidation amount, and (ii) a preference share of DREAM with a liquidation amount expected to be approximately \$6.33 and an annual dividend entitlement equal to 5.50% of the liquidation amount. The increased dividend on the preference shares of DREAM is intended to provide an incentive for holders of the Dundee Series 1 Preference Shares to support the Arrangement. All other financial entitlements of the newly issued preference shares of the Company and DREAM will, collectively, reflect the same financial entitlements as the Dundee Series 1 Preference Shares. Dundee intends to confirm the liquidation amounts of the new preference shares of the Company and DREAM by way of a press release to be issued on the date that the Arrangement is completed. The aggregate liquidation amount of such shares will be equal to the liquidation amount of the Dundee Series 1 Preference Shares of \$25.00. The holders of First Preference Shares, Series 2 of Dundee ("**Dundee Series 2 Preference Shares**") will retain their interest in the Company and will not become shareholders of DREAM. Sweet Dream Corp., a corporation owned by Mr. Michael Cooper, the Chief Executive Officer of Dundee Realty Corporation and a director of the Company, will retain its 30% interest in the DRC Shares.

The board of directors of Dundee (the "**Board**") believes that proceeding with the Arrangement will provide benefits to Dundee and the holders of Dundee Shares. In the course of their evaluation of the Arrangement, the directors consulted with senior management, financial advisors and legal counsel, and considered a number of factors, including that the Arrangement is expected to (i) provide each of Dundee and DREAM with a sharper business focus, (ii) improve the market's understanding and valuation of the two businesses, (iii) provide shareholders with more focused investments and additional flexibility, (iv) enable DREAM, as a separate business, to retain, attract and motivate key employees, and (v) provide

each of Dundee and DREAM with independent access to capital to finance their respective growth strategies.

The Board has reviewed the terms and conditions of the Arrangement and, for the reasons set out in the accompanying management information circular (the "**Management Information Circular**"), has unanimously concluded that the Arrangement is in the best interests of the Company and is fair and reasonable to the Company and the holders of Dundee Subordinate Voting Shares, Dundee Common Shares, Dundee Series 1 Preference Shares and Dundee Series 2 Preference Shares, each taken separately as a class or series, as the case may be. The Board unanimously recommends that holders of Dundee Shares vote **FOR** the special resolution approving the Arrangement at the Meeting. Each director of the Company intends to vote his Dundee Shares **FOR** the special resolution approving the Arrangement, which Dundee Shares represented, in aggregate, approximately 9.87% of the outstanding Dundee Subordinate Voting Shares, 99.07% of the outstanding Dundee Common Shares and 0.04% of the outstanding Dundee Series 1 Preference Shares, respectively, as at April 10, 2013.

To become effective, the special resolution in respect of the Arrangement must be approved by: (i) not less than 66⅔% of the votes cast at the Meeting by the holders of Dundee Subordinate Voting Shares, voting separately as a class; (ii) not less than 66⅔% of the votes cast at the Meeting by the holders of Dundee Common Shares, voting separately as a class; (iii) not less than 66⅔% of the votes cast at the Meeting by the holders of Dundee Series 1 Preference Shares, voting separately as a series of a class; and (iv) not less than a majority of the votes cast at the Meeting by the holders of the Dundee Subordinate Voting Shares, voting separately as a class (other than "interested parties" and "control persons" of the Company, as prescribed by applicable Canadian securities laws). While the holders of Dundee Series 2 Preference Shares are receiving the materials in respect of the Meeting, such holders will not be voting on any of the matters to be considered thereat.

The Arrangement is also subject to the satisfaction of certain other conditions, including the receipt of the approval of the Ontario Superior Court of Justice (Commercial List) and required regulatory approvals from the Toronto Stock Exchange. Subject to the receipt of such approvals and the satisfaction or waiver, as applicable, of the other conditions contained in the Arrangement Agreement dated April 12, 2013, as amended, between the Company, DREAM Limited, Dundee Realty Corporation and Sweet Dream Corp., if the special resolution in respect of the Arrangement is approved at the Meeting, it is anticipated that the Arrangement will be completed on or around May 30, 2013.

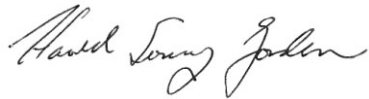
The Management Information Circular provides a detailed description of the Arrangement and the other matters to be considered at the Meeting. **You are urged to read this information carefully and, if you require assistance, to consult your own legal, tax, financial or other professional advisor.**

Following the custom of past annual meetings, we will also review our business operations and will be answering your questions following the formal part of the Meeting.

Your vote and participation in Dundee's business is important regardless of the number of Dundee Shares that you own. We have made it easy for you to vote by telephone, internet, mail, facsimile or by coming to the Meeting in person. Please consult the Management Information Circular and the Notice of Meeting which, together, contain all of the information you need about the Meeting and how to exercise your vote.

Laurel Hill Advisory Group ("**Laurel Hill**") has been engaged as proxy solicitation agent in connection with the solicitation of proxies from the holders of Dundee Series 1 Preference Shares for the Meeting. If you are a holder of Dundee Series 1 Preference Shares and have any questions in regards to the Meeting or require assistance with voting, please contact Laurel Hill by telephone at 1-877-452-7184 (North-American toll-free) or 416-304-0211 (banks, brokers or collect calls) or by email at assistance@laurelhill.com.

Sincerely yours,



Harold (Sonny) Gordon
Chairman



Ned Goodman
President and Chief Executive Officer

The Management Information Circular as well as Dundee's 2012 financial statements, annual information form, quarterly financial information and other information regarding Dundee is posted on our website at www.dundeecorporation.com and can be accessed through the System for Electronic Document Analysis and Retrieval at www.sedar.com.



DUNDEE PLACE
21ST FLOOR
1 ADELAIDE STREET EAST
TORONTO, ONTARIO
M5C 2V9

NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that an annual and special meeting (the “**Meeting**”) of the holders of Class A Subordinate Voting Shares, Class B Common Shares and First Preference Shares, Series 1 (collectively, the “**Dundee Shares**”) of Dundee Corporation (the “**Company**”) will be held at The Design Exchange, Exhibition Hall, 3rd Floor, 234 Bay Street, Toronto, Ontario M5K 1B2 on May 16, 2013 at 4:00 p.m. (Toronto time), for the following purposes:

1. to receive the audited consolidated financial statements of the Company for the financial year ended December 31, 2012, together with the auditor’s report thereon;
2. to appoint PricewaterhouseCoopers LLP as auditor of the Company for the ensuing year and to authorize the directors of the Company to fix the remuneration of the auditor;
3. to elect the directors of the Company for the ensuing year;
4. to consider, pursuant to an order (the “**Interim Order**”) of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) dated April 16, 2013, and, if deemed advisable, to pass a special resolution (the “**Arrangement Resolution**”), the text of which is set forth in Appendix “A” to the accompanying management information circular (the “**Management Information Circular**”), with or without variation, approving an arrangement (the “**Arrangement**”) under section 182 of the *Business Corporations Act* (Ontario) (the “**OBCA**”) involving, among others, the Company, the holders of Dundee Shares, DREAM Unlimited Corp. and Dundee Realty Corporation, pursuant to the plan of arrangement attached as Schedule “A” to Appendix “B” to the Management Information Circular and as more particularly described therein; and
5. to transact such other business as may properly come before the Meeting or any adjournment or postponement thereof.

Specific details relating to the Arrangement and the other matters to be considered at the Meeting are set forth in the Management Information Circular.

The record date for the determination of holders of Dundee Shares entitled to receive notice of and to vote at the Meeting, as described in the Management Information Circular, is April 10, 2013.

Pursuant to the Interim Order and the provisions of section 185 of the OBCA (as modified by the Interim Order and/or the final order of the Court), if you are a registered holder of Dundee Shares, you have the right to dissent in respect of the Arrangement Resolution and, if the Arrangement becomes effective and upon strict compliance with the dissent procedures set out in the Management Information Circular, to be paid the fair value of your Dundee Shares in accordance with the Interim Order and section 185 of the OBCA (as modified by the Interim Order and/or the final order of the Court). This right of dissent is described in the Management Information Circular. If you fail to comply strictly with the dissent procedures set out in the Management Information Circular, you may not be able to exercise your right of dissent. If you are a beneficial owner of Dundee Shares that are registered in the name of a broker,

investment dealer, bank, trust company, custodian or other intermediary and wish to dissent, you should be aware that **ONLY REGISTERED HOLDERS OF DUNDEE SHARES ARE ENTITLED TO EXERCISE RIGHTS OF DISSENT**. A registered shareholder who holds Dundee Shares for more than one beneficial owner, some of whom wish to exercise dissent rights, must exercise dissent rights on behalf of such holders. A dissenting shareholder may dissent only in respect of all of the Dundee Shares held on behalf of any one beneficial owner and registered in the name of such dissenting shareholder.

DATED at Toronto, Ontario as of April 16, 2013.

By Order of the Board



Lili Mance, Corporate Secretary

We ask that you promptly complete, sign, date and return the applicable enclosed form(s) of proxy in the enclosed return envelope to ensure that your Dundee Shares are voted at the Meeting in accordance with your instructions, whether or not you are able to attend in person. All instruments appointing proxies to be used at the Meeting, or at any adjournment or postponement thereof, must be deposited with Computershare Investor Services Inc. at 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1, by mail or via facsimile at (416) 263-9524 or 1-866-249-7775 or by telephone or internet at www.investorvote.com as provided in the Management Information Circular prior to 4:00 p.m. (Toronto time) on May 14, 2013 or, in the case of any adjournment or postponement thereof, not less than 48 hours (excluding Saturdays, Sundays and holidays) prior to the time of such adjourned or postponed meeting. Instruments appointing proxies not so deposited may not be voted at the Meeting or any adjournment or postponement thereof. If you hold your Dundee Shares through a broker or other intermediary, you should follow the instructions provided by your broker or other intermediary to vote your Dundee Shares. See “*General Proxy Matters – Appointment and Revocation of Proxies*” on page 99 of the Management Information Circular, “*General Proxy Matters – Voting by Registered Shareholders*” on page 100 of the Management Information Circular and “*General Proxy Matters – Voting by Non-Registered Shareholders*” on page 100 of the Management Information Circular for voting instructions.

Laurel Hill Advisory Group (“**Laurel Hill**”) has been engaged as proxy solicitation agent in connection with the solicitation of proxies from the holders of First Preference Shares, Series 1 of the Company (“**Dundee Series 1 Preference Shares**”) for the Meeting. Holders of Dundee Series 1 Preference Shares who have any questions in regards to the Meeting or require assistance with voting may contact Laurel Hill by telephone at 1-877-452-7184 (North-American toll-free) or 416-304-0211 (banks, brokers or collect calls) or by email at assistance@laurelhill.com.

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INFORMATION FOR ALL SHAREHOLDERS

This management information circular (this “**Management Information Circular**”) does not constitute an offer to sell, or a solicitation of an offer to purchase, any securities, or the solicitation of a proxy, by any person in any jurisdiction in which such an offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such an offer or solicitation of an offer or proxy solicitation. Neither the delivery of this Management Information Circular nor any distribution of the securities referred to in this Management Information Circular will, under any circumstances, create an implication that there has been no change in the information set forth herein since the date as of which such information is given in this Management Information Circular.

All capitalized terms used in this Management Information Circular, including the Appendices hereto, but not otherwise defined herein have the meanings set forth under “*Glossary of Terms*”.

This Management Information Circular is delivered in connection with the solicitation of proxies by and on behalf of the management of the Company for use at the Meeting and any adjournment or postponement thereof for the purposes set forth in the accompanying Notice of Meeting. See “General Proxy Matters” on page 99 of this Management Information Circular.

No person has been authorized to give any information or make any representation in connection with the matters to be considered at the Meeting other than those contained, or incorporated by reference, in this Management Information Circular and, if given or made, any such information or representation must not be relied upon as having been authorized.

Unless otherwise noted, the information provided in this Management Information Circular is given as of April 16, 2013. All dollar references in this Management Information Circular are in Canadian dollars, unless otherwise noted.

Shareholders should not construe the contents of this Management Information Circular as legal, tax or financial advice and should consult with their own legal, tax, financial or other professional advisors in considering the matters contained in this Management Information Circular.

This Management Information Circular includes market and industry data and other information that has been obtained from third party sources, including industry publications and other publicly available sources. Although the Company believes such information to be reliable, the Company has not independently verified any of the data or information included in this Management Information Circular that was obtained from third party or publicly available sources, nor has the Company evaluated the underlying data or assumptions relied upon by such sources. References in this Management Information Circular to any publications, reports, surveys or articles prepared by third parties should not be construed as depicting the complete findings of the entire publication, report, survey or article. The information in any such publication, report, survey or article is not incorporated by reference in this Management Information Circular.

This Management Information Circular and the transactions contemplated in connection with the Arrangement, including the securities to be issued pursuant to the Arrangement, have not been approved or disapproved by any securities regulatory authority nor has any securities regulatory authority passed upon the merits or fairness of such transactions or upon the accuracy or adequacy of this Management Information Circular. Any representation to the contrary is an offence.

INFORMATION FOR UNITED STATES SHAREHOLDERS

The securities issuable to Shareholders in exchange for their securities pursuant to the Arrangement have not been and will not be registered under the U.S. Securities Act. Such securities will be issued in reliance upon the exemption from the registration requirements of the U.S. Securities Act provided by Section 3(a)(10) thereof on the basis of the approval of the Court, which will consider, among other things, the fairness of the Arrangement to the persons affected. See "*Certain Legal and Regulatory Matters – United States Securities Laws Matters*".

The solicitation of proxies is not subject to the requirements of Section 14(a) of the U.S. Exchange Act. The solicitation of proxies and transactions contemplated herein are being made by or on behalf of a Canadian issuer in accordance with Canadian corporate and securities laws, and this Management Information Circular has been prepared in accordance with disclosure requirements applicable in Canada. Shareholders should be aware that requirements under such Canadian laws and such disclosure requirements may differ from requirements under United States corporate and securities laws relating to United States corporations. The audited annual financial statements of the Company and Dundee Realty and the unaudited pro forma consolidated financial statements of DREAM included in this Management Information Circular have been prepared in accordance with IFRS, and are subject to Canadian auditing and auditor independence standards, and thus may not be comparable to financial statements of United States corporations. Likewise, unless expressly noted, information concerning the Company, DREAM and Dundee Realty and their respective current or expected businesses, properties and operations, as applicable, contained or incorporated herein by reference has been prepared in accordance with disclosure requirements applicable in Canada and such disclosure requirements may be materially different from those applicable in the United States.

The enforcement by Shareholders of civil liabilities under the securities laws of the United States may be affected adversely by the fact that the parties to the Arrangement are organized under the laws of jurisdictions other than the United States, that some or all of their officers and directors are residents of countries other than the United States, and that some or all of the experts named in this Management Information Circular may be residents of countries other than the United States. As a result, it may be difficult or impossible for Shareholders to effect service of process within the United States upon the parties to the Arrangement, their respective officers and directors or the experts named herein, or to realize against them upon judgments of courts of the United States predicated upon civil liabilities under the securities laws of the United States. In addition, Shareholders should not assume that the courts of Canada: (a) would enforce judgments of United States courts obtained in actions against such persons predicated upon civil liabilities under the securities laws of the United States; or (b) would enforce, in original actions, liabilities against such persons predicated upon civil liabilities under the securities laws of the United States.

U.S. Shareholders should be aware that the Arrangement described in this Management Information Circular may have tax consequences both in Canada and in the United States which are not described fully herein. See "*Certain Canadian Federal Income Tax Considerations*" and "*Certain U.S. Federal Income Tax Considerations*". U.S. Shareholders should consult their own tax advisor for advice on the Arrangement.

The securities to be issued pursuant to the Arrangement have not been approved or disapproved by the U.S. Securities and Exchange Commission or the securities regulatory authority of any state of the United States, nor has the U.S. Securities and Exchange Commission or the securities regulatory authority of any state passed on the adequacy or accuracy of this Management Information Circular. Any representation to the contrary is a criminal offence.

FORWARD-LOOKING INFORMATION

This Management Information Circular contains, and incorporates by reference, information that constitutes “forward-looking information” within the meaning of applicable securities laws. The forward-looking information in this Management Information Circular is presented for the purpose of providing disclosure of the current expectations of the Company and/or DREAM for future events or results, having regard to current plans, objectives and proposals, and such information may not be appropriate for other purposes. Forward-looking information may also include information regarding the Company’s or DREAM’s respective future plans or objectives and other information that is not comprised of historical fact. Forward-looking information is predictive in nature, depends upon or refers to future events or conditions and, as such, this Management Information Circular uses words such as “may”, “would”, “could”, “should”, “will”, “likely”, “expect”, “anticipate”, “believe”, “intend”, “plan”, “forecast”, “project”, “estimate” and similar expressions suggesting future outcomes or events to identify forward-looking information. The forward-looking information contained, or incorporated by reference, in this Management Information Circular relates, but may not be limited, to: the completion of the Pre-Arrangement Transaction; the completion and proposed terms of, and matters relating to, the Arrangement (including, but not limited to, the anticipated approval and payment of a dividend to Dundee Series 1 Preference Shareholders and the timing related thereto, the expected terms of the Dundee New Series 4 Preference Shares and the DREAM Series 1 Preference Shares as well as the allocation of the amounts and percentage interests in the outstanding shares of DREAM following the completion of the Arrangement) and the expected timing related thereto; the expected benefits of the Arrangement to Shareholders and the Company and the anticipated effect of the completion of the Arrangement on the Company and DREAM and their respective future operations; the anticipated business strategies or further actions of each of the Company and DREAM following the completion of the Arrangement and their respective abilities to accomplish same; certain Canadian and U.S. federal income tax consequences resulting from the completion of the Arrangement; the timing for the delivery of share certificates representing the DREAM Subordinate Voting Shares, DREAM Common Shares, DREAM Series 1 Preference Shares and Dundee New Series 4 Preference Shares; DREAM’s objectives and priorities for 2013 and beyond; and expectations with respect to future general economic and market conditions.

Any such forward-looking information is based on information currently available to the Company and DREAM, and is based on assumptions and analyses made by the Company and/or DREAM in light of their respective experiences and perception of historical trends, current conditions and expected future developments, as well as other factors the Company and/or DREAM believe are appropriate in the circumstances, including but not limited to: the anticipated approval of the Arrangement by Shareholders and the Court; the anticipated receipt of any required governmental and regulatory approvals and consents (including from the TSX); the expectation that each of the Company, DREAM, Dundee Realty and SDC will comply with the terms and conditions of the Arrangement Agreement; the expectation that no event, change or other circumstance will occur that could give rise to the termination of the Arrangement Agreement; that no unforeseen changes in the legislative and operating framework for the respective businesses of the Company or DREAM will occur; that DREAM will meet its future objectives and priorities; that DREAM will have access to adequate capital to fund its future projects and plans; that DREAM’s future projects and plans will proceed as anticipated; and that future market and economic conditions will occur as expected.

However, whether actual results and developments will conform with the expectations and predictions contained in the forward-looking information is subject to a number of risks and uncertainties, many of which are beyond the Company’s control, and the effects of which can be difficult to predict. Factors that could cause actual results or events to differ materially from those described in the forward-looking information include, but are not limited to: adverse changes in general economic and market conditions; the Company or DREAM’s inability to raise additional capital; the inability of the Company or DREAM to execute strategic plans and meet financial obligations; risks associated with DREAM’s anticipated real estate operations and investment holdings in general, including environmental risks and market risks, and risks associated with inflation, changes in interest rates and other financial exposures; the failure to complete the Arrangement for any reason (including due to the failure to satisfy the conditions contained in the Arrangement Agreement); the potential benefits of the Arrangement not being realized; adverse changes and volatility in the trading prices or value, as applicable, of the securities to be issued pursuant to the Arrangement; there being no established market for the DREAM Subordinate Voting Shares or

DREAM Series 1 Preference Shares; substantial tax liabilities that the Company and DREAM may be exposed to if the tax-deferred Arrangement requirements are not met; the Company's ability to delay or amend the implementation of all or part of the Arrangement or to proceed with the Arrangement even if certain consents and approvals are not obtained on a timely basis; the failure to obtain any required governmental, regulatory or other approvals and/or consents (including from the TSX, the Court and/or Shareholders); future factors that may arise making it inadvisable to proceed with, or advisable to delay, all or part of the Arrangement; and risks associated with indemnity obligations arising under the Arrangement Agreement or the Indemnity. For a further description of these and other factors that could cause actual results to differ materially from the forward-looking information contained, or incorporated by reference, in this Management Information Circular, see the risk factors discussed under "*Risk Factors*" in this Management Information Circular as well as the risks and uncertainties discussed under the heading "*Risk Factors*" in the 2012 Annual Information Form and subsequent filings made with securities commissions in Canada.

In evaluating any forward-looking information contained, or incorporated by reference, in this Management Information Circular, the Company cautions readers not to place undue reliance on any such forward-looking information. Any forward-looking information speaks only as of the date on which it was made. Unless otherwise required by applicable securities laws, the Company does not intend, nor does it undertake any obligation, to update or revise any forward-looking information contained, or incorporated by reference, in this Management Information Circular to reflect subsequent information, events, results, circumstances or otherwise.

PRESENTATION OF FINANCIAL INFORMATION

General

The financial statements and selected pro forma financial information contained in this Management Information Circular are reported in Canadian dollars. All such financial statements have been prepared in accordance with IFRS.

Performance Measures

Dundee and DREAM believe that important measures of operating performance include certain performance measures that are not defined under IFRS and as such, may not be comparable to similar performance measures used by other companies. Throughout this Management Information Circular, there are references to certain performance measures which management believes are relevant in assessing the economics of the business of Dundee Realty. While these performance measures are not formally recognized by IFRS, Dundee and DREAM believe that they are informative and provide further insight as supplementary measures to net earnings and cash flows.

- “Gross Margin” or “Margin” is an important measure of operating earnings in each business segment of Dundee Realty and generally represents revenue less direct operating costs and management and administrative costs. Gross margin may be expressed as an absolute number or as a percentage of revenue.
- “Earnings Before Interest Depreciation and Amortization” or “EBITDA” is an important measure of earnings because it is a key measure used by Dundee Realty’s management to evaluate its economic performance, generate future operating plans and make strategic decisions. Accordingly, it is believed that EBITDA provides useful information to investors and others in understanding and evaluating results. EBITDA is determined as net income less income taxes, interest expense, investment income, share of (losses) earnings from equity accounted investments, fair value changes in investment properties and depreciation and amortization expense. It is believed that this is useful to exclude non-cash charges, such as fair value changes, depreciation and amortization, from EBITDA because the amount of such expenses in any specific period may not directly correlate to the underlying performance of business operations.

SUMMARY

The following is a summary of certain information contained elsewhere in this Management Information Circular and is qualified in its entirety by reference to the more detailed information and financial data and statements contained in or referred to elsewhere in this Management Information Circular, including the Appendices and documents that are incorporated by reference herein. The capitalized terms used in this Management Information Circular are defined in the "Glossary of Terms" starting on page 103 of this Management Information Circular.

THE MEETING

Dundee has called the Meeting as an annual and special meeting to vote upon the Annual Meeting Matters and to consider and, if deemed advisable, approve the Arrangement Resolution.

The Arrangement Resolution relates to the establishment of a new public real estate company, DREAM, to which the Company will, directly or indirectly, transfer its 70% interest in the DRC Shares, as described below. Shareholders may also be asked to consider other business that properly comes before the Meeting.

The Meeting will be held at The Design Exchange, Exhibition Hall, 3rd Floor, 234 Bay Street, Toronto, Ontario M5K 1B2 on May 16, 2013 at 4:00 p.m. (Toronto time). Only Registered Shareholders of record at the close of business on April 10, 2013, who either personally attend the Meeting or who have duly completed and delivered a form of proxy, shall be entitled to vote or have their Dundee Shares voted, as the case may be and subject to the provisions described in this Management Information Circular, at the Meeting. At the Meeting, each Dundee Subordinate Voting Share entitles the holder of record thereof to one vote per Dundee Subordinate Voting Share, each Dundee Common Share entitles the holder of record thereof to 100 votes per Dundee Common Share and each Dundee Series 1 Preference Share entitles the holder of record thereof to one vote per Dundee Series 1 Preference Share. Dundee Series 1 Preference Shareholders will not be entitled to vote on the Annual Meeting Matters at the Meeting. At the close of business on April 10, 2013, there were 50,947,517 Dundee Subordinate Voting Shares, 3,116,332 Dundee Common Shares and 6,000,000 Dundee Series 1 Preference Shares outstanding.

For further information on voting Dundee Subordinate Voting Shares, Dundee Common Shares or Dundee Series 1 Preference Shares at the Meeting, see "*General Proxy Matters*".

THE ARRANGEMENT

The Arrangement will result in the establishment of a new public real estate company, DREAM, to which the Company will, directly or indirectly, transfer its 70% interest in the DRC Shares. The Company will own, directly or indirectly, DREAM Subordinate Voting Shares representing approximately 28.57% of the total number of outstanding DREAM Subordinate Voting Shares and DREAM Common Shares, and thereby retain an approximate indirect 20% interest in the DRC Shares. The holders of Dundee Subordinate Voting Shares and Dundee Common Shares will retain their interest in the Company and will receive, directly or indirectly, a *pro rata* interest in DREAM through a distribution to them of shares of DREAM (which will result in such shareholders having an approximate indirect 50% interest in the DRC Shares). The holders of Dundee Series 1 Preference Shares will also receive a *pro rata* interest in DREAM by each such holder receiving, for each Dundee Series 1 Preference Share held, (i) a new preference share of the Company with a liquidation amount expected to be approximately \$18.67 and a dividend entitlement equal to 5.00% of the liquidation amount on an annual basis, payable quarterly, and (ii) a preference share of DREAM with a liquidation amount expected to be approximately \$6.33 and a dividend entitlement equal to 5.50% of the liquidation amount on an annual basis, payable quarterly. All other financial entitlements of the newly issued preference shares will, collectively, reflect the same financial entitlements as the Dundee Series 1 Preference Shares. The Company intends to confirm the liquidation amounts of the new preference shares of the Company and DREAM by way of a press release to be issued on the date that the Arrangement is completed. The aggregate liquidation amount of such

shares will be equal to the liquidation amount of the Dundee Series 1 Preference Shares of \$25.00. The holders of Dundee Series 2 Preference Shares will retain their interest in the Company and will not become shareholders of DREAM. SDC, a corporation owned by Mr. Michael Cooper, the Chief Executive Officer of Dundee Realty and a director of the Company, will retain its 30% interest in the DRC Shares.

For a summary of what is proposed under the Arrangement and the related transactions to occur prior to or after the Arrangement, see "*The Arrangement*".

Reasons for the Arrangement

The Board believes that proceeding with the Arrangement will provide benefits to Dundee and the Shareholders. In the course of its evaluation of the Arrangement, the directors consulted with senior management, financial advisors and legal counsel, and considered a number of factors, including:

- that the Arrangement is expected to (i) provide each of Dundee and DREAM with a sharper business focus, (ii) improve the market's understanding and valuation of the two businesses, (iii) provide Shareholders with more focused investments and additional flexibility, (iv) enable DREAM, as a separate business, to retain, attract and motivate key employees, and (v) provide each of Dundee and DREAM with independent access to capital to finance their respective growth strategies;
- that the terms of the Arrangement will result in Shareholders continuing to own immediately after the Effective Date the same proportionate voting and equity interest, directly or indirectly, in all of the assets currently held by Dundee;
- the Fairness Opinion;
- the procedures by which the Arrangement will be approved by Shareholders and the Court and the availability of Dissent Rights; and
- the neutral Canadian tax treatment of the Arrangement under the Tax Act generally.

See further details under the heading "*The Arrangement – Background to the Arrangement*" and "*The Arrangement – Reasons for the Arrangement*".

Recommendation of the Board

The Board has reviewed the terms and conditions of the Arrangement and has unanimously concluded that the Arrangement is in the best interests of the Company and is fair and reasonable to the Company and the Dundee Subordinate Voting Shareholders, Dundee Common Shareholders, Dundee Series 1 Preference Shareholders and Dundee Series 2 Preference Shareholders, each taken separately as a class or series, as the case may be. **The Board unanimously recommends that Shareholders vote in favour of the Arrangement Resolution.**

See further details under the heading "*The Arrangement – Reasons for the Arrangement*".

The directors of Dundee, who beneficially owned, or controlled or directed, directly or indirectly, in the aggregate and as at April 10, 2013, approximately 9.87% of the outstanding Dundee Subordinate Voting Shares, 99.07% of the Dundee Common Shares and 0.04% of the Dundee Series 1 Preference Shares, have indicated that they intend to vote in favour of the Arrangement Resolution.

Fairness Opinion

The Board retained Scotia Capital to prepare the Fairness Opinion, which states that, in the opinion of Scotia Capital, as of April 11, 2013, the Arrangement is fair, from a financial point of view, to the holders of Dundee Subordinate Voting Shares, Dundee Common Shares, Dundee Series 1 Preference Shares

and Dundee Series 2 Preference Shares. The Fairness Opinion is subject to the assumptions, limitations and qualifications contained therein and should be read in its entirety. See Appendix “C” for a complete copy of the Fairness Opinion.

Treatment of Outstanding Dundee Options and Dundee DSUs

Under the Arrangement, each outstanding Dundee Option will be adjusted such that the holder of each such Dundee Option will be entitled on the due exercise thereof, including payment of the current exercise price and otherwise in accordance with the current terms of the Dundee Options, to receive: (i) one Dundee New Subordinate Voting Share for each such Dundee Option; and (ii) the market price of up to one DREAM Subordinate Voting Share, as determined in accordance with the Plan of Arrangement, to be paid in additional Dundee New Subordinate Voting Shares based on the market price of such shares at the time of exercise. Under the Arrangement, holders of Dundee DSUs will receive additional Top-Up DSUs, as outlined below, representing an amount equivalent to the amounts being distributed to holders of Dundee Subordinate Voting Shares pursuant to the Arrangement, with a redemption value equal to the fair value of the underlying DREAM Subordinate Voting Shares. In order to ensure equivalency between the fair value of outstanding Dundee DSUs immediately prior to the completion of the Arrangement and the fair value of outstanding Dundee DSUs immediately following the completion of the Arrangement, each holder of Dundee DSUs will receive additional Top-Up DSUs with a market value equal to the difference between the fair value of the holder’s Dundee DSUs immediately prior to the completion of the Arrangement and their fair value immediately following the completion of the Arrangement. See “*The Arrangement – Treatment of Outstanding Dundee Options and Dundee DSUs*”.

Completion of the Arrangement

Completion of the Arrangement is subject to the conditions precedent in the Arrangement Agreement having been satisfied or, where legally permissible, waived, as applicable, including receipt of the following:

- the Required Shareholder Approval;
- the Final Order; and
- the TSX Approval.

Notwithstanding the fulfillment or, where legally permissible, waiver, as applicable, of the conditions precedent to the completion of the Arrangement in the Arrangement Agreement, at any time before or after the holding of the Meeting but prior to the issuance of the Certificate of Arrangement, the Arrangement Agreement may be unilaterally terminated by Dundee, in its sole and absolute discretion, without notice to or the consent of the other parties to the Arrangement Agreement or the Shareholders. The Board considers it appropriate to retain the flexibility not to proceed with the Arrangement should some event occur after the Meeting and prior to the issuance of the Certificate of Arrangement which, in the opinion of the Board, makes it inappropriate to complete the Arrangement.

The Company intends to file the Articles of Arrangement with the Director as soon as reasonably practicable after the satisfaction or, where legally permissible, waiver, as applicable, of the conditions set forth in the Arrangement Agreement (other than those which by their nature are to be satisfied at the Effective Time). Subject to the receipt of the Required Shareholder Approval, the issue of the Final Order, and the receipt of the TSX Approval, it is anticipated that the Arrangement will be completed on or around May 30, 2013. However, completion of the Arrangement is dependent on many factors and it is not possible at this time to determine precisely when the Arrangement will become effective.

See further details under the heading “*The Arrangement – Arrangement Agreement – Conditions Precedent*” and “*The Arrangement – Arrangement Agreement – Mutual Conditions*”.

Required Shareholder Approval

To become effective, the Arrangement Resolution must be approved by:

- (i) not less than 66⅔% of the votes cast at the Meeting by the Dundee Subordinate Voting Shareholders, voting separately as a class;
- (ii) not less than 66⅔% of the votes cast at the Meeting by the Dundee Common Shareholders, voting separately as a class;
- (iii) not less than 66⅔% of the votes cast at the Meeting by the Dundee Series 1 Preference Shareholders, voting separately as a series of a class; and
- (iv) not less than a majority of the votes cast at the Meeting by the Dundee Subordinate Voting Shareholders, voting separately as a class (other than “interested parties” and “control persons” of the Company, as prescribed by applicable Canadian securities laws).

See “*Certain Legal and Regulatory Matters – Application of MI 61-101*” and “*Certain Legal and Regulatory Matters – Application of OSC Rule 56-501 and NI 41-101*”.

Court Approval and Final Order

It is a condition of the Arrangement Agreement that the Interim Order and the Final Order must be obtained from the Court. Prior to the mailing of this Management Information Circular, the Company obtained the Interim Order, which provides for, among other things, the calling and holding of the Meeting.

A copy of the Interim Order is attached in Appendix “D”.

It is expected that shortly after the Meeting, subject to the approval of the Arrangement Resolution by Shareholders at the Meeting, an application will be made for the Court’s final approval of the Arrangement (the Final Order hearing). At the hearing for the Final Order, the Court will determine whether to approve the Arrangement in accordance with the legal requirements and the evidence before the Court. Participation in the hearing for the Final Order, including who may participate and present evidence or argument and the procedure for doing so, is subject to the terms of the Interim Order and any subsequent direction of the Court. Subject to the approval of the Arrangement Resolution by Shareholders at the Meeting, the Company will announce by news release the time and place of the hearing for the Final Order. See “*Certain Legal and Regulatory Matters – Court Approval and the Final Order*” below and a copy of the Interim Order in Appendix “D”.

TSX Approval and Stock Exchange Listings

The Dundee Subordinate Voting Shares, the Dundee Series 1 Preference Shares and the Dundee Series 2 Preference Shares are currently listed on the TSX. Receipt of the TSX’s conditional approval for the continued listing of the Dundee New Subordinate Voting Shares and the listing of the Dundee New Series 4 Preference Shares, DREAM Subordinate Voting Shares and DREAM Series 1 Preference Shares to be issued pursuant to the Arrangement is a condition precedent to the completion of the Arrangement under the terms of the Arrangement Agreement. The Company will not proceed with the Arrangement unless the TSX has conditionally approved the listing of such shares.

Delivery of New Share Certificates

If the Arrangement becomes effective, share certificates formerly representing Dundee Subordinate Voting Shares will represent Dundee New Subordinate Voting Shares and share certificates formerly representing Dundee Common Shares will represent Dundee New Common Shares from and after the

Effective Time. No new share certificates will be issued in respect of the Dundee New Subordinate Voting Shares or Dundee New Common Shares. As soon as practicable following the Effective Time, there will be delivered to each registered holder of Dundee Subordinate Voting Shares and Dundee Common Shares as at the close of business on the Distribution Record Date, share certificates representing the DREAM Subordinate Voting Shares and DREAM Common Shares, respectively, to which such Shareholder is entitled.

As soon as practicable following the Effective Time, the global certificate formerly representing the Dundee Series 1 Preference Shares registered in the name of CDS will be withdrawn from CDS and replaced with a global certificate representing the Dundee New Series 4 Preference Shares and a global certificate representing the DREAM Series 1 Preference Shares.

DISSENTING SHAREHOLDERS' RIGHTS

If you are a Registered Shareholder, you are entitled to dissent from the Arrangement Resolution in the manner provided in section 185 of the OBCA, as modified by the Interim Order, the Final Order and/or the Plan of Arrangement. In order to exercise Dissent Rights, you must ensure that a Dissent Notice is received by the Corporate Secretary of the Company at its office located at Dundee Place, 1 Adelaide Street East, 21st Floor, Toronto, Ontario, M5C 2V9, on or prior to 5:00 p.m. (Toronto time) on the second Business Day preceding the date of the Meeting (as it may be adjourned or postponed from time to time).

If the Arrangement is completed, Dissenting Shareholders are entitled to be paid the fair value of their Dissenting Shares and will not be entitled to any other payment or consideration. It is recommended that you seek independent legal advice if you wish to exercise Dissent Rights.

For further details, see the section entitled "*Dissenting Shareholders' Rights*".

INCOME TAX CONSIDERATIONS

Certain Canadian Federal Income Tax Considerations

Canadian Tax Opinion

Dundee and DREAM expect to receive the Canadian Tax Opinion prior to the Effective Date, which will confirm that, based on the provisions of the Tax Act and the Regulations as well as the Tax Proposals, the Arrangement should qualify as a tax-deferred "butterfly reorganization" under paragraph 55(3)(b) of the Tax Act for Dundee and DREAM. The Arrangement is conditional on receipt of the Canadian Tax Opinion.

Non-Dissenting Shareholders

Generally, a Resident Shareholder (other than a Dissenting Shareholder) who holds its Dundee Shares as capital property will be entitled to decide whether to indirectly exchange its Dundee Shares for Dundee New Shares and DREAM Shares, as applicable, on a fully taxable basis or to obtain a full or partial tax deferral for purposes of the Tax Act.

A Resident Shareholder who is not an Eligible Holder, or a Resident Shareholder who is an Eligible Holder that does not make the joint Tax Election described below, will obtain a full tax deferral in respect of such exchange, except where the Resident Shareholder chooses to recognize a capital gain or a capital loss on such exchange by including in computing income for the relevant taxation year any portion of such capital gain or capital loss. A Resident Shareholder who is an Eligible Holder may make a joint Tax Election with DREAM pursuant to section 85 of the Tax Act. In the Tax Election, the Resident Shareholder may decide to obtain a full, a partial or no tax deferral in respect of such exchange. Eligible Holders who wish to make a Tax Election can obtain the Tax Election materials by e-mailing dundee.tax.election@ca.pwc.com or by calling 1-855-348-5088.

Generally, a Non-Resident Shareholder (other than a Dissenting Shareholder) who does not hold its Dundee Shares as “taxable Canadian property” for purposes of the Tax Act will not be subject to Canadian income tax as a result of the transactions in the Arrangement.

See “*Certain Canadian Federal Income Tax Considerations*”.

Dissenting Shareholders

Generally, a Dissenting Resident Shareholder will be subject to tax (as a deemed dividend) on the difference between the fair value received for their Dissenting Shares and the average Paid-Up Capital of such shares. Such holder may also realize a capital gain or capital loss to the extent that their adjusted cost base differs from the average Paid-Up Capital of such shares.

Generally, a Dissenting Non-Resident Shareholder will be subject to Canadian withholding tax on the difference between the fair value received for their Dissenting Shares and the average Paid-Up Capital of such shares.

See “*Certain Canadian Federal Income Tax Considerations*”.

Certain U.S. Federal Income Tax Considerations

The receipt of DREAM Shares pursuant to the Arrangement by holders that are subject to U.S. federal income taxation will generally be a taxable transaction to such holders. Certain adverse and complex tax rules may apply to the receipt and subsequent ownership and disposition of DREAM Shares by U.S. taxpayers. See “*Certain U.S. Federal Income Tax Considerations*”.

RISK FACTORS

Shareholders should be aware that there are various risks in connection with the Arrangement and the ownership of securities of Dundee and DREAM after the Arrangement. In deciding whether to approve the Arrangement Resolution, Shareholders should carefully consider the risk factors described in the section of this Management Information Circular entitled “*Risk Factors*”.

SELECTED PRO FORMA FINANCIAL INFORMATION

Appendix “G” attached to this Management Information Circular contains unaudited pro forma financial information for DREAM based upon the completion of the Arrangement. The unaudited pro forma financial statements for DREAM for the year ended December 31, 2012 have been prepared on the basis that the Arrangement occurred on the dates set out in the notes to the unaudited pro forma financial statements contained in Appendix “G”. The pro forma adjustments are based on the assumptions described in the notes to the unaudited pro forma financial statements contained in Appendix “G”. The unaudited pro forma financial statements are presented for illustrative purposes only and are not necessarily indicative of the operating or financial results that would have occurred had the Arrangement actually occurred on December 31, 2012 or of the results expected in future periods. The unaudited pro forma financial information contained in this Management Information Circular should be read in conjunction with the audited annual financial statements of Dundee Realty for the year ended December 31, 2012, a copy of which is contained in Appendix “F”.

The following tables present unaudited pro forma financial information for DREAM for the year ended December 31, 2012.

<i>(expressed in thousands of Canadian dollars)</i>	December 31, 2012 (Unaudited)
	\$
ASSETS	
Cash and cash equivalents	18,466
Accounts receivable	212,691
Financial assets	81,979
Housing and condominiums inventory	138,527
Land inventory	359,187
Investment properties	51,008
Recreational properties	21,709
Equity accounted investments	65,204
Capital and other operating assets	42,250
TOTAL ASSETS	991,021
LIABILITIES	629,614
SHAREHOLDERS' EQUITY	240,889
NON-CONTROLLING INTEREST	120,518
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	991,021

<i>(expressed in thousands of Canadian dollars)</i>	For the year ended December 31, 2012 (Unaudited)
	\$
REVENUES	481,574
OTHER ITEMS IN NET EARNINGS	
Direct operating costs	(338,535)
Management and administrative expenses	(16,905)
Fair value changes in investment properties	9,705
Share of earnings from equity accounted investments	(124)
Investment income	11,296
Interest expense	(12,429)
NET EARNINGS BEFORE INCOME TAXES	134,582
Income taxes	(36,614)
NET EARNINGS FOR THE YEAR	97,968
NET EARNINGS ATTRIBUTABLE TO:	
Owners of the parent	68,033
Non-controlling interest	29,935
	97,968
Basic and diluted earnings per share	0.88

THE MEETING

Time, Date and Place

The Meeting will be held at The Design Exchange, Exhibition Hall, 3rd Floor, 234 Bay Street, Toronto, Ontario M5K 1B2 on May 16, 2013 at 4:00 p.m. (Toronto time).

Record Date for Notice and Shareholders Entitled to Vote

Dundee has fixed the close of business on April 10, 2013 for the determination of Shareholders entitled to receive notice of, to attend and to vote at the Meeting, or any adjournment(s) or postponement(s) thereof, as described in this Management Information Circular. At the Meeting, each Dundee Subordinate Voting Share entitles the holder of record thereof to one vote per Dundee Subordinate Voting Share, each Dundee Common Share entitles the holder of record thereof to 100 votes per Dundee Common Share and each Dundee Series 1 Preference Share entitles the holder of record thereof to one vote per Dundee Series 1 Preference Share. Dundee Series 1 Preference Shareholders will not be entitled to vote on Annual Meeting Matters at the Meeting.

Business of the Meeting

At the Meeting, Dundee Subordinate Voting Shareholders and Dundee Common Shareholders will be asked to consider and, if applicable, vote upon the Annual Meeting Matters. See “*Annual Meeting Matters*” on page 46 of this Management Information Circular. In addition, Shareholders will be asked to consider and vote upon, pursuant to the Interim Order, the Arrangement Resolution.

THE ARRANGEMENT

Background to the Arrangement

Dundee’s real estate business was started in 1989, with Mr. Michael Cooper joining the business in 1993. The business has steadily grown since that time under his management, and today Dundee Realty is one of Canada’s leading, privately owned real estate companies.

From the outset, Dundee and Dundee Realty’s management have successfully identified and executed on opportunities for the benefit of the business and shareholders, including the creation of Dundee Realty in 1996 as a public company, its subsequent privatization in 2003, the creation of Dundee REIT in 2003, the sale by Dundee REIT of substantial assets in 2007 and the establishment of its asset management business, and the creation of Dundee International REIT and Dundee Industrial REIT in 2011 and 2012, respectively.

More recently, the Board established a Special Committee on August 9, 2012 to consider how best to optimize shareholder value for Dundee and its shareholders in respect of Dundee’s 70% interest in the DRC Shares. The members of the Special Committee were Mr. David Goodman (Chair), Mr. A. Murray Sinclair and Mr. K. Barry Sparks.

The Special Committee met eight times, and also met once with the Board on November 12, 2012. After considering the Special Committee’s report, the Board directed management of Dundee to consider various alternatives to effect a restructuring of Dundee and Dundee Realty for the benefit of the shareholders of Dundee, and to negotiate the terms of such a restructuring with Mr. Michael Cooper in his capacity as a shareholder of Dundee Realty. In mid-November 2012, the Chief Executive Officer of Dundee and Mr. Cooper commenced discussions and negotiations regarding such a restructuring.

On December 13, 2012, the Board met and received management’s report, which included the terms of the proposed Arrangement and management’s recommendation. Mr. Michael Cooper provided his view of

the proposed Arrangement and responded to questions posed by other directors. The Board also received the benefit of advice from its legal advisors. Mr. Cooper then left the meeting. After due deliberation, which included an *in-camera* discussion, the Board concluded that the proposed Arrangement would be beneficial to Shareholders and unanimously passed a resolution approving, in principle, to proceed with a corporate restructuring through the Arrangement, subject to terms and conditions and definitive documentation satisfactory to the Board. A public announcement was made by Dundee before the opening of the TSX on December 14, 2012.

The Board received an update from management in respect of the Arrangement documentation and progress at its meeting held on March 14, 2013, and a copy of the draft management information circular relating to the Meeting was circulated to the directors following that meeting for their review. On April 11, 2013, the Board met and considered the terms of the Arrangement and certain related matters. At this meeting, the Board received an update from management in respect of the readiness of documentation and the views of management on the continued desirability of proceeding with the Arrangement. Representatives of Scotia Capital gave a presentation to the Board summarizing their analysis of the proposed Arrangement and the Fairness Opinion. Representatives from Dundee's legal advisors then discussed certain legal elements of the proposed Arrangement. The Board also received certain recommendations from the Compensation Committee of Dundee regarding aspects of the Arrangement relating to Dundee Options, Dundee DSUs and other compensation matters, a report and certain recommendations from the Audit Committee of Dundee regarding proposed financial and other disclosure, and certain recommendations from the independent directors of the Company regarding the Indemnity. After further discussion and consideration, the Board unanimously determined to approve the Arrangement, the terms of the Arrangement Agreement and the transactions contemplated thereby as well as this Management Information Circular and its mailing to securityholders. The Board also unanimously determined to recommend that Shareholders vote in favour of the Arrangement Resolution at the Meeting. Mr. Michael Cooper excused himself from the meeting at the beginning of the meeting and did not participate in the Board's deliberations regarding the Arrangement and did not vote on any matters relating to the Arrangement. Mr. Ned Goodman also did not participate in the Board's deliberations regarding the Arrangement and did not vote on any matters relating to the Arrangement.

Dundee entered into the Arrangement Agreement. A public announcement regarding the execution of the Arrangement Agreement was made before the opening of the TSX on April 15, 2013.

Reasons for the Arrangement

The Board believes that proceeding with the Arrangement will provide benefits to Dundee and the Shareholders. In the course of its evaluation of the Arrangement, the Board consulted with senior management, financial advisors and legal counsel, and considered a number of factors, including the following:

- (a) *Strategic Business Focus*: the separation of Dundee into two independent companies, each with its own board of directors, is expected to provide management of each company with a sharper business focus for execution of short-term and long-term strategic plans and to enhance the ability of each of Dundee and DREAM to pursue its independent corporate objectives;
- (b) *Improved Market Understanding and Valuation*: the Arrangement and operational focus resulting from the Arrangement is expected to allow investors and analysts to more accurately compare and evaluate each company on a stand-alone basis against appropriate peers, benchmarks and performance criteria specific to that company;
- (c) *Focused Investment Decision*: the Arrangement will provide Shareholders with ownership of two separate investments, each of which is primarily focused on different objectives. The Board believes that the creation of two separate companies dedicated to the pursuit of their respective businesses will provide Shareholders with additional investment

flexibility with respect to exposure to each type of investment, as they will hold a direct interest in two public companies;

- (d) *Continued Participation by Shareholders:* the terms of the Arrangement will result in Shareholders continuing to own, through their ownership of shares of both Dundee and DREAM, immediately after the Effective Date the same proportionate voting and equity interest, directly or indirectly, in all of the assets currently held by Dundee;
- (e) *Retention and Attraction of Key Employees:* the creation of DREAM as an independent public company will enable it to provide business specific incentives to key employees, enabling compensation arrangements to more closely align the role of employees with the performance of the business that employs them, enhancing DREAM's ability to better retain, attract and motivate key people;
- (f) *Fairness Opinion:* the Board considered the Fairness Opinion and its conclusion that, as of the date thereof and based upon and subject to the scope of the review, analysis undertaken and various assumptions, limitations and qualifications set forth in the Fairness Opinion, the Arrangement is fair, from a financial point of view, to the holders of Dundee Subordinate Voting Shares, Dundee Common Shares, Dundee Series 1 Preference Shares and Dundee Series 2 Preference Shares;
- (g) *Independent Access to Capital:* the Arrangement and the resulting separation of Dundee and DREAM will provide each of the companies with independent access to capital to finance their respective growth strategies, which the Board believes is expected to result in more focused capital allocation practices;
- (h) *Shareholder and Court Approval:* the procedures by which the Arrangement will be approved, including the requirement for approval of the Arrangement by 66⅔% of the votes cast at the Meeting by the Dundee Subordinate Voting Shareholders, Dundee Common Shareholders and Dundee Series 1 Preference Shareholders, each voting separately as a class or a series of a class, as the case may be, and the requirement for approval of the Arrangement by the Court after a hearing at which fairness to the shareholders will be considered;
- (i) *Dissent Rights:* Registered Shareholders who oppose the Arrangement may, upon compliance with certain conditions, exercise their Dissent Rights and receive the fair value of their Dundee Shares in accordance with the Plan of Arrangement; and
- (j) *Neutral Canadian Tax Treatment:* for Canadian tax purposes, the Arrangement will generally occur on a tax-deferred basis under the Tax Act for Shareholders resident in Canada or the United States who hold their Dundee Subordinate Voting Shares, Dundee Common Shares and/or Dundee Series 1 Preference Shares as capital property.

The foregoing summary of the factors considered by the Board is not intended to be exhaustive. In reaching the determination to approve and recommend the Arrangement to the Shareholders, the Board did not assign any relative or specific weight to the factors that were considered, and individual directors may have given different weight to these factors. The Board's recommendation was made after consideration of all of the above and other factors, the risk factors set out in this Management Information Circular, and in light of its collective knowledge of the business, financial condition and prospects of Dundee and was also based upon the advice of financial advisors and legal advisors.

Recommendation of the Board

The Board has reviewed the terms and conditions of the Arrangement and has unanimously concluded that the Arrangement is in the best interests of the Company and is fair and reasonable to the Company

and the Dundee Subordinate Voting Shareholders, the Dundee Common Shareholders, the Dundee Series 1 Preference Shareholders and the Dundee Series 2 Preference Shareholders, each taken separately as a class or series, as the case may be. **The Board unanimously recommends that Shareholders vote in favour of the Arrangement Resolution.**

To become effective, the Arrangement Resolution must be approved by at least two-thirds of the votes cast at the Meeting by the Dundee Subordinate Voting Shareholders, Dundee Common Shareholders and Dundee Series 1 Preference Shareholders, each voting separately as a class or a series of a class, present in person or represented by proxy at the Meeting, and must also satisfy the approval requirements of MI 61-101 and OSC Rule 56-501. Unless otherwise indicated, the persons designated as proxyholders in the form of proxy will vote the Dundee Shares represented by such form of proxy in favour of the Arrangement Resolution.

Fairness Opinion of Scotia Capital

The Board retained Scotia Capital pursuant to an engagement letter dated January 11, 2013 to provide the Fairness Opinion. The Fairness Opinion states that, in the opinion of Scotia Capital, as of April 11, 2013, the Arrangement is fair, from a financial point of view, to the holders of Dundee Subordinate Voting Shares, Dundee Common Shares, Dundee Series 1 Preference Shares and Dundee Series 2 Preference Shares. The Fairness Opinion is subject to the assumptions, limitations and qualifications contained therein and should be read in its entirety. See Appendix "C" for the full text of the Fairness Opinion.

Dundee has agreed to pay Scotia Capital a fee for the provision of the Fairness Opinion in connection with the Arrangement. Dundee has also agreed to reimburse Scotia Capital for its reasonable expenses, notwithstanding consummation of the Arrangement, and to indemnify Scotia Capital and its affiliates in respect of certain liabilities that may be incurred by them in connection with its provision of these financial advisory services (or contribute to payments that they may be required to make in respect thereof). DREAM has agreed to reimburse Dundee for all such amounts on completion of the Arrangement and as they may arise thereafter.

Details of the Arrangement

The Arrangement will result in the establishment of a new public real estate company, DREAM, to which the Company will, directly or indirectly, transfer its 70% interest in the DRC Shares. The Company will own, directly or indirectly, DREAM Subordinate Voting Shares representing approximately 28.57% of the total number of outstanding DREAM Subordinate Voting Shares and DREAM Common Shares, and thereby retain an approximate indirect 20% interest in the DRC Shares. The Dundee Subordinate Voting Shareholders and Dundee Common Shareholders will retain their interest in the Company and will receive, directly or indirectly, a *pro rata* interest in DREAM through a distribution to them of shares of DREAM (which will result in such shareholders having an approximate indirect 50% interest in the DRC Shares). The holders of Dundee Series 1 Preference Shares will also receive a *pro rata* interest in DREAM by each such holder receiving, for each Dundee Series 1 Preference Share held, (i) a new preference share of the Company with a liquidation amount expected to be approximately \$18.67 and a dividend entitlement equal to 5.00% of the liquidation amount on an annual basis, payable quarterly, and (ii) a preference share of DREAM with a liquidation amount expected to be approximately \$6.33 and a dividend entitlement equal to 5.50% of the liquidation amount on an annual basis, payable quarterly. All other financial entitlements of the newly issued preference shares will, collectively, reflect the same financial entitlements as the Dundee Series 1 Preference Shares. The Company intends to confirm the liquidation amounts of the new preference shares of the Company and DREAM by way of a press release to be issued on the date that the Arrangement is completed. The aggregate liquidation amount of such shares will be equal to the liquidation amount of the Dundee Series 1 Preference Shares of \$25.00. The holders of Dundee Series 2 Preference Shares will retain their interest in the Company and will not become shareholders of DREAM.

Following completion of the Arrangement:

- (i) each Dundee Subordinate Voting Shareholder will hold one Dundee New Subordinate Voting Share (which will have terms that are identical to the existing Dundee Subordinate Voting Shares) and one DREAM Subordinate Voting Share in respect of each Dundee Subordinate Voting Share held as of the close of business on the Distribution Record Date;
- (ii) each Dundee Common Shareholder will hold one Dundee New Common Share (which will have terms that are identical to the existing Dundee Common Shares) and one DREAM Common Share in respect of each Dundee Common Share held as of the close of business on the Distribution Record Date;
- (iii) the Company will hold, directly or indirectly, DREAM Subordinate Voting Shares representing approximately 28.57% of the total number of outstanding DREAM Subordinate Voting Shares and DREAM Common Shares as at the Effective Date;
- (iv) CDS, as the sole registered Dundee Series 1 Preference Shareholder, will hold one Dundee New Series 4 Preference Share and one DREAM Series 1 Preference Share in respect of each Dundee Series 1 Preference Share held by CDS as of the close of business on the Distribution Record Date; and
- (v) the Dundee Series 2 Preference Shareholders will continue to hold their Dundee Series 2 Preference Shares and will not be shareholders of DREAM.

Provided the Arrangement Resolution is approved at the Meeting and the Final Order is issued, it is anticipated that the Board will approve the payment of a cash dividend to Dundee Series 1 Preference Shareholders of record at the close of business on May 29, 2013 for the period from April 1, 2013 up to but excluding May 30, 2013, the expected Effective Date, payable to such Dundee Series 1 Preference Shareholders on or about June 30, 2013.

SDC, a corporation owned by Mr. Michael Cooper, the Chief Executive Officer of Dundee Realty and a director of the Company, will retain its 30% interest in the DRC Shares. In connection with the Arrangement, the existing shareholders agreement between the Company and SDC in respect of their holdings of Dundee Realty will be replaced with a new shareholders agreement between DREAM, Dundee Realty, Mr. Cooper, REIT Amalco and SDC. See "*The Arrangement – Shareholders Agreement*". The existing permitted sales agreement between the Company and SDC will also be replaced with a new permitted sales agreement between DREAM, Dundee Realty, Mr. Cooper and SDC. See "*The Arrangement – Permitted Sales Agreement*". Also, in connection with the Arrangement, SDC will enter into an exchange agreement with DREAM and Dundee Realty entitling SDC to exchange its shares of Dundee Realty at any time for DREAM Subordinate Voting Shares. See "*The Arrangement – Exchange Agreement*".

In addition, the Company will provide the Indemnity to Mr. Ned Goodman in connection with certain matters relating to the Arrangement. See "*The Arrangement – Indemnity*".

Treatment of Outstanding Dundee Options and Dundee DSUs

Under the Arrangement, each outstanding Dundee Option will be adjusted such that the holder of each such Dundee Option will be entitled on the due exercise thereof, including payment of the current exercise price and otherwise in accordance with the current terms of the Dundee Options, to receive: (i) one Dundee New Subordinate Voting Share for each such Dundee Option; and (ii) the market price of a portion of a DREAM Subordinate Voting Share (such portion not to exceed one full DREAM Subordinate Voting Share), such market price to be paid to the holder of the Dundee Option in additional Dundee New Subordinate Voting Shares at the market price of such Dundee New Subordinate Voting Shares at the

time of exercise of such Dundee Option. For this purpose: (i) the “portion of a DREAM Subordinate Voting Share” will be determined immediately following the completion of the Arrangement and will be equal to the quotient obtained by dividing: (a) the difference between the market price of a Dundee Subordinate Voting Share immediately prior to the completion of the Arrangement and the market price of a Dundee New Subordinate Voting Share immediately following the completion of the Arrangement; by (b) the market price of a DREAM Subordinate Voting Share immediately following the completion of the Arrangement; and (ii) “market price” means the volume weighted average trading price of the DREAM Subordinate Voting Shares, Dundee New Subordinate Voting Shares or Dundee Subordinate Voting Shares, as the case may be, during the five trading days immediately prior to, or following, as applicable, the relevant date.

Under the Arrangement, holders of Dundee DSUs will receive additional Top-Up DSUs, as outlined below, representing an amount equivalent to the amounts being distributed to holders of Dundee Subordinate Voting Shares pursuant to the Arrangement, with a redemption value equal to the fair value of the underlying DREAM Subordinate Voting Shares. In order to ensure equivalency between the fair value of outstanding Dundee DSUs immediately prior to the completion of the Arrangement and the fair value of outstanding Dundee DSUs immediately following the completion of the Arrangement, each holder of Dundee DSUs will receive additional Top-Up DSUs with a market value equal to the DSU Market Value (being the difference between the fair value of the holder’s Dundee DSUs immediately prior to the completion of the Arrangement and their fair value immediately following the completion of the Arrangement). The fair value of the Dundee DSUs will be determined as: (i) for purposes of determining the fair value of Dundee DSUs immediately prior to the completion of the Arrangement, the volume weighted average trading price of the Dundee Subordinate Voting Shares during the five trading days immediately prior to the completion of the Arrangement; and (ii) for purposes of determining the fair value of Dundee DSUs immediately following the completion of the Arrangement, the volume weighted average trading price of the Dundee New Subordinate Voting Shares during the five trading days immediately following the completion of the Arrangement.

The number of Top-Up DSUs to be issued to each holder of Dundee DSUs will be determined by dividing (i) the DSU Market Value, by (ii) the fair value of the DREAM Subordinate Voting Shares immediately following the completion of the Arrangement, such fair value to be determined by the volume weighted average trading price of the DREAM Subordinate Voting Shares during the five trading days immediately following the completion of the Arrangement. Each Top-Up DSU will entitle the holder thereof to receive, at the time of redemption, the Redemption Amount (being an amount equal to the fair value of a DREAM Subordinate Voting Share, determined as the volume weighted average trading price of the DREAM Subordinate Voting Share for the five trading days immediately prior to such redemption). The Redemption Amount will be satisfied in its entirety by, or as a combination of, (i) the issuance of Dundee New Subordinate Voting Shares (based on the volume weighted average trading price of the Dundee New Subordinate Voting Shares during the five trading days immediately prior to the redemption date), (ii) a cash payment, or (iii) the purchase on behalf of the holder of the Top-Up DSU by Dundee on the open market of additional Dundee New Subordinate Voting Shares.

Arrangement Agreement

The following is a summary of the material terms and conditions of the Arrangement Agreement; however, it may not contain all of the information about the Arrangement Agreement that is important for Shareholders. This summary is qualified in its entirety by the full text of the Arrangement Agreement which is attached as Appendix “B” to this Management Information Circular. Shareholders are urged to read the Arrangement Agreement in its entirety.

The Company, DREAM, Dundee Realty and SDC have entered into the Arrangement Agreement providing for, among other things, the terms of the Plan of Arrangement, the conditions to the completion of the Arrangement, actions to be taken prior to and after the Effective Date and certain indemnities. The parties to the Arrangement Agreement have also made certain representations and warranties to each other and have agreed to certain other terms and conditions which are standard in a transaction of the nature of the Arrangement.

Covenants Regarding the Arrangement

Subject to the satisfaction or waiver, as applicable, of the terms and conditions set out in the Arrangement Agreement, the parties thereto have agreed to use commercially reasonable efforts and do all things reasonably required to cause the Arrangement to become effective on or before June 28, 2013.

Conditions Precedent

The respective obligations of the parties to the Arrangement Agreement to complete the Arrangement (subject to the Company's unilateral right to terminate the Arrangement Agreement at any time prior to the issuance of the Certificate of Arrangement) are subject to the satisfaction or waiver, as applicable, of various conditions at or prior to the Effective Time. These conditions will be deemed to have been satisfied or, where legally permissible, waived, as applicable, on the filing by the Company of the Articles of Arrangement with the Director.

Mutual Conditions

The parties to the Arrangement Agreement are not required to complete the Arrangement unless each of the following conditions is satisfied at or prior to the Effective Time, which conditions may be waived (to the extent legally permissible), in whole or in part, with the mutual written consent of the parties:

- (a) the Pre-Arrangement Transaction will have been completed;
- (b) the Arrangement Resolution will have been approved by the Shareholders at the Meeting in accordance with the Interim Order;
- (c) the Interim Order and the Final Order will have each been obtained on terms consistent with the Arrangement Agreement, and shall not have been set aside or modified in a manner unacceptable to the parties, acting reasonably, on appeal or otherwise;
- (d) all governmental, court, regulatory, third party and other approvals, consents, expiry of waiting periods, waivers, permits, exemptions, orders and agreements and all amendments and modifications to, and terminations of, agreements, indentures and arrangements considered by the parties, each acting reasonably, to be necessary or desirable for the completion of the transactions provided for in the Arrangement Agreement, the Plan of Arrangement or the Pre-Arrangement Transaction will have been obtained or received on terms that are satisfactory to the parties, each acting reasonably;
- (e) no law, regulation or policy will have been proposed, enacted, issued, promulgated, enforced or entered which interferes or is inconsistent with the completion of the Arrangement or has the effect of making the Arrangement illegal, including any material change to the income tax laws of Canada or the United States;
- (f) there will not be in force any order or decree restraining or enjoining the completion of the transactions contemplated by the Arrangement Agreement;
- (g) the Canadian Tax Opinion will have been received by the Board and the DREAM Board and will not have been withdrawn or modified;
- (h) the Fairness Opinion will not have been withdrawn or modified;
- (i) (A) the Dundee New Subordinate Voting Shares (including shares issuable on exercise of securities issued under the Dundee Share Incentive Plan) will have been conditionally approved to continue to be listed and posted for trading on the TSX; (B) the Dundee Convertible Butterfly Shares, the Dundee 2 Butterfly Shares and the Dundee Butterfly 3

Shares will have been conditionally approved for listing on the TSX at the Effective Time; and (C) the Dundee New Series 4 Preference Shares will have been conditionally approved for listing and posting for trading on the TSX, subject only to compliance with the customary conditions of the TSX;

- (j) (A) the DREAM Subordinate Voting Shares, the subordinate voting shares of DREAM Amalco and DREAM Series 1 Preference Shares will have been conditionally approved for listing and posting for trading on the TSX, subject only to compliance with the customary conditions of the TSX; and (B) the DREAM Butterfly Shares shall have been conditionally approved for listing on the TSX at the Effective Time; and
- (k) the Arrangement Agreement will not have been terminated.

Additional Conditions in Favour of the Company

The obligation of the Company to complete the Arrangement is further subject to the satisfaction of the following conditions at or prior to the Effective Time (each of which may be waived by the Company):

- (a) DREAM, Dundee Realty, Mr. Michael Cooper, REIT Amalco and SDC will each have entered into the Shareholders Agreement;
- (b) DREAM, Dundee Realty, Mr. Michael Cooper and SDC will each have entered into the Permitted Sales Agreement;
- (c) DREAM, Dundee Realty and SDC will each have entered into the Exchange Agreement; and
- (d) there shall not, as of the Effective Date, be Registered Shareholders holding, in the aggregate, in excess of 1% of the number of outstanding Dundee Subordinate Voting Shares, Dundee Common Shares and Dundee Series 1 Preference Shares, collectively, that have validly exercised Dissent Rights and not withdrawn such exercise.

Additional Condition in Favour of SDC

The obligation of SDC to complete the Arrangement is subject to the satisfaction of the condition at or prior to the Effective Time (which may be waived by SDC) that the respective parties thereto (other than SDC and Mr. Michael Cooper) will have entered into each of the Shareholders Agreement, the Permitted Sales Agreement and the Exchange Agreement.

Indemnification

The Arrangement Agreement provides for, among other things, a covenant of each of Dundee and DREAM that, for a period of three years after the Effective Date, it will not (and it will cause its subsidiaries to not) take any action or enter into any transaction that could cause the Arrangement or any transaction contemplated by the Arrangement Agreement to be taxed in a manner inconsistent with the Canadian Tax Opinion without having obtained a tax opinion or ruling in accordance with the terms thereof. Each of Dundee and DREAM has agreed that it will indemnify the other against any loss suffered or incurred, directly or indirectly, that results from, or is in connection with, the indemnifying party's breach of this covenant. For a discussion of certain actions and transactions that could cause a loss requiring Dundee or DREAM to indemnify the other under the Arrangement Agreement, see "*Certain Legal and Regulatory Matters – Canadian Tax Opinion*".

Amendments

Subject to the provisions of the Interim Order, the Plan of Arrangement and Applicable Law, the Arrangement Agreement and the Plan of Arrangement may be amended at any time and from time to time before or after the holding of the Meeting, but not later than the Effective Time, with the written agreement of the parties, without further notice to or authorization on the part of the Shareholders. It is possible that market or other conditions could make it imprudent to proceed with the Arrangement or make it advisable to otherwise amend the Arrangement Agreement or the Plan of Arrangement. The Arrangement Resolution authorizes the Board to amend, modify or supplement the Arrangement Agreement in accordance with its terms. See Appendix "A".

Termination

The Arrangement Agreement may, at any time before or after the holding of the Meeting but prior to the issuance of the Certificate of Arrangement, be unilaterally terminated by the Company, in its sole and absolute discretion, without notice to or the consent of the other parties to the Arrangement Agreement or the Shareholders. The Arrangement Agreement will terminate without any further action of the parties if the Effective Date has not occurred on or before June 28, 2013. The Board considers it appropriate to retain the flexibility not to proceed with the Arrangement should some event occur after the Meeting and prior to the issuance of the Certificate of Arrangement which, in the opinion of the Board, makes it inappropriate to complete the Arrangement. Accordingly, the Arrangement Resolution authorizes the Board not to proceed with the Arrangement prior to the Effective Time without prior notice to or approval of any of the Shareholders.

Pre-Arrangement Matters

On April 9, 2013, each of DREAM, DREAM Sub and Holdco was formed under the OBCA in order to facilitate the Arrangement. Until the Arrangement is effected, none of DREAM, DREAM Sub or Holdco will have any assets or liabilities, carry on any business or issue any shares in its capital stock (other than the issuance by Holdco of one Holdco Common Share to Dundee upon its incorporation and the issuance by DREAM Sub of one DREAM Sub common share to DREAM upon its incorporation).

Prior to the Effective Time, the Company will cause the completion of the Pre-Arrangement Transaction, with such transaction resulting in the formation of REIT Amalco. Following the completion of the Pre-Arrangement Transaction, REIT Amalco will be the registered and beneficial owner of 70% of the Dundee Realty Class C Shares.

Arrangement Steps

The following description of the steps of the Arrangement is qualified in its entirety by reference to the full text of the Plan of Arrangement set out in Schedule "A" to the Arrangement Agreement which is attached as Appendix "B" to this Management Information Circular. Shareholders are urged to read the Plan of Arrangement in its entirety.

If all of the conditions to the implementation of the Arrangement have been satisfied or, where legally permissible, waived, the Arrangement will become effective at the Effective Time. Except as otherwise specified, the following steps will be deemed to occur under the Plan of Arrangement in the following order, without any further act or formality required on the part of any person, commencing at the Effective Time:

- (a) the Dundee Options outstanding immediately prior to the Effective Time will be adjusted such that each holder of such Dundee Options shall be entitled on the due exercise thereof, including payment of the exercise price in effect immediately prior to the Effective Time and otherwise in accordance with the other terms of the Dundee Options in effect as at such time, to receive: (i) one Dundee New Subordinate Voting Share for each

Dundee Option; and (ii) the market price of a portion of a DREAM Subordinate Voting Share (such portion not to exceed one full DREAM Subordinate Voting Share), such market price to be paid to the holder of the Dundee Option in additional Dundee New Subordinate Voting Shares at the market price of such Dundee New Subordinate Voting Shares at the time of exercise of such Dundee Option. For purposes hereof: (A) in (ii) above, the portion of a DREAM Subordinate Voting Share per Dundee Option will be determined immediately following the completion of the Arrangement and will be equal to the quotient obtained by dividing: (1) the difference between the market price of a Dundee Subordinate Voting Share immediately prior to the completion of the Arrangement and the market price of a Dundee New Subordinate Voting Share immediately following the completion of the Arrangement; by (2) the market price of a DREAM Subordinate Voting Share immediately following the completion of the Arrangement; and (B) market price means the volume weighted average trading price of the DREAM Subordinate Voting Shares, Dundee New Subordinate Voting Shares or Dundee Subordinate Voting Shares, as the case may be, during the five trading days immediately prior to, or following, as applicable, the relevant date. Such adjustments to such Dundee Options will be deemed to occur concurrently with the Dundee Share Exchange;

- (b) the Company will transfer all of the Dundee Realty Common Shares held by it to Holdco at a price equal to their fair market value determined as of the time immediately prior to the transfer in consideration for which Holdco shall issue to the Company a number of Holdco Common Shares having an equivalent fair market value. The Company and Holdco shall jointly elect to have the provisions of subsection 85(1) of the Tax Act and the corresponding provisions of any applicable provincial legislation apply to such transfer with the agreed amount in such election to be specified by the Company (subject to the limitations in the Tax Act and any applicable provincial legislation) and Holdco shall add to the stated capital account maintained by Holdco in respect of the Holdco Common Shares an amount equal to the agreed amount in such election;
- (c) REIT Amalco will transfer all of the Dundee Realty Class C Shares held by it to Holdco at a price equal to their fair market value determined as of the time immediately prior to the transfer in consideration for which Holdco shall issue to REIT Amalco a number of Holdco Common Shares having an equivalent fair market value. REIT Amalco and Holdco shall jointly elect to have the provisions of subsection 85(1) of the Tax Act and the corresponding provisions of any applicable provincial legislation apply to such transfer with the agreed amount in such election to be specified by REIT Amalco (subject to the limitations in the Tax Act and any applicable provincial legislation) and Holdco shall add to the stated capital account maintained by Holdco in respect of the Holdco Common Shares an amount equal to the agreed amount in such election;
- (d) the Dundee Shares held by Dissenting Shareholders, who duly exercise their Dissent Rights and who are ultimately entitled to be paid fair value for those Dundee Shares, as described in the Plan of Arrangement, will be deemed to have been transferred to Dundee (free and clear of any Liens) and cancelled and will cease to be outstanding at the Effective Time, and such Dissenting Shareholders will cease to have any rights as Dundee Shareholders other than the right to be paid the fair value for their Dundee Shares by Dundee;
- (e) the articles of amalgamation of the Company will be amended as follows:
 - (i) to redesignate the Dundee Common Shares as “Class D common shares” having the rights, privileges, restrictions and conditions set out in the articles of amalgamation of the Company, as amended in accordance with Exhibit I to the Plan of Arrangement;

- (ii) to redesignate the Dundee Subordinate Voting Shares as “Class C subordinate voting shares” having the rights, privileges, restrictions and conditions set out in the articles of amalgamation of the Company, as amended in accordance with Exhibit I to the Plan of Arrangement; and
- (iii) to create and authorize the issuance of (in addition to the shares the Company is authorized to issue immediately before such amendment):
 - (A) an unlimited number of Dundee New Common Shares;
 - (B) an unlimited number of Dundee New Subordinate Voting Shares;
 - (C) 6,000,000 Dundee New Series 4 Preference Shares;
 - (D) an unlimited number of Dundee Butterfly Shares; and
 - (E) 6,000,000 Dundee Convertible Butterfly Shares;
- (f) each issued and outstanding Dundee Common Share, Dundee Subordinate Voting Share and Dundee Series 1 Preference Share will be exchanged concurrently as follows:
 - (i) each Dundee Common Share will be exchanged for one Dundee New Common Share and one Dundee Butterfly 1 Share;
 - (ii) each Dundee Subordinate Voting Share will be exchanged for one Dundee New Subordinate Voting Share and one Dundee Butterfly 2 Share; and
 - (iii) each Dundee Series 1 Preference Share will be exchanged for one Dundee Convertible Butterfly Share and one Dundee Butterfly 3 Share,

and the Dundee Common Shares, Dundee Subordinate Voting Shares and Dundee Series 1 Preference Shares so exchanged will be cancelled. In connection with these share exchanges:

- (iv) Dundee will not make a joint election under the provisions of subsections 85(1) or 85(2) of the Tax Act or the corresponding provisions of any applicable provincial legislation with a Dundee Shareholder;
- (v) the aggregate amount to be added by the Company to the stated capital accounts of the Dundee New Common Shares and the Dundee Butterfly 1 Shares issued on the share exchange in (f)(i) above shall be an amount equal to the aggregate Paid-Up Capital of the Dundee Common Shares immediately before such exchange and such Paid-Up Capital shall be allocated between the Dundee New Common Shares and the Dundee Butterfly 1 Shares based on the proportion that the fair market value of the Dundee New Common Shares and the Dundee Butterfly 1 Shares, as the case may be, is of the fair market value of all of the Dundee New Common Shares and the Dundee Butterfly 1 Shares issued on such exchange;
- (vi) the aggregate amount to be added by the Company to the stated capital accounts of the Dundee New Subordinate Voting Shares and the Dundee Butterfly 2 Shares issued on the share exchange in (f)(ii) above shall be an amount equal to the aggregate Paid-Up Capital of the Dundee Subordinate Voting Shares immediately before such exchange and such Paid-Up Capital shall be allocated between the Dundee New Subordinate Voting Shares and the Dundee Butterfly 2 Shares based on the proportion that the fair market value of

the Dundee New Subordinate Voting Shares and the Dundee Butterfly 2 Shares, as the case may be, is of the fair market value of all of the Dundee New Subordinate Voting Shares and the Dundee Butterfly 2 Shares issued on such exchange; and

- (vii) the aggregate amount to be added by the Company to the stated capital accounts of the Dundee Convertible Butterfly Shares and the Dundee Butterfly 3 Shares issued on the share exchange in (f)(iii) above shall be an amount equal to the aggregate Paid-Up Capital of the Dundee Series 1 Preference Shares immediately before such exchange and such Paid-Up Capital shall be allocated between the Dundee Convertible Butterfly Shares and the Dundee Butterfly 3 Shares based on the proportion that the fair market value of the Dundee Convertible Butterfly Shares and the Dundee Butterfly 3 Shares, as the case may be, is of the fair market value of all of the Dundee Convertible Butterfly Shares and the Dundee Butterfly 3 Shares issued on such exchange;
- (g) concurrently with the issuance of the Dundee New Subordinate Voting Shares, Dundee Convertible Butterfly Shares, Dundee Butterfly 2 Shares and Dundee Butterfly 3 Shares pursuant to the Plan of Arrangement, the Dundee New Subordinate Voting Shares, Dundee Convertible Butterfly Shares, Dundee Butterfly 2 Shares and Dundee Butterfly 3 Shares will, outside and not as part of the Plan of Arrangement, be listed on the TSX and, for greater certainty, such listing will be effective before the transfer of the Holdco Common Shares by the Company to DREAM Sub in (l) below;
- (h) concurrently with the share exchanges in (f) above, each holder of Dundee DSUs will receive additional Dundee DSUs (“**Top-Up DSUs**”) with a market value equal to the difference between (i) the fair value of the holder’s Dundee DSUs immediately prior to the completion of the Arrangement, and (ii) the fair value of such Dundee DSUs immediately following the completion of the Arrangement (the “**DSU Market Value**”). For purposes of such calculation, the fair value of the Dundee DSUs will be determined as: (A) for purposes of determining the fair value of Dundee DSUs immediately prior to the completion of the Arrangement, the volume weighted average trading price of the Dundee Subordinate Voting Shares during the five trading days immediately prior to the completion of the Arrangement; and (B) for purposes of determining the fair value of Dundee DSUs immediately following the completion of the Arrangement, the volume weighted average trading price of the Dundee New Subordinate Voting Shares during the five trading days immediately following completion of the Arrangement.

The number of Top-Up DSUs to be issued to each holder of Dundee DSUs will be equal to the quotient obtained by dividing (A) the DSU Market Value, by (B) the fair value of the DREAM Subordinate Voting Shares immediately following the completion of the Arrangement, such fair value to be determined by the volume weighted average trading price of the DREAM Subordinate Voting Shares during the five trading days immediately following the completion of the Arrangement.

Each such Top-Up DSU will entitle the holder thereof to receive, at the time of redemption of such Top-Up DSU, an amount equivalent to the fair value of a DREAM Subordinate Voting Share, determined as the volume weighted average trading price of the DREAM Subordinate Voting Share for the five trading days immediately prior to such redemption (the “**Redemption Amount**”), such Redemption Amount to be satisfied in its entirety through or as a combination of (i) the issuance from treasury of that number of Dundee New Subordinate Voting Shares (based on the volume weighted average trading price of the Dundee New Subordinate Voting Shares during the five trading days immediately prior to the redemption date) equal to the Redemption Amount, (ii) a cash payment to the holder of the Top-Up DSU, or (iii) the purchase on behalf of the holder by

Dundee on the open market of that number of additional Dundee New Subordinate Voting Shares that is equal to the Redemption Amount;

- (i) the articles of incorporation of DREAM shall be amended to create and authorize the issuance of (in addition to the shares DREAM is authorized to issue immediately before such amendment) an unlimited number of first preference shares, issuable in series, of which the first series shall be the DREAM Butterfly Shares;
- (j) each issued and outstanding Dundee Butterfly Share will be transferred concurrently to DREAM in exchange for the issuance of shares of DREAM as follows:
 - (i) each Dundee Butterfly 1 Share will be transferred in exchange for one DREAM Common Share;
 - (ii) each Dundee Butterfly 2 Share will be transferred in exchange for one DREAM Subordinate Voting Share; and
 - (iii) each Dundee Butterfly 3 Share will be transferred in exchange for one DREAM Butterfly Share;

In connection with these share transfers, if requested by an Eligible Holder within 60 days after the Effective Date, DREAM will jointly elect with such Eligible Holder to have the provisions of subsection 85(1) of the Tax Act (or, in the case of an Eligible Holder that is a partnership, subsection 85(2) of the Tax Act) and the corresponding provisions of any applicable provincial legislation apply to such transfer(s) with the agreed amount(s) in such election to be specified by the Eligible Holder (subject to the limitations in the Tax Act and any applicable provincial legislation). DREAM will add the following amounts to the stated capital of its shares:

- (iv) with respect to the DREAM Common Shares, an amount equal to the aggregate stated capital of the Dundee Butterfly 1 Shares so transferred to DREAM, less the amount, if any, by which the aggregate stated capital of the Dundee Butterfly 1 Shares that are subject to the elections under subsections 85(1) or 85(2), as the case may be, of the Tax Act exceeds the aggregate agreed amounts specified in such elections;
 - (v) with respect to the DREAM Subordinate Voting Shares, an amount equal to the aggregate stated capital of the Dundee Butterfly 2 Shares so transferred to DREAM, less the amount, if any, by which the aggregate stated capital of the Dundee Butterfly 2 Shares that are subject to the elections under subsections 85(1) or 85(2), as the case may be, of the Tax Act exceeds the aggregate agreed amounts specified in such elections; and
 - (vi) with respect to the DREAM Butterfly Shares, an amount equal to the aggregate stated capital of the Dundee Butterfly 3 Shares so transferred to DREAM, less the amount, if any, by which the aggregate stated capital of the Dundee Butterfly 3 Shares that are subject to the elections under subsections 85(1) or 85(2), as the case may be, of the Tax Act exceeds the aggregate agreed amounts specified in such elections;
- (k) concurrently with the issuance of the DREAM Subordinate Voting Shares and the DREAM Butterfly Shares in (j) above, the DREAM Subordinate Voting Shares and the DREAM Butterfly Shares will, outside and not as part of the Plan of Arrangement, be listed on the TSX and, for greater certainty, such listing will be effective before the purchase for cancellation of the DREAM Sub common shares in (m) below and the redemption of the Dundee Butterfly Shares in (o) below;

- (l) the Company will transfer to DREAM Sub such number of Holdco Common Shares as is sufficient to ensure that Dundee will hold, directly or indirectly, DREAM Subordinate Voting Shares equal to an aggregate 28.57% interest in the DREAM Subordinate Voting Shares and DREAM Common Shares upon completion of the Arrangement (provided such number of Holdco Common Shares shall be reduced appropriately to reflect the acquisition by Dundee of Dundee Shares from Dissenting Shareholders with the result that upon completion of the Arrangement the number of DREAM Subordinate Voting Shares held by Dundee upon the conversion described in (q)(x)(B) below, and Dundee's percentage interest in the DREAM Subordinate Voting Shares and DREAM Common Shares, will be correspondingly increased), at a price equal to the fair market value of such Holdco Common Shares determined as of the time immediately prior to the transfer, in consideration for which DREAM Sub shall issue 1,000,000 common shares of DREAM Sub to the Company. The Company and DREAM Sub shall jointly elect to have the provisions of subsection 85(1) of the Tax Act and the corresponding provisions of any applicable provincial legislation apply to such transfer with the agreed amount in such election to be specified by the Company (subject to the limitations in the Tax Act and any applicable provincial legislation) and DREAM Sub shall add to the stated capital account maintained by DREAM Sub in respect of the common shares of DREAM Sub an amount equal to the agreed amount in such election;
- (m) DREAM Sub will purchase for cancellation the 1,000,000 common shares of DREAM Sub previously issued by it to the Company in consideration for the issuance by DREAM Sub to the Company of the DREAM Sub Note, and the Company will accept the DREAM Sub Note as full payment of the purchase price of such common shares of DREAM Sub. DREAM Sub will be deemed to have designated the full amount of the dividend that will be deemed under the Tax Act to be paid by it to the Company upon the purchase for cancellation of the 1,000,000 common shares of DREAM Sub as an "eligible dividend" for purposes of subsection 89(14) of the Tax Act, which designation shall be deemed to have been made at the time of such deemed dividend;
- (n) DREAM will resolve to dissolve DREAM Sub in accordance with section 193 of the OBCA and subsection 88(1) of the Tax Act and, in connection therewith, DREAM Sub shall transfer and assign all of its property to DREAM (including the Holdco Common Shares acquired by DREAM Sub pursuant to (l) above) and DREAM shall assume all of the liabilities and obligations of DREAM Sub (including the liability of DREAM Sub to the Company under the DREAM Sub Note);
- (o) the Company will redeem all of the issued and outstanding Dundee Butterfly Shares in accordance with their terms in consideration for the issuance by Dundee to DREAM of the Dundee Note, and DREAM will accept the Dundee Note as full payment of the redemption price of the Dundee Butterfly Shares. The Company will be deemed to have designated the full amount of the dividend that will be deemed under the Tax Act to be paid by it to DREAM upon the redemption of the Dundee Butterfly Shares as an "eligible dividend" for purposes of subsection 89(14) of the Tax Act, which designation shall be deemed to have been made at the time of such deemed dividend;
- (p) the Company will pay the principal amount of the Dundee Note by transferring to DREAM the DREAM Sub Note, which note will be accepted by DREAM in full payment of the Company's obligations under the Dundee Note. Simultaneously, DREAM will pay the principal amount of the DREAM Sub Note by transferring to Dundee the Dundee Note, which note will be accepted by Dundee in full payment of DREAM's obligations under the DREAM Sub Note. The Dundee Note and DREAM Sub Note will then be cancelled;
- (q) DREAM and Holdco shall be amalgamated and continued as one corporation under the OBCA to form DREAM Amalco in accordance with the following:

- (i) **Name.** The name of DREAM Amalco shall be “DREAM Unlimited Corp.”;
- (ii) **Registered Office.** The registered office of DREAM Amalco shall be State Street Financial Centre, 30 Adelaide Street East, Suite 300, Toronto, Ontario M5C 3H1;
- (iii) **Authorized Capital.** DREAM Amalco shall be authorized to issue:
 - (A) an unlimited number of common shares having the rights, privileges, restrictions and conditions set out in Exhibit II to the Plan of Arrangement;
 - (B) an unlimited number of subordinate voting shares having the rights, privileges, restrictions and conditions set out in Exhibit II to the Plan of Arrangement; and
 - (C) an unlimited number of first preference shares, issuable in series, of which the first series shall be designated as First Preference Shares, Series 1, having substantially the rights, privileges, restrictions and conditions set out in Exhibit IV to the Plan of Arrangement;
- (iv) **Directors.**
 - (A) **Minimum and Maximum.** The directors of DREAM Amalco shall consist of a minimum number of one director and a maximum number of ten directors;
 - (B) **Number.** Until changed by the shareholders of DREAM Amalco, or by the directors of DREAM Amalco if authorized to do so, the number of directors of DREAM Amalco shall be seven (7); and
 - (C) **Initial Directors.** The initial directors of DREAM Amalco shall be:

Name	Address	Resident Canadian
Michael Cooper	Toronto, Ontario, Canada	Yes
Brydon Cruise	Oakville, Ontario, Canada	Yes
Richard N. Gateman	Calgary, Alberta, Canada	Yes
Ned Goodman	Innisfil, Ontario, Canada	Yes
André Kuzmicki	Toronto, Ontario, Canada	Yes
Vincenza Sera	Toronto, Ontario, Canada	Yes
Sheldon Wiseman	Toronto, Ontario, Canada	Yes

- (v) **Business and Powers.** There shall be no restrictions on the business DREAM Amalco may carry on or on the powers it may exercise;
- (vi) **Stated Capital.** The stated capital of the common shares of DREAM Amalco will be an amount equal to the stated capital of the DREAM Common Shares. The stated capital of the subordinate voting shares of DREAM Amalco will be an amount equal to the sum of the stated capital of the DREAM Subordinate Voting Shares and the Holdco Common Shares held by the Company and REIT

- Amalco. The stated capital of the DREAM Series 1 Preference Shares will be an amount equal to the stated capital of the DREAM Butterfly Shares;
- (vii) *By-laws.* The by-laws of DREAM Amalco shall be the by-laws of DREAM, *mutatis mutandis*;
 - (viii) *Effect of Amalgamation.* The provisions of section 179 of the OBCA shall apply to the amalgamation with the result that:
 - (A) DREAM Amalco possesses all the property, rights, privileges and franchises and is subject to all liabilities, including civil, criminal and quasi-criminal, and all contracts, disabilities and debts of each of DREAM and Holdco;
 - (B) a conviction against, or ruling, order or judgment in favour of or against DREAM or Holdco may be enforced by or against DREAM Amalco; and
 - (C) DREAM Amalco shall be deemed to be the party plaintiff or the party defendant, as the case may be, in any civil action commenced by or against DREAM or Holdco before the amalgamation has become effective;
 - (ix) *Articles.* The Articles of Arrangement shall be deemed to be the articles of amalgamation of DREAM Amalco and the certificate of arrangement shall be deemed to be the certificate of amalgamation of DREAM Amalco; and
 - (x) *Exchange and Cancellation of Shares.* On the amalgamation:
 - (A) each issued and outstanding Holdco Common Share held by DREAM shall be cancelled for no consideration;
 - (B) the issued and outstanding Holdco Common Shares held by the Company and REIT Amalco shall be converted into and become DREAM Subordinate Voting Shares in such amount as will be sufficient to ensure that the Company will hold, directly or indirectly, DREAM Subordinate Voting Shares equal to an aggregate 28.57% interest (subject to adjustment as provided in (l) above) in the DREAM Subordinate Voting Shares and DREAM Common Shares;
 - (C) the issued and outstanding DREAM Common Shares and DREAM Subordinate Voting Shares shall survive and continue to be shares of DREAM Amalco, without amendment; and
 - (D) each holder of DREAM Butterfly Shares shall receive an equal number of DREAM Series 1 Preference Shares and each DREAM Butterfly Share shall be cancelled;
 - (r) concurrently with the continuation or issuance of the subordinate voting shares of DREAM Amalco and the DREAM Series 1 Preference Shares pursuant to (q)(x)(C) and (D) above, the subordinate voting shares of DREAM Amalco and the DREAM Series 1 Preference Shares will, outside and not as part of the Plan of Arrangement, be listed on the TSX;
 - (s) each Dundee Convertible Butterfly Share will be converted into one Dundee New Series 4 Preference Share and each Dundee Convertible Butterfly Share will be cancelled. The

amount in the stated capital account maintained by Dundee for the Dundee Convertible Butterfly Shares will be deducted from that account and will be added to the stated capital account maintained by Dundee for the Dundee New Series 4 Preference Shares;

- (t) concurrently with the conversion of the Dundee Convertible Butterfly Shares into Dundee New Series 4 Preference Shares in (s) above, the Dundee New Series 4 Preference Shares will, outside and not as part of the Plan of Arrangement, be listed on the TSX;
- (u) the articles of amalgamation of Dundee, as amended pursuant to (e) above, will be further amended by deleting the Dundee Butterfly Shares, the Dundee Common Shares, the Dundee Subordinate Voting Shares, the Dundee Series 1 Preference Shares and the Dundee Convertible Butterfly Shares as shares which Dundee is authorized to issue;
- (v) the Shareholders Agreement, which shall have been executed and delivered by DREAM Amalco, SDC, Dundee Realty, Mr. Michael Cooper and REIT Amalco, shall become effective;
- (w) the Permitted Sales Agreement, which shall have been executed and delivered by DREAM Amalco, SDC, Dundee Realty and Mr. Michael Cooper, shall become effective;
- (x) the Exchange Agreement, which shall have been executed and delivered by DREAM Amalco, Dundee Realty and SDC, shall become effective; and
- (y) the Indemnity, which shall have been executed and delivered by Dundee and Mr. Ned Goodman, shall become effective.

Delivery of New Share Certificates

If the Arrangement becomes effective, share certificates formerly representing Dundee Subordinate Voting Shares will represent Dundee New Subordinate Voting Shares and share certificates formerly representing Dundee Common Shares will represent Dundee New Common Shares from and after the Effective Time. No new certificates will be issued in respect of the Dundee New Subordinate Voting Shares or Dundee New Common Shares. As soon as practicable following the Effective Time, there will be delivered to each registered holder of Dundee Subordinate Voting Shares and Dundee Common Shares as at the close of business on the Distribution Record Date, share certificates representing the DREAM Subordinate Voting Shares and DREAM Common Shares, respectively, to which such Shareholder is entitled. Such certificates will be sent by first class mail or other delivery to the most recent address of the Shareholder on the lists of registered Shareholders maintained by Computershare in respect of each of the Dundee Subordinate Voting Shares and the Dundee Common Shares.

As soon as practicable following the Effective Time, the global certificate formerly representing the Dundee Series 1 Preference Shares registered in the name of CDS will be withdrawn from CDS and replaced with a global certificate representing the Dundee New Series 4 Preference Shares and a global certificate representing the DREAM Series 1 Preference Shares.

Intention of Directors and Executive Officers

Each of the directors and executive officers of the Company has indicated an intention to vote FOR the Arrangement Resolution. As at April 10, 2013, such directors and executive officers beneficially owned, or controlled or directed, directly or indirectly, in the aggregate, 5,175,498 Dundee Subordinate Voting Shares, 3,087,456 Dundee Common Shares and 2,575 Dundee Series 1 Preference Shares, representing approximately 10.16% of the outstanding Dundee Subordinate Voting Shares, 99.07% of the outstanding Dundee Common Shares and 0.04% of the outstanding Dundee Series 1 Preference Shares, respectively.

Expenses of the Arrangement

The estimated fees, costs and expenses of the Arrangement in the amount of approximately \$4,000,000, including financial advisor fees, legal and accounting fees, tax advisor fees, printing, solicitation and mailing costs, and stock exchange and regulatory filing fees, will be paid by DREAM following the completion of the Arrangement.

Shareholders Agreement

Pursuant to the Arrangement, DREAM, SDC, REIT Amalco, Mr. Michael Cooper and Dundee Realty will enter into a shareholders agreement (the “**Shareholders Agreement**”). The Shareholders Agreement will replace the existing shareholders agreement between the shareholders of Dundee Realty and will govern the manner in which the affairs of Dundee Realty will be conducted.

The Shareholders Agreement will provide for a board of directors for Dundee Realty initially consisting of two members, one of which shall be nominated by DREAM and one of which shall be nominated by SDC. The size of the board of directors of Dundee Realty may be increased at any time if required by DREAM and additional directors shall be nominated by DREAM at such time. A quorum for meetings of directors will be two directors, one of whom will be a nominee of DREAM and one of whom will be a nominee of SDC. The board of directors will have authority to conduct all aspects of the business and affairs of Dundee Realty except as otherwise provided in the Shareholders Agreement. The Shareholders Agreement will provide for the preparation, on an annual basis, of a detailed budget for the business of Dundee Realty to be presented to and approved by the DREAM Board and will provide for quarterly updates to the DREAM Board. The Shareholders Agreement will provide that dividends on the Dundee Realty Common Shares shall be declared at least annually at the discretion of the board of directors of Dundee Realty and upon the approval of DREAM and SDC. The Shareholders Agreement will also provide that any transaction entered into by Dundee Realty with DREAM, SDC or an affiliate of them must be on arm’s length terms and approved by DREAM and SDC. Effective upon and not prior to a Triggering Event (as defined in the Shareholders Agreement), the approval of each of DREAM and SDC will be required for any matter not contemplated in the annual business plan of Dundee Realty involving (i) tax planning, (ii) allocation of capital, (iii) borrowings from third parties, (iv) guarantees, indentures or the provision of other financial assistance by Dundee Realty or one of its subsidiaries, or (v) a purchase, sale, lease, exchange or disposition of any assets of Dundee Realty or any subsidiary. A Triggering Event will be defined to include Mr. Michael Cooper ceasing to be the Chief Executive Officer of DREAM for any reason, directors of DREAM nominated or elected by a majority of the DREAM Board ceasing to constitute a majority of the DREAM Board, any person other than Mr. Ned Goodman or Mr. Cooper becoming the beneficial owner of securities of DREAM representing more than 50% of the combined voting power of DREAM’s then outstanding voting securities and certain other fundamental changes in respect of DREAM.

The Shareholders Agreement will restrict the transfer of shares of Dundee Realty except as otherwise agreed by DREAM and SDC. Permitted transfers by DREAM or SDC will include a pledge, charge or mortgage to a bank or other financial institution for the purposes of securing borrowings subject to certain restrictions, a transfer upon the insolvency of either DREAM or SDC, respectively, and as permitted or required by the terms of the Permitted Sales Agreement. DREAM will also be able to transfer its shares to an affiliate of DREAM, and SDC will also be able to transfer its shares to DREAM in accordance with the terms of the Exchange Agreement or to another company controlled by Mr. Michael Cooper.

The Shareholders Agreement will terminate upon the agreement of the shareholders of Dundee Realty, the involuntary dissolution or bankruptcy of Dundee Realty, one person becoming the beneficial owner of all of the Dundee Realty Common Shares and Dundee Realty Class C Shares, all of the Dundee Realty Common Shares and Dundee Realty Class C Shares or assets of Dundee Realty being sold pursuant to the terms of the Permitted Sales Agreement or Mr. Michael Cooper having control of DREAM.

A draft copy of the Shareholders Agreement is attached as Schedule “D” to the Arrangement Agreement, a copy of which is attached as Appendix “B” to this Management Information Circular.

Permitted Sales Agreement

Pursuant to the Arrangement, DREAM, SDC, Mr. Michael Cooper and Dundee Realty will enter into a Permitted Sales Agreement (the “**Permitted Sales Agreement**”). The Permitted Sales Agreement will replace the existing permitted sales agreement between the Company and SDC. The Permitted Sales Agreement will provide SDC with the right, in certain circumstances, to require DREAM, at DREAM’s option, to acquire all of the Dundee Realty Common Shares and Dundee Realty Class C Shares held by SDC or cause the sale of all of the Dundee Realty Common Shares and Dundee Realty Class C Shares or all of Dundee Realty’s assets and, in the case of a sale of assets, distribute the net proceeds from the sale of assets to the shareholders of Dundee Realty. This right will be exercisable by SDC at any time after the earlier of the fourth anniversary of the date of the Permitted Sales Agreement and the occurrence of a Triggering Event, which will be defined to include the termination without cause of Mr. Cooper as Chief Executive Officer of DREAM, incumbent directors of DREAM ceasing to constitute a majority of the DREAM Board, any person other than Mr. Ned Goodman or Mr. Cooper becoming the beneficial owner of securities of DREAM representing more than 50% of the combined voting power of DREAM’s then outstanding voting securities and certain other fundamental changes of DREAM.

The Permitted Sales Agreement will provide DREAM with the right, in certain circumstances, to require SDC, at SDC’s option, to acquire all of the Dundee Realty Common Shares and Dundee Realty Class C Shares held by DREAM or cause the sale of all of the Dundee Realty Common Shares and Dundee Realty Class C Shares or all of Dundee Realty’s assets and, in the case of a sale of assets, distribute the net proceeds from the sale of assets to the shareholders of Dundee Realty. DREAM will be able to exercise this right at any time after the earlier of (i) the fourth anniversary of the date of the Permitted Sales Agreement, (ii) the date of the voluntary resignation or termination for cause of Mr. Michael Cooper as President and Chief Executive Officer of Dundee Realty or as an officer of DREAM, (iii) 180 days after Mr. Cooper dies, and (iv) the date upon which Mr. Cooper has been unable to perform substantially all of his employment related duties for a specified period of time. DREAM’s exercise of this right will need to be accompanied by the irrevocable agreement of the holders of DREAM Common Shares representing at least 66% of the votes attached to all outstanding DREAM Common Shares to vote in favour of the sale of all of the Dundee Realty Common Shares and Dundee Realty Class C Shares owned by DREAM or all of Dundee Realty’s assets, as the case may, on the basis set out in the Permitted Sales Agreement.

If DREAM or SDC, as the case may be, elects to acquire the shares held by the other party, the purchase price will be determined by agreement of the parties or, failing which, a combination of valuers selected by the parties. The purchase price will be payable, at the purchasing party’s election, as to one-third on the completion of the sale and as to one third on the first anniversary of the completion of the sale and the balance on the second anniversary of completion of the sale, with the unpaid amounts to be represented by a promissory note bearing interest at the prime rate plus 2%.

Completion of any transaction under the Permitted Sales Agreement will be subject to receipt of the approval of the shareholders of DREAM if required by law or the terms of the Permitted Sales Agreement and the receipt of certain regulatory approvals.

The Permitted Sales Agreement will terminate upon the agreement of the shareholders of Dundee Realty, the involuntary dissolution or bankruptcy of Dundee Realty, one person becoming the beneficial owner of all of the Dundee Realty Common Shares and Dundee Realty Class C Shares, all of the Dundee Realty Common Shares and Dundee Realty Class C Shares or assets of Dundee Realty being sold pursuant to the terms of the Permitted Sales Agreement or Mr. Michael Cooper having control of DREAM.

A draft copy of the Permitted Sales Agreement is attached as Schedule “C” to the Arrangement Agreement, a copy of which is attached as Appendix “B” to this Management Information Circular.

Exchange Agreement

Pursuant to the Arrangement, DREAM, Dundee Realty and SDC will enter into an exchange agreement (the “**Exchange Agreement**”). The Exchange Agreement will provide SDC, as the holder of Dundee

Realty Common Shares and Dundee Realty Class C Shares, with the right, exercisable at any time or from time to time, to require DREAM to exchange such shares for DREAM Subordinate Voting Shares in accordance with the terms and conditions of the Exchange Agreement, representing, in aggregate, 30% of the common equity of DREAM on a fully diluted basis.

Pursuant to the Exchange Agreement, SDC will have demand registration rights whereby it may require DREAM to qualify some or all of the DREAM Subordinate Voting Shares held by SDC that are to be or were issued upon the exchange of shares of Dundee Realty for distribution by way of a prospectus filed with the applicable Canadian securities regulatory authorities. In addition, the Exchange Agreement will provide SDC with piggy-back registration rights to require DREAM to include some or all of the DREAM Subordinate Voting Shares held by SDC, including DREAM Subordinate Voting Shares issuable upon exchange of shares, in future public offerings undertaken by DREAM. These rights will be subject to various conditions and limitations, and DREAM will be entitled to defer any such filings required by SDC in certain circumstances for a limited period.

A draft copy of the Exchange Agreement is attached as Schedule "B" to the Arrangement Agreement, a copy of which is attached as Appendix "B" to this Management Information Circular.

Indemnity

Pursuant to the Arrangement, the Company will indemnify Mr. Ned Goodman in respect of any Penalty Taxes (as defined below) he is required to pay as a result of the Arrangement (the "**Indemnity**").

The Company has been advised that the Dundee New Shares and the DREAM Shares (for purposes of the Indemnity, the "**Replacement Shares**") to be acquired pursuant to the Arrangement by a RRIF of which Mr. Ned Goodman is the annuitant and controlling individual (the "**Goodman RRIF**") will be a "prohibited investment" (as that term is defined for purposes of the Tax Act) of the Goodman RRIF and, accordingly, if such shares are acquired by the Goodman RRIF pursuant to the Arrangement, Mr. Goodman may be subject to a 50% tax under Part XI.01 of the Tax Act on the fair market value of the Replacement Shares to be acquired by the Goodman RRIF and a 100% tax under Part XI.01 of the Tax Act on any income or capital gains derived by the Goodman RRIF from those shares ("**Penalty Taxes**").

In reply to a request made by counsel on behalf of Mr. Ned Goodman, a letter dated February 13, 2013 was issued by the Department of Finance (Canada) wherein it agreed to recommend that the Minister of Finance (Canada) propose amendments to the "prohibited investment" rules in the Tax Act (the "**Comfort Letter**"). These amendments described in the Comfort Letter, if enacted, would cause certain relieving rules in the Tax Act to apply to the Replacement Shares to be acquired by the Goodman RRIF with the result that Mr. Goodman would not be required to pay the Penalty Taxes as a result of the acquisition of the Replacement Shares pursuant to the Arrangement by the Goodman RRIF or if the Goodman RRIF realizes income or capital gains from those shares within a prescribed time period.

The Company understands that the CRA will normally assess a taxpayer on a basis consistent with a relevant comfort letter even if the proposals therein have not been enacted into law. However, there can be no assurance that the proposals contained in the Comfort Letter described above will be enacted into law, or that the CRA will assess Mr. Ned Goodman on a basis consistent with the proposals contained in that letter. In recognition that the Comfort Letter may not be enacted into law prior to the Effective Time and that Mr. Goodman should not be subject to Penalty Taxes as a result of the Arrangement, the Company has agreed to indemnify Mr. Goodman in the event that he is assessed tax under Part XI.01 of the Tax Act as a result of the acquisition of Replacement Shares by the Goodman RRIF pursuant to the Arrangement or if the Goodman RRIF realizes income or capital gains from the Replacement Shares.

Any payments under the Indemnity would be to reimburse Mr. Ned Goodman for Penalty Taxes, taking into account the taxes that would otherwise have been payable by Mr. Goodman in respect of the removal of such Replacement Shares from the Goodman RRIF from time to time and as a consequence of any relevant assessment. The Company may, at its sole discretion, require Mr. Goodman to object to, appeal from or otherwise contest any assessment, reassessment or judicial or administrative decision

which results in an obligation of the Company to make payments under the Indemnity and, in such case, the Company will be entitled to assume carriage of the objection, appeal or contest at its own expense. In the event any such objection, appeal or contest is successful, the Company will have no obligation to make any payment to Mr. Goodman under the Indemnity.

CERTAIN LEGAL AND REGULATORY MATTERS

Steps to Implementing the Arrangement and Timing

Completion of the Arrangement is subject to the conditions precedent in the Arrangement Agreement having been satisfied or, where legally permissible, waived, as applicable, including receipt of the following:

- the Required Shareholder Approval;
- the Final Order; and
- the TSX Approval.

The Company intends to file the Articles of Arrangement with the Director as soon as reasonably practicable after the satisfaction or, where legally permissible, waiver, as applicable, of the conditions set forth in the Arrangement Agreement (other than those which by their nature are to be satisfied at the Effective Time). Subject to the receipt of the Required Shareholder Approval, the issue of the Final Order, and the receipt of the TSX Approval, it is anticipated that the Arrangement will be completed on or around May 30, 2013. However, completion of the Arrangement is dependent on many factors and it is not possible at this time to determine precisely when the Arrangement will become effective.

Required Shareholder Approval

At the Meeting, Shareholders will be asked to approve the Arrangement Resolution. In accordance with the Interim Order, the approval of the Arrangement Resolution will require the affirmative vote of:

- (i) not less than 66 $\frac{2}{3}$ % of the votes cast at the Meeting by the Dundee Subordinate Voting Shareholders, voting separately as a class, present in person or represented by proxy at the Meeting;
- (ii) not less than 66 $\frac{2}{3}$ % of the votes cast at the Meeting by the Dundee Common Shareholders, voting separately as a class, present in person or represented by proxy at the Meeting;
- (iii) not less than 66 $\frac{2}{3}$ % of the votes cast at the Meeting by the Dundee Series 1 Preference Shareholders, voting separately as a series of a class, present in person or represented by proxy at the Meeting; and
- (iv) not less than a majority of the votes cast at the Meeting by the Dundee Subordinate Voting Shareholders, voting separately as a class (other than "interested parties" and "control persons" of the Company, as prescribed by applicable Canadian securities laws).

See "*Application of MI 61-101*" and "*Application of OSC Rule 56-501 and NI 41-101*".

Notwithstanding the approval by the Shareholders of the Arrangement Resolution in accordance with the foregoing (the "**Required Shareholder Approval**"), the Arrangement Resolution authorizes the Board to, without notice to or approval of the Shareholders, (i) amend, modify or supplement the Arrangement Agreement or the Plan of Arrangement to the extent permitted thereby, as described under "*The*

Arrangement – Arrangement Agreement – Amendments”, and (ii) subject to the terms of the Arrangement Agreement, not to proceed with the Arrangement and/or any related transactions.

Court Approval and the Final Order

It is a condition of the Arrangement Agreement that the Interim Order and the Final Order must be obtained from the Court. Prior to the mailing of this Management Information Circular, the Company obtained the Interim Order, which provides for, among other things:

- the calling and holding of the Meeting;
- the Required Shareholder Approval;
- the quorum requirement at the Meeting in respect of the Dundee Series 1 Preference Shareholders;
- the Dissent Rights for Registered Shareholders;
- the notice requirements with respect to the presentation of the application to the Court for the Final Order; and
- the ability of the Company to adjourn or postpone the Meeting from time to time in accordance with the terms of the Arrangement Agreement without the need for additional approval of the Court.

A copy of the Interim Order is attached in Appendix “D” of this Management Information Circular.

It is expected that shortly after the Meeting, subject to the approval of the Arrangement Resolution by Shareholders at the Meeting, an application will be made for the Court’s final approval of the Arrangement (the Final Order hearing). At the hearing for the Final Order, the Court will determine whether to approve the Arrangement in accordance with the legal requirements and the evidence before the Court. Participation in the hearing for the Final Order, including who may participate and present evidence or argument and the procedure for doing so, is subject to the terms of the Interim Order and any subsequent direction of the Court. Subject to the approval of the Arrangement Resolution by Shareholders at the Meeting, the Company will announce by news release the time and place of the hearing for the Final Order. See the copy of the Interim Order in Appendix “D”.

At the hearing for the Final Order, the Court will consider, among other things, the fairness of the terms and conditions of the Arrangement to those to whom securities will be issued. The Court may approve the Arrangement in any manner the Court may direct, subject to compliance with such terms and conditions, if any, as the Court deems fit. In connection with the hearing for the Interim Order, the Court was informed that the Final Order will also constitute the basis for an exemption from registration under the U.S. Securities Act for the DREAM Subordinate Voting Shares, DREAM Common Shares and DREAM Series 1 Preference Shares to be issued pursuant to the Arrangement to Shareholders pursuant to Section 3(a)(10) of the U.S. Securities Act.

Assuming the Final Order is granted and the TSX Approval is obtained, and the other conditions to closing contained in the Arrangement Agreement are satisfied or, where legally permissible, waived, as applicable, the Articles of Arrangement will be filed with the Director as soon as reasonably practicable thereafter to give effect to the Arrangement.

TSX Approval and Stock Exchange Listings

The Dundee Subordinate Voting Shares, the Dundee Series 1 Preference Shares and the Dundee Series 2 Preference Shares are currently listed on the TSX. Receipt of the TSX’s conditional approval for the continued listing of the Dundee New Subordinate Voting Shares and the listing of the Dundee New Series 4 Preference Shares, DREAM Subordinate Voting Shares and DREAM Series 1 Preference Shares to be

issued pursuant to the Arrangement is a condition precedent to the completion of the Arrangement under the terms of the Arrangement Agreement. The Company will not proceed with the Arrangement unless the TSX has conditionally approved the listing of such shares. DREAM has reserved the trading symbol “DRM” in the event that its shares are approved for listing.

Due Bills

Due Bills are entitlements that can be used to defer the “ex-distribution” trading of listed securities undergoing certain material corporate events such as stock-splits, spin-offs or other distributions in circumstances where the effective date or payment date of the event cannot be determined with certainty in advance. Generally, Due Bills attach to securities traded during the period that commences on the date that is two trading days prior to the expected record date and come off at the close of trading on the applicable payment/effective date (the “**Due Bill Period**”). This allows the listed security to carry the appropriate market value until the entitlement has been paid.

Historically, the general process in the Canadian securities industry has been for listed securities of an issuer that are entitled to a distribution to commence trading on an “ex-distribution” basis (i.e. purchases of the security will no longer have an attaching right to the distribution) at the opening of trading on the date that is two trading days prior to the record date (the “**Ex Date**”). For example, in the event that a cash dividend is declared payable on a listed security to securityholders as of the record date, the listed security would begin to trade without the entitlement to receive the dividend at the opening of trading on the Ex Date in recognition of the fact that such trades will settle three trading days after the trade date and, accordingly, the buyer will not be a securityholder of record on the record date for the dividend despite having purchased the security prior to the record date. As a result, the market value of the listed security will typically decline as of the Ex Date to reflect this lack of entitlement.

With respect to the Arrangement, since completion of the Arrangement is subject to the satisfaction of conditions precedent, it is possible that the Arrangement will not be completed on the expected Effective Date or at all, in which case the expected Distribution Record Date will change or be nullified, as the case may be. Therefore, the Ex Date in respect of the Arrangement cannot be determined with certainty and market valuation issues could arise between the expected Ex Date and the actual Effective Date. Accordingly, Due Bill trading will be used in connection with the Arrangement in order to address such uncertainties.

Due Bill trading may only be used in connection with a “push-out” of listed securities (i.e. where the certificates representing the originally listed securities to which the entitlement attaches will not be replaced with new certificates; rather, only the entitlement (e.g. the dividend, shares of a new company, etc.) will be “pushed-out” to shareholders). In the case of the Arrangement, this means that Due Bill trading will only be used in connection with the Dundee Subordinate Voting Shares/DREAM Subordinate Voting Shares, as the certificates representing the Dundee Subordinate Voting Shares will not be replaced with new certificates (the certificates representing the Dundee Subordinate Voting Shares will continue to represent the Dundee New Subordinate Voting Shares from and after the Effective Time) and only certificates representing the DREAM Subordinate Voting Shares (the “entitlement”) will be “pushed-out” (i.e. delivered to the registered holders of Dundee Subordinate Voting Shares as at the close of business on the Distribution Record Date). Please see “*The Arrangement – Delivery of New Share Certificates*” for further information in this regard.

Any Dundee Subordinate Voting Shares traded during the Due Bill Period will have Due Bills attached and will therefore carry the right to receive DREAM Subordinate Voting Shares. By using a Due Bill market for the Dundee Subordinate Voting Shares/DREAM Subordinate Voting Shares, the Ex Date for the Dundee Subordinate Voting Shares will be deferred and buyers and sellers of the Dundee Subordinate Voting Shares will be certain of the entitlements attaching thereto. Shareholders trading such Dundee Subordinate Voting Shares during the Due Bill Period will not be required to take any special action. Any trades of Dundee Subordinate Voting Shares that are executed during the Due Bill Period will be automatically flagged to ensure purchasers receive the distribution entitlement and sellers do not.

Subject as set out below under “*If, As and When Issued Trading*”, regular trading of the Dundee New Subordinate Voting Shares and DREAM Subordinate Voting Shares will commence on the first trading day after the Effective Date (which Effective Date is currently expected to occur on or around May 30, 2013). See also “*If, As and When Issued Trading*” and “*Trading Information for the Dundee Series 1 Preference Shares, Dundee New Series 4 Preference Shares and DREAM Series 1 Preference Shares*” below.

If, As and When Issued Trading

In addition to the Due Bill market discussed above under “*Due Bills*”, it is expected that trading in the DREAM Subordinate Voting Shares on an “if, as and when issued” basis (i.e. the DREAM Subordinate Voting Shares will be traded on their own, and not as an attachment to the Dundee Subordinate Voting Shares, as is the case with the Due Bill trading discussed above) will commence on the TSX on the second trading day prior to the Distribution Record Date.

Trading Information for the Dundee Series 1 Preference Shares, Dundee New Series 4 Preference Shares and DREAM Series 1 Preference Shares

Due Bill trading may not be used with respect to the Dundee Series 1 Preference Shares/DREAM Series 1 Preference Shares because the global certificate registered in the name of CDS that represents the Dundee Series 1 Preference Shares will be replaced with two new global certificates registered in the name of CDS, one of which will represent the Dundee New Series 4 Preference Shares, and the other of which will represent the DREAM Series 1 Preference Shares that will be delivered in connection with the Arrangement. Please see “*The Arrangement – Delivery of New Share Certificates*” for further information in this regard.

It is currently expected that the Dundee Series 1 Preference Shares will continue to trade on the TSX until the close of business on the Effective Date, and that trading of the Dundee New Series 4 Preference Shares and the DREAM Series 1 Preference Shares will commence on the first trading day after the Effective Date (which Effective Date is currently expected to occur on or around May 30, 2013).

Canadian Securities Law Matters

Application of MI 61-101

General

As a reporting issuer or the equivalent in all provinces and territories of Canada, the Company is, among other things, subject to the securities laws of Ontario and Québec, including MI 61-101.

MI 61-101 regulates certain types of related party and other transactions to ensure equality of treatment among security holders and may require enhanced disclosure, approval by a majority of security holders (excluding interested or related parties), independent valuations and, in certain instances, approval and oversight of certain transactions by a special committee of independent directors. The protections afforded by MI 61-101 apply to, among other transactions, “business combinations” (as defined in MI 61-101).

The Arrangement may be a “business combination” subject to MI 61-101. If a person that is a “related party” (as defined in MI 61-101) of the Company, at the time the Arrangement was agreed to, is entitled to receive, directly or indirectly, as a consequence of the Arrangement, a “collateral benefit” (as defined in MI 61-101), the Arrangement will be subject to the requirements of MI 61-101.

MI 61-101 defines a “collateral benefit” as any benefit that a related party of the issuer is entitled to receive, directly or indirectly, as a consequence of the transaction, subject to certain exceptions.

The entering into of the Shareholders Agreement, the Permitted Sales Agreement and/or the Exchange Agreement by Mr. Michael Cooper and SDC, as applicable, may be considered a “collateral benefit” and, if so, since (a) Mr. Cooper, a director of the Company, is a related party to the Company, and (b) SDC is a related party to the Company because it is owned by Mr. Cooper, the entering into of one or more of these agreements would render the Arrangement a “business combination” subject to MI 61-101. Accordingly, the Company will comply with MI 61-101 on the basis that the entering into of these agreements is a collateral benefit for Mr. Cooper and/or SDC, as applicable.

Formal Valuation

Pursuant to MI 61-101, the Arrangement is not a prescribed business combination for which a formal valuation is required as (i) no “interested party” (as defined in MI 61-101) would, as a consequence of the Arrangement, directly or indirectly acquire the Company or the business of the Company, or combine with the Company, through an amalgamation, arrangement or otherwise, whether alone or with “joint actors” (as defined in MI 61-101); and (ii) no interested party is a party to any “connected transaction” (as defined in MI 61-101) to the Arrangement that is a “related party transaction” (as defined in MI 61-101) for which the Company is required to obtain a formal valuation under MI 61-101.

Minority Approval

MI 61-101 requires that, in addition to any other required security holder approval, a business combination is subject to “minority approval” (as defined in MI 61-101) of every class of “affected securities” (as defined in MI 61-101) of the issuer, in each case voting separately as a class. In relation to the Arrangement, the Dundee Subordinate Voting Shares and the Dundee Common Shares are “affected securities” and “minority approval” means the approval of the Arrangement Resolution by the affirmative vote of a simple majority of the votes cast by the Dundee Subordinate Voting Shareholders and the Dundee Common Shareholders, in each case other than (A) any interested party, which is defined under MI 61-101 as, among others, a related party of the Company who is entitled to receive, directly or indirectly, as a consequence of the Arrangement, a collateral benefit, (B) a related party of any interested party, and (C) any person that is a “joint actor” (as defined in MI 61-101) with any of the foregoing, voting separately as a class. In relation to the Arrangement, Mr. Michael Cooper and SDC are the only interested parties.

As at April 10, 2013, Mr. Michael Cooper holds, indirectly through SDC, 10,000 Dundee Subordinate Voting Shares (representing 0.02% of the Dundee Subordinate Voting Shares outstanding as at April 10, 2013). Neither Mr. Cooper nor SDC owns any Dundee Common Shares. Accordingly, in relation to the Arrangement, “minority approval” means approval by a majority of the votes cast at the Meeting by Dundee Subordinate Voting Shareholders, voting separately as a class, other than Mr. Cooper and SDC.

Ownership of Securities of the Company

The following indicates, as at April 10, 2013, the number, designation and the percentage of the outstanding securities of any class or series of securities of the Company beneficially owned or over which control or direction is exercised by each director and officer of the Company and, to the knowledge of the Company after reasonable inquiry, by the other insiders of the Company and the associates and affiliates of the Company and its insiders:

Name of Director or Officer	Holdings (Approximate Percentage Ownership of Class or Series)	
Normand Beauchamp Director	Dundee DSUs	49,197 (4.02%)
Michael Cooper Director	Dundee Subordinate Voting Shares Dundee DSUs	10,000 ⁽¹⁾ (0.02%) 7,495 (0.61%)

Name of Director or Officer	Holdings (Approximate Percentage Ownership of Class or Series)	
David Goodman Director	Dundee Subordinate Voting Shares Dundee DSUs	875,708 ⁽²⁾ (1.72%) 17,460 (1.43%)
Jonathan C. Goodman Director	Dundee Subordinate Voting Shares Dundee DSUs	1,003,902 ⁽³⁾ (1.97%) 42,114 (3.44%)
Ned Goodman President, Chief Executive Officer and Director	Dundee Subordinate Voting Shares Dundee Common Shares Dundee Options Dundee DSUs	2,426,330 ⁽⁵⁾ (4.76%) 3,086,583 ⁽⁴⁾ (99.05%) 1,000,000 (77.82%) 576,370 (47.06%)
Harold (Sonny) Gordon Chairman and Director	Dundee Subordinate Voting Shares Dundee DSUs Dundee Series 1 Preference Shares	113,733 (0.22%) 310,725 (25.37%) 2,575 ⁽⁶⁾ (0.04%)
Ellis Jacob Director	Dundee Subordinate Voting Shares Dundee DSUs	249 ⁽⁷⁾ (0.0005%) 27,962 (2.28%)
Dr. Frederick H. Lowy Director	Dundee Subordinate Voting Shares Dundee DSUs	18,675 (0.04%) 52,557 (4.29%)
Garth A. C. MacRae Director	Dundee Subordinate Voting Shares Dundee Common Shares Dundee DSUs	470,072 (0.92%) 873 (0.03%) 46,126 (3.77%)
Robert McLeish Director	Dundee Subordinate Voting Shares Dundee DSUs	62,200 (0.12%) 35,144 (2.87%)
A. Murray Sinclair Director	Dundee DSUs	2,381 (0.19%)
Jeremy Soames Director	Dundee DSUs	679 (0.06%)
K. Barry Sparks Director	Dundee Subordinate Voting Shares Dundee DSUs	46,000 ⁽⁸⁾ (0.09%) 21,019 (1.72%)
Sivan Fox Vice President, Legal	Dundee Subordinate Voting Shares Dundee Options	3,581 (0.007%) 15,000 (1.17%)
Lili Mance Corporate Secretary	Dundee Subordinate Voting Shares Dundee Options	6,058 (0.01%) 25,000 (1.95%)
Perina Montesano Vice President, Internal Audit	Dundee Subordinate Voting Shares Dundee Options	8,191 (0.02%) 20,000 (1.56%)
Kevin Ng Vice President, Taxation	Dundee Subordinate Voting Shares Dundee Options	4,009 (0.008%) 10,000 (0.78%)
Lucie Presot Vice President and Chief Financial Officer	Dundee Subordinate Voting Shares Dundee Options	123,638 (0.24%) 140,000 (10.89%)
Mark Goodman Vice President	Dundee Subordinate Voting Shares	3,152 (0.006%)

Name of Director or Officer	Holdings (Approximate Percentage Ownership of Class or Series)	
Jaffar Khan President and Chief Executive Officer of Dundee Energy Limited and Eurogas International Inc. ⁽⁹⁾	Dundee Subordinate Voting Shares	624 (0.001%)
David Bhumgara Chief Financial Officer of Dundee Energy Limited ⁽⁹⁾	Dundee Subordinate Voting Shares	329 (0.0006%)
Bruce Sherley President of Dundee Oil and Gas Limited ⁽⁹⁾	Dundee Subordinate Voting Shares	12,551 (0.02%)
Brett Whalen Vice President of Goodman Investment Counsel Inc. ⁽⁹⁾	Dundee Subordinate Voting Shares	1,010 (0.002%)
Chantal Gosselin Vice President of Goodman Investment Counsel Inc. ⁽⁹⁾	Dundee Subordinate Voting Shares Dundee Series 1 Preference Shares	1,511 (0.003%) 3,000 (0.05%)
Murray John President of Dundee Resources Limited ⁽⁹⁾	Dundee Subordinate Voting Shares Dundee Options	30,995 (0.06%) 75,000 (5.84%)
Bob Sangha Managing Director and Head of Mining Investment Banking of Dundee Securities Ltd. ⁽⁹⁾	Dundee Subordinate Voting Shares	1,500 (0.003%)
Jason Imola Vice President, Institutional Trading of Dundee Securities Ltd. ⁽⁹⁾	Dundee Subordinate Voting Shares	100 (0.0002%)
Paul Stapleton Senior Vice President, Information Technology of Dundee Securities Ltd. ⁽⁹⁾	Dundee Series 1 Preference Shares	500 (0.008%)
Robert Sellars Executive Vice President, Chief Financial Officer, Chief Operating Officer and Director of Dundee Securities Ltd. ⁽⁹⁾	Dundee Series 1 Preference Shares	1,400 (0.02%)
Ronan Clohissey Senior Vice President, Investment Advisor of Dundee Securities Ltd. ⁽⁹⁾	Dundee Series 1 Preference Shares	400 (0.007%)
Jeff Heximer Vice President, Edmonton Land Operations of Dundee Realty ⁽⁹⁾	Dundee Subordinate Voting Shares	300 (0.0006%)
Brahm Gelfand Director of Nichromet Extraction Inc. ⁽⁹⁾	Dundee Subordinate Voting Shares	400 (0.0008%)

Name of Director or Officer	Holdings (Approximate Percentage Ownership of Class or Series)	
Jodamada Corporation ⁽¹⁰⁾	Dundee Subordinate Voting Shares	6,388,006 (12.54%)
Harbour Advisors ⁽¹¹⁾	Dundee Subordinate Voting Shares	12,024,400 (23.60%)

Notes:

- (1) Held indirectly through SDC.
- (2) 630,225 of which are held indirectly through 1719179 Ontario Inc.
- (3) 630,225 of which are held indirectly through 1719179 Ontario Inc.
- (4) 2,439,204 of which are held indirectly through Caylee Development Corporation.
- (5) 300,000 of which are held indirectly through Caylee Development Corporation.
- (6) 990 of which are held in the RIF account of Mr. Gordon and 1,585 of which are held by Mr. Gordon's spouse.
- (7) Held in the RRSP account of Mr. Jacob.
- (8) 6,000 of which are held in the RRSP account of Mr. Sparks and 15,000 of which are held in the RRSP account of Mr. Sparks' spouse.
- (9) Dundee Energy Limited, Eurogas International Inc., Goodman Investment Counsel Inc., Dundee Resources Limited, Dundee Securities Ltd., Dundee Realty and Nichromet Extraction Inc. are subsidiaries of the Company. Dundee Oil and Gas Limited is the general partner of Dundee Energy Limited Partnership, which is a wholly-owned limited partnership of Dundee Energy Limited.
- (10) Jodamada Corporation is a private company owned by Messrs. Jonathan Goodman, David Goodman, Mark Goodman, and Daniel Goodman.
- (11) Harbour Advisors is a business unit of CI Investments Inc.

See also "*Application of MI 61-101 – Minority Approval*" above for information relating to the securityholdings of SDC and Mr. Michael Cooper, as applicable.

Application of OSC Rule 56-501 and NI 41-101

General

OSC Rule 56-501 regulates the creation and distribution of "restricted shares" by reporting issuers governed by Ontario securities law. The definition of "restricted shares" includes equity shares which have voting rights exercisable in all circumstances, irrespective of the number or percentage of shares owned, that are less, on a per share basis, than the voting rights attaching to any other shares of an outstanding class of shares of the issuer.

OSC Rule 56-501 provides, among other things, that prospectus exemptions under Ontario securities law are not available in respect of a "stock distribution" (as defined in OSC Rule 56-501), unless either (i) the "stock distribution", or (ii) the "reorganization" (as defined in OSC Rule 56-501) that resulted in the creation of the "restricted shares", received "minority approval" in addition to any other required security holder approval. "Minority approval" means approval by a majority of the votes cast by holders of voting shares, and if required by applicable corporate law, by a majority of the votes cast by holders of a class of shares voting separately as a class, other than, in both cases, (A) "affiliates" (as defined in the *Securities Act* (Ontario)) of the issuer, or (B) "control persons" (as defined in OSC Rule 56-501) of the issuer.

OSC Rule 56-501 provides an exemption from the foregoing requirements to obtain minority approval if the stock distribution is of securities of an issuer that was a private company immediately before the completion of the stock distribution or it is a subsequent distribution by such an issuer of securities of the same class.

NI 41-101 provides, among other things, that an issuer must not file a prospectus under which restricted securities are to be distributed unless either (i) the distribution has received prior majority approval of the securityholders of the issuer in accordance with applicable law, including approval on a class basis if required and excluding any votes attaching at the time to securities held, directly or indirectly, by

"affiliates" of the issuer or "control persons" of the issuer (as such terms are defined under applicable securities laws), or (ii) at the time of any "restricted security reorganization" (as defined in NI 41-101, and which would include the Arrangement) related to the securities to be distributed (A) the restricted securityholder reorganization received prior majority approval of the securityholders of the issuer in accordance with applicable law, including approval on a class basis if required and excluding any votes attaching at the time to securities held, directly or indirectly, by "affiliates" of the issuer or "control persons" of the issuer (as such terms are defined under applicable securities laws), (B) the issuer was a reporting issuer, and (C) no purposes or business reasons for the creation of the restricted securities were disclosed in the relevant information circular that are inconsistent with the purpose of such distribution.

Minority Approval

In connection with the Arrangement, the Dundee New Subordinate Voting Shares and DREAM Subordinate Voting Shares, which will be "restricted shares" within the meaning of OSC Rule 56-501 and NI 41-101, are being created and distributed. The distribution of the DREAM Subordinate Voting Shares may be exempt from the minority approval requirements of OSC Rule 56-501 because DREAM will be a private company immediately prior to the Arrangement. There is no similar exemption available under NI 41-101.

Therefore, in order to (i) create and distribute Dundee New Subordinate Voting Shares in connection with the Arrangement and to create and distribute DREAM Subordinate Voting Shares without the benefit of the "private company" exemption that may be available under OSC Rule 56-501, and (ii) effect distributions of Dundee New Subordinate Voting Shares in the future either pursuant to a prospectus or on a prospectus-exempt basis and to effect distributions of DREAM Subordinate Voting Shares on a prospectus-exempt basis without the benefit of the "private company" exemption that may be available under OSC Rule 56-501, in each case without obtaining "minority approval" for any such distribution, the Company is seeking "minority approval" of the Arrangement Resolution. Any future distribution of DREAM Subordinate Voting Shares by means of a prospectus will require securityholder approval, or a specific discretionary exemption from the applicable securities regulators, at the relevant time because DREAM will not be a reporting issuer at the time of the Arrangement and will therefore not meet the applicable requirements of NI 41-101, notwithstanding the receipt of "minority approval" for the Arrangement.

In relation to the Arrangement Resolution, "minority approval" means approval by the affirmative vote of a simple majority of the votes cast by Dundee Subordinate Voting Shareholders, other than Mr. Ned Goodman (who held 2,426,330 Dundee Subordinate Voting Shares, 3,086,583 Dundee Common Shares and Nil Dundee Series 1 Preference Shares as at April 10, 2013). Accordingly, 2,426,330 Dundee Subordinate Voting Shares are expected to be excluded for the purpose of confirming the requisite "minority approval" has been obtained for the Arrangement Resolution in accordance with OSC Rule 56-501.

Resale of Securities

Each Shareholder is urged to consult its professional advisor to determine the conditions and restrictions applicable to such Shareholder in trading DREAM Subordinate Voting Shares, DREAM Common Shares or DREAM Series 1 Preference Shares received pursuant to the Arrangement.

The issuance of DREAM Subordinate Voting Shares, DREAM Common Shares and DREAM Series 1 Preference Shares in connection with the Arrangement will be exempt from the prospectus requirements of applicable Canadian securities laws. The sale of DREAM Subordinate Voting Shares, DREAM Common Shares or DREAM Series 1 Preference Shares received pursuant to the Arrangement will be free from restriction on the first trade of such shares provided that (i) DREAM is and has been a reporting issuer in a jurisdiction of Canada for the four months immediately preceding the sale, and for this purpose, as a party to the Arrangement, DREAM is considered to have been a reporting issuer for the same period as the Company, (ii) such sale is not a control distribution, (iii) no unusual effort is made to prepare the market or to create a demand for the DREAM Subordinate Voting Shares, DREAM Common

Shares or DREAM Series 1 Preference Shares that is the subject of the sale, as the case may be, (iv) no extraordinary commission or consideration is paid to a person or company in respect of such sale, and (v) if the selling security holder is an insider or officer of DREAM, the selling security holder has no reasonable grounds to believe that DREAM is in default under Canadian securities legislation.

Judicial Developments

The Plan of Arrangement will be implemented pursuant to Section 182 of the OBCA which provides that, where an arrangement has been approved by shareholders of a corporation and by holders of shares of each class or series entitled to vote separately thereon, in each case by special resolution, a corporation may apply to the Court for an order approving the arrangement proposed by such corporation. Pursuant to this section of the OBCA, such an application will be made by the Company for approval of the Arrangement. See *“Court Approval and the Final Order”* above. Although there have been a number of judicial decisions considering this section and applications to various arrangements, there have not been, to the knowledge of the Company, any recent significant decisions which would apply in this instance. Shareholders should consult their legal advisors with respect to the legal rights available to them in relation to the Arrangement.

United States Securities Laws Matters

Exemption from the Registration Requirements of the U.S. Securities Act

The issuance of the Dundee New Subordinate Voting Shares, Dundee New Common Shares, Dundee New Series 4 Preference Shares, DREAM Subordinate Voting Shares, DREAM Common Shares and DREAM Series 1 Preference Shares pursuant to the Arrangement will not be registered under the U.S. Securities Act and will be made in reliance on Section 3(a)(10) of the U.S. Securities Act. Section 3(a)(10) of the U.S. Securities Act exempts from registration the offer and sale of a security which is issued in exchange for outstanding securities, claims or property interests, or partly in such exchange and partly for cash, where the terms and conditions of such issue and exchange are approved, after a hearing upon the fairness of such terms and conditions at which all persons to whom it is proposed to issue securities in such exchange have the right to appear, by a court or governmental authority expressly authorized by law to grant such approval. The Final Order, if granted, will constitute the basis for the Section 3(a)(10) exemption from the registration requirements of the U.S. Securities Act with respect to these shares issued in connection with the Arrangement. In connection with the hearing for the Interim Order, the Court will be advised that these shares will be issued in reliance on the Section 3(a)(10) exemption.

Resale of shares of the Company after the Completion of the Arrangement

Dundee New Subordinate Voting Shares, Dundee New Common Shares and Dundee New Series 4 Preference Shares received by a Shareholder who will be an “affiliate” of the Company after the Arrangement will be subject to certain restrictions on resale imposed by the U.S. Securities Act. As defined in Rule 144 under the U.S. Securities Act, an “affiliate” of an issuer is a person that directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the issuer. Typically, persons who are executive officers, directors or 10% or greater shareholders of an issuer are considered to be its “affiliates”.

Shareholders who are not “affiliates” of the Company, and have not been “affiliates” of the Company within 90 days of the date of the Arrangement, may resell their shares of the Company issued to them pursuant to the Arrangement in the United States without restriction under the U.S. Securities Act.

Shareholders who are “affiliates” of the Company after the Arrangement may not resell their shares of the Company that they receive in connection with the Arrangement in the absence of registration under the U.S. Securities Act, unless an exemption from registration is available, such as the exemptions contained in Rule 144 or Regulation S under the U.S. Securities Act.

Resale of shares of DREAM after the Completion of the Arrangement

Similarly, DREAM Subordinate Voting Shares, DREAM Common Shares and DREAM Series 1 Preference Shares received by a Shareholder who will be an “affiliate” of DREAM after the Arrangement will be subject to certain restrictions on resale imposed by the U.S. Securities Act.

Shareholders who are not “affiliates” of DREAM, and have not been “affiliates” of DREAM within 90 days of the date of the Arrangement, may resell their shares of DREAM issued to them pursuant to the Arrangement in the United States without restriction under the U.S. Securities Act.

Shareholders who are “affiliates” of DREAM after the Arrangement may not resell their shares of DREAM that they receive in connection with the Arrangement in the absence of registration under the U.S. Securities Act, unless an exemption from registration is available, such as the exemptions contained in Rule 144 or Regulation S under the U.S. Securities Act.

Canadian Tax Opinion

Dundee and DREAM expect to receive the Canadian Tax Opinion prior to the Effective Date, which will confirm that, based on the provisions of the Tax Act and the Regulations as well as the Tax Proposals, the Arrangement should qualify as a tax-deferred “butterfly reorganization” under paragraph 55(3)(b) of the Tax Act for Dundee and DREAM. The completion of the Arrangement is conditional on receipt of the Canadian Tax Opinion. More specifically, the Canadian Tax Opinion is expected to confirm that the transfer by Dundee of Holdco Common Shares (and indirectly, DRC Shares) and related transactions may be accomplished on a fully tax-deferred basis under the Tax Act, provided that the material facts presented are accurately stated and the transfer and related transactions are implemented as set out in the Canadian Tax Opinion. This requires, among other things, that the transfer of Holdco Common Shares and related transactions comply with all requirements of the public company “butterfly” rules in section 55 of the Tax Act. The Arrangement is structured to comply with these rules. However, there are certain requirements of these rules that may depend on events occurring after the Arrangement is completed or that may not be within the control of Dundee and/or DREAM. For example, under section 55 of the Tax Act, Dundee and/or DREAM will recognize a taxable gain in respect of the Arrangement if: (i) within three years of the Effective Date, DREAM engages in a subsequent spinoff or split-up transaction under section 55 or Dundee engages in a split-up (but not a spinoff) transaction under section 55, (ii) a “specified shareholder” disposes of Dundee New Shares or DREAM Shares (or property that derives 10% or more of its value from such shares or property substituted therefor) to an unrelated person or partnership as part of the series of transactions which includes the Arrangement, or (iii) there is an acquisition of control of Dundee or of DREAM that is part of the series of transactions that includes the Arrangement. If any of the above events were to occur and to cause the Arrangement to be taxable to Dundee and to DREAM under section 55 of the Tax Act, both Dundee and DREAM would be liable for a substantial amount of tax. In addition, if such an event were due to an act of Dundee or DREAM, Dundee or DREAM, as applicable, would generally be required to indemnify the other party under the Arrangement Agreement. See “*The Arrangement – Arrangement Agreement*”.

DISSENTING SHAREHOLDERS’ RIGHTS

Registered Shareholders are entitled to dissent (the “**Dissent Rights**”) from the Arrangement Resolution in the manner provided in section 185 of the OBCA, as modified by the Interim Order, the Final Order and the Plan of Arrangement.

This section summarizes the provisions of section 185 of the OBCA, as modified by the Interim Order and the Plan of Arrangement. If you are a Registered Shareholder and wish to dissent, you should obtain your own legal advice and carefully read the provisions of the Plan of Arrangement, the Interim Order and the provisions of section 185 of the OBCA, which can be found in Schedule “A” to Appendix “B”, Appendix “D” and Appendix “J”, respectively, to this Management Information Circular.

Anyone who is a beneficial Shareholder whose Dundee Shares are registered in the name of an intermediary (such as a bank, trust company, securities dealer or broker or other financial institution) and who wishes to dissent should be aware that only Registered Shareholders are entitled to exercise Dissent Rights. A Registered Shareholder who holds Dundee Shares as intermediary for one or more beneficial owners, one or more of whom wish to exercise Dissent Rights, must exercise such Dissent Rights on behalf of such holder(s). In such case, the Dissent Notice (as defined below) should specify the number and class of Dissenting Shares (as defined below). A Dissenting Shareholder (as defined below) may only dissent with respect to all the Dundee Shares held on behalf of any one beneficial owner and registered in the name of the Dissenting Shareholder. Registered Shareholders who exercise the Dissent Rights, will be deemed to have transferred their Dissenting Shares to the Company free and clear of any Liens, as of the Effective Time, and if they:

- (a) are ultimately entitled to be paid fair value for their Dissenting Shares (a “**Dissenting Shareholder**”), will be entitled to be paid the fair value of such Dissenting Shares, which fair value will be determined as of the close of business on the Business Day immediately preceding the date on which the Arrangement Resolution is adopted, and will not be entitled to any other payment or consideration (including any payment that would be payable under the Arrangement had they not exercised their Dissent Rights). There can be no assurance that a Dissenting Shareholder will receive consideration for its Dissenting Shares of equal value to the consideration that such Dissenting Shareholder would have received under the Arrangement; or
- (b) are ultimately not entitled, for any reason, to be paid fair value for their Dissenting Shares, will be deemed to have participated in the Arrangement.

A Registered Shareholder who wishes to dissent must ensure that a written notice of dissent (a “**Dissent Notice**”) is received by the Corporate Secretary of the Company at its office located at Dundee Place, 1 Adelaide Street East, 21st Floor, Toronto, Ontario M5C 2V9, on or prior to 5:00 p.m. (Toronto time) on the second Business Day preceding the date of the Meeting (as it may be adjourned or postponed from time to time). **It is important that Shareholders strictly comply with this requirement, which is different from the statutory dissent provisions of the OBCA which would permit a Dissent Notice to be provided at or prior to the Meeting.**

The filing of a Dissent Notice does not deprive a Registered Shareholder of the right to vote at the Meeting; however, a Registered Shareholder who has submitted a Dissent Notice and who votes in favour of the Arrangement Resolution will no longer be considered a Dissenting Shareholder with respect to the Dundee Shares voted in favour of the Arrangement Resolution. If such Dissenting Shareholder votes in favour of the Arrangement Resolution in respect of a portion of the Dundee Shares registered in his, her or its name and held by same on behalf of any one beneficial owner, such vote approving the Arrangement Resolution will be deemed to apply to the entirety of the Dundee Shares held by such Dissenting Shareholder in the name of that beneficial owner, given that section 185 of the OBCA provides there is no right of partial dissent. A vote against the Arrangement Resolution will not constitute a Dissent Notice and the execution or exercise of a proxy does not constitute a written objection for the purposes of subsection 185(6) of the OBCA.

Within 10 days after the approval of the Arrangement Resolution, the Company is required to notify each Dissenting Shareholder that the Arrangement Resolution has been approved. Such notice is not required to be sent to a Registered Shareholder who voted for the Arrangement Resolution or who has withdrawn a Dissent Notice previously filed.

A Dissenting Shareholder must, within 20 days after the Dissenting Shareholder receives notice that the Arrangement Resolution has been approved or, if the Dissenting Shareholder does not receive such notice, within 20 days after the Dissenting Shareholder learns that the Arrangement Resolution has been approved, send a written demand for the payment of the fair value of his, her or its Dundee Shares (a “**Demand for Payment**”) containing: (i) the Dissenting Shareholder’s name and address; (ii) the number and class of Dundee Shares in respect of which he, she or it has exercised Dissent Rights (“**Dissenting**

Shares"); and (iii) a demand for the payment of the fair value of such Dissenting Shares. Within 30 days after sending a Demand for Payment, the Dissenting Shareholder must send to the Corporate Secretary of the Company at Dundee Place, 1 Adelaide Street East, 21st Floor, Toronto, Ontario M5C 2V9 or to Computershare Investor Services Inc. at 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1, the certificates representing the Dissenting Shares. A Dissenting Shareholder who fails to send the certificates representing the Dissenting Shares forfeits its right to make a claim under section 185 of the OBCA. The Company or Computershare will endorse on share certificates received from a Dissenting Shareholder a notice that the holder is a Dissenting Shareholder under section 185 of the OBCA and will forthwith return the share certificates to the Dissenting Shareholder.

On the filing of a Demand for Payment (and in any event upon the Effective Date), a Dissenting Shareholder ceases to have any rights in respect of its Dissenting Shares, other than the right to be paid the fair value of its Dissenting Shares as determined pursuant to section 185 of the OBCA and the Interim Order and the Final Order, except where, prior to the Effective Date: (i) the Dissenting Shareholder withdraws its Demand for Payment before the Company makes an Offer to Pay (as defined below) to the Dissenting Shareholder; (ii) an Offer to Pay is not made and the Dissenting Shareholder withdraws its Demand for Payment; or (iii) the Board revokes the Arrangement Resolution, in which case the Company will reinstate the Dissenting Shareholder's rights in respect of its Dissenting Shares as of the date the Demand for Payment was sent. Pursuant to the Plan of Arrangement, in no case will the Company, DREAM or any other person be required to recognize any Dissenting Shareholder as a Shareholder after the Effective Date, and the names of such Shareholders will be deleted from the list of Registered Shareholders at the Effective Date. **In addition to any other restrictions under section 185 of the OBCA, holders of Dundee Shares who vote or have instructed a proxyholder to vote such Dundee Shares in favour of the Arrangement Resolution shall not be entitled to exercise Dissent Rights.**

No later than 7 days after the later of the Effective Date and the date on which a Demand for Payment of a Dissenting Shareholder is received, as applicable, each Dissenting Shareholder who has sent a Demand for Payment must be sent by the Company a written offer to pay (an "**Offer to Pay**") for his, her or its Dissenting Shares in an amount considered by the Board to be the fair value thereof, accompanied by a statement showing how the fair value was determined. Every Offer to Pay in respect of Dundee Shares of the same class or series must be on the same terms as every other Offer to Pay in respect of Dundee Shares of that class or series.

Payment for the Dissenting Shares of a Dissenting Shareholder must be made within 10 days after an Offer to Pay has been accepted by a Dissenting Shareholder, but any such Offer to Pay lapses if an acceptance thereof is not received within 30 days after the Offer to Pay has been made. If an Offer to Pay for the Dissenting Shares of a Dissenting Shareholder is not made, or if a Dissenting Shareholder fails to accept an Offer to Pay that has been made, the Company may apply to the Court to fix a fair value for the Dissenting Shares of Dissenting Shareholders within 50 days after the Effective Date or within such further period as the Court may allow.

If no such application is made, a Dissenting Shareholder may apply to the Court for the same purpose within a further period of 20 days or within such further period as the Court may allow. A Dissenting Shareholder is not required to give security for costs in such an application.

Upon an application to the Court, all Dissenting Shareholders whose Dissenting Shares have not been purchased will be joined as parties and bound by the decision of the Court, and the Company shall notify each affected Dissenting Shareholder of the date, place and consequences of the application and of their right to appear and be heard in person or by counsel. Upon any such application to the Court, the Court may determine whether any other person is a Dissenting Shareholder who should be joined as a party, and the Court will then fix a fair value for the Dissenting Shares of all such Dissenting Shareholders. The final order of the Court will be rendered against the Company in favour of each Dissenting Shareholder joined as a party and for the amount of the Dissenting Shares as fixed by the Court.

The Court may, in its discretion, allow a reasonable rate of interest on the amount payable to each such Dissenting Shareholder from the Effective Date until the date of payment. Any judicial determination of

fair value will result in the delay of receipt by a Dissenting Shareholder of consideration for such Dissenting Shareholder's Dissenting Shares.

The above is only a summary of the provisions of the OBCA pertaining to Dissent Rights, as modified by the Interim Order and the Plan of Arrangement, which are technical and complex. If you are a Shareholder and wish to directly or indirectly exercise Dissent Rights, you should seek your own legal advice as failure to strictly comply with the provisions of the OBCA, as modified by the Interim Order and the Plan of Arrangement, may prejudice your Dissent Rights.

INFORMATION CONCERNING DREAM AND DUNDEE REALTY

See Appendix "E" for information concerning DREAM after giving effect to the Arrangement.

INFORMATION CONCERNING DUNDEE POST-ARRANGEMENT

See Appendix "H" for information concerning Dundee after giving effect to the Arrangement.

ANNUAL MEETING MATTERS

Presentation of Financial Statements

The audited consolidated financial statements of the Company for the financial year ended December 31, 2012 and the auditor's report thereon will be placed before the Meeting.

Appointment of Auditor

The Board recommends, on the advice of the Audit Committee, that PricewaterhouseCoopers LLP ("**PWC**") be appointed as auditor of the Company for the ensuing year at a remuneration to be fixed by the Board. Information with respect to audit and non-audit fees paid to the Company's auditor is contained under the heading "*External Auditor Service Fees*" in the 2012 Annual Information Form.

The appointment of PWC as auditor of the Company for the ensuing year at a remuneration to be fixed by the Board must be approved by a majority of the votes cast by Dundee Subordinate Voting Shareholders and Dundee Common Shareholders at the Meeting.

The persons named in the form of proxy for Dundee Subordinate Voting Shareholders or Dundee Common Shareholders which accompanies this Management Information Circular intend to vote FOR the appointment of PWC as the auditor of the Company to hold office until its successor is appointed and to authorize the Board to fix the remuneration of the auditor, unless it has been specified in the form of proxy that the Dundee Subordinate Voting Shares or the Dundee Common Shares, as the case may be, represented by such form of proxy are to be withheld from voting in respect thereof.

Election of Directors

The Company's articles of amalgamation provide for the Board to consist of a minimum of one and a maximum of twenty directors.

At the Meeting, voting by Dundee Subordinate Voting Shareholders and Dundee Common Shareholders for the election of the directors named below will be conducted on an individual, and not slate, basis. See also "*Majority Voting Policy*" below. The persons named in the form of proxy for Dundee Subordinate Voting Shareholders or Dundee Common Shareholders which accompanies this Management Information Circular intend to vote FOR the election of the thirteen nominees listed below as directors of the Company, unless it has been specified in the form of

proxy that the Dundee Subordinate Voting Shares or the Dundee Common Shares, as the case may be, represented by such form of proxy are to be withheld from voting in respect of such nominees or certain nominees, as the case may be.

Management of the Company does not contemplate that any of the nominees will be unable to serve as a director of the Company, but if that should occur for any reason prior to the Meeting or any adjournment or postponement thereof, the persons named in the enclosed form of proxy for Dundee Subordinate Voting Shareholders or Dundee Common Shareholders have the right to vote for another nominee in their discretion. Each director elected will hold office until the next annual meeting of shareholders unless his office is earlier vacated or until his successor is elected or appointed in accordance with the by-laws of the Company.

Majority Voting Policy

In March 2013, the Company adopted a majority voting policy for the election of directors. Accordingly, if a director standing for election or re-election in an uncontested election does not receive the vote of at least a majority of the votes cast at any meeting for the election of directors at which a quorum is present, the director will promptly tender his or her resignation to the Board. Within 90 days after the certification of the election results, the Board will decide, through a process managed by the Corporate Governance and Nominating Committee, whether to accept or reject the resignation and the Board's decision will be publicly disclosed.

The Nominated Directors

The following table provides the name of each person nominated by management of the Company for re-election as a director of the Company, each such person's place of residence, the number of Board and committee meetings attended by such person during 2012 (and while a member of the relevant committee), all positions and offices with the Company now held by such person (including the committees of the Board of which such person was a member at the end of 2012), each such person's principal occupation, the year in which the person first became a director of the Company and the number of voting or other securities of the Company which are beneficially owned by each such person, directly or indirectly, or over which each such person exercises control or direction as of April 10, 2013:

Name / 2012 Meeting Participation	Director Since	Committees at end of 2012	Holdings ⁽¹⁾	
<u>Normand Beauchamp</u>				
Quebec, Canada Director of the Company and President of Capital NDSL Inc., an investment company Mr. Beauchamp participated in 7 of the 8 Board meetings held, 7 of the 7 Audit Committee meetings held and 2 of the 2 Compensation Committee meetings held.	1991	Audit Compensation	<u>Dundee Subordinate Voting Shares:</u> Dundee Subordinate Voting Shares Dundee Options Dundee DSUs	 0 0 49,197

<u>Michael Cooper</u>				
Ontario, Canada Director of the Company, Chief Executive Officer of Dundee Realty, Managing Partner of Dundee Real Estate Asset Management, Vice Chairman and Chief Executive Officer of Dundee REIT and Vice Chairman and Trustee of Dundee International REIT Mr. Cooper participated in 8 of the 8 Board meetings held.	2009	N/A	<u>Dundee Subordinate Voting Shares:</u> Dundee Subordinate Voting Shares Dundee Options Dundee DSUs	 10,000 0 7,495
<u>David Goodman</u>				
Ontario, Canada Director of the Company and Member of Scotiabank Global Asset Management Advisory Board Mr. Goodman participated in 8 of the 8 Board meetings held and 7 of the 8 Special Committee meetings held.	2009	Special, Chairman	<u>Dundee Subordinate Voting Shares:</u> Dundee Subordinate Voting Shares Dundee Options Dundee DSUs	 875,708 0 17,460
<u>Jonathan C. Goodman</u>⁽²⁾				
Ontario, Canada Director of the Company and Chairman of Dundee Precious Metals Inc. Mr. Goodman participated in 8 of the 8 Board meetings held.	1996	N/A	<u>Dundee Subordinate Voting Shares:</u> Dundee Subordinate Voting Shares Dundee Options Dundee DSUs	 1,003,902 0 42,114
<u>Ned Goodman</u>⁽³⁾				
Ontario and Quebec, Canada Director, President and Chief Executive Officer of the Company and Goodman Investment Counsel Inc. Mr. Goodman participated in 8 of the 8 Board meetings held.	1991	N/A	<u>Dundee Subordinate Voting Shares:</u> Dundee Subordinate Voting Shares Dundee Options Dundee DSUs <u>Dundee Common Shares:</u> Dundee Common Shares	 2,426,330 1,000,000 576,370 3,086,583

Harold (Sonny) Gordon⁽⁴⁾				
Florida, U.S.A. Chairman of the Company Mr. Gordon participated in 8 of the 8 Board meetings held, 1 of the 1 Compensation Committee meetings held and 1 of the 1 Corporate Governance and Nominating Committee meetings held.	2000	N/A	<u>Dundee Subordinate Voting Shares:</u> Dundee Subordinate Voting Shares Dundee Options Dundee DSUs <u>Dundee Series 1 Preference Shares:</u> Dundee Series 1 Preference Shares	 113,733 0 310,725 2,575
Ellis Jacob⁽⁵⁾				
Ontario, Canada Director of the Company and Director, President and Chief Executive Officer of Cineplex Inc. Mr. Jacob participated in 7 of the 8 Board meetings held, 6 of the 7 Audit Committee meetings held and 1 of the 1 Corporate Governance and Nominating Committee meetings held.	2008	Audit Corporate Governance and Nominating Committee	<u>Dundee Subordinate Voting Shares:</u> Dundee Subordinate Voting Shares Dundee Options Dundee DSUs	 249 0 27,962
Dr. Frederick H. Lowy				
Ontario, Canada Director of the Company, Senior Fellow of Massey College, University of Toronto and President Emeritus of Concordia University Dr. Lowy participated in 8 of the 8 Board meetings held and 2 of the 3 Corporate Governance and Nominating Committee meetings held.	1999	Corporate Governance and Nominating, Chairman	<u>Dundee Subordinate Voting Shares:</u> Dundee Subordinate Voting Shares Dundee Options Dundee DSUs	 18,675 0 52,557
Garth A. C. MacRae				
Ontario, Canada Director of the Company Mr. MacRae participated in 8 of the 8 Board meetings held and 7 of the 7 Audit Committee meetings held.	1991	Audit	<u>Dundee Subordinate Voting Shares:</u> Dundee Subordinate Voting Shares Dundee Options Dundee DSUs <u>Dundee Common Shares:</u> Dundee Common Shares	 470,072 0 46,126 873

Robert McLeish⁽⁶⁾				
Ontario, Canada Director of the Company and Consultant Mr. McLeish participated in 7 of the 8 Board meetings held, 6 of the 7 Audit Committee meetings held, 1 of the 1 Compensation Committee meetings held and 2 of the 2 Corporate Governance and Nominating Committee meetings held.	2002	Audit Compensation, Chairman Corporate Governance and Nominating	<u>Dundee Subordinate Voting Shares:</u> Dundee Subordinate Voting Shares Dundee Options Dundee DSUs	 62,200 0 35,144
A. Murray Sinclair⁽⁷⁾⁽⁸⁾				
Vancouver, British Columbia Director of the Company and Chairman of Sprott Resource Lending Corp. Mr. Sinclair participated in 4 of the 5 Board meetings held and 8 of the 8 Special Committee meetings held.	2012	Special Compensation	<u>Dundee Subordinate Voting Shares:</u> Dundee Subordinate Voting Shares Dundee Options Dundee DSUs	 0 0 2,381
Jeremy Soames⁽⁷⁾				
London, England Director of the Company and Chairman of Barbican Managing Agency Limited Mr. Soames attended 4 of the 5 Board meetings held.	2012	N/A	<u>Dundee Subordinate Voting Shares:</u> Dundee Subordinate Voting Shares Dundee Options Dundee DSUs	 0 0 679
K. Barry Sparks				
Ontario, Canada Director of the Company and President of Torvan Capital Group Mr. Sparks participated in 8 of the 8 Board meetings held, 7 of the 7 Audit Committee meetings held and 6 of the 8 Special Committee meetings held.	1993	Audit, Chairman Special	<u>Dundee Subordinate Voting Shares:</u> Dundee Subordinate Voting Shares Dundee Options Dundee DSUs	 46,000 0 21,019

Notes:

- (1) Information with respect to the class and number of securities beneficially owned, directly or indirectly, or over which control or direction is exercised, not being within the knowledge of the Company, has been provided to the Company by the respective director nominees.
- (2) Mr. Jonathan Goodman was a director of Tahera Diamond Corporation from August 2003 to September 29, 2008, which company filed for protection under the *Companies' Creditors Arrangement Act* (Canada) on January 16, 2008. On February 6, 2009, Tahera Diamond Corporation announced that it had made application for the voluntary suspension of trading of its common shares on the TSX and on February 9, 2009, the TSX announced the voluntary suspension to be effective immediately and indicated the voluntary suspension would remain in effect until further notice.
- (3) See "Principal Holders of Dundee Shares".
- (4) Mr. Gordon resigned as the Chairman of the Compensation Committee and as a member of the Corporate Governance and Nominating Committee on March 26, 2012.
- (5) On June 7, 2012, Mr. Jacob was appointed as a member of the Corporate Governance and Nominating Committee.
- (6) On March 26, 2012, Mr. McLeish was appointed as lead director, Chairman of the Compensation Committee and as a member of the Corporate Governance and Nominating Committee.

⁽⁷⁾ On June 7, 2012, each of Messrs. Sinclair and Soames was elected as a director of the Company and Mr. Sinclair was appointed as a member of the Compensation Committee on such date.

⁽⁸⁾ Mr. Sinclair was a director of Katanga Mining Limited (formerly Balloch Resources Ltd. and New Inca Gold Ltd.) from May 1, 1998 to July 10, 2006. On February 22, 2002, February 25, 2002 and March 15, 2002, New Inca Gold Ltd. was issued cease trade orders by the Ontario, British Columbia and Alberta Securities Commissions, respectively, for failing to file financial statements and pay filing fees within the prescribed times. These orders were rescinded on September 20, 2002, October 1, 2003 and October 23, 2003, respectively, following the filing of the financial statements and payment of the outstanding fees.

Mr. Sinclair was also a director of Etrion Corporation (formerly PetroFalcon Corporation and Pretium Industries Inc.) from November 28, 2001 to June 4, 2003. On February 27, 2002, the British Columbia Securities Commission issued an order regarding a private placement of PetroFalcon Corporation to Quest Ventures Ltd., a private company in which Mr. Sinclair was a director. The British Columbia Securities Commission considered it to be in the public interest to remove the applicability of certain exemptions from the prospectus and registration requirements of the *Securities Act* (British Columbia) for PetroFalcon Corporation until a shareholders meeting of PetroFalcon Corporation was held. In addition, the British Columbia Securities Commission removed the applicability of the same exemptions for Quest Ventures Ltd. in respect of the common shares received pursuant to the private placement. Approval of shareholders was received on May 23, 2002 and the applicability of the exemptions from the prospectus and registration requirements was reinstated for both companies shortly thereafter.

Corporate Cease Trade Orders

Except as disclosed herein, none of the directors of the Company are, or have been within the last 10 years prior to the date hereof, a director, Chief Executive Officer or Chief Financial Officer of any company that was the subject of a cease trade order or similar order or an order that denied the relevant company access to any exemptions under securities legislation for a period of more than 30 consecutive days: (a) that was issued while such director was acting as director, Chief Executive Officer or Chief Financial Officer; or (b) that was issued after that person ceased to be a director, Chief Executive Officer or Chief Financial Officer of the company being the subject of such order and which resulted from an event that occurred while that person was acting in their capacity as director, Chief Executive Officer or Chief Financial Officer of the subject company.

Penalties or Sanctions

Except as disclosed herein, no director of the Company has: (i) been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority; or (ii) been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision.

Bankruptcies

Except as disclosed herein, no director of the Company: (a) is, as at the date hereof, or has been within the 10 years before the date hereof, a director or executive officer of any company (including the Company) that, while acting in that capacity, or within a year of ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold its assets; or (b) has, within the 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold his assets.

Report on Corporate Governance

The Company and the Board recognize the importance of corporate governance to the effective management of the Company and to its shareholders. The Company's approach to corporate governance is designed with a view to ensuring that the business of the Company is effectively managed and that the Board functions independently of management. Set out in Appendix "I" is the Company's overview of its corporate governance practices, as assessed in the context of NI 58-101. This overview has been prepared by the Corporate Governance and Nominating Committee and has been approved by the Board.

Compensation of Directors

Directors' Fees

The Company pays directors' fees of \$65,000 per annum plus \$1,500 per meeting of the Board or a committee thereof attended by each of its directors. All directors of the Company are reimbursed for their expenses and travel incurred in connection with attending directors' meetings. All directors of the Company are eligible to participate in certain components of the Dundee Share Incentive Plan and, other than \$20,000 of a directors' annual retainer which must be taken in Dundee DSUs, directors have the option of receiving their fees in Dundee DSUs under the Dundee DSU Plan or cash or a combination thereof. The directors' fees are reviewed periodically and may be changed from time to time. The directors may also be entitled to participate in special bonus or similar compensation awards from time to time, as appropriate, where a director's role in a transaction or strategic initiative may call for recognition beyond his or her regular board retainer fees.

In 2012, six of the current directors chose to receive 100% of their directors' fees in Dundee DSUs under the Dundee DSU Plan, two directors chose to receive 50% of their fees in Dundee DSUs, three directors chose to receive 25% of their fees in Dundee DSUs and two directors elected to take 100% of their fees in cash, subject to the minimum of \$20,000 of the annual retainer taken in Dundee DSUs.

In addition, the Chairman of the Board is entitled to an annual retainer of \$500,000 in respect of the financial year ended December 31, 2012 and an annual travel allowance of \$12,000. Except for \$46,250 which was directed to the Dundee Share Purchase Plan, Mr. Harold (Sonny) Gordon elected to receive all of his director's fees in Dundee DSUs. Under the Dundee Share Purchase Plan, the Chairman of the Company is entitled to contribute up to 10% of his annual retainer to the Dundee Share Purchase Plan annually, and such amount is matched by the Company. During the year ended December 31, 2012, the Company contributed an aggregate of \$46,250 as a matching contribution to the Chairman of the Company under the Dundee Share Purchase Plan.

The Chairman of the Corporate Governance and Nominating Committee receives an additional \$10,000 per annum and the Chairman of the Compensation Committee receives an additional \$15,000 per annum. The Chairman of the Audit Committee receives an additional \$35,000 per annum and all Audit Committee members receive an additional \$5,000 per annum. In addition, during 2012, the Chairman of the Special Committee received a retainer of \$25,000 and all other Special Committee members received a retainer of \$15,000.

The lead director of the Board receives an additional \$100,000 per annum.

Director Compensation Table

The following table details all compensation provided to the directors of the Company in respect of the fiscal year ended December 31, 2012 other than Messrs. Ned Goodman and Michael Cooper, for whom this information is included in the Summary Compensation Table under "Executive Compensation – Summary Compensation Table" below:

Name	Fees Earned ⁽¹⁾	Share-Based Awards	Option-Based Awards	Non-Equity Incentive Plan Compensation	All Other Compensation ⁽²⁾	Total
Normand Beauchamp	\$94,000	-	-	-	-	\$94,000
David Goodman	\$124,000	-	-	-	-	\$124,000
Jonathan C. Goodman	\$77,000	-	-	-	\$10,973	\$87,973

Name	Fees Earned ⁽¹⁾	Share-Based Awards	Option-Based Awards	Non-Equity Incentive Plan Compensation	All Other Compensation ⁽²⁾	Total
Harold (Sonny) Gordon	\$583,544	-	-	-	\$558,250	\$1,141,794
Ellis Jacob	\$91,000	-	-	-	-	\$91,000
Dr. Frederick H. Lowy	\$90,000	-	-	-	-	\$90,000
Garth A. C. MacRae	\$92,500	-	-	-	\$59,000	\$151,500
Robert McLeish	\$182,104	-	-	-	-	\$182,104
K. Barry Sparks	\$148,500	-	-	-	-	\$148,500
Harry R. Steele ⁽³⁾	\$38,893	-	-	-	-	\$38,893
Jeremy Soames ⁽⁴⁾	\$42,607	-	-	-	-	\$42,607
A. Murray Sinclair ⁽⁴⁾	\$65,607	-	-	-	-	\$65,607

Notes:

⁽¹⁾ Represents fees earned as directors of the Company.

⁽²⁾ Amounts disclosed include directors' fees earned from subsidiaries of the Company. For Messrs. Goodman and MacRae, amounts include the value of the directors' fees paid to each as a director of Dundee Energy Limited in 2012. For Mr. Harold (Sonny) Gordon, the amount includes a \$12,000 travel allowance, a \$46,250 matching contribution under the Dundee Share Purchase Plan and a special bonus paid to Mr. Gordon by Dundee Energy Limited in recognition of his strategic role in respect of Dundee Energy Limited's Castor Project, a Spanish infrastructure project that has converted an abandoned oil field, located off the eastern Mediterranean coast of Spain, to a natural gas storage facility.

⁽³⁾ Mr. Harry R. Steele was a director of the Company until June 7, 2012.

⁽⁴⁾ Mr. Jeremy Soames and Mr. A. Murray Sinclair were elected as directors of the Company on June 7, 2012.

Other than directors' fees paid to Messrs. Ned Goodman and Michael Cooper which are included in the Summary Compensation Table for the Dundee NEOs (as defined below), the following table sets out the breakdown of directors' fees paid by the Company during 2012 to each individual who was a director of the Company during 2012:

Name	Annual Board Retainer ⁽¹⁾	Board and Committee, Chairman Fees	Special Committee Retainer Fees	Audit Committee Member Fee	Board and Committee Meeting Fees	Total Fees Paid	Portion of Fees Taken in Cash and/or Dundee DSUs
Normand Beauchamp	\$65,000	N/A	N/A	\$5,000	\$24,000	\$94,000	100% Cash
David Goodman	\$65,000	N/A	\$40,000 ⁽²⁾	N/A	\$19,000 ⁽³⁾	\$124,000	100% DSUs
Jonathan C. Goodman	\$65,000	N/A	N/A	N/A	\$12,000	\$77,000	50% DSUs
Harold (Sonny) Gordon	\$65,000	\$503,544	N/A	N/A	\$15,000	\$583,544	100% DSUs
Ellis Jacob	\$65,000	N/A	N/A	\$5,000	\$21,000	\$91,000	100% DSUs
Dr. Frederick H. Lowy	\$65,000	\$10,000	N/A	N/A	\$15,000	\$90,000	100% DSUs

Name	Annual Board Retainer ⁽¹⁾	Board and Committee, Chairman Fees	Special Committee Retainer Fees	Audit Committee Member Fee	Board and Committee Meeting Fees	Total Fees Paid	Portion of Fees Taken in Cash and/or Dundee DSUs
Garth A. C. MacRae	\$65,000	N/A	N/A	\$5,000	\$22,500	\$92,500	100% Cash
Robert McLeish	\$65,000	\$88,104 ⁽⁴⁾	N/A	\$5,000	\$24,000	\$182,104	25% DSUs
K. Barry Sparks	\$65,000	\$35,000	\$15,000	\$5,000	\$28,500 ⁽³⁾	\$148,500	25% DSUs
Harry R. Steele ⁽⁵⁾	\$28,393	N/A	N/A	N/A	\$10,500	\$38,893	100% DSUs
Jeremy Soames ⁽⁶⁾	\$36,607	N/A	N/A	N/A	\$6,000	\$42,607	25% DSUs
A. Murray Sinclair ⁽⁶⁾	\$36,607	N/A	\$15,000	N/A	\$14,000 ⁽³⁾	\$65,607	100% DSUs

Notes:

- (1) See "Compensation of Directors – Directors' Fees" for a description of annual board retainer fees. \$20,000 of the annual Board retainer must be taken in Dundee DSUs.
- (2) \$25,000 of this amount is in respect of Mr. David Goodman's services as Chair of the Special Committee.
- (3) Includes fees in respect of Special Committee meeting attendance.
- (4) This amount includes fees in respect of Mr. Robert McLeish's role as lead director of the Board since March 26, 2012 and as the Chair of the Compensation Committee since March 26, 2012, in each case pro-rated accordingly.
- (5) Mr. Harry R. Steele was a director of the Company until June 7, 2012.
- (6) Mr. Jeremy Soames and Mr. A. Murray Sinclair were elected as directors of the Company on June 7, 2012 and the annual Board retainer fee has been pro-rated accordingly.

Outstanding Option-Based Awards – Directors

Outstanding Option-Based Awards – Company

There were no unexercised outstanding Dundee Options awarded to directors of the Company as at December 31, 2012 other than unexercised outstanding Dundee Options awarded to Mr. Ned Goodman for whom this information is included under "Executive Compensation – Compensation Discussion and Analysis – Outstanding Option-Based Awards – Dundee NEOs – Outstanding Option-Based Awards Table – Company" for the Dundee NEOs. No share-based awards were granted to directors by the Company in fiscal 2012.

Outstanding Option-Based Awards Table – Subsidiaries

The following table provides a summary of all unexercised outstanding options awarded to directors of the Company as at December 31, 2012 by subsidiaries of the Company other than unexercised outstanding options awarded by subsidiaries of the Company to Mr. Ned Goodman for whom this information is included under "Executive Compensation – Compensation Discussion and Analysis – Outstanding Option-Based Awards – Dundee NEOs – Outstanding Option-Based Awards Table – Subsidiaries". As of the date hereof, the Company owned an approximate 70% interest in the DRC Shares, a 100% equity interest in Dundee Resources Limited and a 56.6% interest in Dundee Energy Limited. No share-based awards granted by subsidiaries of the Company were outstanding to directors of the Company as at December 31, 2012.

Option-Based Awards				
Name / Award Date(s)	Number of Securities Underlying Unexercised Options	Exercise Price	Expiration Date	Value of Unexercised in-the-Money Options ⁽¹⁾
Jonathan C. Goodman				
November 4, 2010	200,000 ⁽²⁾	\$0.81	November 4, 2015	\$0
Garth A. C. MacRae				
November 4, 2010	200,000 ⁽²⁾	\$0.81	November 4, 2015	\$0

Notes:

⁽¹⁾ The value of the options is based on the difference between the market value of the shares underlying the options at the end of the most recently completed financial year (\$0.30) and the exercise price of the option.

⁽²⁾ Represents options awarded by Dundee Energy Limited.

Incentive Plan Awards – Directors

Incentive Plan Awards – Company

Other than Mr. Ned Goodman for whom this information is included under “Executive Compensation – Compensation Discussion and Analysis – Incentive Plan Awards – Dundee NEOs – Incentive Plan Awards Table – Company” for the Dundee NEOs, no Dundee Options vested to the directors under the Dundee Share Option Plan during the financial year ended December 31, 2012. There was no non-equity incentive plan compensation paid to the non-executive directors in 2012.

Incentive Plan Awards Table – Subsidiaries

The following table sets forth information regarding the vesting of option-based awards of subsidiaries of the Company to the non-executive directors for the financial year ended December 31, 2012. There was no non-equity incentive plan compensation earned by the non-executive directors from subsidiaries of the Company in 2012. See also “Executive Compensation – Compensation Discussion and Analysis – Incentive Plan Awards – Dundee NEOs – Incentive Plan Awards Table – Subsidiaries” for information relating to the vesting of option-based awards of subsidiaries of the Company granted to Mr. Ned Goodman.

Name	Option-Based Awards – Value Vested During the Year ⁽¹⁾	Non-Equity Incentive Plan Compensation – Value Earned During the Year
Normand Beauchamp	-	-
Jonathan C. Goodman	\$0 ⁽²⁾	-
Harold (Sonny) Gordon	-	-
Ellis Jacob	-	-
Dr. Frederick H. Lowy	-	-
Garth A. C. MacRae	\$0 ⁽²⁾	-
Robert McLeish	-	-
K. Barry Sparks	-	-
Harry R. Steele ⁽³⁾	-	-

Name	Option-Based Awards – Value Vested During the Year ⁽¹⁾	Non-Equity Incentive Plan Compensation – Value Earned During the Year
Jeremy Soames ⁽⁴⁾	-	-
A. Murray Sinclair ⁽⁴⁾	-	-

Notes:

- (1) The value is determined by calculating the difference between the market price of the underlying shares and the exercise price of the options on the vesting date.
- (2) Represents the value of options awarded by Dundee Energy Limited.
- (3) Mr. Harry R. Steele was a director of the Company until June 7, 2012.
- (4) Mr. Jeremy Soames and Mr. A. Murray Sinclair were elected as directors of the Company on June 7, 2012.

Director Share Ownership Guidelines

In order to better align the interests of the directors of the Company with the long-term interests of the Company and shareholders, a share ownership policy has been adopted for directors of the Company. Directors are required to hold Dundee Subordinate Voting Shares with an aggregate acquisition cost or market value equal to at least three times the director's annual board fee. If a director has elected to receive all or part of his or her board fees in Dundee DSUs under the Dundee DSU Plan, Dundee DSUs awarded to such director shall be counted toward meeting the equity ownership requirement. New members of the Board are required to comply with the equity ownership requirement within three years of becoming a member of the Board. As at April 10, 2013, all of the current directors of the Company were above the target ownership level.

Executive Compensation

Compensation Discussion and Analysis

This Compensation Discussion and Analysis describes and explains the Company's executive compensation philosophy, principles, policies and programs, including the 2012 compensation of its named executive officers, being its Chief Executive Officer ("**CEO**"), Mr. Ned Goodman, Chief Financial Officer ("**CFO**"), Ms. Lucie Presot, and the three most highly compensated executive officers other than the CEO and CFO (collectively, with the CEO and the CFO, the "**Dundee NEOs**"), Mr. Michael Cooper, Chief Executive Officer of Dundee Realty, Mr. Murray John, President and Chief Executive Officer of Dundee Resources Limited and Mr. Bruce Sherley, President, Dundee Oil and Gas Limited and Vice President, Dundee Resources Limited.

Compensation Philosophy

The Company's compensation program is designed to encourage, compensate and reward employees on the basis of individual and corporate performance, both in the short and long term. Compensation for the Dundee NEOs, as well as for other executives, consists of a combination of base salary, discretionary incentive compensation, benefits and perquisites. The Company takes a "total compensation" approach to compensation.

The components of the compensation program form a comprehensive strategy for achieving the following objectives with respect to the Company's executive officers, including the Dundee NEOs:

- (a) to attract highly qualified management;
- (b) to compensate executives at a level competitive with the Company's peers;

- (c) to motivate performance by linking incentive compensation to the achievement of business objectives, financial performance and individual performance;
- (d) to link the interests of the executives with those of shareholders; and
- (e) to encourage retention of key executives.

Accordingly, the Company evaluates performance based on both objective and subjective performance measures which allows the Company to differentiate the rewards paid to its strongest and most valuable executives.

Roles in the Executive Compensation Process

Role of the Compensation Committee and Compensation Governance

The Compensation Committee assists the Board in its oversight of the Company's compensation policies and programs. A description of the Compensation Committee's mandate and activities in 2012 and 2013 (to date) are described under "*Compensation Committee*" in Appendix "I".

The Compensation Committee is responsible for, among other things, reviewing and making recommendations to the Board concerning the compensation of the Dundee NEOs and Board members. At the end of fiscal 2012, the Compensation Committee was comprised of Messrs. McLeish, Beauchamp and Sinclair, each of whom was independent. Each of the directors has served on compensation committees of the Company, its subsidiaries and/or other issuers and, in such positions, has had access to relevant information concerning compensation governance and applicable market practices, including access to compensation consultants and other experts from time to time to give them the tools required to make decisions relating to the suitability of the Company's compensation policies and practices. In addition, each member of the Committee holds or has held senior leadership positions in various organizations, and in such capacity obtained direct experience relevant to executive compensation. Until March 26, 2012, Mr. Harold (Sonny) Gordon was a member of the Compensation Committee, at which time he was replaced by Mr. Robert McLeish. In addition, Mr. Harry R. Steele was a member of the Compensation Committee until June 7, 2012, at which time he was replaced by Mr. Sinclair.

The Compensation Committee meets as frequently as required to fulfill its mandate. The Chairman of the Compensation Committee reports to the Board at each regularly scheduled Board meeting. The Compensation Committee also reviews and approves the executive compensation disclosure included in this Management Information Circular.

The Compensation Committee is granted open access to information about the Company that is necessary to fulfill its duties. In addition, the Compensation Committee has the authority to retain, at the Company's expense, independent compensation consultants or other advisors to assist the Compensation Committee in fulfilling its duties and responsibilities.

Role of the Compensation Consultant

In 2012, Hugessen Consulting Inc. was retained by the Compensation Committee to provide relevant information and market context for the Compensation Committee and the Board to consider in determining: (a) allocations of special bonuses to be paid in respect of 2011 (see "*Components of Compensation – Special Bonus*" in the management proxy circular of the Company dated May 9, 2012); and (b) compensation for the Executive Chairman role.

The aggregate fees billed by a compensation consultant or any of its affiliates for services relating to determining compensation for any of the Company's directors, Dundee NEOs and officers and for all other services in respect of 2012 and 2011 are set out below:

Year	Executive Compensation Related Fees	All Other Fees
2012	\$52,882	N/A
2011	N/A	N/A

Role of Management

Management assists the Compensation Committee with its mandate by compiling information used by the Compensation Committee in its compensation determinations, reporting on historical compensation levels and reviewing and reporting on the performance of the senior officers other than the CEO.

The Compensation Committee relies upon input from the CEO in setting the compensation of the other Dundee NEOs as the CEO is best positioned to evaluate their performance and contribution to the Company. While the CEO may, at the invitation of the Compensation Committee, attend meetings of the Compensation Committee to provide advice and recommendations, he is not a member of the Compensation Committee and he is not entitled to vote on matters before the Compensation Committee. The CEO is excluded from *in camera* sessions of the Compensation Committee and from discussion of his own compensation, whether at the Compensation Committee or Board level.

Components of Compensation

The Company's focus in its executive compensation program is on total compensation. The main components of the Company's compensation program are: base salary, an annual variable discretionary and performance incentive component, and benefits and perquisites. Long-term awards, such as Dundee Options, are awarded from time to time under the Dundee Share Incentive Plan, but are not part of the annual compensation program for executives. The actual compensation mix, and the portion of pay at risk, varies by executive level, the executive's ability to influence short and long term business results, and competitive practices.

Set out below are the rationales supporting the Company's decision to pay the various components of the Company's executive compensation program, as well as additional discretionary components.

Base Salary

The Compensation Committee determines the base salaries of the officers of the Company taking into consideration the recommendation of the President and CEO of the Company, the position and responsibilities of such officers, the past, current and potential individual contribution to the success of the Company and competitive industry pay practices for comparable positions at similar companies of a comparable size and within similar industries, thereby enabling the Company to compete for and retain executives critical to the Company's long term success.

Annual Incentive Compensation

Incentive compensation is discretionary and is determined by reference to corporate and individual performance. The President and CEO of the Company presents recommendations to the Compensation Committee with respect to annual incentive awards by the Company to the other Dundee NEOs and for certain officers of the Company. The Compensation Committee reviews and approves, as appropriate, the annual incentive cash compensation by the Company to the Dundee NEOs and the Company's other officers and recommends the amounts to the directors of the Company for approval.

In respect of fiscal 2012, the Compensation Committee recommended and the Board approved the award of a discretionary annual cash bonus to Mr. Ned Goodman in respect of his role as Chief Executive Officer of the Company, Ms. Lucie Presot in respect of her role as Chief Financial Officer of the Company, Mr. Michael Cooper in respect of his role at Dundee Realty, Mr. Murray John in respect of his roles as a

Portfolio Manager at Goodman Investment Counsel Inc. and as President of Dundee Resources Limited and Mr. Bruce Sherley in respect of his role as Vice President of Dundee Resources Limited and as President of Dundee Oil and Gas Limited, the general partner of Dundee Energy Limited Partnership.

Long-Term Incentive Compensation

Share ownership opportunities, provided through the Dundee Share Incentive Plan, align the interests of the officers with the longer term interests of shareholders. Each component of the Dundee Share Incentive Plan, being the Dundee Share Purchase Plan, the Dundee Share Option Plan and the Dundee Share Bonus Plan, is designed to give individuals an interest in preserving and maximizing shareholder value in the long term, to enable the Company to attract and retain individuals with experience and ability and to reward individuals for current performance and expected future performance. Officers are eligible to participate in the Dundee Share Incentive Plan on the same basis as all other employees of the Company. See *“Equity Compensation Plans – Dundee Share Incentive Plan”* for a description of the Dundee Share Incentive Plan and each of its components.

Awards under the Dundee Share Option Plan and the Dundee Share Bonus Plan, each being components of the Dundee Share Incentive Plan, are discretionary grants. In determining the number of Dundee Subordinate Voting Shares subject to Dundee Options granted under the Dundee Share Option Plan, the Compensation Committee gives consideration to, among other things, the individual's former, current and potential contribution to the success of the Company, the relative position of the individual, the years of service of the individual and the exercise price and the aggregate number of Dundee Options that would be held by the individual after the grant under consideration is made. The exercise price of Dundee Options that have been granted has been set at 100% of the market value of the Dundee Subordinate Voting Shares when such options are granted. The terms upon which Dundee Options are awarded are established by the Board. Currently, Dundee Options are exercisable as to 20% of the Dundee Subordinate Voting Shares subject to such options on each of the first, second, third, fourth and fifth anniversaries of the date of the grant and have a term of five years and six months.

No Dundee Options or bonus shares were granted to the Dundee NEOs or to directors of the Company pursuant to the Dundee Share Incentive Plan in 2012. See *“Executive Compensation – Compensation Discussion and Analysis – Outstanding Option-Based Awards – Dundee NEOs”* and *“Compensation of Directors – Outstanding Option-Based Awards – Directors”* for details with respect to outstanding options.

Dundee DSU Plan

The Compensation Committee may, from time to time, approve the participation of certain senior officers and directors in the Dundee DSU Plan. Current awards of Dundee DSUs under the Dundee DSU Plan vest immediately, but the participant will only be entitled to payment in respect of the Dundee DSUs granted to him or her when the participant ceases to be employed by the Company or an affiliate of the Company and, as applicable, ceases to be a director. The purpose of the Dundee DSU Plan is to strengthen the link between the interests of eligible directors, officers and employees of the Company and affiliates thereof and shareholders of the Company by providing participants in the Dundee DSU Plan with long-term incentives tied to the long-term performance of the Dundee Subordinate Voting Shares. See also *“Equity Compensation Plans – Dundee DSU Plan”*.

Benefits

The Company offers group life, health and dental insurance, paid time off and other benefits to executives as an investment in employee health and well-being. The Company does not have a pension plan, although it has a Supplementary Executive Retirement Plan for Mr. Ned Goodman. See *“Executive Compensation – Compensation Discussion and Analysis – Retirement Arrangements”*.

All employees of the Company may participate in the Dundee Share Purchase Plan following the completion of a six month service period. The Compensation Committee annually reviews the Dundee

Share Purchase Plan and, if renewed, determines the terms of such renewal. In respect of 2012, each participant was entitled to contribute up to 10% of their annual base salary to purchase Dundee Subordinate Voting Shares and receive a 100% Company matching contribution. In respect of fiscal 2013, the Board approved the renewal of the Dundee Share Purchase Plan on the same terms as 2012.

All employees of the Company may also participate in the group retirement savings plan (the “**Dundee GRSP**”) following six months of continuous employment and, depending on a participant’s years of service to the Company, he or she will be entitled to contribute 3%, 6% or 9% of his or her annual base salary to the Dundee GRSP and receive a 100% Company matching contribution. All contributions are subject to limits pursuant to the Tax Act.

Perquisites

The Company currently provides a limited number of perquisites to the Dundee NEOs which the Board considers reasonable and competitive. Perquisites offered by the Company, which may include parking, car allowance and executive medical, varies among executives and are consistent with market practice.

Compensation Risk

The Compensation Committee considers the implications of the risks associated with the Company’s compensation policies and practices in the course of reviewing and recommending to the Board the compensation packages for the Dundee NEOs and officers of the Company. The Company’s compensation policies and practices incorporate features designed to mitigate risk without diminishing the incentive nature of the compensation, and to encourage and reward prudent business judgement and appropriate risk taking over the long term. Accordingly, the Compensation Committee’s role in this respect includes the review of an executive’s compensation to ensure that there is a balance between long term and short term incentives as well as adequate policies and procedures in place to mitigate excessive risk taking, including the use of long term incentives such as stock options which vest and pay out over a period of five years and the establishment and monitoring of share ownership requirements for executives to ensure alignment with shareholder interest over the long term.

Hedging

The Dundee NEOs and directors of the Company are not formally prohibited from purchasing financial instruments designated to hedge or offset a decrease in the market value of the Dundee Subordinate Voting Shares, including shares underlying share based compensation or otherwise held directly or indirectly by a Dundee NEO or director.

Compensation of President and Chief Executive Officer and Chief Financial Officer

Mr. Ned Goodman, the President and Chief Executive Officer of the Company, is a principal shareholder of the Company. See “*Principal Holders of Dundee Shares*”. The components of the total compensation of Mr. Goodman and the manner in which they are reviewed and evaluated by the Compensation Committee are similar to those for other executive officers of the Company and are discussed above. Mr. Ned Goodman receives a base salary and annual incentive compensation, if any, based on the performance of the Company and individual performance. The review of Mr. Goodman’s performance includes an evaluation of strategy, management and risk management, business development and financial performance of the Company.

Mr. Ned Goodman’s total base salary for the financial year ended December 31, 2012 was \$700,000, unchanged from the prior year, of which \$600,000 was paid by the Company and \$100,000 was paid by Dundee Realty.

The discretionary cash annual incentive compensation for the financial year ended December 31, 2012 paid to Mr. Ned Goodman by the Company was \$3,500,000. Mr. Goodman requested, and the Board agreed, that the full amount of his bonus be donated to a charitable organization.

Ms. Lucie Presot, the Vice President and Chief Financial Officer of the Company, receives a base salary and annual and long term incentive compensation, if any, based on the performance of the Company and individual performance. Ms. Presot's base salary for the financial year ended December 31, 2012 was \$425,000. The discretionary cash annual compensation for the financial year ended December 31, 2012 paid to Ms. Presot was \$400,000.

Executive Share Ownership Guidelines

In order to better align the interests of the Company's executives with the long-term interests of the Company and its shareholders, the Board has approved the Executive Share Ownership Policy (the "**Dundee ESOP**") which outlines share ownership requirements for designated executives of the Company. Each executive, based on position, is generally required to hold Dundee Subordinate Voting Shares of the Company based on the higher of the aggregate acquisition cost or market value that is a multiple of between one-quarter to five times the executive's base salary.

Executives must obtain the share ownership levels required by the Dundee ESOP by the later of: (i) the fifth anniversary of implementation of the Dundee ESOP; and (ii) five years from the date the executive achieved the position requiring share ownership. For purposes of this policy, "share ownership" will be satisfied where the vested and unvested Dundee Subordinate Voting Shares or unit equivalents are awarded, allocated or held by the executive under the following plans: Dundee DSU Plan, Dundee Share Purchase Plan, Dundee Share Bonus Plan and the Dundee GRSP, as well as any acquisitions of Dundee Subordinate Voting Shares in the open market. Stock options, whether vested or unvested, are not included in satisfying the Dundee ESOP requirements. An executive is not expected to purchase additional Dundee Subordinate Voting Shares to compensate for or offset subsequent decreases in market value of Dundee Subordinate Voting Shares as long as he or she remains at the same salary and/or title level.

As at April 10, 2013, all of the Dundee NEOs who are subject to the Dundee ESOP were above the target ownership level. Mr. Michael Cooper is not subject to the Dundee ESOP but he is required to comply with the share ownership guidelines applicable to directors of the Company. See "*Compensation of Directors – Director Share Ownership Guidelines*".

Summary Compensation Table

The following table (presented in accordance with National Instrument 51-102 – *Continuous Disclosure Obligations*) sets forth all annual and long-term compensation for services in all capacities to the Company and its subsidiaries for the financial years ended December 31, 2010, December 31, 2011 and December 31, 2012 in respect of each of the individuals who were, at December 31, 2012, Dundee NEOs. The following disclosure includes, as required, compensation paid to certain of the Dundee NEOs by Dundee Realty, Dundee Resources Limited, Dundee Energy Limited and/or Eurogas International Inc. and other affiliates where indicated.

Name / Title / Company		Year	Salary ⁽¹⁾ (\$)	Share- Based Awards (\$)	Option- Based Awards ⁽²⁾ (\$)	Non-Equity Annual Incentive Plans ⁽³⁾ (\$)	All Other Compensation ⁽⁴⁾⁽⁵⁾ (\$)	Total Compensation (\$)
Ned Goodman President and Chief Executive Officer of Dundee Corporation	Company	2012	600,000	-	-	3,500,000	163,466	4,514,966
	Subsidiary	2012	100,000	-	-	-	151,500	
	Company	2011	600,000	-	-	2,000,000 discretionary 12,000,000 special bonus	167,738	15,037,835
	Subsidiary	2011	100,000	-	-	-	170,097	
	Company	2010	600,000	-	-	1,500,000 discretionary 4,000,000 performance	153,545	6,606,212
	Subsidiary	2010	100,000	-	190,667	-	62,000	
	Company	2012	425,000	-	-	400,000	60,749	885,749
	Subsidiary	2012	-	-	-	-	-	
Lucie Presot Vice President and Chief Financial Officer of Dundee Corporation	Company	2011	350,000	-	-	250,000 discretionary 250,000 special bonus	59,335	909,335
	Subsidiary	2011	-	-	-	-	-	
	Company	2010	331,250	-	-	250,000 discretionary 100,000 performance	54,955	831,538
	Subsidiary	2010	-	-	95,333	-	-	

Name / Title / Company		Year	Salary ⁽¹⁾ (\$)	Share- Based Awards (\$)	Option- Based Awards ⁽²⁾ (\$)	Non-Equity Annual Incentive Plans ⁽³⁾ (\$)	All Other Compensation ⁽⁴⁾⁽⁵⁾ (\$)	Total Compensation (\$)
Michael Cooper President and Chief Executive Officer of Dundee Realty Corporation	Company	2012	-	-	-	3,500,000	77,000	4,164,496
	Subsidiary	2012	564,000	-	-	-	23,496	
	Company	2011	-	-	-	3,000,000 discretionary	80,000	3,648,833
	Subsidiary	2011	550,000	-	-	-	18,833	
	Company	2010	-	-	-	-	67,000	4,635,610
	Subsidiary	2010	550,000	-	-	4,000,000 discretionary	18,610	
Murray John President and Chief Executive Officer of Dundee Resources Limited	Company	2012	-	-	-	-	60,438	960,438
	Subsidiary	2012	500,000	-	-	400,000	-	
	Company	2011	-	-	-	2,000,000 discretionary	49,998	2,349,998
	Subsidiary	2011	300,000	-	-	-	-	
	Company	2010	-	-	-	1,000,000 discretionary 4,000,000 performance	50,097	5,350,097
	Subsidiary	2010	300,000	-	-	-	-	
Bruce Sherley Vice President of Dundee Resources Limited and President of Dundee Oil and Gas Limited	Company	2012	-	-	-	-	44,864	594,864
	Subsidiary	2012	300,000	-	-	250,000	-	
	Company	2011	-	-	-	500,000 discretionary	42,197	792,197
	Subsidiary	2011	250,000	-	-	-	-	
	Company	2010	-	-	-	-	-	983,197
	Subsidiary	2010	243,750	-	190,667	500,000 discretionary	48,780	

Notes:

- (1) Represents base salary paid to each Dundee NEO in respect of the years ended December 31, 2010, December 31, 2011 and December 31, 2012. For Messrs. Ned Goodman and Michael Cooper, the amounts disclosed as relating to a subsidiary are in respect of services provided to Dundee Realty. For Messrs. Murray John and Bruce Sherley, the amounts disclosed as relating to a subsidiary are in respect of services provided to Dundee Resources Limited.
- (2) Option-based award values disclosed correspond to the compensation value which the board of directors of each company intended to provide to the applicable Dundee NEO for the covered year. No options were awarded to the Dundee NEOs by the Company and/or its subsidiaries in 2011 and 2012.
- The amount included as relating to a subsidiary in 2010 for each of Mr. Ned Goodman, Ms. Lucie Presot and Mr. Bruce Sherley represents the value of 400,000, 200,000 and 400,000 options, respectively, awarded to each of them by Dundee Energy Limited. For Dundee Energy Limited, option based values disclosed correspond to the accounting values of such awards using a binominal lattice methodology, resulting in a fair value between \$0.43 and \$0.52 per option.
- (3) For Mr. Ned Goodman, the amounts reported as relating to the Company represent the annual cash bonus amounts awarded to him by the Company in respect of 2010, 2011 and 2012. Mr. Goodman requested, and in each year the Board approved, that all or a portion of Mr. Goodman's bonus be directed to a charitable organization. In respect of 2012, Mr. Goodman was awarded a discretionary bonus of \$3,500,000, all of which will be donated to a charitable organization. In respect of 2011, Mr. Goodman was awarded a discretionary bonus of \$2,000,000 and a special bonus of \$12,000,000. Mr. Goodman elected to take 100% of his discretionary bonus in Dundee DSUs under the Dundee DSU Plan. 100% of his special bonus was donated to a charitable organization.
- For Ms. Lucie Presot and Mr. Michael Cooper, the amounts reported represent the annual cash bonus amounts awarded to them by the Company in respect of 2010, 2011 and 2012. For Messrs. Murray John and Bruce Sherley, the amounts reported represent the annual cash bonus awarded by Dundee Resources Limited to the Dundee NEO in respect of 2010, 2011 and 2012.
- (4) Amounts disclosed as relating to the Company represent the aggregate of any matching contributions made by the Company to the Dundee NEO under the Dundee GRSP and/or the Dundee Share Purchase Plan, the value of any perquisites, and the value of any directors fees paid to the Dundee NEO by the Company. For more information on the Dundee Share Purchase Plan, see "*Equity Compensation Plans*". For 2010, 2011 and 2012, the value of perquisites and other personal benefits for each Dundee NEO was less than \$50,000 or 10% of the amount of total compensation.
- In respect of 2012, this amount also includes, for Mr. Ned Goodman, an aggregate of \$77,000 in directors fees paid to Mr. Goodman by the Company and the aggregate matching contribution of the Company under the Dundee Share Purchase Plan of \$70,000 and other benefits and perquisites. Mr. Goodman elected to take 100% of his directors' fees of \$77,000 for 2012 in Dundee DSUs.
- For Ms. Lucie Presot, the amount disclosed for 2012 includes a \$11,485 contribution by the Company to the Dundee GRSP and the aggregate matching contribution of the Company under the Dundee Share Purchase Plan of \$39,062. For Mr. Murray John, the amount disclosed for 2012 includes a \$11,485 contribution by the Company to the Dundee GRSP and the aggregate matching contribution of the Company under the Dundee Share Purchase Plan of \$40,833. For Mr. Michael Cooper, the amounts disclosed for 2012 include an aggregate of \$77,000 in directors fees paid to Mr. Cooper by the Company. Mr. Cooper elected to take 50% of his aggregate directors' fees in Dundee DSUs.
- Amounts disclosed as relating to a subsidiary represent the value of any perquisites and the value of any directors fees paid to the Dundee NEO by Dundee Realty and/or Eurogas International Inc. For 2010, 2011 and 2012, the value of perquisites and other personal benefits for each Dundee NEO was less than \$50,000 or 10% of the amount of total compensation.
- The amount disclosed for Mr. Ned Goodman as relating to a subsidiary for 2012 includes \$114,000 in directors' fees paid to Mr. Goodman by Dundee Energy Limited, and \$37,500 in directors' fees paid by Eurogas International Inc.
- (5) The Company has not implemented a defined benefit or defined contribution pension plan for its employees or Dundee NEOs. In lieu of pension plan participation, employees of the Company and designated subsidiaries may participate in the Dundee Share Purchase Plan component of the Dundee Share Incentive Plan and in the Dundee GRSP. See "*Executive Compensation – Compensation Discussion and Analysis – Components of Compensation – Benefits*" above. For information relating to the supplementary executive retirement plan for Mr. Goodman, see "*Executive Compensation – Compensation Discussion and Analysis – Retirement Arrangements*" below.

Outstanding Option-Based Awards – Dundee NEOs

Outstanding Option-Based Awards Table – Company

The following table provides a summary of all unexercised outstanding Dundee Options awarded to Dundee NEOs as at December 31, 2012 on an award by award basis. No share-based awards were granted to Dundee NEOs by the Company in fiscal 2012.

Name / Award Date	Option-Based Awards			
	Number of Securities Underlying Unexercised Dundee Options	Exercise Price	Expiration Date	Value of Unexercised in-the-Money Dundee Options ⁽¹⁾
Ned Goodman				
August 12, 2009	1,000,000	\$9.40	February 12, 2015	\$21,250,000
Lucie Presot				
August 12, 2009	140,000	\$9.40	February 12, 2015	\$2,975,000
Michael Cooper				
-	-	-	-	-
Murray John				
August 12, 2009	75,000	\$9.40	February 12, 2015	\$1,593,750
Bruce Sherley				
-	-	-	-	-

Note:

⁽¹⁾ The value is based on the difference between the market value of the shares underlying the Dundee Options at the end of the most recently completed financial year (\$30.65) and the exercise price of the Dundee Option.

Outstanding Option-Based Awards Table – Subsidiaries

The following table provides a summary of all unexercised outstanding options awarded to Dundee NEOs as at December 31, 2012 by subsidiaries of the Company. No share-based awards from subsidiaries of the Company are outstanding to Dundee NEOs.

Name / Award Date	Option-Based Awards			
	Number of Securities Underlying Unexercised Options	Exercise Price	Expiration Date	Value of Unexercised in-the-Money Options ⁽¹⁾
Ned Goodman				
October 29, 2010	400,000	\$0.81	October 29, 2015	\$0 ⁽²⁾
June 15, 2009	100,000	\$0.10	June 15, 2014	\$0 ⁽³⁾
Lucie Presot				
October 29, 2010	200,000	\$0.81	October 29, 2015	\$0 ⁽²⁾
Michael Cooper				
-	-	-	-	-
Murray John				
-	-	-	-	-

Name / Award Date	Option-Based Awards			
	Number of Securities Underlying Unexercised Options	Exercise Price	Expiration Date	Value of Unexercised in-the-Money Options ⁽¹⁾
Bruce Sherley				
October 29, 2010	400,000	\$0.81	October 29, 2015	\$0 ⁽²⁾

Notes:

- (1) The value is based on the difference between the market value of the shares underlying the options at the end of the most recently completed financial year (Dundee Energy Limited - \$0.30; Eurogas International Inc. - \$0.005) and the exercise price of the option.
- (2) Represents options awarded by Dundee Energy Limited.
- (3) Represents options awarded by Eurogas International Inc.

Incentive Plan Awards – Dundee NEOs

Incentive Plan Awards Table – Company

The following table sets forth information regarding the vesting of option-based awards of the Company to the Dundee NEOs in the fiscal year ended December 31, 2012. No share-based awards of the Company vested to the Dundee NEOs in the fiscal year ended December 31, 2012.

Name	Option-Based Awards – Value Vested During the Year ⁽¹⁾
Ned Goodman	\$2,546,000
Lucie Presot	\$365,440
Michael Cooper	-
Murray John	\$190,950
Bruce Sherley	-

Note:

- (1) This value was determined by calculating the difference between the market price of the underlying shares and the exercise price of the Dundee Options on the vesting date (\$22.13).

Incentive Plan Awards Table – Subsidiaries

The following table sets forth information regarding the vesting of option-based awards of subsidiaries of the Company to the Dundee NEOs in the fiscal year ended December 31, 2012. No share-based awards vested to the Dundee NEOs from subsidiaries of the Company in 2012.

Name	Option-Based Awards – Value Vested During the Year ⁽¹⁾⁽²⁾
Ned Goodman	\$0
Lucie Presot	\$0
Michael Cooper	-
Murray John	-
Bruce Sherley	\$0

Notes:

- (1) This value was determined by calculating the difference between the market price of the underlying shares and the exercise price of the options on the applicable vesting date.
- (2) Represents the value of options awarded by Dundee Energy Limited and Eurogas International Inc., as applicable.

Employment Arrangements

Through Goodman Investment Counsel Inc., Mr. Murray John may receive a performance bonus equal to a portion of the performance fees, if any, earned by Goodman Investment Counsel Inc. under certain sub-advisory agreements. No performance fees were earned in respect of the year ended December 31, 2012.

Retirement Arrangements

In 2002, the Compensation Committee and the Board, together with the board of directors and the compensation committee of the board of directors of DundeeWealth Inc. (formerly a subsidiary of the Company), approved the establishment of a special retirement plan for Mr. Ned Goodman. The special retirement plan was finalized by DundeeWealth Inc. effective as of January 28, 2011 in respect of the portion of the annual benefit (75% or \$225,000 per annum) which will be paid by DundeeWealth Inc. The pension is intended to supplement the maximum pension prescribed by the Tax Act if, as and when applicable. The expected aggregate annual retirement benefit for Mr. Goodman is \$300,000 of which the remaining 25% or \$75,000 per annum will be paid by the Company.

Mr. Garth A. C. MacRae, formerly the Vice Chairman of the Company and currently a director of the Company, retired as Vice Chairman of the Company on March 22, 2004. Mr. MacRae receives from the Company an annual retirement allowance benefit of \$100,000.

Equity Compensation Plans***Dundee Share Incentive Plan***

The Dundee Share Incentive Plan is designed to advance the interests of the Company by encouraging employees, officers and directors of the Company and affiliates thereof, which may be designated from time to time in accordance with the Dundee Share Incentive Plan, to hold equity in the Company. The Dundee Share Incentive Plan consists of the Dundee Share Purchase Plan, the Dundee Share Bonus Plan and the Dundee Share Option Plan, each of which is described in greater detail below.

Awards under the Dundee Share Incentive Plan are not assignable or transferable other than pursuant to a will or by the laws of descent and distribution unless otherwise approved by the directors of the Company, except for the assignability in certain circumstances of Dundee Options awarded pursuant to the Dundee Share Option Plan. See "*Dundee Share Option Plan*" below.

The Dundee Share Incentive Plan provides that the Board may approve, and shareholder approval is not required for, amendments to the Dundee Share Incentive Plan, except for any amendment or modification that: (i) increases the number of Dundee Subordinate Voting Shares reserved for issuance under the Dundee Share Incentive Plan (except for the purpose of maintaining award value in connection with a stock split, consolidation, share dividend, recapitalization, change of control, or similar event); (ii) reduces the exercise price of an award to the benefit of an insider (except for the purpose of maintaining award value in connection with a stock split, consolidation, share dividend, recapitalization, change of control, or similar event); or (iii) extends the exercise term of an award beyond the original expiry date of such award.

The aggregate maximum number of Dundee Subordinate Voting Shares available under the Dundee Share Incentive Plan is 15,480,000, which, as of April 10, 2013, represents 30.4% of the Company's outstanding Dundee Subordinate Voting Shares. As of April 10, 2013, an aggregate of 6,960,407 Dundee Subordinate Voting Shares have been issued, 1,285,000 Dundee Subordinate Voting Shares are issuable

pursuant to awards that have been granted and remain outstanding and 7,234,593 remain available for issuance under the Dundee Share Incentive Plan, representing 13.7%, 2.5% and 14.2%, respectively, of the Company's outstanding Dundee Subordinate Voting Shares.

Dundee Subordinate Voting Shares which would have been issuable upon exercise of Dundee Options or settlement of other awards under the Dundee Share Incentive Plan that are surrendered, forfeited or cancelled or that terminate or expire without being exercised or settled, and Dundee Subordinate Voting Shares that are surrendered to the Company as payment of exercise price, withholding tax or as part of an award exchange program, will again become available for issuance under the Dundee Share Incentive Plan.

The Dundee Share Incentive Plan provides that the number of Dundee Subordinate Voting Shares issuable to insiders of the Company, at any time under all security based compensation arrangements of the Company, shall not exceed 10% of the total number of Dundee Subordinate Voting Shares then issued and outstanding, and the number of Dundee Subordinate Voting Shares issued to insiders, within any one year period, under all security based compensation arrangements of the Company, shall not exceed 10% of the total number of Dundee Subordinate Voting Shares then issued and outstanding.

Dundee Share Purchase Plan

The Dundee Share Purchase Plan permits eligible participants, who are designated from time to time and elect to participate in the Dundee Share Purchase Plan, to contribute to the Dundee Share Purchase Plan up to the amount established from time to time in accordance with the Dundee Share Incentive Plan, which amount may not exceed 10% of the basic annual remuneration of the participant or such other maximum amount to be determined in accordance with the Dundee Share Incentive Plan. The Company may match up to the full amount of each participant's contribution to the Dundee Share Purchase Plan. Under the Dundee Share Purchase Plan: (i) Dundee Subordinate Voting Shares may be issued to each participant from treasury having a value equal to the aggregate amount contributed to the Dundee Share Purchase Plan by the participant and the Company in respect of such participant and, in such case, Dundee Subordinate Voting Shares are deemed to be issued at a price equal to the simple average of the high and low trading prices of such shares on the TSX for the five prior consecutive trading days ending three trading days immediately prior to the date of issue of such shares; or (ii) Dundee Subordinate Voting Shares may be purchased on the open market having a value equal to the amount contributed to the Dundee Share Purchase Plan by the participant and the Company in respect of such participant instead of issuing Dundee Subordinate Voting Shares from treasury. The Board approved in respect of 2012 and 2013 the purchase of Dundee Subordinate Voting Shares on the open market pursuant to (ii) above, except in connection with the participation by the Chief Executive Officer, which is satisfied by issuances from treasury.

If there is a take-over bid or issuer bid (within the meaning of the *Securities Act* (Ontario), other than an exempt take-over bid or exempt issuer bid for the purposes of the *Securities Act* (Ontario), made for the outstanding Dundee Subordinate Voting Shares, or if the Dundee Subordinate Voting Shares become convertible into Dundee Common Shares as a result of a take-over bid being made for the Dundee Common Shares, the directors of the Company may permit the issue and/or delivery to participants of unvested Dundee Subordinate Voting Shares (if any) under the Dundee Share Purchase Plan in order to permit such Dundee Subordinate Voting Shares or Dundee Common Shares, as the case may be, to be tendered to such take-over bid or issuer bid.

Subject to any employment agreement, in the event of a participant ceasing to be employed by the Company and its designated affiliates due to retirement, long-term disability or death, the participant shall automatically cease to be entitled to participate in the Dundee Share Purchase Plan. Delivery of any unvested Dundee Subordinate Voting Shares, if any, shall not be accelerated and shall occur on the date the Dundee Subordinate Voting Shares would otherwise have been delivered.

Subject to any employment agreement, in the event of a participant ceasing to be employed by the Company and its designated affiliates for any reason other than retirement, long-term disability or death, the participant shall automatically cease to be entitled to participate in the Dundee Share Purchase Plan and any cash portion of the participant's contribution shall be paid to the participant and any cash portion

of the Company's contribution shall be forfeited. Subject to the discretion of the directors of the Company to release Dundee Subordinate Voting Shares to the participant, in respect of the Dundee Subordinate Voting Shares then held in safekeeping for the participant (if any), a participant to whom Dundee Subordinate Voting Shares are to be issued from treasury will receive an amount equal to the lesser of the participant's contribution and an amount equal to the participant's pro rated share of the loss on the Dundee Subordinate Voting Shares, and a participant in respect of whom Dundee Subordinate Voting Shares are to be purchased on the open market will receive the Dundee Subordinate Voting Shares on the date they otherwise would have been delivered.

During the year ended December 31, 2012, 5,850 Dundee Subordinate Voting Shares were issued by the Company under the Dundee Share Purchase Plan. As of April 10, 2013, an aggregate of 1,135,760 Dundee Subordinate Voting Shares have been issued (representing 2.2% of the Company's outstanding Dundee Subordinate Voting Shares) under the Dundee Share Purchase Plan.

Dundee Share Option Plan

Under the Dundee Share Option Plan, Dundee Options may be granted to eligible participants designated under the Dundee Share Incentive Plan, who then become optionees. Optionees to whom Dundee Options will be granted, the number of Dundee Options to be granted and the exercise price of each Dundee Option will be determined in accordance with the Dundee Share Incentive Plan. The exercise price per Dundee Subordinate Voting Share may not be less than the closing price of the Dundee Subordinate Voting Shares on the TSX or on such other stock exchange or over-the-counter market on which the Dundee Subordinate Voting Shares are then listed or quoted, as the case may be, on the last trading day immediately preceding the day the Dundee Option is granted or, if the Dundee Subordinate Voting Shares are not then listed or quoted on a stock exchange or over-the-counter market, as otherwise determined in accordance with the Dundee Share Incentive Plan. Each Dundee Option, unless terminated pursuant to the Dundee Share Option Plan, will expire on a date to be determined in accordance with the Dundee Share Incentive Plan at the time the Dundee Option is granted, which date may not exceed 10 years from the date of the grant of the Dundee Option. If the directors of the Company do not otherwise determine the option period for a Dundee Option, the option period shall be 10 years commencing on the date of grant of the Dundee Option. Each Dundee Option will be exercisable over such period as is determined at the time of grant; provided that, if no vesting period is determined at the time of grant, the Dundee Option will be exercisable as follows: as to one-third, after one year from the grant of such Dundee Option; as to an additional one-third, after two years from the grant of such Dundee Option; and as to the remaining one-third, after three years from the grant of such Dundee Option.

If there is a take-over bid or issuer bid (within the meaning of the *Securities Act* (Ontario)), other than an exempt take-over bid or exempt issuer bid for the purposes of the *Securities Act* (Ontario), made for outstanding Dundee Subordinate Voting Shares, or if the Dundee Subordinate Voting Shares become convertible into Dundee Common Shares as a result of a take-over bid being made for the Dundee Common Shares, all Dundee Options outstanding may be permitted by the directors of the Company, in accordance with the Dundee Share Option Plan, to become immediately exercisable in order to permit the Dundee Subordinate Voting Shares issuable under such Dundee Options, or the Dundee Common Shares into which they are exercisable, as the case may be, to be tendered to such take-over bid or issuer bid. If, pursuant to a take-over bid and any compulsory acquisition, an offeror acquires 100% of the Dundee Subordinate Voting Shares, or the Dundee Subordinate Voting Shares become convertible into Dundee Common Shares as a result of a take-over bid being made for the Dundee Common Shares and an offeror acquires 100% of the Dundee Common Shares, and, in either case, the consideration under the take-over bid includes equity securities of the offeror, the directors of the Company may send a notice to all optionees requiring them to surrender their Dundee Options within 10 days of the mailing of such notice provided that: (i) the offeror delivers with such notice an irrevocable and unconditional offer to grant replacement options to purchase such equity securities; (ii) the directors of the Company have determined, in good faith, that such replacement options have substantially the same economic value as the Dundee Options being surrendered; and (iii) the surrender of Dundee Options and the granting of replacement options can be effected on a tax free roll-over basis under the Tax Act.

The Dundee Share Option Plan also provides for share appreciation rights. An optionee may, rather than exercise any Dundee Option which such optionee is then entitled to exercise under the Dundee Share

Option Plan, terminate such Dundee Option, in whole or in part, and, in lieu of receiving the Dundee Subordinate Voting Shares to which the terminated Dundee Option relates: (a) receive that number of Dundee Subordinate Voting Shares (disregarding fractions) which, when multiplied by the fair value of the Dundee Subordinate Voting Shares (which shall be the weighted average price of the Dundee Subordinate Voting Shares on the TSX for the five trading days immediately preceding the date of termination of such Dundee Option or, if the Dundee Subordinate Voting Shares are not then listed or quoted on a stock exchange or over-the-counter market, as otherwise determined in accordance with the Dundee Share Incentive Plan) to which the terminated Dundee Option relates, has a total value equal to the product of the number of such Dundee Subordinate Voting Shares multiplied by the difference between the fair value and the exercise price of the terminated Dundee Option, less any amount required to be withheld on account of income taxes; or (b) with the consent of the Company, receive cash equal to the product of the number of Dundee Subordinate Voting Shares to which the Dundee Option so terminated relates multiplied by the difference between the fair value of the Dundee Subordinate Voting Shares to which the terminated Dundee Option relates and the exercise price of the terminated Dundee Option, less any amount required to be withheld on account of income taxes.

Subject to approval by the Board, and, if required, regulatory approval, an optionee may assign Dundee Options in limited circumstances.

Subject to any employment agreement, in the event of retirement, long-term disability or death of an optionee, any vested Dundee Options held by such optionee shall become immediately exercisable by the optionee, or the person or persons to whom the rights pass by the will of the optionee or the laws of descent and distribution, for a period of time that ends on the earlier of: (i) 12 months after the date of retirement, long-term disability or death; and (ii) the expiry of the period during which the Dundee Options are exercisable. All unvested Dundee Options terminate immediately on the date of termination of employment.

Subject to any employment agreement, in the event of an optionee ceasing to be employed by or provide services to the Company and its designated affiliates for any reason other than retirement, long-term disability or death or termination for "cause" or in the event of a participant ceasing to be a director of the Company and its designated affiliates, the optionee may only exercise vested Dundee Options for the period that ends on the earlier of: (i) 60 days following such event; and (ii) the expiry of the period during which the Dundee Options are exercisable. All unvested Dundee Options terminate immediately on the date of termination of employment.

During the year ended December 31, 2012, 117,000 Dundee Subordinate Voting Shares were issued by the Company upon exercise of Dundee Options. As of April 10, 2013, an aggregate of 5,608,647 Dundee Subordinate Voting Shares have been issued on the exercise of Dundee Options and Dundee Options to purchase an aggregate of 1,285,000 Dundee Subordinate Voting Shares were outstanding (representing 2.5% of the Company's outstanding Dundee Subordinate Voting Shares).

Dundee Share Bonus Plan

The Dundee Share Bonus Plan permits Dundee Subordinate Voting Shares to be issued as a discretionary bonus to eligible participants who are designated under the Dundee Share Incentive Plan from time to time on terms established in accordance with the Dundee Share Incentive Plan.

The Company did not issue any Dundee Subordinate Voting Shares under the Dundee Share Bonus Plan during the year ended December 31, 2012.

As of April 10, 2013, an aggregate of 216,000 Dundee Subordinate Voting Shares have been issued (representing 0.4% of the Company's outstanding Dundee Subordinate Voting Shares) under the Dundee Share Bonus Plan.

Dundee DSU Plan

The purpose of the Dundee DSU Plan is to significantly strengthen the link between the interests of the participants of the Dundee DSU Plan, being eligible directors, officers and employees of the Company

and affiliates thereof, and the interests of shareholders by providing participants with long-term incentive tied to the long-term performance of the Dundee Subordinate Voting Shares. The Dundee DSU Plan is administered by the Compensation Committee. Under the Dundee DSU Plan, a participant may be granted, on an annual or more frequent basis, Dundee DSUs in such number and effective as of such date as the Compensation Committee shall specify and based on certain criteria determined by the Compensation Committee including services performed or to be performed by the participant. In addition, the Compensation Committee may, in its sole discretion, impose certain conditions on the grant of Dundee DSUs which would have to be met for the participant to be entitled to receive payment in respect of the Dundee DSUs granted. The Dundee DSUs are credited to an account maintained for the participant by the Company or its affiliates, as specified by the Compensation Committee, and are subject to adjustment for dividends and anti-dilution events including the subdivision, consolidation or reclassification of the outstanding Dundee Subordinate Voting Shares.

A participant is only entitled to payment in respect of Dundee DSUs granted to him or her when the participant ceases to be employed by the Company or an affiliate thereof for any reason and the participant is not a director of the Company or an affiliate thereof. Upon termination, the participant (or the legal representative of such participant's estate) may irrevocably elect the entitlement date, being the date as of which the value of his or her Dundee DSUs shall be determined and paid, based on certain criteria set out in the Dundee DSU Plan. The redemption value of the Dundee DSUs in respect of a participant as at such date will be the product of: (i) the number of Dundee DSUs credited to the participant's account; and (ii) the market value of a Dundee Subordinate Voting Share on the TSX as at the entitlement date. The redemption value shall, as specified by the Compensation Committee in its sole discretion, after deduction of any applicable taxes and other required source deductions, be satisfied and paid to the participant (or the legal representative of such participant's estate) in its entirety or as a combination of: (i) a conversion into and issuance from treasury of Dundee Subordinate Voting Shares; (ii) a cash payment; or (iii) Dundee Subordinate Voting Shares acquired in the open market.

The maximum number of Dundee Subordinate Voting Shares that may be issued from treasury under the Dundee DSU Plan is 1,500,000. For the year ended December 31, 2012, 158,138 Dundee DSUs were granted under the Dundee DSU Plan. As of April 10, 2013, 61,222 Dundee Subordinate Voting Shares have been issued on the exercise of Dundee DSUs, an aggregate of 1,224,644 Dundee DSUs were outstanding and an aggregate of 214,134 Dundee Subordinate Voting Shares remained available for the grant of Dundee DSUs under the Dundee DSU Plan.

The Dundee DSU Plan provides that the number of Dundee Subordinate Voting Shares issuable to insiders of the Company, at any time under all security based compensation arrangements of the Company, shall not exceed 10% of the total number of Dundee Subordinate Voting Shares then issued and outstanding, and the number of Dundee Subordinate Voting Shares issued to insiders, within any one year period, under all security based compensation arrangements of the Company, shall not exceed 10% of the total number of Dundee Subordinate Voting Shares then issued and outstanding.

Equity Compensation Plan Information

The following table sets forth details of the securities authorized for issuance under the Company's equity compensation plans as at December 31, 2012:

Plan Category	Number of Securities to be Issued upon Exercise of Outstanding Options, Warrants and Rights ⁽¹⁾	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in the First Column)
Equity Compensation Plans Approved by Securityholders			
Dundee Share Incentive Plan			
Dundee Share Purchase Plan	N/A	N/A	N/A
Dundee Share Bonus Plan	N/A	N/A	N/A
Dundee Share Option Plan	1,285,000	\$9.40	N/A
Dundee Share Incentive Plan Total	1,285,000	\$9.40	7,235,631
Dundee DSU Plan	1,224,644	N/A	214,134
Total	2,509,644	N/A	7,449,765
Equity Compensation Plans Not Approved by Securityholders			
Total	N/A	N/A	N/A

Note:

⁽¹⁾ See "Dundee Share Incentive Plan" above for information relating to securities authorized for issuance under the Company's equity compensation plans as of April 10, 2013.

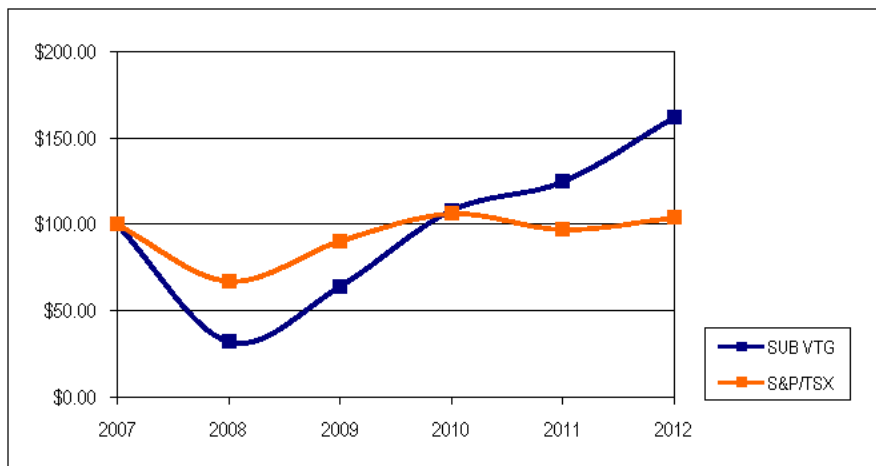
Dundee Executive Benefit Plan

Executive officers are eligible to participate in the Company's executive benefit plan (the "**Dundee Executive Benefit Plan**"). The Dundee Executive Benefit Plan is funded by the Company and uses contributions made by the Company to purchase previously issued Dundee Subordinate Voting Shares or Dundee Common Shares. The Dundee Executive Benefit Plan is administered by the Compensation Committee, which determines the timing and terms of any awards granted to participants under the Dundee Executive Benefit Plan.

No transactions were undertaken in 2010, 2011 or 2012 in respect of the Dundee Executive Benefit Plan.

Shareholder Return Performance Graph

The following graph compares the yearly percentage change in the cumulative total shareholder return on the Dundee Subordinate Voting Shares, for the last five financial years, with the cumulative total return of the S&P/TSX Composite Index, assuming an investment of \$100 on December 31, 2007 and assuming dividend reinvestment and excluding trading commissions and taxes.



As discussed above under “*Executive Compensation – Compensation Discussion and Analysis*”, the Company approaches executive compensation on an overall basis, with different elements of compensation being used to address different expectations of executive performance. Base salary, as a fixed component, does not correlate directly to the market price of the Dundee Subordinate Voting Shares but rather reflects factors such as expertise, ability, skill, experience and the role the executive plays in the overall structure of the Company. As such, the fixed components of compensation have remained relatively stable over the measurement period and have not fluctuated with changes in the market value of the Dundee Subordinate Voting Shares. Annual variable cash compensation and incentive awards vary year-to-year based on individual performance factors and corporate performance (including special performance bonuses paid in recognition of the completion of significant transactions, such as the sale of DundeeWealth Inc. to The Bank of Nova Scotia in 2011, or awarded in respect of contributions made toward the earning of performance fees by the Company’s subsidiaries and/or the performance of the Company’s investment portfolio), which may include consideration of the market value of the Dundee Subordinate Voting Shares, but are not necessarily directly linked to the change in the market value of the Dundee Subordinate Voting Shares.

The Company has not paid dividends on the Dundee Subordinate Voting Shares since 1991. However, taking into account the 3 for 1 stock split in 2007, the Company has since 1994 purchased for cancellation an aggregate of 56,701,855 Dundee Subordinate Voting Shares and Dundee Common Shares at an average price of \$11.31 per share, including 10,000,000 Dundee Subordinate Voting Shares at a price of \$23.75 per share under a substantial issuer bid in 2011.

The Dundee Common Shares are not listed on the TSX or any other recognized exchange.

Principal Holders of Dundee Shares

As of April 10, 2013, there were 50,947,517 Dundee Subordinate Voting Shares, 3,116,332 Dundee Common Shares and 6,000,000 Dundee Series 1 Preference Shares issued and outstanding.

Each Dundee Subordinate Voting Share has the right to one vote and each Dundee Common Share has the right to 100 votes on each matter to be voted on at the Meeting. Each Series 1 Preference Share has the right to one vote on the Arrangement Resolution. See “*Certain Legal and Regulatory Matters – Required Shareholder Approval*” for further details relating to the shareholder approval requirements for the Arrangement Resolution.

At the Meeting, the holders of each of the Dundee Subordinate Voting Shares, Dundee Common Shares and Dundee Series 1 Preference Shares will be voting separately as their own class or series of a class, as the case may be, on the Arrangement Resolution.

At the Meeting, the holders of Dundee Subordinate Voting Shares and Dundee Common Shares will also be voting, together as a group, on the appointment of the Company’s auditor and the election of directors. See “*Appointment of Auditor*” and “*Election of Directors*”, respectively, for further information. The Dundee

Subordinate Voting Shares represent an aggregate of 14.05% of the outstanding votes and the Dundee Common Shares represent an aggregate of 85.95% of the outstanding votes, in each case as it relates to the total votes of the outstanding Dundee Subordinate Voting Shares and Dundee Common Shares taken together.

Mr. Ned Goodman, the President and Chief Executive Officer of the Company, owns in aggregate, directly and indirectly, 2,426,330 Dundee Subordinate Voting Shares and 3,086,583 Dundee Common Shares. These holdings represent 4.76% of the Dundee Subordinate Voting Shares and 99.05% of the Dundee Common Shares and, collectively, an 85.80% voting interest in the total votes represented by the outstanding Dundee Subordinate Voting Shares and Dundee Common Shares taken together. Mr. Goodman does not own, control or direct, directly or indirectly, any Dundee Series 1 Preference Shares.

Jodamada Corporation, a private company owned by Messrs. Jonathan Goodman, David Goodman, Mark Goodman, and Daniel Goodman, owns in aggregate 6,388,006 Dundee Subordinate Voting Shares, representing 12.54% of the Dundee Subordinate Voting Shares and a 1.76% voting interest in the total votes represented by the outstanding Dundee Subordinate Voting Shares and Dundee Common Shares taken together.

Harbour Advisors, a business unit of CI Investments Inc., holds an aggregate of 12,024,400 Dundee Subordinate Voting Shares, representing 23.60% of the Dundee Subordinate Voting Shares and a 3.32% voting interest in the total votes represented by the outstanding Dundee Subordinate Voting Shares and Dundee Common Shares taken together.

Other than as set out above, to the knowledge of the directors and executive officers of the Company, no person beneficially owns, or controls or directs, directly or indirectly, voting securities of the Company carrying 10% or more of the voting rights attached to any class of outstanding voting securities of the Company.

Interest of Informed Persons in Material Transactions

To the knowledge of the Company, other than as disclosed elsewhere in this Management Information Circular or in a document incorporated by reference herein, no informed person of the Company, or any associate or affiliate of any informed person, has had any interest in any transaction since the commencement of the Company's most recently completed financial year or in any proposed transaction which has materially affected or could materially affect the Company or any of its subsidiaries.

For purposes of this Management Information Circular, an "informed person" means a director or executive officer of the Company, a director or executive officer of a person or company that is itself an informed person or subsidiary of the Company, or any person or company who beneficially owns, or controls or directs, directly or indirectly, voting securities of the Company or a combination of both carrying more than 10% of the voting rights attached to all outstanding voting securities of the Company.

Indebtedness of Directors and Executive Officers

The following table sets out the aggregate indebtedness of all current and former executive officers, directors and employees of the Company and its subsidiaries as of April 10, 2013 to: (i) the Company or any of its subsidiaries; and (ii) another entity if the indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of its subsidiaries (if any):

Aggregate Indebtedness		
Purpose	To the Company or its Subsidiaries	To Another Entity
Share purchases	\$1,775,000 ⁽¹⁾	\$0
Other	\$4,116,515 ⁽²⁾	\$0

Notes:

- (1) Represents share purchase loans to designated officers and employees of a subsidiary of the Company.
- (2) Includes \$2,312,929 in advances to financial advisors in connection with the transfer of assets under administration or assets under management to Dundee Securities Ltd.

Interest of Directors and Executive Officers in Matters To Be Acted Upon

To the knowledge of the Company, other than as disclosed elsewhere in this Management Information Circular, no person who has been a director or executive officer of the Company at any time since the commencement of the Company's most recently completed financial year, or any associate or affiliate of any of the foregoing, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS**Certain Canadian Federal Income Tax Consequences to Shareholders**

In the opinion of Wilson & Partners LLP, a law firm affiliated with PWC, tax counsel to Dundee and its affiliates in respect of the Arrangement and related transactions, as of the date hereof, the following summary fairly presents the principal Canadian federal income tax considerations relating to the Arrangement generally applicable to a holder of Dundee Shares or Dundee Series 2 Preference Shares.

This summary is not applicable to a holder of Dundee Shares or Dundee Series 2 Preference Shares: (i) that is a "financial institution" for the purposes of the "mark-to-market" rules in the Tax Act; (ii) that is a "specified financial institution" as defined in the Tax Act; (iii) an interest in which is a "tax shelter investment" as defined in the Tax Act; or (iv) to whom the functional reporting rules in the Tax Act apply.

This summary does not address any specific Canadian federal income tax considerations that may be applicable to a Shareholder in respect of the acquisition of Dundee Subordinate Voting Shares on the exercise of a Dundee Option.

This summary is based upon the current provisions of the Tax Act and the Regulations as enacted to the date of this Management Information Circular, the Tax Proposals and tax counsel's understanding of the published administrative practices and policies of the CRA in effect as at the date of this Management Information Circular. It is not certain that any of the Tax Proposals will be enacted in the form announced or at all. This summary is not exhaustive of all considerations under the Tax Act and, except for the Tax Proposals, does not take into account or anticipate any changes in the law or administrative practices or policies of the CRA, whether by judicial, governmental or legislative action or decision, nor does it take into account other federal tax legislation or the tax legislation of any province or territory of Canada, or of any foreign jurisdiction. Provincial and territorial income tax legislation varies in Canada and in some cases differs from federal income tax legislation.

This summary is of a general nature only and is not intended to be, and should not be construed to be, legal, business or tax advice to any particular holder of Dundee Shares or Dundee Series 2 Preference Shares, and no representations with respect to the tax consequences to any particular holder are made. Holders of Dundee Shares or Dundee Series 2 Preference Shares should consult their own tax advisors to determine the tax consequences to them of the Arrangement having regard to their particular circumstances, including the application and effect of the income and other tax laws of any country, province, territory, state or local tax authority.

Shareholders Resident in Canada

The following portion of the summary is generally applicable to holders of Dundee Shares or Dundee Series 2 Preference Shares who, for purposes of the Tax Act: (i) at all relevant times are, or are deemed to be, resident in Canada; (ii) deal at arm's length with, and are not "affiliated" with, Dundee and DREAM; and (iii) hold their Dundee Shares and Dundee Series 2 Preference Shares and will hold all other shares

discussed in the following summary, as “capital property” as defined in the Tax Act (“**Resident Shareholders**”).

Generally, the Dundee Shares and the Dundee Series 2 Preference Shares will constitute capital property to a Resident Shareholder for purpose of the Tax Act, provided such Resident Shareholder does not use or hold such shares in the course of carrying on a business and has not acquired such shares in one or more transactions considered to be an adventure or concern in the nature of trade. Certain Resident Shareholders whose Dundee Shares and Dundee Series 2 Preference Shares might not otherwise qualify as capital property may be entitled to make an irrevocable election in accordance with subsection 39(4) of the Tax Act to have such shares, and any other “Canadian security” (as defined in the Tax Act) owned in the taxation year in which the election is made and all subsequent taxation years, deemed to be capital property. Resident Shareholders contemplating making such an election should consult their own tax advisors as such an election will affect the income tax treatment of other Canadian securities held. Resident Shareholders who do not hold their Dundee Shares or Dundee Series 2 Preference Shares as capital property should consult their own tax advisors regarding their particular circumstances.

Resident Shareholders Who Hold Dundee Shares, Other Than Dissenting Shareholders

Amendments to the Terms of the Dundee Subordinate Voting Shares and the Dundee Common Shares

As part of the Arrangement, the terms of the Dundee Subordinate Voting Shares and the Dundee Common Shares will be amended to increase the voting rights of each such class. Holders of Dundee Subordinate Voting Shares and Dundee Common Shares will not be considered to have disposed of their shares for purposes of the Tax Act by virtue of the amendment to the terms of the Dundee Subordinate Voting Shares and Dundee Common Shares.

Exchange of Dundee Shares for Dundee New Shares and Dundee Butterfly Shares

As part of the Arrangement, there will be a share exchange and:

- Each Resident Shareholder who holds Dundee Subordinate Voting Shares will, in exchange for each Dundee Subordinate Voting Share, receive one Dundee New Subordinate Voting Share and one Dundee Butterfly 2 Share;
- Each Resident Shareholder who holds Dundee Common Shares will, in exchange for each Dundee Common Share, receive one Dundee New Common Share and one Dundee Butterfly 1 Share; and
- Each Resident Shareholder who holds Dundee Series 1 Preference Shares will, in exchange for each Dundee Series 1 Preference Share, receive one Dundee Convertible Butterfly Share and one Dundee Butterfly 3 Share.

On such share exchange, a Resident Shareholder will be deemed to have disposed of shares of each class or series of such Dundee Shares for proceeds of disposition equal to the aggregate adjusted cost base of shares of such class or series to the Resident Shareholder immediately before the exchange. Accordingly, a Resident Shareholder will not realize a capital gain or a capital loss as a result of such share exchange.

The aggregate adjusted cost base of:

- The Dundee New Subordinate Voting Shares and the Dundee Butterfly 2 Shares;
- The Dundee New Common Shares and the Dundee Butterfly 1 Shares; and
- The Dundee Convertible Butterfly Shares and the Dundee Butterfly 3 Shares;

acquired by a Resident Shareholder on such share exchange will be equal to the aggregate adjusted cost base to the Resident Shareholder immediately before such share exchange of shares of the applicable

class or series of Dundee Shares disposed of by the holder on such share exchange. The aggregate adjusted cost base of shares of the applicable class or series of a Resident Shareholder's Dundee Shares immediately before such share exchange will be allocated among the Resident Shareholder's Dundee New Shares and Dundee Butterfly Shares received on the exchange in proportion to the relative fair market value of such shares immediately after such share exchange. Dundee intends to inform Resident Shareholders by press release or on Dundee's website following the Arrangement as to Dundee's estimate of the proportionate allocation; however, Dundee's allocation will not be binding on the CRA or on any Resident Shareholder.

Transfer of Dundee Butterfly Shares for DREAM Shares

As part of the Arrangement, there will be a share transfer and:

- Each Resident Shareholder who holds Dundee Butterfly 2 Shares will transfer each such share to DREAM in consideration for the issuance to the Resident Shareholder of one DREAM Subordinate Voting Share;
- Each Resident Shareholder who holds Dundee Butterfly 1 Shares will transfer each such share to DREAM in consideration for the issuance to the Resident Shareholder of one DREAM Common Share; and
- Each Resident Shareholder who holds Dundee Butterfly 3 Shares will transfer each such share to DREAM in consideration for the issuance to the Resident Shareholder of one DREAM Butterfly Share.

Subject to two exceptions noted below, on the transfer of a Resident Shareholder's Dundee Butterfly Shares to DREAM, such holder will be deemed to have disposed of all shares of a series of such Dundee Butterfly Shares for proceeds of disposition equal to the adjusted cost base of all shares of such series to the Resident Shareholder immediately before the transfer. Accordingly, such Resident Shareholder will not realize a capital gain or a capital loss as a result of the share transfer. The cost of shares of the class or series of such DREAM Shares acquired by such Resident Shareholder will be equal to the adjusted cost base immediately before the share transfer of shares of the applicable series of Dundee Butterfly Shares disposed of by the holder on the share transfer for such shares.

There are two important exceptions to the foregoing. The first exception is that a Resident Shareholder may choose to recognize all or a portion of a capital gain or a capital loss on the transfer of shares of a series of the Dundee Butterfly Shares by including all or a portion of the amount of the taxable capital gain or allowable capital loss, as otherwise determined, in computing such Resident Shareholder's income for the taxation year in which such transfer occurs. A Resident Shareholder who chooses to realize a gain or loss in this manner will realize a capital gain (or capital loss) on shares of a series of Dundee Butterfly Shares to the extent that such holder's proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of shares of such series of Dundee Butterfly Shares to the Resident Shareholder immediately before the transfer. Where a Resident Shareholder has chosen to recognize a capital gain or a capital loss on the transfer of shares of a series of Dundee Butterfly Shares for DREAM Shares, the adjusted cost base of shares of each class or series of the DREAM Shares acquired by the Resident Shareholder on the transfer will be equal to the corresponding proceeds of disposition received or deemed to have been received by the Resident Shareholder.

The second exception is that the Arrangement contemplates that a Resident Shareholder who is an Eligible Holder may make a joint Tax Election with DREAM pursuant to section 85 of the Tax Act to obtain a full or partial tax-deferred "rollover" for purposes of the Tax Act of the disposition of their Dundee Butterfly Shares to DREAM.

A Resident Shareholder that is an Eligible Holder may realize all or a portion of the amount of the capital gain accrued on shares of a series of Dundee Butterfly Shares by filing a Tax Election with DREAM in which such holder specifies an amount (the "**Elected Amount**") that, subject to certain limits specified in the Tax Act, will be deemed to be the proceeds of disposition of shares of the particular series of Dundee

Butterfly Shares to the Resident Shareholder. By designating an appropriate Elected Amount in respect of shares of a series of Dundee Butterfly Shares, an Eligible Holder may, for purposes of the Tax Act, defer realizing all or any portion of the capital gain that the Eligible Holder would otherwise realize on the transfer of shares of the series of Dundee Butterfly Shares for DREAM Shares. The tax treatment of capital gains and capital losses is discussed in this section below under the heading “*Shareholders Resident in Canada – Resident Shareholders Who Hold Dundee Shares, Other Than Dissenting Shareholders – Taxation of Capital Gains and Capital Losses*”.

In general, the Elected Amount for shares of a particular series of Dundee Butterfly Shares may not be:

- Less than the lesser of: (i) the Eligible Holder’s adjusted cost base of shares of the particular series of Dundee Butterfly Shares, and (ii) the fair market value of shares of the particular series of Dundee Butterfly Shares, in each case determined at the time of the transfer; or
- Greater than the fair market value of shares of the particular series of Dundee Butterfly Shares at the time of the transfer.

An Elected Amount that does not comply with these limitations will automatically be adjusted under the Tax Act so that it is in compliance.

The tax treatment to an Eligible Holder who makes a valid Tax Election with DREAM in respect of a particular series of Dundee Butterfly Shares generally will be as follows:

- The Eligible Holder will be deemed to have disposed of shares of the particular series of Dundee Butterfly Shares for proceeds of disposition equal to the Elected Amount;
- The Eligible Holder will not realize any capital gain or capital loss provided the Elected Amount equals the aggregate of the Eligible Holder’s adjusted cost base of shares of the particular series of Dundee Butterfly Shares determined immediately before the transfer and any reasonable costs of disposition; and
- The Eligible Holder will realize a capital gain (or a capital loss) to the extent that the Elected Amount exceeds (or is less than) the aggregate of the Eligible Holder’s adjusted cost base of shares of the particular series of Dundee Butterfly Shares and any reasonable costs of disposition.

The relevant federal Tax Election form is CRA Form T2057 (or, in the event the Eligible Holder is a partnership, CRA Form T2058). Certain provincial jurisdictions may require that a separate joint election be filed for provincial income tax purposes. Eligible Holders who wish to make a Tax Election can obtain the Tax Election materials by e-mailing dundee.tax.election@ca.pwc.com or by calling 1-855-348-5088.

Where shares of a particular series of Dundee Butterfly Shares are held by two or more co-owners who wish to make a Tax Election, one of the co-owners designated for such purpose must file one copy of Form T2057 (and where applicable, the corresponding provincial forms) on behalf of each co-owner with a list of all co-owners electing under section 85 of the Tax Act, and their respective addresses and social insurance or business numbers. Where shares of a particular series of Dundee Butterfly Shares are held as partnership property, a partner designated by the partnership must file one copy of Form T2058 (and, where applicable, the corresponding provincial forms) on behalf of all members of the partnership. Form T2058 must be accompanied by a list containing the name, address, social insurance number or business number of each partner and written authorization signed by each partner authorizing the designated partner to complete and file the form. Eligible Holders should consult their own tax advisors to determine which filing requirements, if any, there are under provincial legislation applicable in their particular circumstances.

To make a Tax Election, an Eligible Holder must ensure that three signed copies of the necessary election forms are delivered to DREAM on or before sixty (60) days after the Effective Date (although, as discussed below, an Eligible Holder may be required to deliver the forms to DREAM by an earlier date), duly completed with the details of the number and series of Dundee Butterfly Shares transferred, the adjusted cost base of shares of the respective series of Dundee Butterfly Shares transferred, the number

and series of DREAM Shares received, and the applicable Elected Amount in respect of each series of Dundee Butterfly Shares transferred. In accordance with the terms of the Arrangement and subject to the Tax Election forms being correct and complete and complying with the provisions of the Tax Act (and of any applicable provincial income tax law), two copies of such forms will be signed by DREAM and one copy will be returned to the Eligible Holder and one copy will be mailed to the CRA (or any applicable provincial tax authority) within thirty (30) days after the receipt thereof.

To avoid late filing penalties imposed under the Tax Act, a Tax Election must be received by the CRA on or before the earliest day on which either DREAM or the Eligible Holder is required to file an income tax return for the taxation year in which the share transfer occurs. DREAM's taxation year in which the share transfer will occur will end on the Effective Date. Each Eligible Holder is urged to consult the Eligible Holder's own tax advisors as soon as possible respecting the deadlines applicable to the Eligible Holder's particular circumstances. **Regardless of such deadlines, DREAM must receive the Tax Election forms of an Eligible Holder no later than sixty (60) days after the Effective Date.** DREAM has agreed to execute and mail a Tax Election to the CRA within thirty (30) days after DREAM receives the election, however, Eligible Holders may be required to forward their Tax Election forms to DREAM earlier than sixty (60) days after the Effective Date in order to avoid late filing penalties. While DREAM may choose, in its sole discretion, to sign a Tax Election received by it more than sixty (60) days after the Effective Date, it has no obligation to do so.

Amalgamation of DREAM and Holdco

As part of the Arrangement, DREAM and Holdco will amalgamate to form DREAM Amalco and on the amalgamation:

- Each Resident Shareholder who holds DREAM Subordinate Voting Shares will continue to hold an equal number of DREAM Subordinate Voting Shares;
- Each Resident Shareholder who holds DREAM Common Shares will continue to hold an equal number of DREAM Common Shares; and
- Each Resident Shareholder who holds DREAM Butterfly Shares will receive an equal number of DREAM Series 1 Preference Shares.

Resident Shareholders will not recognize any capital gain or capital loss as a result of the conversion or continuation of their DREAM Shares into shares of DREAM Amalco and the aggregate adjusted cost base of shares of each class or series of their DREAM Shares will become the aggregate adjusted cost base of shares of their respective new class or series of DREAM Amalco.

Conversion of Dundee Convertible Butterfly Shares

The Dundee Convertible Butterfly Shares issued by Dundee to a holder of Dundee Series 1 Preference Shares will be converted into an equal number of Dundee New Series 4 Preference Shares as part of the Arrangement. A Resident Shareholder will not be considered to have received a dividend and will not realize a capital gain or a capital loss as a result of this conversion. The cost of the Dundee New Series 4 Preference Shares acquired by a Resident Holder on this conversion will be equal to the adjusted cost base of the Dundee Convertible Butterfly Shares held by the holder immediately before the conversion.

Dividends on Dundee New Shares or DREAM Shares (Post-Arrangement)

Dividends received or deemed to be received by a Resident Shareholder on Dundee New Shares or DREAM Shares after the Arrangement will be included in computing the holder's income for the purposes of the Tax Act. Such dividends received or deemed to be received by a Resident Shareholder that is an individual (including a trust) will generally be subject to the gross-up and dividend tax credit rules in the Tax Act normally applicable to taxable dividends received from corporations resident in Canada, including the enhanced gross-up and dividend tax credit rules applicable to any dividends designated as "eligible dividends" for these purposes. Dividends received or deemed to be received on such shares by an individual and certain trusts may give rise to alternative minimum tax under the Tax Act.

Generally, dividends received or deemed to be received on Dundee New Shares or DREAM Shares after the Arrangement by a Resident Shareholder that is a corporation will be included in computing the corporation's income, but will be deductible in computing the corporation's taxable income, subject to certain limitations in the Tax Act. A holder of Dundee New Shares or DREAM Shares that is a "private corporation" or a "subject corporation" (as defined in the Tax Act) generally will be subject to a refundable tax of 33 $\frac{1}{3}$ % on dividends received or deemed to be received on such shares to the extent such dividends are deductible in computing the holder's taxable income.

The Dundee New Series 4 Preference Shares and the DREAM Series 1 Preference Shares will be "short-term preferred shares" as defined in the Tax Act. Consequently, corporate shareholders will not be subject to tax under Part IV.1 of the Tax Act on dividends received (or deemed to be received) on the Dundee New Series 4 Preference Shares and the DREAM Series 1 Preference Shares.

Dispositions of Dundee New Shares or DREAM Shares (Post-Arrangement)

A disposition by a Resident Shareholder of shares of a particular class or series of Dundee New Shares or DREAM Shares after the Arrangement generally will result in a capital gain (or a capital loss) to such holder to the extent that the proceeds of disposition received, net of any reasonable costs of disposition, exceed (or are less than) the aggregate adjusted cost base of the shares of such class or series to such holder immediately before the disposition. The tax treatment of capital gains and capital losses is discussed in this section below under the heading "*Shareholders Resident in Canada – Resident Shareholders Who Hold Dundee Shares, Other Than Dissenting Shareholders – Taxation of Capital Gains and Capital Losses*".

Taxation of Capital Gains and Capital Losses

A Resident Shareholder will be required to include in income one-half of the amount of any capital gain (a "**taxable capital gain**") and generally will be entitled to deduct one-half of the amount of any capital loss (an "**allowable capital loss**") against taxable capital gains realized by such holder in the year of the disposition. Allowable capital losses in excess of taxable capital gains in a particular year may be carried back and deducted in any of the three preceding years or carried forward and deducted in any following year against taxable capital gains realized in such year to the extent and under the circumstances described in the Tax Act. In certain circumstances, a capital loss otherwise arising on the disposition of shares by a Resident Shareholder that is a corporation may be reduced by dividends previously received or deemed to have been received on such shares or shares for which the particular shares were issued in exchange. Analogous rules apply to a partnership or trust of which a corporation, partnership or trust is a member or beneficiary. Resident Shareholders to whom these rules may be relevant should consult their own tax advisors.

A "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay, in addition to tax otherwise payable under the Tax Act, a refundable tax of 6 $\frac{2}{3}$ % of its "aggregate investment income". For this purpose, aggregate investment income will include taxable capital gains.

Capital gains realized by individuals and certain trusts may give rise to alternative minimum tax under the Tax Act.

Resident Shareholders Who Hold Dundee Series 2 Preference Shares

A Resident Shareholder who holds Dundee Series 2 Preference Shares will not experience any Canadian federal income tax consequences as a result of the Arrangement.

Dissenting Resident Shareholders

A Resident Shareholder that exercises Dissent Rights (a "**Dissenting Resident Shareholder**") will be deemed under the Arrangement to have transferred such holder's Dissenting Shares to Dundee for a dissent payment equal to the fair value of such shares. A Dissenting Resident Shareholder generally will be deemed to have received a dividend in respect of shares of each class or series disposed of equal to the amount by which such dissent payment for shares of the particular class or series (less the amount of

any interest) exceeds the Paid-Up Capital of such shares, and such deemed dividend will reduce the proceeds of disposition to such holder on the disposition of shares of such class or series. However, if the Dissenting Resident Shareholder is a corporation, the full amount of such dissent payment for shares of a class or series (less the amount of any interest) may be treated as proceeds of disposition under subsection 55(2) of the Tax Act and not as a deemed dividend. The general tax treatment of the receipt of dividends is discussed in this section above under the heading “*Shareholders Resident in Canada – Resident Shareholders Who Hold Dundee Shares, Other Than Dissenting Shareholders – Dividends on Dundee New Shares or DREAM Shares (Post-Arrangement)*”.

A Dissenting Resident Shareholder will also realize a capital gain (or a capital loss) to the extent that the proceeds of disposition of such class or series of shares, as reduced by the amount of any deemed dividend as discussed above and net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of such class or series of shares to such Dissenting Resident Shareholder immediately before the disposition. The general tax treatment of capital gains or capital losses is discussed in this section above under the heading “*Shareholders Resident in Canada – Resident Shareholders Who Hold Dundee Shares, Other Than Dissenting Shareholders – Taxation of Capital Gains and Capital Losses*”.

Any interest awarded by a court to a Dissenting Resident Shareholder will be included in such holder’s income for the purposes of the Tax Act.

Eligibility for Investment

Provided the Dundee New Subordinate Voting Shares and the DREAM Subordinate Voting Shares, respectively, are listed on a designated stock exchange (which includes the TSX), subject to the provisions of a particular plan, such shares will be qualified investments under the Tax Act for trusts governed by registered retirement savings plans (“**RRSP**”), registered retirement income funds (“**RRIF**”), registered education savings plans, deferred profit sharing plans, registered disability savings plans and tax-free savings accounts (“**TFSA**”).

Dundee New Subordinate Voting Shares and DREAM Subordinate Voting Shares will not be a “prohibited investment” for an RRSP, RRIF or TFSA, provided that the holder thereof: (i) deals at arm’s length with Dundee and DREAM, as applicable; (ii) does not have a “significant interest” (within the meaning of the Tax Act) in Dundee and DREAM, as applicable; or (iii) does not have a “significant interest” (within the meaning of the Tax Act) in a corporation, partnership or trust with which Dundee or DREAM, as applicable, does not deal at arm’s length for purposes of the Tax Act. Tax Proposals released on December 21, 2012 propose to delete the condition in (iii) above. In addition, pursuant to such Tax Proposals, Dundee New Subordinate Voting Shares and DREAM Subordinate Voting Shares will not be a “prohibited investment” if the shares are “excluded property” (as defined in the Tax Proposals). Holders of a TFSA and annuitants under an RRSP or RRIF should consult their own tax advisors as to whether such shares will be a “prohibited investment” in their particular circumstances.

Shareholders Not Resident in Canada

The following portion of the summary is applicable generally to holders of Dundee Shares or Dundee Series 2 Preference Shares who, for purposes of the Tax Act: (i) at all relevant times, and for purposes of any applicable Tax Treaty, are not, and are not deemed to be, resident in Canada; (ii) deal at arm’s length with, and are not “affiliated” with, Dundee and DREAM; and (iii) hold their Dundee Shares and Dundee Series 2 Preference Shares, and will hold all other shares discussed in the following summary, as “capital property” and do not use or hold and are not deemed to use or hold, and will not use or hold or be deemed to use or hold, such shares in carrying on a business in Canada (“**Non-Resident Shareholders**”). Special rules, which are not discussed in this summary, may apply to a Non-Resident Shareholder that is an insurer which carries on business in Canada and elsewhere.

Non-Resident Shareholders Who Hold Dundee Shares, Other Than Dissenting Shareholders

The Arrangement

A Non-Resident Shareholder who holds Dundee Shares, who acquires Dundee New Shares and Dundee Butterfly Shares in exchange for Dundee Shares, who exchanges the Dundee Butterfly Shares for DREAM Shares and whose Dundee Convertible Butterfly Shares are converted under the Arrangement will generally be subject to the same tax consequences as a Resident Shareholder on the Arrangement, as discussed in this section above under the heading “*Shareholders Resident in Canada – Resident Shareholders Who Hold Dundee Shares, Other Than Dissenting Shareholders*”. Accordingly, a Non-Resident Shareholder will generally not realize a capital gain or a capital loss as a result of the Arrangement.

Dividends on Dundee New Shares or DREAM Shares (Post-Arrangement)

Dividends on Dundee New Shares or DREAM Shares that are paid or credited, or that are deemed to be paid or credited, to a Non-Resident Shareholder after the Arrangement will be subject to Canadian withholding tax at the rate of 25% of the gross amount of such dividends. This rate may be reduced under any applicable Tax Treaty. Under the U.S. Treaty, a Non-Resident Shareholder that is a resident of the United States for the purposes of, and entitled to the benefits of, the U.S. Treaty will generally be subject to Canadian withholding tax at a rate of 15% of the amount of such dividends.

Dispositions of Dundee New Shares or DREAM Shares (Post-Arrangement)

On a disposition of shares of a class or series of Dundee New Shares or DREAM Shares after the Arrangement, a Non-Resident Shareholder will not be subject to tax under the Tax Act unless, at the time of disposition, the shares of the particular class or series are “taxable Canadian property” to the Non-Resident Shareholder. Generally, shares of a class or series of Dundee New Shares and DREAM Shares, respectively, will not be “taxable Canadian property” to a Non-Resident Shareholder at a particular time unless at any time during the 60-month period immediately preceding that time:

- The Non-Resident Shareholder, persons with whom the Non-Resident Shareholder did not deal at arm’s length, or the Non-Resident Shareholder together with all such persons, owned 25% or more of the issued shares of any class or series of shares of the capital stock of Dundee or DREAM, as applicable, where the particular shares are listed on a designated stock exchange (which currently includes the TSX) at that particular time; and
- More than 50% of the fair market value of shares of the particular class or series of shares was derived directly or indirectly from one or any combination of: (i) real or immovable properties situated in Canada; (ii) “Canadian resource properties” (as defined in the Tax Act); (iii) “timber resource properties” (as defined in the Tax Act); and (iv) options in respect of, or interests in, property described in (i) to (iii). In certain circumstances set out in the Tax Act, shares of a class or series of Dundee New Shares or DREAM Shares of a particular Non-Resident Shareholder could be deemed to be “taxable Canadian property”.

Generally, a Non-Resident Shareholder who realizes a capital gain on a disposition of shares of a class or series of Dundee New Shares or DREAM Shares which constitute “taxable Canadian property” of the Non-Resident Shareholder and which is not exempt from tax under an applicable Tax Treaty will be subject to the tax treatment described in this section above under the heading “*Shareholders Resident in Canada – Resident Shareholders Who Hold Dundee Shares, Other Than Dissenting Shareholders – Taxation of Capital Gains and Capital Losses*”. Under the U.S. Treaty, a capital gain realized on the disposition of shares of a class or series of Dundee New Shares or DREAM Shares by a Non-Resident Shareholder that is a resident of the United States for the purposes of, and entitled to the benefits of, the U.S. Treaty generally will be exempt from tax under the Tax Act where at the time of disposition the shares of the class or series of Dundee New Shares or DREAM Shares, as applicable, do not derive their value principally from real property situated in Canada. Non-Resident Shareholders who will hold shares of a class or series of Dundee New Shares or DREAM Shares as “taxable Canadian property” should consult with their own tax advisors.

Non-Resident Shareholders Who Hold Dundee Series 2 Preference Shares

A Non-Resident Shareholder who holds Dundee Series 2 Preference Shares will not experience any Canadian federal income tax consequences as a result of the Arrangement.

Dissenting Non-Resident Shareholders

A Non-Resident Shareholder that exercises Dissent Rights (a “**Dissenting Non-Resident Shareholder**”) will be deemed under the Arrangement to have transferred such holder’s Dissenting Shares to Dundee for a dissent payment equal to the fair value of such shares. A Dissenting Non-Resident Shareholder generally will be deemed to have received a dividend in respect of shares of each class or series disposed of equal to the amount by which such payment for the particular class or series of shares (less the amount of any interest) exceeds the Paid-Up Capital of such shares. A deemed dividend received by a Dissenting Non-Resident Shareholder will be subject to Canadian withholding tax as described in this section above under the heading “*Shareholders Not Resident in Canada – Resident Shareholders Who Hold Dundee Shares, Other Than Dissenting Shareholders – Dividends on Dundee New Shares or DREAM Shares (Post-Arrangement)*”.

A Dissenting Non-Resident Shareholder will also realize a capital gain (or a capital loss) to the extent that the proceeds of disposition of shares of such class or series, as reduced by the amount of any deemed dividend as discussed above and net of any reasonable costs of disposition, exceeds (or is less than) the adjusted cost base of shares of such class or series to such Dissenting Non-Resident Shareholder immediately before the disposition. A Dissenting Non-Resident Shareholder generally will not be subject to income tax under the Tax Act in respect of any such capital gain provided such shares do not constitute “taxable Canadian property” to the Dissenting Non-Resident Shareholder. See this section above under the heading “*Shareholders Not Resident in Canada – Non-Resident Shareholders Who Hold Dundee Shares, Other Than Dissenting Shareholders – Dispositions of Dundee New Shares or DREAM Shares (Post-Arrangement)*” for a general discussion of the tax treatment of capital gains realized on shares which constitute “taxable Canadian property” to the Dissenting Non-Resident Shareholder.

Any interest paid to a Dissenting Non-Resident Shareholder will generally not be subject to Canadian withholding tax.

CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following is a general discussion of certain U.S. federal income tax considerations relating to the receipt of DREAM Shares by U.S. Holders pursuant to the Arrangement and to the ownership and disposition of such DREAM Shares by such U.S. Holders following the Arrangement, in each case who hold such DREAM Shares and their Dundee Shares as capital assets within the meaning of section 1221 of the U.S. Code. This discussion does not address any tax considerations applicable to a U.S. Holder that exercises Dissent Rights with respect to the Arrangement or all of the tax considerations that may be relevant to U.S. Holders in light of their particular circumstances or to U.S. Holders subject to special rules under U.S. federal income tax laws, such as banks, insurance companies, retirement plans, regulated investment companies, real estate investment trusts, dealers in securities, brokers, tax-exempt entities, certain former citizens or residents of the United States, U.S. Holders who hold Dundee Shares or DREAM Shares as part of a “straddle”, “hedging”, “conversion” or other integrated transaction, U.S. Holders who mark their securities to market for U.S. federal income tax purposes, U.S. Holders whose functional currency is not the U.S. dollar, U.S. Holders that own (or are deemed to own) 10% or more (by voting power) of the stock of the Company or DREAM or U.S. Holders that receive DREAM Shares as compensation. In addition, this discussion does not address the effect of any state, local or non-U.S. tax laws or any U.S. federal estate, gift or alternative minimum tax considerations.

This discussion is based on the U.S. Code, the U.S. Treasury regulations promulgated thereunder and administrative and judicial pronouncements, all as in effect on the date hereof, and all of which are subject to change, possibly with retroactive effect.

For purposes of this discussion, any reference to Dundee Shares includes Dundee New Shares, as the context requires.

If an entity treated as a partnership for U.S. federal income tax purposes acquires DREAM Shares pursuant to the Arrangement, the related U.S. federal income tax considerations generally will depend in part upon the status and activities of such entity and its partners. Such an entity should consult its own tax advisor regarding the U.S. federal income tax considerations applicable to it and its partners of the receipt, ownership and disposition of such DREAM Shares.

INVESTORS ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS AS TO THE U.S. FEDERAL INCOME AND OTHER TAX CONSIDERATIONS RELATING TO THE RECEIPT, OWNERSHIP AND DISPOSITION OF DREAM SHARES IN LIGHT OF THEIR PARTICULAR CIRCUMSTANCES, AS WELL AS THE EFFECT OF ANY STATE, LOCAL OR NON-U.S. TAX LAWS.

EACH TAXPAYER IS HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF U.S. FEDERAL TAX ISSUES IN THIS MANAGEMENT INFORMATION CIRCULAR IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED BY THE TAXPAYER, FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON THE TAXPAYER UNDER U.S. FEDERAL TAX LAW; (B) ANY SUCH DISCUSSION IS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) THE TAXPAYER SHOULD SEEK ADVICE BASED ON ITS PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

Tax Consequences of the Receipt of DREAM Shares Pursuant to the Arrangement

A U.S. Holder who receives DREAM Shares pursuant to the Arrangement should be considered to have received a taxable distribution in an amount equal to the fair market value on the Effective Date of such DREAM Shares received by such U.S. Holder. A U.S. Holder will have a basis in such DREAM Shares received equal to the fair market value of such DREAM Shares on the Effective Date, and the holding period for such DREAM Shares received will begin on the day after the Effective Date.

If the Company is not treated as a “passive foreign investment company” (“PFIC”) with respect to a U.S. Holder, such U.S. Holder will generally be required to include the fair market value of the DREAM Shares received in gross income as a dividend to the extent of the Company’s current or accumulated earnings and profits (as determined for U.S. federal income tax purposes) on the Effective Date and will not be eligible for the dividends received deduction allowed to corporations. The portion of the fair market value of the DREAM Shares received that is in excess of the Company’s current and accumulated earnings and profits will be treated as a non-taxable return of capital to the extent of such U.S. Holder’s basis in its Dundee Shares, and thereafter as gain from the sale or exchange of such Dundee Shares. The Company does not maintain calculations of earnings and profits for U.S. federal income tax purposes. As a result, such U.S. Holder may need to include the entire amount of the distribution in income as a dividend.

Distributions treated as dividends that are received by certain non-corporate U.S. persons (including individuals) in respect of stock of a non-U.S. corporation (other than a corporation that is, in the taxable year during which the distributions are made or the preceding taxable year, a PFIC) that is a “qualified foreign corporation” generally qualify for a 20% reduced maximum tax rate (and potentially additional tax discussed below under “*Medicare Tax*”) so long as certain holding period and other requirements are met. A qualified foreign corporation includes a foreign corporation that is eligible for the benefits of a comprehensive income tax treaty with the United States which the United States Treasury Department determines to be satisfactory for these purposes and which includes an exchange of information provision. The United States Treasury Department has determined that the current income tax treaty between the United States and Canada, the U.S. Treaty, meets these requirements, and the Company believes that it is eligible for the benefits of the U.S. Treaty. However, the Company would not be a qualified foreign corporation if Dundee is a PFIC for the current year or the preceding taxable year. See “*Passive Foreign Investment Company Considerations*”. Special rules apply for purposes of determining the recipient’s investment income (which may limit deductions for investment interest) and foreign income (which may affect the amount of U.S. foreign tax credit) and to certain extraordinary dividends. Each U.S. Holder that is a non-corporate taxpayer should consult its own tax advisor regarding the possible applicability of the reduced tax rate and the related restrictions and special rules.

If the Company is treated as a PFIC with respect to a U.S. Holder, the distribution of DREAM Shares with respect to Dundee Shares may be subject to special rules relating to “excess distributions.” In general, a distribution on a Dundee Share to a U.S. Holder during a taxable year will be treated as an “excess distribution” to the extent such distribution does not exceed the ratable portion of the “total excess distribution” with respect to such Dundee Share for such taxable year. The total excess distribution with respect to a Dundee Share for a taxable year of a U.S. Holder is generally the excess of (i) all distributions to such U.S. Holder on such Dundee Share during such taxable year over (ii) 125% of the average annual distributions to such U.S. Holder on such Dundee Share during the preceding three taxable years (or shorter period during which such U.S. Holder held such Dundee Share). The total excess distribution with respect to a Dundee Share is deemed to be zero for the taxable year in which such U.S. Holder’s holding period for such Dundee Share begins. If the distribution of DREAM Shares is treated as an “excess distribution” with respect to a U.S. Holder, the tax payable by such U.S. Holder on such excess distribution will be determined by allocating such excess distribution ratably to each day of such U.S. Holder’s holding period for the Dundee Share with respect to which a DREAM Share was received. The amount of excess distribution allocated to the taxable year of such distribution or to any portion of the U.S. Holder’s holding period prior to the first taxable year for which the Company was treated as a PFIC with respect to such U.S. Holder will be included as ordinary income for the taxable year of such distribution. The amount of the excess distribution allocated to any other period included in such U.S. Holder’s holding period cannot be offset by any net operating losses of such U.S. Holder and will be taxed at the highest marginal rates applicable to ordinary income for each such period and, in addition, an interest charge will be imposed on the amount of tax so derived for each such period. Furthermore, the amount of excess distribution not includable in income in the taxable year of such distribution will not be included in determining the amount of the total excess distribution for any subsequent taxable year. To the extent that such distribution is not an “excess distribution”, it will be taxed under the general rules described above. The foregoing assumes that a U.S. Holder has not made a “mark-to-market” election with respect to its Dundee Shares. Each U.S. Holder should consult its own tax advisor with respect to the availability and tax consequences of a mark-to-market election with respect to Dundee Shares. See “*Passive Foreign Investment Company Considerations*”.

Tax Consequences of the Ownership and Disposition of DREAM Shares Following the Arrangement

Distributions

Subject to the discussion below under “*Passive Foreign Investment Company Considerations*”, a U.S. Holder that receives a distribution with respect to DREAM Shares generally will be required to include the amount of such distribution (without reduction for any Canadian withholding tax with respect thereto) in gross income as a dividend to the extent of DREAM’s current or accumulated earnings and profits (as determined for U.S. federal income tax purposes) on the date such U.S. Holder actually or constructively receives such distribution, and will not be eligible for the dividends received deduction allowed to corporations. A distribution on DREAM Shares in excess of current and accumulated earnings and profits will be treated as a non-taxable return of capital to the extent of the U.S. Holder’s basis in such DREAM Shares, and thereafter as gain from the sale or exchange of such DREAM Shares. DREAM does not plan to maintain calculations of earnings and profits for U.S. federal income tax purposes. As a result, a U.S. Holder may need to include the entire amount of any such distribution in income as a dividend.

The U.S. dollar value of any distribution on DREAM Shares made in Canadian dollars generally should be calculated by reference to the exchange rate between the U.S. dollar and the Canadian dollar in effect on the date of receipt of such distribution by the U.S. Holder, regardless of whether the Canadian dollars so received are in fact converted into U.S. dollars. If the Canadian dollars so received are converted into U.S. dollars on the date of receipt, the U.S. Holder of the DREAM Shares generally should not recognize foreign currency gain or loss on such conversion. If the Canadian dollars so received are not converted into U.S. dollars on the date of receipt, such U.S. Holder generally will have a basis in such Canadian dollars equal to the U.S. dollar value of such Canadian dollars on the date of receipt. Any gain or loss on a subsequent conversion or other disposition of such Canadian dollars by such U.S. Holder generally will be treated as ordinary income or loss and generally will be income or loss from sources within the United States.

Distributions treated as dividends that are received by certain non-corporate U.S. persons (including individuals) in respect of stock of a non-U.S. corporation (other than a corporation that is, in the taxable year during which the distributions are made or the preceding taxable year, a PFIC) that is a “qualified foreign corporation” generally qualify for a 20% reduced maximum tax rate (and potentially additional tax discussed below under “*Medicare Tax*”) so long as certain holding period and other requirements are met. A qualified foreign corporation includes a foreign corporation that is eligible for the benefits of a comprehensive income tax treaty with the United States which the United States Treasury Department determines to be satisfactory for these purposes and which includes an exchange of information provision. The United States Treasury Department has determined that the U.S. Treaty meets these requirements, and the Company currently expects that DREAM will be eligible for the benefits of the U.S. Treaty following the Arrangement. However, DREAM would not be a qualified foreign corporation if DREAM is a PFIC for the taxable year in which a dividend is paid or was a PFIC for the preceding taxable year. See “*Passive Foreign Investment Company Considerations*”. Special rules apply for purposes of determining the recipient’s investment income (which may limit deductions for investment interest) and foreign income (which may affect the amount of U.S. foreign tax credit) and to certain extraordinary dividends. Each U.S. Holder that is a non-corporate taxpayer should consult its own tax advisor regarding the possible applicability of the reduced tax rate and the related restrictions and special rules.

Sale, Exchange or Other Disposition of DREAM Shares

Subject to the discussion below under “*Passive Foreign Investment Company Considerations*,” upon a sale, exchange or other disposition of DREAM Shares, a U.S. Holder generally will recognize gain or loss equal to the difference between the amount realized on such sale, exchange or other disposition and such U.S. Holder’s tax basis in such DREAM Shares. Such gain or loss generally will be long-term capital gain or loss if such U.S. Holder held such DREAM Shares for more than one year at the time of disposition. Certain non-corporate U.S. Holders are entitled to preferential treatment for net long-term capital gains. The ability of a U.S. Holder to offset capital losses against ordinary income is limited.

A U.S. Holder that receives Canadian dollars from the sale, exchange or other disposition of DREAM Shares generally will realize an amount equal to the U.S. dollar value of such Canadian dollars on the settlement date of such sale, exchange or other disposition if (i) such U.S. Holder is a cash basis or electing accrual basis taxpayer and such DREAM Shares are treated as being “traded on an established securities market” or (ii) such settlement date is also the date of such sale, exchange or other disposition. If the Canadian dollars so received are converted into U.S. dollars on the settlement date, such U.S. Holder generally should not recognize foreign currency gain or loss on such conversion. If the Canadian dollars so received are not converted into U.S. dollars on the settlement date, such U.S. Holder generally will have a basis in such Canadian dollars equal to the U.S. dollar value of such Canadian dollars on the settlement date. Any gain or loss on a subsequent conversion or other disposition of such Canadian dollars by such U.S. Holder generally will be treated as ordinary income or loss and generally will be income or loss from sources within the United States. Each U.S. Holder should consult its own tax advisor regarding the U.S. federal income tax consequences of receiving Canadian dollars from the sale, exchange or other disposition of DREAM Shares in cases not described in the first sentence of this paragraph.

Foreign Tax Credit Considerations

Distributions on DREAM Shares that are treated as dividends, before reduction for any Canadian withholding taxes with respect thereto, will generally be included in the gross income of a U.S. Holder. Thus, such U.S. Holder may be required to report income for such purposes in an amount greater than the actual amount such U.S. Holder receives in cash. Distributions treated as dividends generally will constitute income from sources outside the United States and generally will be categorized for U.S. foreign tax credit purposes as “passive category income” or, in the case of some U.S. Holders, as “general category income”. Subject to applicable limitations and holding period requirements, a U.S. Holder may be eligible to elect to claim a U.S. foreign tax credit against its U.S. federal income tax liability for any such Canadian withholding taxes. Under current law, gain resulting from a sale or other disposal of DREAM Shares may be subject to Canadian income or withholding taxes. A U.S. Holder’s use of a foreign tax credit with respect to any such Canadian income or withholding taxes could be limited, as such gain generally will constitute income from sources within the United States. A U.S. Holder that does

not claim a U.S. foreign tax credit generally may instead claim a deduction for any such Canadian taxes, but only for a taxable year in which such U.S. Holder elects to do so with respect to all non-U.S. income taxes. Foreign currency exchange gain or loss generally will constitute income from sources within the United States. The rules relating to foreign tax credits are very complex, and each U.S. Holder should consult its own tax advisor regarding the application of such rules.

Passive Foreign Investment Company Considerations

Special U.S. federal income tax rules apply to U.S. persons owning shares of a PFIC. A non-U.S. corporation generally will be classified as a PFIC for U.S. federal income tax purposes in any taxable year in which, after applying relevant look-through rules with respect to the income and assets of certain subsidiaries, either: at least 75% of its gross income is “passive income”, or on average at least 50% of the gross value of its assets is attributable to assets that produce passive income or are held for the production of passive income.

For this purpose, passive income generally includes, among other things, dividends, interest, rents, royalties, gains from the disposition of passive assets and gains from commodities transactions.

Based on their projected income, assets and activities, the Company currently believes that there is a meaningful possibility that the Company and/or DREAM could be treated as PFICs for the current taxable year and taxable years thereafter.

Prospective U.S. investors should consult their own tax advisors regarding the U.S. federal income tax consequences of an investment in a PFIC, including the requirement to file annual statements with their U.S. federal income tax returns with respect to such investment and the potential extension of the period of limitations on assessment and collection of U.S. federal income taxes arising from a failure to file any such annual statement. Certain of the special U.S. tax rules applicable to U.S. Holders in the event DREAM is treated as a PFIC are set forth below.

Distributions on DREAM Shares

In the event that DREAM is treated as a PFIC with respect to a U.S. Holder, a distribution on a DREAM Share to such U.S. Holder during a taxable year generally will be treated as an “excess distribution” to the extent such distribution does not exceed the ratable portion of the “total excess distribution” with respect to such DREAM Share for such taxable year. The total excess distribution with respect to a DREAM Share for a taxable year of a U.S. Holder is generally the excess of (i) all distributions to such U.S. Holder on such DREAM Share during such taxable year over (ii) 125% of the average annual distributions to such U.S. Holder on such DREAM Share during the preceding three taxable years (or shorter period during which such U.S. Holder held such DREAM Share). The total excess distribution with respect to a DREAM Share is deemed to be zero for the taxable year in which such U.S. Holder’s holding period for such DREAM Share begins. The tax payable by a U.S. Holder on an excess distribution with respect to a DREAM Share will be determined by allocating such excess distribution ratably to each day of such U.S. Holder’s holding period for such DREAM Share. The amount of excess distribution allocated to the taxable year of such distribution or to any portion of the U.S. Holder’s holding period prior to the first taxable year for which DREAM was treated as a PFIC with respect to such U.S. Holder will be included as ordinary income for the taxable year of such distribution. The amount of excess distribution allocated to any other period included in such U.S. Holder’s holding period cannot be offset by any net operating losses of such U.S. Holder and will be taxed at the highest marginal rates applicable to ordinary income for each such period and, in addition, an interest charge will be imposed on the amount of tax so derived for each such period. Furthermore, the amount of excess distribution not includable in income in the taxable year of such distribution will not be included in determining the amount of the total excess distribution for any subsequent taxable year.

Sale, Exchange or Other Disposition of DREAM Shares

In the event that DREAM is treated as a PFIC with respect to a U.S. Holder, such U.S. Holder generally will recognize gain or loss for U.S. federal income tax purposes upon the sale, exchange or other disposition (including, without limitation, gain with respect to certain transfers upon death, gifts and

pledges) of DREAM Shares in an amount equal to the difference, if any, between the amount realized on such sale, exchange or other disposition and such U.S. Holder's adjusted tax basis in such DREAM Shares. Any such gain generally will be treated as an excess distribution subject to the tax consequences relating to an excess distribution described above under "*Passive Foreign Investment Company Considerations – Distributions on DREAM Shares*." Any such loss generally will be treated as a capital loss. The deductibility of capital losses is subject to limitations. Such gain or loss generally will be sourced within the United States.

Qualified Electing Fund

The tax consequences relating to an excess distribution described above under "*Distributions on DREAM Shares*" and "*Sale, Exchange or Other Disposition of DREAM Shares*" generally would not apply if a "qualified electing fund" ("QEF") election were available and a U.S. Holder had validly made such an election as of the beginning of such U.S. Holder's holding period for DREAM Shares. In such event, such U.S. Holder generally would be required to include in income on a current basis its *pro rata* share of DREAM's ordinary income and net capital gains in each taxable year in which DREAM was a PFIC. A QEF election would be available to a U.S. Holder, however, only if DREAM agrees to provide such U.S. Holder with certain information. As DREAM does not intend to provide U.S. Holders with the required information, prospective investors should assume that a QEF election will not be available.

Mark-To-Market Election

Subject to the further discussion below under "*Indirect Investments in PFICs*", the tax consequences relating to an excess distribution described above under "*Distributions on DREAM Shares*" and "*Sale, Exchange or Other Disposition of DREAM Shares*" generally will not apply if a "mark-to-market" election is available and a U.S. Holder validly makes such an election as of the beginning of such U.S. Holder's holding period for its DREAM Shares. If such election is made, distributions on DREAM Shares and gain on the sale, exchange or other disposition of DREAM Shares will not be treated as excess distributions to such U.S. Holder. Instead, such U.S. Holder generally would be required to take into account the difference, if any, between the fair market value of, and its adjusted tax basis in, such DREAM Shares at the end of each taxable year in which DREAM is a PFIC as ordinary income or, to the extent of any net mark-to-market gains previously included in income, ordinary loss, and to make corresponding adjustments to the tax basis in such DREAM Shares. In addition, any gain from a sale, exchange or other disposition of DREAM Shares in a taxable year in which DREAM is a PFIC would be treated as ordinary income, and any loss from such sale, exchange or other disposition would be treated as ordinary loss to the extent of any net mark-to-market gains previously included in income. A mark-to-market election is available to a U.S. Holder only if DREAM Shares are considered "marketable stock". Generally, stock will be considered marketable stock if it is "regularly traded" on a "qualified exchange" within the meaning of applicable U.S. Treasury regulations. A class of stock is regularly traded during any calendar year during which such class of stock is traded, other than in *de minimis* quantities, on at least 15 days during each calendar quarter. A non-U.S. securities exchange constitutes a qualified exchange if it is regulated or supervised by a governmental authority of the country in which the securities exchange is located and meets certain trading, listing, financial disclosure and other requirements set forth in U.S. Treasury regulations. No assurance can be given whether DREAM Shares will constitute marketable stock for this purpose. Each U.S. Holder should consult its own tax advisor with respect to the availability and tax consequences of a mark-to-market election with respect to DREAM Shares.

Indirect Investments in PFICs

DREAM may hold, directly or indirectly, interests in other entities that are PFICs. The rules relating to an excess distribution described above under "*Distributions on DREAM Shares*" and "*Sale, Exchange or Other Disposition of DREAM Shares*" generally will apply to direct and indirect dispositions of DREAM's interests in such other entities (including dispositions by a U.S. Holder of DREAM Shares and dispositions by DREAM of its interests in such entities) and distributions by such entities. It is not entirely clear how the consequences of a mark-to-market election made with respect to DREAM will apply with respect to DREAM's interests in such other PFICs. U.S. Holders should consult their own tax advisors regarding the tax consequences to them of DREAM's direct or indirect investment in other PFICs.

Reporting Requirements

A U.S. Holder who owns DREAM Shares during any taxable year in which DREAM is treated as a PFIC with respect to such U.S. Holder generally would be required to file an information return with respect to DREAM and any PFIC owned by DREAM.

Medicare Tax

Beginning in 2013, in addition to regular U.S. federal income tax, certain U.S. Holders that are individuals, estates or trusts are subject to a 3.8% tax on all or a portion of their “net investment income”, which may include all or a portion of the amount included as a distribution with respect to the receipt of a DREAM Share pursuant to the Arrangement and the distributions with respect to and net gain from the disposition of a DREAM Share.

Backup Withholding and Information Reporting

Backup withholding and information reporting requirements may apply to certain U.S. Holders with respect to the receipt pursuant to the Arrangement of, and to payments made on or proceeds from the sale, exchange or other disposition of, DREAM Shares. A U.S. Holder not otherwise exempt from backup withholding generally can avoid backup withholding by providing a properly executed IRS Form W-9. Any amounts withheld under the backup withholding rules will be allowed as a refund or a credit against the U.S. Holder’s U.S. federal income tax liability, provided the required information is timely furnished to the IRS.

Disclosure Requirements for Specified Foreign Financial Assets

Individual U.S. Holders (and certain U.S. entities specified in U.S. Treasury Department guidance) who, during any taxable year, hold any interest in any “specified foreign financial asset” generally will be required to file with their U.S. federal income tax returns certain information on IRS Form 8938 if the aggregate value of all such assets exceeds certain specified amounts. “Specified foreign financial asset” generally includes any financial account maintained with a non-U.S. financial institution and may also include DREAM Shares if they are not held in an account maintained with a financial institution. Substantial penalties may be imposed, and the period of limitations on assessment and collection of U.S. federal income taxes may be extended, in the event of a failure to comply. U.S. Holders should consult their own tax advisors as to the possible application to them of this filing requirement.

RISK FACTORS

In addition to the risk factors set forth below, additional risk factors relating to Dundee’s business are discussed in the 2012 Annual Information Form, which risk factors are incorporated herein by reference. In evaluating the Arrangement, Shareholders should carefully consider the risk factors set out below as well as the other information included and incorporated by reference herein.

Risks Relating to the Arrangement

Conditions Precedent and Required Approvals

The completion of the Arrangement is subject to a number of conditions precedent, some of which are outside the Company’s control, including receipt of the Final Order. At the hearing for the Final Order, the Court will consider whether to approve the Arrangement based on the applicable legal requirements and the evidence before the Court. Other conditions precedent which are outside of the Company’s control include, without limitation, the receipt of the Required Shareholder Approval and TSX Approval. There can be no certainty, nor can the Company provide any assurance, that all conditions precedent to the Arrangement will be satisfied or waived, or, if satisfied or waived, when they will be satisfied or waived. If certain approvals and consents are not received prior to the Effective Date, Dundee may decide to proceed nonetheless, or it may either delay or amend the implementation of all or part of the Arrangement, including possibly delaying the completion of the Arrangement in order to allow sufficient

time to complete such matters. If the Arrangement is delayed or not completed, the market price of the Dundee Subordinate Voting Shares and Dundee Series 1 Preference Shares may be materially adversely affected.

Value and Trading Price Following Completion of the Arrangement

Upon completion of the Arrangement, (i) the holders of Dundee Subordinate Voting Shares will become holders of Dundee New Subordinate Voting Shares and DREAM Subordinate Voting Shares, (ii) the holders of Dundee Common Shares will become holders of Dundee New Common Shares and DREAM Common Shares, and (iii) the holders of Dundee Series 1 Preference Shares will become holders of Dundee New Series 4 Preference Shares and DREAM Series 1 Preference Shares. Following the completion of the Arrangement, the respective businesses of DREAM and the Company will differ (to varying degrees) from the business of the Company as it existed immediately prior to the completion of the Arrangement, and their respective results of operations may be affected by factors different from those previously affecting the Company's results of operations prior to the completion of the Arrangement. Therefore, events or circumstances that might have caused an increase or decrease in the value of the Dundee Subordinate Voting Shares, Dundee Common Shares or Dundee Series 1 Preference Shares might not result in an increase or decrease, respectively, in the value of the DREAM Subordinate Voting Shares or Dundee New Subordinate Voting Shares, the DREAM Common Shares or Dundee New Common Shares, or the DREAM Series 1 Preference Shares or Dundee New Series 4 Preference Shares.

In addition, the trading prices of the DREAM Subordinate Voting Shares and Dundee New Subordinate Voting Shares and the DREAM Series 1 Preference Shares and Dundee New Series 4 Preference Shares may be affected by factors different from those previously affecting the trading prices of the Dundee Subordinate Voting Shares and Dundee Series 1 Preference Shares. The trading prices of the Dundee New Subordinate Voting Shares and Dundee New Series 4 Preference Shares are expected to be lower following the Arrangement than the trading prices of the Dundee Subordinate Voting Shares and Dundee Series 1 Preference Shares, respectively, prior thereto, reflecting the distribution by the Company to Shareholders of an indirect 50% interest in the DRC Shares, and such price may fluctuate significantly for a period of time following the Arrangement. Moreover, the trading prices of the Dundee New Subordinate Voting Shares and DREAM Subordinate Voting Shares, taken together, and the Dundee New Series 4 Preference Shares and DREAM Series 1 Preference Shares, taken together, may also be less than, equal to or greater than the trading prices of the Dundee Subordinate Voting Shares and Dundee Series 1 Preference Shares, respectively, prior to the Arrangement.

Market for DREAM Subordinate Voting Shares and DREAM Series 1 Preference Shares

Currently, there is no public market for the DREAM Subordinate Voting Shares or DREAM Series 1 Preference Shares and there can be no assurance as to the prices at which trading in these shares will occur after the completion of the Arrangement.

Canadian Tax Considerations

The tax treatment of the Arrangement is dependent on, among other things, the Arrangement complying with all of the requirements of the public company "butterfly reorganization" rules in section 55 of the Tax Act. Although the Arrangement is structured to comply with these rules, there are certain requirements of these rules that depend on events occurring after the Arrangement is completed or that may not be within the control of the Company or DREAM. See "*Certain Legal and Regulatory Matters – Canadian Tax Opinion*". If these requirements are not met, the Company and DREAM would recognize a taxable gain in respect of the Arrangement. If incurred, tax liabilities could be substantial and could have a material effect on the financial position of Dundee and/or DREAM, as applicable. No tax ruling has been received from the authorities in Canada in respect of tax consequences of the Arrangement. In addition, if such requirements are not met due to an act of Dundee or DREAM, Dundee or DREAM, as applicable, would generally be required to indemnify the other party under the Arrangement Agreement. See "*The Arrangement – Arrangement Agreement*".

U.S. Tax Considerations

If either Dundee or DREAM is a PFIC for U.S. federal income tax purposes, a Shareholder that is a U.S. person may suffer adverse U.S. federal income tax consequences, including with respect to the receipt of DREAM Shares pursuant to the Arrangement and the ownership of DREAM Shares and Dundee Shares following the Arrangement. See “*Certain U.S. Federal Income Tax Considerations – Passive Foreign Investment Company Considerations.*”

No tax ruling has been received from the authorities in the United States in respect of tax consequences of the Arrangement.

The Indemnity

The Company will provide the Indemnity to Mr. Ned Goodman pursuant to the Arrangement. However, the Company will only be required to make payments under the Indemnity if the CRA assesses Mr. Goodman on a basis that is not consistent with the Comfort Letter upon which Mr. Goodman is relying. The Company understands the CRA will normally assess a taxpayer on a basis consistent with a comfort letter even if the proposals therein have not been enacted into law. In the event any payments are required to be made under the Indemnity, the Company does not believe those payments would be material to the Company. See “*The Arrangement – The Indemnity.*”

Costs of the Arrangement

There are certain costs related to the Arrangement, such as those for legal and accounting advisory services and the Fairness Opinion, that must be paid even if the Arrangement is not completed. There are also opportunity costs associated with the diversion of management attention away from the conduct of business in the ordinary course.

Risks Relating to Dundee

Whether or not the Arrangement is completed, the Company will continue to face many of the risks that it currently faces with respect to its business and affairs. Certain of these risk factors have been disclosed in the 2012 Annual Information Form on pages 44 to 56 thereof under the heading “*Risk Factors*”. The above referenced document has been filed on SEDAR at www.sedar.com and, upon request to the Company’s Corporate Secretary at investor@dundeecorporation.com, a Shareholder will be provided with a copy of this document without charge.

Risks Relating to DREAM

Controlling Shareholder Risk

DREAM’s business and affairs will be controlled by Mr. Ned Goodman through his ownership of DREAM Subordinate Voting Shares and DREAM Common Shares. Accordingly, Mr. Goodman may be able to cause DREAM to effect corporate transactions without the consent of the minority shareholders or to cause or prevent a change of control of DREAM. Under Canadian law, an offer to purchase the DREAM Common Shares, depending on the offered price, would not necessarily result in an offer to purchase the DREAM Subordinate Voting Shares.

Key Executives

DREAM’s executive and other senior officers are expected to have a significant role in its success. Should DREAM lose the services of one or all of its executive officers and they cannot be adequately replaced, DREAM’s ability to accomplish its business objectives and its financial condition could be adversely affected. Further, such a loss could be negatively perceived in the capital markets, which could have a negative effect on the market price of the DREAM Shares.

Dividends

Except as otherwise stated herein, DREAM does not have any intention of paying dividends on its shares at this time. Whether DREAM will pay dividends on its shares, and the timing and amount of those dividends, will be subject to approval and declaration by the DREAM Board, and will depend on a variety of factors, including the projected earnings and cash flow, cash requirements and financial condition of DREAM and other factors deemed relevant by the DREAM Board.

Risks Related to Land Development and Housing

General

The land development and homebuilding industry is cyclical and is significantly affected by changes in general and local economic and industry conditions, such as employment levels, availability of financing for homebuyers, government regulations, interest rates, consumer confidence, levels of new and existing homes for sale, demographic trends, housing demand and competition from other real estate companies.

An oversupply of alternatives to new homes, such as resale homes, including homes held for sale by investors and speculators, foreclosed homes and rental properties may reduce Dundee Realty's ability to sell new homes, depress prices and reduce margins from the sale of new homes.

Depending on market conditions, Dundee Realty may not be able, or may not wish, to develop its land holdings. Development of land holdings and properties that are to be constructed are subject to a variety of risks, not all within Dundee Realty's control. Such risks include lack of funding, variability in development costs and unforeseeable delays.

Real estate assets are relatively illiquid in down markets, particularly raw land. Such illiquidity tends to limit Dundee Realty's ability to vary its real estate portfolio promptly in response to changing economic or investment conditions. If there are significant adverse changes in economic or real estate market conditions, Dundee Realty may have to sell properties at a loss or hold undeveloped land or developed properties in inventory longer than planned. Inventory carrying costs can be significant and may result in losses in a poorly performing project or market.

Mortgage Rates and Regulations

Increases in mortgage rates, decreases in the availability of mortgage financing or changes in laws or regulations relating to mortgage lending practices could depress the market for new homes. Even if potential customers do not need financing, changes in mortgage interest rates and mortgage availability could make it harder for them to sell their homes to potential buyers who need financing, which would result in reduced demand for new homes. As a result, rising mortgage rates and reduced mortgage availability could adversely affect Dundee Realty's ability to sell new homes and/or the price(s) at which it can sell them.

Regulatory Risks

The real estate development process is subject to a variety of laws and regulations. In particular, governmental authorities regulate such matters as zoning and permitted land uses, levels of density, and building standards. Dundee Realty will have to continue to obtain approvals from various governmental authorities and comply with local provincial and federal laws, including laws and regulations concerning the protection of the environment in connection with such development projects. Obtaining such approvals and complying with such laws and regulations may result in delays which may cause Dundee Realty to incur additional costs which impact the profitability of a development project, or may restrict development activity altogether with respect to a particular project.

Environmental Risks

As an owner of real estate property, Dundee Realty is subject to various federal, provincial and state laws relating to environmental matters. Such laws provide that Dundee Realty could be liable for the costs of

removal and remediation of certain hazardous, toxic substances released on or in its properties or disposed of at other locations, as well as potentially significant penalties. Dundee Realty has insurance and other policies and procedures in place to review and monitor environmental exposure, which it believes mitigates these risks to an acceptable level. Some of the properties in which Dundee Realty has an interest currently have or have had occupants that use hazardous substances or create waste. Such uses can potentially create environmental liabilities. A few issues have been identified through site assessments, including the need to remediate or otherwise address certain contaminations. These issues are being carefully managed with the involvement of professional consultants. Where circumstances warrant, designated substance surveys and/or environmental assessments are conducted. Although environmental assessments provide some assurance, Dundee Realty may become liable for undetected pollution or other environmental hazards on its properties against which it cannot insure, or against which it may elect not to insure where premium costs are disproportionate to Dundee Realty's perception of relative risk. Dundee Realty does not currently anticipate material expenditures in respect of any required remediation.

Geographic Concentration

Dundee Realty's land development and housing operations are concentrated in Saskatchewan and Alberta. Some or both of these regions could be affected by:

- severe weather;
- natural disasters;
- shortages in the availability or increased costs in obtaining land, equipment, labour or building supplies;
- changes to the population growth rates and therefore the demand for homes in these regions; and
- changes in the regulatory and fiscal environment.

Due to the concentrated nature of Dundee Realty's expected land development and housing operations, negative factors affecting one or a number of these geographic regions at the same time could result in a greater impact on DREAM's financial condition or results of operations than they might have on other companies that have a more diversified portfolio of operations.

Supply of Materials and Services

The homebuilding industry has from time to time experienced significant difficulties in the supply of materials and services, including with respect to: shortages of skilled and experienced contractors and trades people; labour disputes; shortages of building materials; unforeseen environmental and engineering problems; and increases in the cost of certain materials. If any of these difficulties should occur, Dundee Realty may experience delays and increased costs in the construction of homes.

Competition

The residential homebuilding industry is highly competitive. Residential homebuilders compete for homebuyers, desirable properties, building materials, labour and capital. Dundee Realty competes with other local, regional and national homebuilders. Any improvement in the cost structure or service of these competitors will increase the competition Dundee Realty faces. Dundee Realty also competes with sellers of existing homes, housing speculators and investors in rental housing. Competitive conditions in the homebuilding industry could result in: difficulty in acquiring desirable land at acceptable prices; increased selling incentives; lower sales volumes and prices; lower profit margins; impairments in the value of Dundee Realty's inventory and other assets; increased construction costs; and delays in construction.

Joint Venture Risks

Real estate investments are often made as joint ventures or partnerships with third parties. These structures involve certain additional risks, including the possibility that the co-venturers/partners may, at any time, have economic or business interests inconsistent with Dundee Realty's, the risk that such co-venturers/partners could experience financial difficulties which could result in additional financial demands on Dundee Realty to maintain and operate such properties or repay debt in respect of such properties, and the need to obtain the co-venturers'/partners' consents with respect to certain major decisions in respect of such properties. Dundee Realty attempts to mitigate these risks by performing due diligence procedures on potential partners and contractual arrangements, and by closely monitoring and supervising the joint venture or partnership.

Seasonality

The nature of Dundee Realty's land development and housing business is inherently seasonal as it depends on sales of specific projects dictated by the marketplace and the availability of buyers as well as weather-related delays. Dundee Realty has historically experienced, and DREAM expects that it will continue to experience, variability in its results on a quarterly basis. Dundee Realty generally has more homes under construction, closes more home sales and has greater revenues and operating income from its housing business in the second quarter of its fiscal year (the spring). Therefore, although new home contracts are obtained throughout the year, a significant portion of Dundee Realty's home closings occur during its second fiscal quarter. DREAM's revenue from its land and housing development business therefore may fluctuate significantly on a quarterly basis and it must maintain sufficient liquidity to meet short-term operating requirements.

Adverse Weather Conditions and Natural Disasters

Adverse weather conditions and natural disasters such as hurricanes, tornadoes, earthquakes, droughts, floods, fires, extreme cold, snow and other natural occurrences could have a significant effect on Dundee Realty's ability to develop land. These adverse weather conditions and natural disasters could cause delays and increased costs in the construction of new homes and the development of new communities. If insurance is unavailable to Dundee Realty or is unavailable on acceptable terms, or if Dundee Realty's insurance is not adequate to cover business interruption or losses resulting from adverse weather or natural disasters, its business and results of operations could be adversely affected. In addition, damage to new homes caused by adverse weather or a natural disaster could cause Dundee Realty's insurance costs to increase.

Financing Risk

Dundee Realty's real estate assets may be financed through debt. Upon the expiry of the term of the financing of any particular property, refinancing may not be available or may be available only on terms less favourable to Dundee Realty than Dundee Realty's existing financing. If Dundee Realty is unable to refinance assets/indebtedness on acceptable terms, or at all, Dundee Realty may need to utilize available liquidity, which would reduce Dundee Realty's ability to pursue new investment opportunities, or require that Dundee Realty dispose of one or more of its assets on disadvantageous terms. In addition, unfavourable interest rates or other factors at the time of refinancing could increase interest expense.

Ability to Obtain Performance, Payment, Completion and Surety Bonds and Letters of Credit

Dundee Realty may often be required to provide performance, payment, completion and surety bonds or letters of credit to secure the completion of its construction contracts, development agreements and other arrangements. Dundee Realty has obtained facilities to provide the required volume of performance, payment, completion and surety bonds and letters of credit for its expected growth in the medium term; however, unexpected growth may require additional facilities. Dundee Realty's ability to obtain further performance, payment, completion and surety bonds and letters of credit primarily depends on its perceived credit worthiness, capitalization, working capital, past performance and claims record, management expertise and certain external factors, including the capacity of the performance bond markets. If Dundee Realty's future claims record or its providers' requirements or policies are different, if

Dundee Realty cannot obtain the necessary consent from lenders to renew or amend its existing facilities, or if the market's capacity to provide performance and completion bonds is not sufficient, Dundee Realty could be unable to obtain further performance, payment, completion and surety bonds or letters of credit when required, which could have a material adverse effect on DREAM's business, financial condition and results of operations.

Risks related to Master-Planned Communities

Before a master-planned community generates any revenues, material expenditures are incurred to acquire land, obtain development approvals and construct significant portions of project infrastructure, amenities, model homes and sales facilities. It generally takes several years for a master-planned community development to achieve cumulative positive cash flow. If Dundee Realty is unable to develop and market its master-planned communities successfully and to generate positive cash flows from these operations in a timely manner, it may have a material adverse effect on the business and results of operations of DREAM.

Home Warranty and Construction Defect Claims

As a homebuilder, Dundee Realty is subject to construction defect and home warranty claims arising in the ordinary course of its business. These claims are common in the homebuilding industry and can be costly. Where Dundee Realty acts as the general contractor, it will be responsible for the performance of the entire contract, including work assigned to subcontractors. Claims may be asserted against Dundee Realty for construction defects, personal injury or property damage caused by the subcontractors, and if successful these claims give rise to liability. Where Dundee Realty hires general contractors, if there are unforeseen events like the bankruptcy of, or an uninsured or under-insured loss claimed against its general contractors, Dundee Realty will sometimes become responsible for the losses or other obligations of the general contractors. The cost of insuring against construction defect and product liability claims are high, and the amount of coverage offered by insurance companies may be limited. There can be no assurance that this coverage will not be further restricted and become more costly. If Dundee Realty is not able to obtain adequate insurance against these claims in the future, DREAM's business and results of operations may be adversely affected.

Risks Related to Advisory Services Division

Reliance on Key Clients

DREAM's revenues from the advisory services division will be dependent on agreements with a few key clients. Although Dundee Realty has long term, stable management contracts with clients that may only be terminated in limited circumstances, any such termination could have a material adverse effect on DREAM's revenue from management fees.

Competition

Dundee Realty's ability to successfully expand its asset management activities in the future is dependent on its reputation with clients. DREAM believes that Dundee Realty's track record, the expertise of its asset management team and the performance of the assets currently under management will enable it to continue to develop productive relationships with these companies and to grow the assets under management. However, if Dundee Realty is not successful in doing so, DREAM's business and results of operations may be adversely affected.

Risks Related to Renewable Energy Division

Regulatory Regime, Political Environment and Permits

The development and operation of renewable power projects is subject to extensive regulation by various government agencies at the municipal, provincial, and federal level. As legal requirements frequently change and are subject to interpretation and discretion, DREAM is unable to predict the ultimate cost of compliance with these requirements or their effect on its operations. Any new law or regulation could

require additional expenditure to achieve or maintain compliance or could adversely affect the ability to generate and deliver energy. In addition, delays may occur in obtaining necessary government approvals required for future power projects.

Dundee Realty holds permits and licenses from various regulatory authorities for the construction and operation of its renewable power facilities. These licenses and permits are critical to the operation of the renewable power business. It may not be possible to renew, maintain or obtain all necessary licenses, permits and governmental approvals required for the continued operation or further development of projects, which could adversely impact DREAM's business, results of operation and cash flow.

The profitability of any wind project will be in part dependent upon the continuation of a favourable regulatory climate with respect to the continuing operations, future growth and development of the independent power industry. Government regulations and incentives currently have a favourable impact on the building of wind power facilities. Should the current governmental regulations or incentive programs be modified, DREAM's business, operating results, financial condition or prospects may be adversely affected.

Inability to Negotiate Purchase Agreements

Securing new power purchase agreements (“PPAs”) in Ontario is a key component of DREAM's growth strategy. DREAM expects that Dundee Realty will continue to enter into PPAs for the sale of power. PPAs are mainly obtained through participation in competitive requests for proposals processes. During these processes, Dundee Realty faces competitors ranging from large utilities to small independent power producers. There is no assurance that Dundee Realty will be selected as power supplier following any particular request for proposals in the future or that existing PPAs will be renewed or will be renewed on acceptable terms and conditions upon the expiry of their respective terms. Failure to secure or renew PPAs on acceptable terms will limit the expansion and growth of the renewable power business and could adversely affect DREAM's business, operating results, financial condition or prospects.

Contract Performance

The renewable power operations of Dundee Realty are highly dependent upon parties to certain agreements fulfilling their contractual obligations, including counterparties to PPAs or FIT contracts and other key suppliers. An inability or failure of any such party to meet its contractual commitments may adversely affect DREAM's financial condition, results of operations and cash flow as it may not be possible to replace the agreement with an agreement on equivalent terms and conditions.

The ability of Dundee Realty's facilities to generate the maximum amount of power which can be sold to purchasers of electricity under PPAs is an important determinant of the revenues of DREAM's renewable power business. If one of these facilities delivers less than the required quantity of electricity in a given contract year, penalty payments may be payable to the relevant purchaser. The payment of any such penalties could adversely affect the revenues and profitability of DREAM's renewable power business.

Delays and Cost Over-runs

Delays and cost over-runs may occur in completing the construction of development projects, prospective projects and future projects that may be undertaken. A number of factors which could cause such delays or cost over-runs include, but are not limited to, permitting delays, changing engineering and design requirements, the performance of contractors, labour disruptions, adverse weather conditions and the availability of financing. In addition, if one of Dundee Realty's development projects is not brought into commercial operation within the time stipulated in its related PPA, it may be subject to penalty payments or the counterparty may be entitled to terminate the related PPA.

Changes in Technology

There are other alternative technologies that can produce renewable power, such as fuel cells and micro turbines. Research and development activities are ongoing to seek improvements in such alternative technologies and their cost of producing electricity is gradually declining. It is possible that advances will

further reduce the cost of alternative methods of power generation. If this were to happen, the competitive advantage of Dundee Realty's projects may be impaired and DREAM's business, financial condition, results of operations and cash flow could be materially adversely affected.

Adverse Weather Conditions and Natural Disasters

Power generation assets could be exposed to the effects of significant events, such as severe weather conditions, natural disasters, major accidents, acts of malicious destruction, sabotage or terrorism, which could limit the ability to generate or sell power. In certain cases, some events may not excuse Dundee Realty from performing obligations pursuant to agreements with third parties and DREAM may be liable for damages or suffer further losses as a result. In addition, many of Dundee Realty's generation assets are located in remote areas which makes access for repair of damage difficult.

Assessment of Wind Resource and Associated Wind Energy

The strength and consistency of the wind resource at any project site may vary from the anticipated wind resource. Weather patterns could change or the historical data could prove to be an inaccurate reflection of the strength and consistency of the wind in the future. The conclusions of wind studies and energy production estimates of Dundee Realty are based on a particular methodology and a set of assumptions about the existence of certain conditions and the assumption that these conditions will continue in the future. The assumptions and factors are inherently uncertain and may result in actual energy production being different from estimates. A decline in wind conditions at Dundee Realty's wind energy facilities could materially adversely affect revenues and cash flows from such facilities.

Variability in Hydrology

Revenues generated by hydro power facilities are correlated to the amount of electricity generated, which in turn is dependent upon available water flows. Hydrology varies naturally from year to year and may also change permanently because of climate change or other factors, and a natural disaster could impact water flows within the watersheds in which Dundee Realty operates. A sustained decline in water flow at Dundee Realty's hydro power facilities could materially adversely affect revenues and cash flow from such facilities.

Transmission Capacity and Curtailment

Electrical distribution grid systems have finite capacity to accommodate additional electricity that is supplied to the system. In order for projects to be developed, they need to be connected to the distribution grid system in a location where there is sufficient capacity to handle the additional electricity produced by the project. In most cases the distribution grid system can be upgraded in order to accommodate such increased capacity, however, Dundee Realty is generally required to cover all or a portion of costs and expenses in connection with any construction and/or upgrades that are required which impacts the financial viability of such projects. There is also a potential risk associated with transmission curtailment measures being contemplated by the Ontario transmission system operator. These measures could be imposed in the future on renewable energy generators in Ontario. The curtailments may reduce the amount of annual revenue generated by Dundee Realty's projects below the forecasted financial models thus reducing the expected investment return from these projects.

Risks Related to Commercial Properties Division

Rollover of Leases

Revenue properties generate income through rent received from tenants. Upon the expiry of any lease, there can be no assurance that the lease will be renewed or the tenant replaced for a number of reasons. Furthermore, the terms of any subsequent lease may be less favourable than those of the existing lease. DREAM's cash flows and financial position could be adversely affected if tenants were to become unable to meet their obligations under their leases or if a significant amount of available space in Dundee Realty's revenue properties could not be leased on economically favourable lease terms. In the event of default by a tenant, Dundee Realty may experience delays or limitations in enforcing its rights as lessor

and incur substantial costs in protecting its investment. In addition, at any time, a tenant may seek the protection of bankruptcy, insolvency or similar laws which could result in the rejection and termination of the lease of the tenant and, thereby, cause a reduction in the cash flows available to DREAM.

Market Conditions

Revenue properties are subject to economic and other factors affecting the real estate markets in the geographic areas where Dundee Realty owns and manages properties. These factors include government policies, demographics and employment patterns, the affordability of rental properties, competitive leasing rates and long-term interest and inflation rates. These factors may differ from those affecting the real estate markets in other regions. If real estate conditions in areas where these properties are located decline relative to real estate conditions in other regions, DREAM's cash flows and financial condition may be more adversely affected than those of companies that have more geographically diversified portfolios of properties.

Real Estate Ownership

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

Certain significant expenditures (e.g. property taxes, maintenance costs, mortgage payments, insurance costs and related charges) must be made regardless of whether or not a property is producing sufficient income to pay such expenses. In order to retain desirable rentable space and to generate adequate revenue over the long term, properties must be maintained or, in some cases, improved to meet market demand. Maintaining a rental property in accordance with market standards can entail significant costs, which may not be able to be passed on to tenants. Numerous factors, including the age of the relevant building structure, the material and substances used at the time of construction, or currently unknown building code violations, could result in substantial unbudgeted costs for refurbishment or modernization. Any failure by Dundee Realty to ensure appropriate maintenance and refurbishment work is undertaken could materially adversely affect the rental income that Dundee Realty earns from such properties; for example, such a failure could entitle tenants to withhold or reduce rental payments or even terminate existing leases. Any such event could have an adverse effect on DREAM's cash flows, financial condition and results of operations.

Competition

Dundee Realty competes with other investors, managers and owners of properties in seeking tenants and for the purchase and development of desirable real estate properties. To the extent that Dundee Realty's competitors own properties that are better located, of better quality or better capitalized than the properties in which Dundee Realty has an interest, they may be in a better position to attract tenants who might otherwise lease space in Dundee Realty's properties. To the extent that Dundee Realty's competitors are better capitalized or stronger financially, they will be better able to withstand an economic downturn. The existence of competition for tenants could have an adverse effect on the ability to lease space in properties and on the rents charged or concessions granted, and could adversely affect DREAM's cash flows, operating results and financial condition.

Financing

DREAM will require access to capital to ensure properties are maintained as well as to fund its growth strategy and significant capital expenditures. There is no assurance that capital will be available when needed or on favourable terms. DREAM's access to third-party financing will be subject to a number of factors, including general market conditions, the market's perception of DREAM's growth potential, DREAM's then current and expected future earnings, and DREAM's cash flow. Upon the expiry of the

term of the financing of any particular property, refinancing may not be available or may not be available on reasonable terms.

Changes in Law

DREAM will be subject to laws and regulations governing the ownership and leasing of real property, employment standards, environmental matters, taxes and other matters. It is possible that future changes in such laws or regulations or changes in their application, enforcement or regulatory interpretation could result in changes in the legal requirements affecting commercial properties (including with retroactive effect). Any changes in the laws to which DREAM is subject or in the jurisdictions where the commercial properties in which DREAM has an interest are operated could adversely affect DREAM and the revenues DREAM is able to generate from its investments.

GENERAL PROXY MATTERS

Appointment and Revocation of Proxies

THE PERSONS NAMED IN THE FORMS OF PROXY ACCOMPANYING THIS MANAGEMENT INFORMATION CIRCULAR ARE DIRECTORS AND EXECUTIVE OFFICERS OF THE COMPANY. A SHAREHOLDER HAS THE RIGHT TO APPOINT A PERSON OR COMPANY (WHO NEED NOT BE A SHAREHOLDER), OTHER THAN THE PERSONS NAMED IN SUCH FORMS OF PROXY, TO ATTEND AND ACT FOR AND ON BEHALF OF SUCH SHAREHOLDER AT THE MEETING AND AT ANY ADJOURNMENT OR POSTPONEMENT THEREOF. SUCH RIGHT MAY BE EXERCISED BY EITHER INSERTING THE NAME OF THE PERSON TO BE APPOINTED IN THE BLANK SPACE PROVIDED IN THE FORM(S) OF PROXY, OR BY COMPLETING ANOTHER PROPER FORM OF PROXY AND, IN EITHER CASE, DELIVERING THE COMPLETED AND EXECUTED PROXY OR PROXIES TO COMPUTERSHARE PRIOR TO 4:00 P.M. (TORONTO TIME) ON MAY 14, 2013, OR, IN THE CASE OF ANY ADJOURNMENT OR POSTPONEMENT THEREOF, NOT LESS THAN 48 HOURS (EXCLUDING SATURDAYS, SUNDAYS AND HOLIDAYS) PRIOR TO THE TIME OF SUCH ADJOURNED OR POSTPONED MEETING.

A Shareholder cannot appoint a person to vote his or her Dundee Shares other than the persons whose names are printed on the forms of proxy if the Shareholder decides to vote by telephone.

It is important to ensure that any other person that is appointed by a Shareholder as his, her or its proxyholder attends the Meeting and is aware of such appointment as such Shareholder's proxyholder. Proxyholders should present themselves to a representative of Computershare at the Meeting. Any Shareholder who executes and delivers a proxy in the manner specified herein may revoke it at any time prior to use by: (i) depositing an instrument in writing that is signed by the Shareholder or by an attorney who is authorized by a document that is signed in writing or by electronic signature by such Shareholder or by transmitting an instrument by telephonic or electronic means that is signed by electronic signature of such Shareholder, either at the registered office of the Company or with Computershare, at any time up to and including the last Business Day preceding the Meeting or any adjournment or postponement thereof; (ii) depositing such instrument in writing with the Chairman of the Meeting on the day of the Meeting or any adjournment or postponement thereof; or (iii) in any other manner permitted by law. See also "*Voting by Non-Registered Shareholders*" below with respect to the revocation of a proxy by a Non-Registered Shareholder.

The Company may pay the reasonable costs incurred by persons who are the registered but not beneficial owners of Dundee Shares (such as brokers, dealers, other registrants under applicable securities laws, nominees and/or custodians) in sending or delivering copies of the Notice of Meeting, this Management Information Circular and the form(s) of proxy to the beneficial owners of such Dundee Shares. The Company will provide, without cost to such persons, upon request to the Corporate Secretary of the Company at investor@dundeecorporation.com, additional copies of these materials if required. The Company is not sending the materials relating to the Meeting directly to non-objecting beneficial holders (as defined in National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer*).

Voting by Registered Shareholders

Voting by Proxy

Depending on whether you hold Dundee Subordinate Voting Shares, Dundee Common Shares or Dundee Series 1 Preference Shares, you will receive a separate form of proxy in respect of your holding in each class or series of such Dundee Shares. Registered Shareholders can vote their Dundee Shares by proxy in the following four ways:

- by telephone, by calling the separate telephone number set out on the enclosed form(s) of proxy from a touch-tone phone and following the instructions set out on such form(s) of proxy (the required access code being the control number on such form(s) of proxy);
- on the internet, at www.investorvote.com by following the instructions set out on the enclosed form(s) of proxy (the required access code being the control number on such form(s) of proxy);
- by mail, by completing, dating and signing the applicable enclosed form(s) of proxy and returning such form(s) of proxy to Computershare (at 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1) in the envelope enclosed with this Management Information Circular; or
- by facsimile, by completing, dating and signing the applicable enclosed form(s) of proxy and forwarding such form(s) of proxy by facsimile to Computershare at (416) 263-9524 or 1-866-249-7775.

Proxies must be received by Computershare no later than 4:00 p.m. (Toronto time) on May 14, 2013 or, in the case of any adjournment or postponement of the Meeting, not less than 48 hours (excluding Saturdays, Sundays and holidays) prior to the time of such adjourned or postponed meeting.

Voting by Attendance at the Meeting

Registered Shareholders who intend to vote their Dundee Shares in person at the Meeting should not complete or return their form(s) of proxy, but rather should present themselves to a representative of Computershare at the Meeting.

Voting by Non-Registered Shareholders

Non-registered Shareholders are Shareholders who do not hold Dundee Shares in their own name, but whose Dundee Shares are registered in the name of an intermediary (such as a bank, trust company, securities dealer or broker or other financial institution) (each, a “**Non-Registered Shareholder**”).

Voting by Providing Instructions to Intermediaries

Non-Registered Shareholders will receive separate voting instruction forms in respect of their holding of each of the Dundee Subordinate Voting Shares, Dundee Common Shares or Dundee Series 1 Preference Shares. Non-Registered Shareholders should follow the directions of their intermediaries or relevant service provider with respect to the procedures for voting their Dundee Shares. These procedures generally allow voting in the following four ways:

- by telephone at 1-800-474-7493 (or 1-800-454-8683 for U.S. Non-Registered Shareholders) by following the instructions set out on the enclosed voting instruction form(s) (the required access code being the control number on the enclosed voting instruction form(s));
- on the internet at www.proxyvote.com by following the instructions set out on the enclosed voting instruction form(s) (the required access code being the control number on the enclosed voting instruction form(s));
- by mail, by following the instructions found on the enclosed voting instruction form(s); or

- by facsimile, by following the instructions found on the enclosed voting instruction form(s).

Non-Registered Shareholders must not use the facsimile number or send the form(s) of proxy to the mailing address of Computershare provided in this Management Information Circular, as these are reserved for Registered Shareholders and should instead use the information provided by the intermediary. If a Non-Registered Shareholder of the Company who has voted his, her or its Dundee Shares by following the directions of the intermediary wishes to revoke his, her or its vote, such Shareholder must contact his, her or its intermediary to determine the procedure to be followed. Proxies must be received prior to 4:00 p.m. (Toronto time) on May 14, 2013 or, in the case of any adjournment or postponement of the Meeting, not less than 48 hours (excluding Saturdays, Sundays and holidays) prior to the time of such adjourned or postponed meeting.

Voting by Attendance at the Meeting

The Company does not have access to the names and shareholdings of its Non-Registered Shareholders. Therefore, if a Non-Registered Shareholder wishes to attend the Meeting and vote in person at the Meeting, he or she should insert his or her own name in the space provided on the voting instruction form or request for voting instructions sent to the Non-Registered Shareholder by or on behalf of the intermediary and then follow the instructions provided by the intermediary to appoint such Shareholder as a proxyholder. As the Non-Registered Shareholder will be attending the Meeting in person, he or she should not otherwise complete the voting instruction form(s) or request for voting instructions sent by the intermediary. Any Non-Registered Shareholder who instructs the intermediary to appoint such Shareholder as proxyholder should present themselves to a representative of Computershare at the Meeting.

Exercise of Discretion by Proxyholders

All properly executed proxies, not previously revoked, will be voted on any ballot taken at the Meeting in accordance with the instructions of the Shareholders contained therein.

MANAGEMENT PROXIES CONTAINING NO INSTRUCTIONS REGARDING VOTING IN RESPECT OF THE MATTERS SPECIFIED THEREIN WILL BE VOTED IN FAVOUR OF SUCH MATTERS. IN THE EVENT, NOT CURRENTLY ANTICIPATED, THAT ANY OTHER MATTER IS PROPERLY BROUGHT BEFORE THE MEETING, OR ANY ADJOURNMENT OR POSTPONEMENT THEREOF, AND IS SUBMITTED TO A VOTE, THE PROXY MAY BE VOTED IN ACCORDANCE WITH THE JUDGMENT OF THE PERSONS NAMED THEREIN. THE PROXY ALSO CONFERS DISCRETIONARY AUTHORITY IN RESPECT OF AMENDMENTS TO, OR VARIATIONS IN, ALL MATTERS WHICH MAY PROPERLY COME BEFORE THE MEETING OR ANY ADJOURNMENT OR POSTPONEMENT THEREOF.

Record Date for Notice and Shareholders Entitled to Vote

The Board has fixed April 10, 2013 as the record date for the determination of Shareholders entitled to receive notice of the Meeting, which has been confirmed by the Court in the Interim Order. Only Shareholders of record at the close of business on such record date will be entitled to vote at the Meeting.

Proxy Solicitation Agent

Laurel Hill Advisory Group (“**Laurel Hill**”) has been engaged as proxy solicitation agent in connection with the solicitation of proxies from the Dundee Series 1 Preference Shareholders for the Meeting and, in such capacity, is entitled to receive a fixed fee of \$30,000 plus out-of-pocket expenses and a fee of \$6 per telephone call to or from Dundee Series 1 Preference Shareholders. Dundee Series 1 Preference Shareholders who have any questions in regards to the Meeting or require assistance with voting may contact Laurel Hill by telephone at 1-877-452-7184 (North-American toll-free) or 416-304-0211 (banks, brokers or collect calls) or by email at assistance@laurelhill.com.

LEGAL AND FINANCIAL MATTERS

Certain legal matters relating to the Arrangement are to be passed upon on behalf of the Company by Norton Rose Canada LLP (regarding Canadian corporate and securities law matters), Wilson & Partners LLP, a law firm affiliated with PWC (regarding Canadian federal tax law matters) and Debevoise & Plimpton LLP (regarding U.S. federal securities and tax law matters) and on behalf of Dundee Realty and SDC by Osler, Hoskin & Harcourt LLP (regarding Canadian corporate and securities law matters) and Wilson & Partners LLP, a law firm affiliated with PWC (regarding Canadian federal tax law matters). As of April 10, 2013, the partners and associates of each of Norton Rose Canada LLP, Wilson & Partners LLP, and Osler, Hoskin & Harcourt LLP, and the designated professionals of Debevoise & Plimpton LLP, each beneficially owned, directly or indirectly, less than 1% of the outstanding securities of any class or series of the Company.

The Board retained Scotia Capital to prepare the Fairness Opinion, which states that, in the opinion of Scotia Capital, as of April 11, 2013, the Arrangement is fair, from a financial point of view, to the holders of Dundee Subordinate Voting Shares, Dundee Common Shares, Dundee Series 1 Preference Shares and Dundee Series 2 Preference Shares. The Fairness Opinion is subject to the assumptions, limitations and qualifications contained therein and should be read in its entirety. A copy of the Fairness Opinion is contained in Appendix "C". As of April 10, 2013, Scotia Capital and each of its designated professionals beneficially owned, directly or indirectly, less than 1% of the outstanding securities of any class or series of the Company.

PARTICULARS OF OTHER MATTERS TO BE ACTED UPON

Management of Dundee knows of no matters to come before the Meeting other than the matters referred to in the Notice of Meeting. If other matters properly come before the Meeting, it is the intention of the person named in the accompanying form of proxy to vote the Dundee Shares represented thereby in accordance with his or her best judgment on such matters.

ADDITIONAL INFORMATION

Additional information relating to Dundee may be found on SEDAR at www.sedar.com. Financial information relating to Dundee is provided in Dundee's annual consolidated financial statements and related management's discussion and analysis for the financial year ended December 31, 2012. Shareholders may obtain copies of these financial statements, management's discussion and analysis and any other publicly filed document of the Company without charge upon request to the Corporate Secretary of the Company at investor@dundeecorporation.com.

GENERAL INFORMATION

The contents of this Management Information Circular and the sending thereof to Shareholders have been approved by the Board.

By Order of the Board



Lili Mance
Corporate Secretary

GLOSSARY OF TERMS

Unless the context otherwise requires or where otherwise provided, the following words and terms shall have the respective meanings set forth below when used in this Management Information Circular and the Appendices hereto. Words importing the singular, where the context requires, include the plural and vice versa and words importing any gender include all genders.

"2012 Annual Information Form" means the annual information form of the Company dated March 14, 2013 for the year ended December 31, 2012.

"Annual Meeting Matters" means the matters relating to annual business outlined in items 1 to 3 in the Notice of Meeting to be considered at the Meeting by Dundee Subordinate Voting Shareholders and Dundee Common Shareholders.

"Applicable Law" means in respect of any person: (i) any applicable domestic or foreign law including any statute, subordinate legislation or treaty; and (ii) any applicable guideline, directive, rule, standard, requirement, policy, order, judgment, injunction, award or decree of a Governmental Authority having the force of law.

"Arrangement" means an arrangement under section 182 of the OBCA in accordance with the terms and subject to the conditions set out in the Plan of Arrangement, subject to any amendments or variations to the Plan of Arrangement made in accordance with its terms, the terms of the Arrangement Agreement or made at the direction of the Court with the consent of the parties to the Arrangement Agreement, each acting reasonably.

"Arrangement Agreement" means the arrangement agreement dated April 12, 2013, as amended, between Dundee, DREAM, Dundee Realty and SDC (including the schedules thereto), as amended or supplemented in accordance with its terms.

"Arrangement Resolution" means the special resolution approving the Plan of Arrangement to be considered at the Meeting, substantially in the form and content set out in Appendix "A".

"Articles of Arrangement" means the articles of arrangement of the Company in respect of the Arrangement, to be filed with the Director after the Final Order is made, which shall include the Plan of Arrangement and otherwise be in form and content satisfactory to the parties to the Arrangement Agreement, each acting reasonably.

"Board" means the board of directors of the Company as constituted from time to time.

"Business Day" means a day, other than a Saturday, Sunday or statutory or civic holiday in Ontario, when banks are generally open for the transaction of business in Toronto, Ontario.

"Canadian GAAP" means Canadian generally accepted accounting principles in effect prior to the adoption of IFRS.

"Canadian Tax Opinion" means the tax opinion expected to be received by Dundee and DREAM from Wilson & Partners LLP, a law firm affiliated with PWC, prior to the Effective Date confirming that, based on the provisions of the Tax Act and the Regulations, as well as the Tax Proposals, the transfer by Dundee of Holdco Common Shares (and indirectly, DRC Shares) and related transactions should be treated for purposes of the Tax Act as a tax-deferred "butterfly" reorganization pursuant to paragraph 55(3)(b) of the Tax Act.

"CDS" means CDS Clearing and Depository Services Inc. or one of its nominees.

"Certificate of Arrangement" means the certificate of arrangement to be issued by the Director, pursuant to Section 183(2) of the OBCA, after the Articles of the Arrangement have been filed.

“**Code of Conduct**” has the meaning given in the section entitled “*Governance and the DREAM Board*” in Appendix “E”.

“**Comfort Letter**” has the meaning given in the section entitled “*The Arrangement – Indemnity*”.

“**Company**” or “**Dundee**” means Dundee Corporation, a corporation governed by the laws of Ontario.

“**Compensatory Amount**” has the meaning given in the section entitled “*The Arrangement – Indemnity*”.

“**Computershare**” means Computershare Investor Services Inc., the Company’s transfer agent.

“**Court**” means the Ontario Superior Court of Justice (Commercial List).

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

“**Demand for Payment**” has the meaning given in the section entitled “*Dissenting Shareholders’ Rights*”.

“**Director**” means the Director appointed pursuant to section 278 of the OBCA.

“**Disclosure Policy**” has the meaning given in the section entitled “*Board of Directors – Disclosure and Insider Trading Policy*” in Appendix “I”.

“**Dissent Notice**” has the meaning given in the section entitled “*Dissenting Shareholders’ Rights*”.

“**Dissent Rights**” has the meaning given in the section entitled “*Dissenting Shareholders’ Rights*”.

“**Dissenting Non-Resident Shareholder**” has the meaning given in the section entitled “*Certain Canadian Federal Income Tax Considerations – Certain Canadian Federal Income Tax Consequences to Shareholders – Shareholders Not Resident in Canada – Dissenting Non-Resident Shareholders*”.

“**Dissenting Resident Shareholder**” has the meaning given in the section entitled “*Certain Canadian Federal Income Tax Considerations – Certain Canadian Federal Income Tax Consequences to Shareholders – Shareholders Resident in Canada – Dissenting Resident Shareholders*”.

“**Dissenting Shareholder**” has the meaning given in the section entitled “*Dissenting Shareholders’ Rights*”.

“**Dissenting Shares**” has the meaning given in the section entitled “*Dissenting Shareholders’ Rights*”.

“**Distribution Record Date**” means the Business Day prior to the Effective Date.

“**DRC Shares**” means, collectively, the Dundee Realty Class C Shares and the Dundee Realty Common Shares.

“**DREAM**” means, prior to the amalgamation referred to in (q) of the steps of the Arrangement, DREAM Limited, a corporation governed by the laws of Ontario, and references in this Management Information Circular and the Appendices hereto to “DREAM” following the completion of the Arrangement, refers to DREAM Unlimited Corp., the entity resulting from such amalgamation; and for further certainty and as the context requires, references to “**DREAM Amalco**” in the sections entitled “*The Arrangement – Arrangement Agreement*”, “*The Arrangement – Arrangement Steps*”, “*Certain Canadian Federal Income Tax Considerations*” and “*Glossary of Terms*” refer to DREAM Unlimited Corp.

“**DREAM Board**” means the board of directors of DREAM, as constituted from time to time.

“**DREAM Butterfly Shares**” means the series of first preference shares in the capital of DREAM to be created upon the Arrangement becoming effective, to be designated as “First Preference Shares, Series

A” and having substantially the rights, privileges, restrictions and conditions set out in Exhibit III to the Plan of Arrangement.

“**DREAM Common Shares**” means the Class B common shares in the capital of DREAM having the rights, privileges, restrictions and conditions set out in Exhibit II to the Plan of Arrangement.

“**DREAM Deferred Share Incentive Plan**” means the deferred share incentive plan to be adopted by DREAM effective upon completion of the Arrangement.

“**DREAM Directors**” means the directors of DREAM from time to time, and “**DREAM Director**” means any one of them.

“**DREAM DSUs**” means deferred share units issued under the DREAM Deferred Share Incentive Plan.

“**DREAM First Preference Shares**” has the meaning given in the section entitled “*Share Capital*” in Appendix “E”.

“**DREAM NEOs**” has the meaning given in the section entitled “*Executive Compensation – Compensation Discussion and Analysis*” in Appendix “E”.

“**DREAM Options**” means options granted pursuant to the DREAM Stock Option Plan.

“**DREAM Series 1 Preference Shares**” means the First Preference Shares, Series 1 in the capital of DREAM to be created upon the Arrangement becoming effective, having substantially the rights, privileges, restrictions and conditions set out in Exhibit IV to the Plan of Arrangement.

“**DREAM Shares**” means, collectively, the DREAM Subordinate Voting Shares, the DREAM Common Shares, the DREAM Series 1 Preference Shares and the DREAM Butterfly Shares; and for further certainty and as the context requires, references in this Management Information Circular and the Appendices hereto to “DREAM Shares” following the completion of the Arrangement, refer to the shares of DREAM Amalco upon and following the amalgamation referred to in (q) of the steps of the Arrangement.

“**DREAM Stock Option Plan**” means the stock option plan to be adopted by DREAM effective upon completion of the Arrangement.

“**DREAM Sub**” means 2368529 Ontario Inc., a corporation governed by the laws of Ontario and, prior to the Effective Time, a wholly-owned subsidiary of DREAM.

“**DREAM Sub Note**” means the non-interest bearing demand promissory note of DREAM Sub in a principal amount equal to the aggregate fair market value of the 1,000,000 common shares of DREAM Sub purchased by DREAM Sub from Dundee for cancellation pursuant to the Plan of Arrangement.

“**DREAM Subordinate Voting Shares**” means the Class A subordinate voting shares in the capital of DREAM having the rights, privileges, restrictions and conditions set out in Exhibit II to the Plan of Arrangement.

“**DSU Market Value**” has the meaning given in the section entitled “*The Arrangement – Arrangement Steps*”.

“**Due Bill**” means an instrument used to evidence title to any dividend, distribution, interest, security or right to a listed security contracted for, or evidencing, the obligation of a seller to deliver such dividend, distribution, interest, security or right to a subsequent purchaser.

“**Due Bill Period**” has the meaning given in the section entitled “*Certain Legal and Regulatory Matters – Due Bills*”.

“Dundee Butterfly Shares” means, collectively, the Dundee Butterfly 1 Shares, the Dundee Butterfly 2 Shares and the Dundee Butterfly 3 Shares.

“Dundee Butterfly 1 Shares” means the new series of Dundee First Preference Shares to be created upon the Arrangement becoming effective, to be designated as “first preference shares, series 5” and having substantially the rights, privileges, restrictions and conditions for such shares set out in Exhibit I to the Plan of Arrangement.

“Dundee Butterfly 2 Shares” means the new series of Dundee First Preference Shares to be created upon the Arrangement becoming effective, to be designated as “first preference shares, series 6” and having substantially the rights, privileges, restrictions and conditions for such shares set out in Exhibit I to the Plan of Arrangement.

“Dundee Butterfly 3 Shares” means the new series of Dundee First Preference Shares to be created upon the Arrangement becoming effective, to be designated as “first preference shares, series 7” and having substantially the rights, privileges, restrictions and conditions for such shares set out in Exhibit I to the Plan of Arrangement.

“Dundee Common Shareholder” means a holder of Dundee Common Shares.

“Dundee Common Shares” means the Class B common shares in the capital of Dundee.

“Dundee Convertible Butterfly Shares” means the new series of Dundee First Preference Shares to be created upon the Arrangement becoming effective, to be designated as “first preference shares, series 8” and having substantially the rights, privileges, restrictions and conditions for such shares set out in Exhibit I to the Plan of Arrangement.

“Dundee DSU Plan” means the Amended and Restated Deferred Share Unit Plan of Dundee dated June 20, 2007.

“Dundee DSUs” means deferred share units of Dundee granted under the Dundee DSU Plan.

“Dundee ESOP” has the meaning given in the section entitled “*Executive Compensation – Compensation Discussion and Analysis – Executive Share Ownership Guidelines*”.

“Dundee Executive Benefit Plan” has the meaning given in the section entitled “*Annual Meeting Matters – Equity Compensation Plans – Dundee Executive Benefit Plan*”.

“Dundee First Preference Shares” means first preference shares, issuable in series, in the capital of Dundee.

“Dundee GRSP” has the meaning given in the section entitled “*Annual Meeting Matters – Executive Compensation – Compensation Discussion and Analysis – Components of Compensation – Benefits*”.

“Dundee Industrial REIT” means Dundee Industrial Real Estate Investment Trust, an unincorporated open-ended real estate investment trust governed by the laws of the Province of Ontario.

“Dundee International REIT” means Dundee International Real Estate Investment Trust, an unincorporated open-ended real estate investment trust governed by the laws of the Province of Ontario.

“Dundee NEOs” has the meaning given in the section entitled “*Annual Meeting Matters – Executive Compensation – Compensation Discussion and Analysis*”.

“Dundee New Common Shares” means the new class of Class B common shares in the capital of Dundee to be created upon the Arrangement becoming effective, designated as “Class B common shares” and having substantially the rights, privileges, restrictions and conditions for such shares set out in Exhibit I to the Plan of Arrangement.

“Dundee New Series 4 Preference Shares” means the new series of Dundee First Preference Shares to be created upon the Arrangement becoming effective, designated as “first preference shares, series 4” and having substantially the rights, privileges, restrictions and conditions for such shares set out in Exhibit I to the Plan of Arrangement.

“Dundee New Shares” means collectively, the Dundee New Subordinate Voting Shares, the Dundee New Common Shares, the Dundee New Series 4 Preference Shares and the Dundee Convertible Butterfly Shares.

“Dundee New Subordinate Voting Shares” means the new class of Class A subordinate voting shares in the capital of Dundee to be created upon the Arrangement becoming effective, designated as “Class A subordinate voting shares” and having substantially the rights, privileges, restrictions and conditions for such shares set out in Exhibit I to the Plan of Arrangement.

“Dundee Note” means the non-interest bearing demand promissory note of Dundee in a principal amount equal to the aggregate fair market value of the Dundee Butterfly Shares redeemed by Dundee from DREAM pursuant to the Plan of Arrangement.

“Dundee Options” means options to purchase Dundee Subordinate Voting Shares granted under the Dundee Share Incentive Plan.

“Dundee Properties LP” means Dundee Properties Limited Partnership, a limited partnership formed under the laws of the Province of Ontario of which Dundee Properties (GP) Inc. is the general partner and Dundee Properties OTA Limited Partnership, Dundee Properties OTB Limited Partnership and certain subsidiaries of Dundee Corporation are the sole limited partners, and a subsidiary of Dundee REIT.

“Dundee Realty” means Dundee Realty Corporation, a corporation governed by the laws of British Columbia.

“Dundee Realty Class C Shares” means the Class C voting preference shares in the capital of Dundee Realty.

“Dundee Realty Common Shares” means the non-voting common shares in the capital of Dundee Realty.

“Dundee REIT” means Dundee Real Estate Investment Trust, an unincorporated open-ended real estate investment trust governed by the laws of the Province of Ontario.

“Dundee Series 1 Preference Shareholder” means a holder of Dundee Series 1 Preference Shares.

“Dundee Series 1 Preference Shares” means the Dundee First Preference Shares, series 1.

“Dundee Series 2 Preference Shareholder” means a holder of Dundee Series 2 Preference Shares.

“Dundee Series 2 Preference Shares” means the Dundee First Preference Shares, series 2.

“Dundee Share Incentive Plan” means the Company’s Amended and Restated Share Incentive Plan dated March 26, 2010, being comprised of a share purchase component (the **“Dundee Share Purchase Plan”**), a share bonus component (the **“Dundee Share Bonus Plan”**) and a share option component (the **“Dundee Share Option Plan”**).

“Dundee Shares” means, collectively, the Dundee Subordinate Voting Shares, the Dundee Common Shares and the Dundee Series 1 Preference Shares.

“Dundee Subordinate Voting Shareholder” means a holder of Dundee Subordinate Voting Shares.

“Dundee Subordinate Voting Shares” means the Class A subordinate voting shares in the capital of Dundee.

“Effective Date” means the date shown on the Certificate of Arrangement.

“Effective Time” means 12:01 a.m. (ET) on the Effective Date.

“Elected Amount” has the meaning given in the section entitled *“Certain Canadian Federal Income Tax Considerations – Certain Canadian Federal Income Tax Consequences to Shareholders – Shareholders Resident in Canada – Resident Shareholders Who Hold Dundee Shares, Other Than Dissenting Shareholders – Transfer of Dundee Butterfly Shares for DREAM Shares”*.

“Eligible Holder” means a beneficial holder of Dundee Shares (other than a Dissenting Shareholder):

- (a) who is a resident of Canada for purposes of the Tax Act and not exempt from tax under Part I of the Tax Act;
- (b) who is a non-resident of Canada for purposes of the Tax Act and whose Dundee Shares constitute “taxable Canadian property” (as defined in the Tax Act and the Tax Proposals) to the holder, provided that any gain realized by the holder on a disposition at fair market value of such shares would not be exempt from tax under the Tax Act by virtue of an applicable Tax Treaty; or
- (c) that is a partnership that owns Dundee Shares if one or more of the partners thereof would be described in either paragraphs (a) or (b) above if such partner held such Dundee Shares directly.

“Ex Date” has the meaning given in the section entitled *“Certain Legal and Regulatory Matters – Due Bills”*.

“Exchange Agreement” has the meaning given in the section entitled *“The Arrangement – Exchange Agreement”*.

“Exclusionary Offer” has the meaning given in the section entitled *“Share Capital – DREAM Subordinate Voting Shares and DREAM Common Shares”* in Appendix “E”.

“Fairness Opinion” means the opinion of Scotia Capital dated April 11, 2013, a copy of which is attached as Appendix “C”.

“Final Order” means the final order of the Court or, if appealed, the final order of, or the order affirmed by, an appellate court, approving the Arrangement pursuant to section 182 of the OBCA, in a form acceptable to the parties to the Arrangement Agreement, each acting reasonably, as it may be amended or affirmed prior to the Effective Time by the Court or an appellate court, as the case may be, with the consent of the parties to the Arrangement Agreement, each acting reasonably.

“Goodman RRIF” has the meaning given in the section entitled *“The Arrangement – Indemnity”*.

“Governmental Authority” means any: (i) multinational, federal, provincial, territorial, state, regional, municipal, local or other government, governmental or public department, court, tribunal, commission, board or agency, domestic or foreign; or (ii) regulatory authority, including any securities commission or stock exchange.

“Holdco” means 2368464 Ontario Inc., a corporation governed by the laws of Ontario and, prior to the Effective Time, a wholly-owned subsidiary of Dundee.

“Holdco Common Shares” means the common shares in the capital of Holdco.

“IFRS” means International Financial Reporting Standards.

“Income DSUs” means income deferred share units issued under the DREAM Deferred Share Incentive Plan.

"Indemnity" has the meaning given in the section entitled "*The Arrangement – Indemnity*".

"Independent DREAM Directors" has the meaning given in the section entitled "*Governance and the DREAM Board*" in Appendix "E".

"Interim Order" means the interim order of the Court dated April 16, 2013 under subsection 182(5) of the OBCA which provides for the calling and holding of the Meeting, a copy of which is attached in Appendix "D" to this Management Information Circular, as the same may be varied or amended by the Court.

"Laurel Hill" has the meaning given in the section entitled "*General Proxy Matters – Proxy Solicitation Agent*".

"Liens" means mortgages, charges, pledges, liens, hypothecs, security interests, restrictions, encumbrances, adverse claims and other claims or rights of third parties of any kind.

"Management Information Circular" means this management information circular, including all Appendices attached hereto.

"Meeting" means the annual and special meeting of Shareholders to be held on May 16, 2013, and any adjournment or postponement thereof, for the purpose of, among other things, considering and, if deemed appropriate, approving the Arrangement Resolution.

"MI 61-101" means Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*, as it may be amended or re-enacted from time to time.

"NI 41-101" means National Instrument 41-101 – *General Prospectus Requirements*, as it may be amended or re-enacted from time to time.

"NI 52-110" means National Instrument 52-110 – *Audit Committees*, as it may be amended or re-enacted from time to time.

"NI 58-101" means National Instrument 58-101 – *Disclosure of Corporate Governance Practices*, as it may be amended or re-enacted from time to time.

"Non-Registered Shareholder" has the meaning given in the section entitled "*General Proxy Matters – Voting by Non-Registered Shareholders*".

"Non-Resident Shareholders" has the meaning given in the section entitled "*Certain Canadian Federal Income Tax Considerations – Certain Canadian Federal Income Tax Consequences to Shareholders – Shareholders Not Resident in Canada*".

"Notice of Meeting" means the notice of the Meeting accompanying this Management Information Circular.

"OBCA" means the *Business Corporations Act* (Ontario) and the regulations made thereunder, as amended from time to time.

"Offer to Pay" has the meaning given in the section entitled "*Dissenting Shareholders' Rights*".

"OSC Rule 56-501" means OSC Rule 56-501 – *Restricted Shares*, as it may be amended or re-enacted from time to time.

"Paid-Up Capital" has the meaning attributed to that term in subsection 89(1) of the Tax Act.

"Penalty Taxes" has the meaning given in the section entitled "*The Arrangement – The Indemnity*".

“Permitted Sales Agreement” has the meaning given in the section entitled *“The Arrangement – Permitted Sales Agreement”*.

“PFIC” has the meaning given in the section entitled *“Certain U.S. Federal Income Tax Considerations – Tax Consequences of the Receipt of DREAM Shares Pursuant to the Arrangement”*.

“Plan of Arrangement” means the plan of arrangement of the Company in the form attached as Schedule “A” to the Arrangement Agreement, as amended, varied or supplemented in accordance with its terms, the terms of the Arrangement Agreement or made at the direction of the Court with the consent of the parties to the Arrangement Agreement, each acting reasonably.

“Pre-Arrangement Transaction” means the amalgamation of two of the Company’s subsidiaries, 0764704 B.C. Ltd. and 0764707 B.C. Ltd., pursuant to the provisions of the *Business Corporations Act* (British Columbia).

“Public REITs” has the meaning given in the section entitled *“Description of the Business – Advisory Services”* in Appendix “E”.

“PWC” means PricewaterhouseCoopers LLP, as also defined in the section entitled *“Annual Meeting Matters – Appointment of Auditor”*.

“QEF” has the meaning given in the section entitled *“Certain U.S. Federal Income Tax Considerations – Passive Foreign Investment Company Considerations – Qualified Electing Fund”*.

“Redemption Amount” has the meaning given in the section entitled *“The Arrangement – Arrangement Steps”*.

“Registered Shareholder” means a Shareholder whose name is set out in the register of the Company for the Dundee Subordinate Voting Shares, Dundee Common Shares or Dundee Series 1 Preference Shares, respectively, maintained by Computershare.

“Regulations” means the *Income Tax Regulations* (Canada) promulgated under the Tax Act, as amended.

“REIT Amalco” means the corporation to be governed by the laws of British Columbia to be formed upon the completion of the Pre-Arrangement Transaction.

“Replacement Shares” has the meaning given in the section entitled *“The Arrangement – Indemnity”*.

“Required Shareholder Approval” has the meaning given in the section entitled *“Certain Legal and Regulatory Matters – Required Shareholder Approval”*.

“Resident Shareholders” has the meaning given in the section entitled *“Certain Canadian Federal Income Tax Considerations – Certain Canadian Federal Income Tax Consequences to Shareholders – Shareholders Resident in Canada”*.

“RRIF” has the meaning given in the section entitled *“Certain Canadian Federal Income Tax Considerations – Certain Canadian Federal Income Tax Consequences to Shareholders – Shareholders Resident in Canada – Eligibility for Investment”*.

“RRSP” has the meaning given in the section entitled *“Certain Canadian Federal Income Tax Considerations – Certain Canadian Federal Income Tax Consequences to Shareholders – Shareholders Resident in Canada – Eligibility for Investment”*.

“Scotia Capital” means Scotia Capital Inc., the independent financial advisor to the Board.

“SDC” means Sweet Dream Corp. (formerly Limited Intelligence ESL Inc.), a corporation governed by the laws of Ontario.

“Shareholders” means, collectively, the Dundee Subordinate Voting Shareholders, Dundee Common Shareholders and Dundee Series 1 Preference Shareholders.

“Shareholders Agreement” has the meaning given in the section entitled *“The Arrangement – Shareholders Agreement”*.

“Tax Act” means the *Income Tax Act* (Canada), as amended from time to time.

“Tax Election” means a joint election pursuant to section 85 of the Tax Act (and the corresponding provisions of any applicable provincial tax legislation) that will be made by an Eligible Holder with DREAM to defer all or a portion of the taxable income that otherwise may arise on the disposition of a particular series of Dundee Butterfly Shares by an Eligible Holder to DREAM as part of the Arrangement.

“Tax Proposals” means all specific proposals to amend the Tax Act and the Regulations that have been publicly announced by or on behalf of the Minister of Finance (Canada) as at the date of this Management Information Circular.

“Tax Treaty” means any bilateral tax convention to which Canada is a party that is in force as at the date of this Management Information Circular.

“TFSA” has the meaning given in the section entitled *“Certain Canadian Federal Income Tax Considerations – Certain Canadian Federal Income Tax Consequences to Shareholders – Shareholders Resident in Canada – Eligibility for Investment”*.

“Top-Up DSUs” has the meaning given in the section entitled *“The Arrangement – Arrangement Steps”*.

“TSX” means the Toronto Stock Exchange.

“TSX Approval” means the conditional approval of the TSX in respect of (i) the continued listing of the Dundee New Subordinate Voting Shares (including shares issuable on exercise of securities issued under the Dundee Share Incentive Plan) and the listing of the Dundee New Series 4 Preference Shares, and (ii) the listing of the DREAM Subordinate Voting Shares and DREAM Series 1 Preference Shares, subject only, in both cases, to compliance with customary conditions of the TSX.

“U.S. Code” means the United States Internal Revenue Code of 1986, as amended.

“U.S. Exchange Act” means the United States Securities Exchange Act of 1934, as amended.

“U.S. Holder” means a beneficial owner of Dundee Shares or DREAM Shares that is, for U.S. federal income tax purposes, (i) an individual citizen or resident of the United States, (ii) a corporation created or organized in or under the laws of the United States or of any state thereof or the District of Columbia, (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source, or (iv) a trust with respect to which a court within the United States is able to exercise primary supervision over its administration and one or more U.S. persons have the authority to control all of its substantial decisions, or certain electing trusts that were in existence on August 19, 1996 and were treated as domestic trusts on that date.

“U.S. Securities Act” means the United States Securities Act of 1933, as amended.

“U.S. Shareholders” means any Shareholder resident in the United States.

“U.S. Treaty” means the *Canada-United States Income Tax Convention* (1980).

CONSENTS

Consent of Wilson & Partners LLP, a law firm affiliated with PWC

We consent to the references to our name and opinion under “*Certain Canadian Federal Income Tax Considerations*” and to our name under “*Legal and Financial Matters*” and “*Glossary of Terms*” in the Notice of Meeting of Shareholders of Dundee Corporation and Management Information Circular dated April 16, 2013 with respect to a proposed Plan of Arrangement involving Dundee Corporation, certain of its shareholders and DREAM Unlimited Corp.

Consent of Scotia Capital

We consent to the references to our name and fairness opinion dated April 11, 2013 under “*Table of Contents*”, “*Summary – Fairness Opinion*”, “*The Arrangement – Background to the Arrangement*”, “*The Arrangement – Fairness Opinion of Scotia Capital*”, “*Legal and Financial Matters*” and “*Glossary of Terms*” in the Notice of Meeting of Shareholders of Dundee Corporation and Management Information Circular dated April 16, 2013 with respect to a proposed Plan of Arrangement involving Dundee Corporation, certain of its shareholders and DREAM Unlimited Corp. and to the inclusion of a copy of our fairness opinion as Appendix “C” to the Management Information Circular. In providing such consent, we do not intend that any person other than the Board of Directors of Dundee Corporation rely upon the Fairness Opinion.

APPENDIX "A" – ARRANGEMENT RESOLUTION

BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:

1. The arrangement (the "**Arrangement**") under section 182 of the *Business Corporations Act* (Ontario) (the "**OBCA**") involving Dundee Corporation ("**Dundee**"), as more particularly described and set forth in the Management Information Circular (the "**Circular**") of Dundee dated April 16, 2013 (as the Arrangement may be, or may have been, amended, modified or supplemented in accordance with the terms of the arrangement agreement dated April 12, 2013, as amended, between Dundee, DREAM Limited, Dundee Realty Corporation and Sweet Dream Corp. (the "**Arrangement Agreement**") or the Plan of Arrangement (as defined below)), is hereby authorized, approved and adopted.
2. The plan of arrangement (the "**Plan of Arrangement**") involving Dundee and implementing the Arrangement, the full text of which is set out in Schedule "A" to Appendix "B" to the Circular (as the Plan of Arrangement may be, or may have been, amended, modified or supplemented in accordance with its terms or the terms of the Arrangement Agreement), is hereby authorized, approved and adopted.
3. The Arrangement Agreement, and all the transactions contemplated therein, together with the actions of the directors of Dundee in approving the Arrangement and the actions of the directors and officers of Dundee in executing and delivering the Arrangement Agreement, together with any amendments, modifications or supplements thereto, are hereby ratified and approved.
4. Dundee is hereby authorized to apply for a final order from the Ontario Superior Court of Justice (Commercial List) (the "**Court**") to approve the Arrangement on the terms set forth in the Arrangement Agreement and the Plan of Arrangement (as they may be or may have been amended, modified, or supplemented to the extent permitted by the Arrangement Agreement or the Plan of Arrangement, as applicable).
5. Notwithstanding that these resolutions have been passed (and the Arrangement approved) by the shareholders of Dundee or that the Arrangement has been approved by the Court, the directors of Dundee are hereby authorized and empowered, at their discretion and without further notice to, or approval of, the shareholders of Dundee: (a) to amend, modify or supplement the Arrangement Agreement or the Plan of Arrangement to the extent permitted by the Arrangement Agreement or the Plan of Arrangement, as applicable; and (b) subject to the terms of the Arrangement Agreement, not to proceed with the Arrangement and/or any related transactions.
6. Any one or more directors or officers of Dundee are hereby authorized and directed for and on behalf of Dundee to execute, whether under the corporate seal of Dundee or otherwise, and to deliver for filing with the Director under the OBCA, articles of arrangement and such other documents as such director(s) or officer(s) determine may be necessary or desirable to give effect to the Arrangement in accordance with the Arrangement Agreement, such determination to be conclusively evidenced by the execution and delivery by such director(s) or officer(s) of such articles of arrangement and any such other documents.
7. Any one or more directors or officers of Dundee are hereby authorized, for and on behalf and in the name of Dundee, to execute and deliver, whether under the corporate seal of Dundee or otherwise, all such agreements, forms, waivers, notices, certificates, confirmations and other documents and instruments and to do or cause to be done all such other acts and things as such director or officer may determine to be necessary, desirable or useful for the purpose of giving effect to these resolutions, the completion of the Arrangement, the Arrangement Agreement and the Plan of Arrangement in accordance with the terms of the Arrangement Agreement, such determination to be conclusively evidenced by the execution and delivery by such director(s) or officer(s) of such document, agreement or instrument or the doing of any such act or thing.

**APPENDIX "B" – ARRANGEMENT AGREEMENT (INCLUDING PLAN OF ARRANGEMENT)
AND AMENDING AGREEMENT**

ARRANGEMENT AGREEMENT

AMONG

DUNDEE CORPORATION

and

DREAM LIMITED

and

DUNDEE REALTY CORPORATION

and

SWEET DREAM CORP.

APRIL 12, 2013

ARRANGEMENT AGREEMENT

This Arrangement Agreement made as of the 12th day of April, 2013,

A M O N G:

DUNDEE CORPORATION, a corporation existing under the laws of the Province of Ontario,

(hereinafter referred to as “**Dundee**”)

- and -

DREAM LIMITED, a corporation existing under the laws of the Province of Ontario,

(hereinafter referred to as “**DREAM**”)

- and -

DUNDEE REALTY CORPORATION, a corporation existing under the laws of the Province of British Columbia,

(hereinafter referred to as “**Dundee Realty**”)

- and -

SWEET DREAM CORP., a corporation existing under the laws of the Province of Ontario,

(hereinafter referred to as “**SDC**”)

WHEREAS Dundee wishes to proceed with a restructuring of its assets so as to, directly or indirectly, transfer its 70% interest in the common shares and Class C preference shares of Dundee Realty to a separate new public real estate company through an arrangement under section 182 of the OBCA (as defined herein) substantially on the terms and conditions set forth in the Plan of Arrangement (as defined herein), with the result that the Dundee Shareholders (as defined herein) will hold shares in each of Dundee and such separate public company as at the Effective Time (as defined herein);

AND WHEREAS DREAM has been incorporated in order to facilitate and participate in the Arrangement (as defined herein) and to become the public real estate company to which Dundee's 70% interest in the common shares and Class C preference shares of Dundee Realty is, directly or indirectly, transferred, the shares of which are to be distributed to the Dundee Shareholders in accordance with the Plan of Arrangement;

AND WHEREAS the Board (as defined herein) has reviewed the terms and conditions of the Arrangement and, for the reasons set out in the Meeting Materials (as defined herein), has unanimously concluded that the Arrangement is in the best interests of Dundee and is fair and reasonable to Dundee and the holders of Dundee Subordinate Voting Shares, Dundee Common Shares, Dundee Series 1 Preference Shares and Dundee Series 2 Preference Shares (as each such term is defined herein), each taken separately as a class or series, as the case may be;

NOW THEREFORE THIS AGREEMENT WITNESSES that, in consideration of the mutual covenants and agreements hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each party, the parties hereby covenant and agree as follows:

ARTICLE 1 **INTERPRETATION**

1.1 **Definitions.**

In this Agreement, including the recitals hereto, other than the schedules and unless there is something in the subject matter or context inconsistent therewith, the following capitalized words and terms shall have the following meanings:

“Agreement” means this arrangement agreement, including the schedules attached hereto, as supplemented or amended from time to time.

“Applicable Law” means in respect of any person: (i) any applicable domestic or foreign law including any statute, subordinate legislation or treaty; and (ii) any applicable guideline, directive, rule, standard, requirement, policy, order, judgment, injunction, award or decree of a Governmental Authority having the force of law.

“Arrangement” means an arrangement under Section 182 of the OBCA in accordance with the terms and subject to the conditions set out in the Plan of Arrangement, subject to any amendments or variations to the Plan of Arrangement made in accordance with its terms, the terms of this Agreement or made at the direction of the Court with the consent of the Parties, each acting reasonably.

“Arrangement Resolution” means the special resolution approving the Plan of Arrangement to be considered at the Meeting, to be substantially in the form and content attached as Appendix “A” to the Circular.

“Articles of Arrangement” means the articles of arrangement of Dundee in respect of the Arrangement, to be filed with the Director after the Final Order is made, which shall include the Plan of Arrangement and otherwise be in form and content satisfactory to the Parties, each acting reasonably.

“Board” or **“Board of Directors”** means the Board of Directors of Dundee as constituted from time to time.

“Business Day” means a day, other than a Saturday, Sunday or statutory or civic holiday in Ontario, when banks are generally open for the transaction of business in Toronto, Ontario.

“Canadian Tax Opinion” means an opinion of Wilson & Partners LLP, a law firm affiliated with PricewaterhouseCoopers LLP, to be dated at or prior to the Effective Date which is addressed to the Board and to the board of directors of DREAM and confirms that, based on the provisions of the Tax Act and the Regulations, as well as the Tax Proposals, the transfer by Dundee of Holdco Common Shares (and indirectly, Dundee Realty Common Shares and Dundee Realty Class C Shares) and related transactions should be treated for purposes of the Tax Act as a tax-deferred “butterfly” reorganization pursuant to paragraph 55(3)(b) of the Tax Act, and is otherwise in a form acceptable to the Board.

“Circular” means the management information circular of Dundee, including all appendices and schedules thereto, and any information incorporated by reference therein, to be sent to the

Dundee Shareholders in connection with the Meeting, as amended, supplemented or otherwise modified from time to time in accordance with this Agreement.

“**Court**” means the Ontario Superior Court of Justice (Commercial List).

“**Director**” means the Director appointed pursuant to Section 278 of the OBCA.

“**Dissent Rights**” means the rights of registered Dundee Shareholders to dissent in respect of the Arrangement pursuant to paragraph 4.1(a) of the Plan of Arrangement in strict compliance with Section 185 of the OBCA, as it may be modified by the Plan of Arrangement, the Interim Order and the Final Order.

“**DREAM**” has the meaning given to such term in the Preamble to this Agreement.

“**DREAM Amalco**” means the corporation governed by the laws of Ontario formed upon the amalgamation of DREAM and Holdco pursuant to the Arrangement.

“**DREAM Butterfly Shares**” means the series of first preference shares in the capital of DREAM to be created upon the Arrangement becoming effective, to be designated as “First Preference Shares, Series A”.

“**DREAM Common Shares**” means the Class B common shares in the capital of DREAM that DREAM is authorized to issue.

“**DREAM Series 1 Preference Shares**” means the series of first preference shares in the capital of DREAM to be created upon the Arrangement becoming effective, to be designated as “First Preference Shares, Series 1”.

“**DREAM Sub**” means 2368529 Ontario Inc., a corporation governed by the laws of Ontario and, prior to the Effective Time, a wholly-owned subsidiary of DREAM.

“**DREAM Subordinate Voting Shares**” means the Class A subordinate voting shares in the capital of DREAM that DREAM is authorized to issue.

“**Dundee**” has the meaning given to such term in the Preamble to this Agreement.

“**Dundee Butterfly 2 Shares**” means the new series of first preference shares in the capital of Dundee to be created upon the Arrangement becoming effective, to be designated as “first preference shares, Series 5”.

“**Dundee Butterfly 3 Shares**” means the new series of first preference shares in the capital of Dundee to be created upon the Arrangement becoming effective, to be designated as “first preference shares, Series 7”.

“**Dundee Common Shares**” means the existing Class B common shares in the capital of Dundee.

“**Dundee Convertible Butterfly Shares**” means the new series of first preference shares in the capital of Dundee to be created upon the Plan of Arrangement becoming effective, to be designated as “first preference shares, Series 8”.

“**Dundee New Subordinate Voting Shares**” means the new Class A subordinate voting shares in the capital of Dundee to be created upon the Plan of Arrangement becoming effective.

“**Dundee Realty**” has the meaning given to such term in the Preamble to this Agreement.

“Dundee Realty Class C Shares” means the Class C Preferred Shares in the capital of Dundee Realty.

“Dundee Realty Common Shares” means the non-voting common shares in the capital of Dundee Realty.

“Dundee Series 1 Preference Shares” means the existing First Preference Shares, Series 1 in the capital Dundee.

“Dundee Series 2 Preference Shares” means the existing First Preference Shares, Series 2 in the capital Dundee.

“Dundee Series 4 Preference Shares” means the new series of First Preference Shares, Series 4 in the capital Dundee to be created upon the Plan of Arrangement becoming effective.

“Dundee Share Incentive Plan” means the Dundee Corporation Share Incentive Plan Amended and Restated March 26, 2010.

“Dundee Shareholders” means the holders of Dundee Common Shares, Dundee Subordinate Voting Shares and Dundee Series 1 Preference Shares at the applicable time.

“Dundee Subordinate Voting Shares” means the existing Class A subordinate voting shares in the capital of Dundee.

“Effective Date” means the date shown on the certificate of arrangement to be issued by the Director under the OBCA after the Articles of Arrangement have been filed.

“Effective Time” means 12:01 a.m. (ET) on the Effective Date.

“Exchange Agreement” means the exchange agreement to be entered into by DREAM Amalco, Dundee Realty and SDC, as contemplated by the Plan of Arrangement and substantially in the form attached hereto as Schedule “B”, relating to the exchange by SDC of its Dundee Realty Common Shares and Dundee Realty Class C Shares for DREAM Subordinate Voting Shares.

“Fairness Opinion” means an opinion of Scotia Capital Inc. to be dated on or about the date of this Agreement which is addressed to the Board and provides that the Arrangement is fair, from a financial point of view, to the holders of Dundee Common Shares, the holders of Dundee Subordinate Voting Shares, the holders of Dundee Series 1 Preference Shares and the holders of Dundee Series 2 Preference Shares, and is otherwise in a form acceptable to the Board.

“Final Order” means the final order of the Court or, if appealed, the final order affirmed by, an appellate court, approving the Arrangement, pursuant to Section 182 of the OBCA, in a form acceptable to the Parties, each acting reasonably, as it may be amended or affirmed prior to the Effective Time by the Court or an appellate court, as the case may be, with the consent of the Parties, each acting reasonably.

“Governmental Authority” means any: (i) multinational, federal, provincial, territorial, state, regional, municipal, local or other government, governmental or public department, court, tribunal, commission, board or agency, domestic or foreign; or (ii) regulatory authority, including any securities commission or stock exchange.

“Holdco” means 2368464 Ontario Inc., a corporation governed by the laws of Ontario and, prior to the Effective Time, a wholly-owned subsidiary of Dundee.

“Holdco Common Shares” means the common shares in the capital of Holdco.

"Indemnified Person" means each Person, actually or potentially, entitled to indemnification pursuant to Article 6.

"Indemnifying Party" means a Party that is, actually or potentially, required to indemnify an Indemnified Party pursuant to Article 6.

"Interested Dundee Subordinate Voting Shareholder" means, at the applicable time, a holder of Dundee Subordinate Voting Shares who is, for the purposes of voting on the Arrangement Resolution: (i) an "interested party" within the meaning of MI 61-101 or otherwise required to be excluded for the purposes of a vote on the Arrangement Resolution under the requirements of MI 61-101; (ii) a "control person" of Dundee within the meaning of OSC Rule 56-501 – *Restricted Shares*; or (iii) an "affiliate" of Dundee within the meaning of the *Securities Act* (Ontario).

"Interim Order" means the interim order of the Court in respect of the Arrangement, as it may be varied or amended, as contemplated by Section 2.3 of this Agreement.

"Loss" means any loss, liability, damage, cost, expense, charge, fine, penalty or assessment of whatever nature or kind, including Taxes, the reasonable out-of-pocket costs and expenses of any action, suit, proceeding, demand, assessment, judgment, settlement or compromise relating thereto, fines and penalties and reasonable legal fees (on a solicitor and its own client basis) and disbursements, excluding loss of profits and consequential damages.

"material adverse effect" means, in respect of any corporation, any change, event or occurrence that has, or would have, a material and adverse effect upon the business, assets, liabilities, capitalization, financial condition or results of operation of that corporation and its subsidiaries considered as a whole.

"Meeting" means the annual and special meeting of Dundee Shareholders to be held on May 16, 2013, and any adjournment or postponement thereof, to be convened as provided in the Interim Order to, among other things, consider and, if deemed advisable, to approve the Arrangement Resolution.

"Meeting Materials" means the notice of meeting, the Circular and the forms of proxy in respect of the Meeting which accompanies the Circular.

"MI 61-101" means Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transaction*.

"misrepresentation" means an untrue statement of a material fact, or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of circumstances in which it was made.

"OBCA" means the *Business Corporations Act* (Ontario), and the regulations made thereunder, as amended from time to time.

"Party" means a party to this Agreement.

"Permitted Sales Agreement" means the permitted sales agreement to be entered into by DREAM Amalco, SDC, Michael Cooper and Dundee Realty, as contemplated by the Plan of Arrangement and substantially in the form attached hereto as Schedule "C".

"Person" means and includes an individual, sole proprietorship, partnership, unincorporated association, unincorporated syndicate, unincorporated organization, trust, body corporate, trustee, executor, administrator or other legal representative and the Crown or any agency or instrumentality thereof.

“Plan of Arrangement” means the plan of arrangement attached as Schedule “A”, as amended, varied or supplemented in accordance with the terms thereof, the terms of this Agreement or made at the discretion of the Court with the consent of the Parties, each acting reasonably.

“Pre-Arrangement Transaction” means the vertical short-form amalgamation of REIT 1 and REIT 2 under the provisions of the *Business Corporations Act* (British Columbia).

“Regulations” means the Income Tax Regulations (Canada) promulgated under the Tax Act, as amended.

“REIT 1” means 0764704 B.C. Ltd., a corporation governed by the laws of the Province of British Columbia.

“REIT 2” means 0764707 B.C. Ltd., a corporation governed by the laws of the Province of British Columbia.

“REIT Amalco” means the corporation governed by the laws of British Columbia formed upon the amalgamation of REIT 1 and REIT 2 pursuant to the Pre-Arrangement Transaction.

“Representatives” means, collectively, the directors, officers, employees and agents of a Party at any time and their respective heirs, executors, administrators and other legal representatives.

“SDC” has the meaning given to such term in the Preamble to this Agreement.

“SDC Common Shares” means the common shares in the capital of SDC that SDC is authorized to issue.

“Shareholders’ Agreement” means the shareholders’ agreement in respect of Dundee Realty to be entered into by DREAM Amalco, SDC, Michael Cooper, Dundee Realty and REIT Amalco, as contemplated by the Plan of Arrangement and substantially in the form attached hereto as Schedule “D”.

“subsidiary” has the meaning given to that term in the OBCA, provided that for the purpose of this Agreement, Dundee Realty and its subsidiaries shall not be considered to be subsidiaries of Dundee.

“Tax Act” means the *Income Tax Act* (Canada) and the regulations made thereunder, as amended from time to time.

“Taxes” includes all applicable present and future income taxes, capital taxes, stamp taxes, charges to tax, withholdings, sales and use taxes, value added taxes and goods and services taxes and all penalties, interest and other payments on or in respect thereof.

“TSX” means the Toronto Stock Exchange.

1.2 **Construction.**

In this Agreement, unless otherwise expressly stated or the context otherwise requires:

- (a) the division of this Agreement into Articles and Sections and the use of headings are for convenience of reference only and do not affect the construction or interpretation hereof;
- (b) the words “hereunder”, “hereof” and similar expressions refer to this Agreement and not to any particular Article or Section and references to “Articles” and “Sections” are to Articles and Sections of this Agreement;

- (c) words importing the singular include the plural and vice versa, words importing any gender include all genders and words importing persons include individuals, corporations, general and limited partnerships, associations, trusts, unincorporated organizations, joint ventures, Governmental Authorities and other entities;
- (d) the word “including” means “including without limiting the generality of the foregoing”;
- (e) if any date on which any action is required to be taken under this Agreement is not a Business Day, such action will be required to be taken on the next succeeding Business Day; and
- (f) a reference to the knowledge of a Party means to the best of the knowledge of any of the officers of such Party after due enquiry.

1.3 Currency.

All references to currency herein are to lawful money of Canada unless otherwise specified.

1.4 Date for Any Action.

In the event that any date on which any action is required to be taken hereunder by any of the Parties is not a Business Day, such action will be required to be taken on the next succeeding Business Day.

1.5 Dundee and Dundee Realty to Act for DREAM and SDC.

Unless otherwise stated, any notice given or provided by, or to, both Dundee and Dundee Realty in accordance with the provisions of this Agreement prior to the Effective Date will be deemed to also have been given or provided by, or to, DREAM and/or SDC, as the case may be, and any approval or consent given by both Dundee and Dundee Realty or matter accepted by both Dundee and Dundee Realty, in each case, prior to the Effective Date, will be deemed to have been given or accepted by Dundee and Dundee Realty on their own respective behalves and on behalf of DREAM.

1.6 Schedules.

The following schedule is attached to this Agreement and forms a part hereof:

Schedule “A” – Plan of Arrangement

Schedule “B” – Form of Exchange Agreement

Schedule “C” – Form of Permitted Sales Agreement

Schedule “D” – Form of Shareholders’ Agreement

**ARTICLE 2
THE ARRANGEMENT**

2.1 Arrangement.

Each of the Parties agrees that the Arrangement will be implemented in accordance with and subject to the terms and conditions contained in this Agreement and on the terms set forth in the Plan of Arrangement.

2.2 Effective Date and Effective Time.

- (a) The Arrangement will become effective on the Effective Date and the steps to be carried out pursuant to the Arrangement will become effective at the Effective Time and in the order set out in the Plan of Arrangement without any further act or formality, except as contemplated in the Plan of Arrangement.
- (b) Subject to the satisfaction or waiver, as applicable, of the terms and conditions contained in this Agreement, the Parties will use commercially reasonable efforts and do all things reasonably required to cause the Effective Date to occur on or before June 28, 2013.

2.3 Interim Order.

As soon as reasonably practicable following the execution of this Agreement, Dundee will apply to the Court pursuant to Section 182 of the OBCA and prepare, file and diligently pursue an application for the Interim Order, which will provide, among other things:

- (a) for the calling and holding of the Meeting for the purpose of considering the Arrangement Resolution;
- (b) for the class of Persons to whom notice is to be provided in respect of the Arrangement and the Meeting and for the manner in which such notice is to be provided;
- (c) that the requisite approval for the Arrangement Resolution will be: (i) not less than 66⅔% of the votes cast by the holders of Dundee Subordinate Voting Shares present in person or represented by proxy at the Meeting and voting separately as a class; (ii) not less than 66⅔% of the votes cast by the holders of Dundee Common Shares present in person or represented by proxy at the Meeting and voting separately as a class; (iii) not less than 66⅔% of the votes cast by the holders of Dundee Series 1 Preference Shares present in person or represented by proxy at the Meeting and voting separately as a series of a class; and (iv) not less than a majority of the votes cast by the holders of Dundee Subordinate Voting Shares, voting separately as a class (other than votes cast in respect of Dundee Subordinate Voting Shares that are beneficially owned by any Interested Dundee Subordinate Voting Shareholder or over which control or direction is exercised by any Interested Dundee Subordinate Voting Shareholder);
- (d) for the quorum requirement at the Meeting in respect of the holders of Dundee Series 1 Preference Shares;
- (e) that, in all other respects, the terms, conditions and restrictions of Dundee's articles of amalgamation and by-laws, including quorum requirements for the holders of Dundee Subordinate Voting Shares and Dundee Common Shares, and all other matters, shall apply in respect of the Meeting;
- (f) for the grant of Dissent Rights as provided in Section 4.1 of the Plan of Arrangement;
- (g) for the notice requirements with respect to the presentation of the application to the Court for the Final Order;
- (h) for the confirmation of the record date for the Meeting; and
- (i) that the Meeting may be adjourned or postponed from time to time by the Board in accordance with the terms of this Agreement without the need for additional approval of the Court.

2.4

Meeting.

Subject to the terms of this Agreement and the receipt of the Interim Order:

- (a) Dundee will convene and conduct the Meeting in accordance with the Interim Order and Applicable Law for the purpose of considering the Arrangement Resolution (and any other proper purpose as may be set out in the Meeting Materials and agreed to by the other Parties acting reasonably), and will not adjourn, postpone or cancel (or propose the adjournment, postponement or cancellation of) the Meeting without the prior written consent of Dundee Realty, except: (i) as required for quorum purposes (in which case the Meeting will be adjourned and not cancelled), by Applicable Law or by valid shareholder action (which action is not solicited or proposed by or on behalf of another Party or its respective subsidiaries); or (ii) as otherwise permitted by this Agreement;
- (b) Dundee will use all reasonable commercial efforts to solicit (or cause to be solicited) proxies in favour of the approval of the Arrangement Resolution and the other matters to be submitted to the Meeting, if any, including, but only if so requested by another Party acting reasonably and at the expense of such other Party, using proxy solicitation services in compliance with any Applicable Law, and take all actions that are reasonably necessary or desirable to seek the approval of the Arrangement Resolution by the Dundee Shareholders;
- (c) Dundee will advise Dundee Realty as it may reasonably request, and at least on a daily basis on each of the last ten (10) Business Days prior to the date of the Meeting, as to the aggregate tally of the proxies received by Dundee in respect of the Arrangement Resolution; and
- (d) Dundee will promptly advise Dundee Realty of any written notice of dissent or purported exercise of Dissent Rights by any registered Shareholder received by Dundee in relation to the Arrangement and any withdrawal of Dissent Rights received by Dundee.

2.5

Meeting Materials.

- (a) As promptly as reasonably practicable following execution of this Agreement, and in any event no later than 21 days prior to the date of the Meeting, Dundee will: (i) prepare the Meeting Materials (and any necessary amendments or supplements to the Circular), together with any other documents required by Applicable Law in connection with the Meeting; and (ii) cause the Meeting Materials and other documentation required under Applicable Law in connection with the Meeting to be mailed and filed as required by the Interim Order and in accordance with Applicable Law.
- (b) On the date of mailing thereof, the Circular will comply in all material respects with all Applicable Law and the Interim Order and will contain sufficient detail to permit the Dundee Shareholders to form a reasoned judgment concerning the matters to be placed before them at the Meeting and, without limiting the generality of the foregoing, the Circular will not contain any misrepresentation (provided that Dundee will not be responsible for the accuracy of any information that is provided in writing by any of Dundee Realty, DREAM or SDC for the purpose of inclusion in the Meeting Materials).
- (c) Each of DREAM and Dundee Realty will promptly provide to Dundee all information regarding DREAM and Dundee Realty, as applicable, and their respective subsidiaries, as is reasonably requested by Dundee or required by the Interim Order or Applicable Law for inclusion in the Meeting Materials. Each of DREAM and Dundee Realty will ensure that such information is in compliance with all Applicable Law and does not contain any misrepresentation.

- (d) Dundee Realty and its legal counsel will be given a reasonable opportunity to review and comment on the Meeting Materials prior to the Meeting Materials being printed and filed with any Governmental Authority, and reasonable consideration will be given to any comments made by Dundee Realty and its legal counsel. Dundee will provide Dundee Realty with final copies of the Meeting Materials prior to mailing the Meeting Materials to the Dundee Shareholders.
- (e) DREAM and Dundee Realty each jointly and severally indemnify and save harmless Dundee, its subsidiaries and their respective Representatives and legal and financial advisors for a period of two years from the Effective Date from and against any and all liabilities, claims, demands, losses, costs, damages and expenses to which Dundee, any subsidiary of Dundee or any of their respective Representatives or legal and financial advisors may be subject or may suffer in any way caused by, or arising, directly or indirectly, from or in consequence of:
 - (i) any misrepresentation or alleged misrepresentation in any information included in the Meeting Materials that is provided in writing by either of DREAM or Dundee Realty for the purpose of inclusion in the Meeting Materials; or
 - (ii) any order made, or any inquiry, investigation or proceeding by any Governmental Authority to the extent based on any misrepresentation or any alleged misrepresentation in any information provided in writing by DREAM or Dundee Realty for the purpose of inclusion in the Meeting Materials.
- (f) Dundee indemnifies and saves harmless DREAM and Dundee Realty, their respective subsidiaries and their respective Representatives and legal and financial advisors for a period of two years from the Effective Date from and against any and all liabilities, claims, demands, losses, costs, damages and expenses to which DREAM or Dundee Realty, any of their respective subsidiaries or any of their respective Representatives or legal and financial advisors may be subject or may suffer in any way caused by, or arising, directly or indirectly, from or in consequence of:
 - (i) any misrepresentation or alleged misrepresentation in any information included in the Meeting Materials, other than information that is provided in writing by any of DREAM, Dundee Realty or SDC for the purpose of inclusion in the Meeting Materials; or
 - (ii) any order made, or any inquiry, investigation or proceeding by any Governmental Authority to the extent based on any misrepresentation or any alleged misrepresentation in the Meeting Materials, other than information that is provided in writing by any of DREAM, Dundee Realty or SDC for the purpose of inclusion in the Meeting Materials.
- (g) Each Party will promptly notify the other Parties if, at any time before the Effective Date, any of them becomes aware that the Meeting Materials contain a misrepresentation, or becomes aware that the Meeting Materials otherwise require an amendment or supplement, and the Parties will cooperate in the preparation of any such amendment or supplement to the Meeting Materials as required or appropriate, and Dundee will promptly mail or otherwise publicly disseminate any amendment or supplement to the Meeting Materials to the Dundee Shareholders and, if required by the Court or Applicable Law, file the same with any Governmental Authority and as otherwise required.

2.6 Final Order.

If the Interim Order and the approval of the Dundee Shareholders as set out in the Interim Order are obtained, Dundee will, subject to the terms of this Agreement, thereafter take all commercially reasonable steps necessary or desirable to submit the Arrangement to the Court and apply for the Final Order pursuant to Section 182 of the OBCA as soon as reasonably practicable following the Meeting, but in any event within three (3) Business Days after the Arrangement Resolution is passed at the Meeting as provided in the Interim Order.

2.7 Court Proceedings.

Subject to the terms and conditions of this Agreement, DREAM and Dundee Realty will cooperate with, assist and consent to Dundee seeking the Interim Order and the Final Order, including by providing to Dundee on a timely basis any information required to be supplied by such other Parties concerning DREAM or Dundee Realty in connection therewith. Dundee will provide legal counsel to Dundee Realty with reasonable opportunity to review and comment upon drafts of all material to be filed with the Court in connection with the Arrangement and will give reasonable consideration to all such comments with respect to any such information required to be supplied by DREAM or Dundee Realty and included in such material. In addition, Dundee will not object to legal counsel to Dundee Realty making such submissions on the hearing of the motion for the Interim Order and the application for the Final Order as such counsel considers appropriate, provided that Dundee is advised of the nature of any submissions prior to the hearing and such submissions are consistent with this Agreement, the agreements that it contemplates and the Plan of Arrangement. Notwithstanding the foregoing, in the event that Dundee is notified or otherwise becomes aware that an objection to the Arrangement will or is anticipated to be raised at the Final Order hearing, Dundee Realty will be consulted on the strategy for responding to the objector and addressing the objection, and will be permitted to participate and cooperate in the preparation of submissions and court materials and otherwise participate in the hearing, subject to Applicable Law and provided that such submissions are consistent with this Agreement, the agreements that it contemplates and the Plan of Arrangement. Dundee will also provide legal counsel to Dundee Realty on a timely basis with copies of any notice of appearance, proceedings and evidence served on Dundee or its legal counsel in respect of the application for the Interim Order or the Final Order or any appeal therefrom. Dundee will not file any material with the Court in connection with the Arrangement or serve any such material, or agree to modify or amend materials so filed or served, except as contemplated hereby or with the written consent of Dundee Realty, acting reasonably.

2.8 Effecting the Arrangement and Ancillary Filings with the Director.

Subject to the rights of termination contained in Section 7.2, upon the Dundee Shareholders approving the Arrangement as set out in the Interim Order and Applicable Law, Dundee obtaining the Final Order and the satisfaction (or waiver, if applicable) of the other conditions herein contained in favour of each of the Parties, the Parties covenant and agree to file with the Director any and all documents (including, with respect to the filing to be made pursuant to subsection 183(1) of the OBCA, the Articles of Arrangement) and to exchange (to the extent not previously exchanged) such other documents as may be necessary or desirable to give effect to the Arrangement and implement Section 3.1 of the Plan of Arrangement. The closing of the Arrangement will take place at the offices of Norton Rose Canada LLP, Suite 3800, 200 Bay Street, Toronto, Ontario M5J 2Z4 at 8:00 a.m. (Toronto time) on the Effective Date, or at such other time and place as may be agreed to by the Parties.

ARTICLE 3
REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties of Dundee.

Dundee represents and warrants to each of the other Parties as follows and acknowledges that the other Parties are relying on such representations and warranties in connection with entering into this Agreement and consummating the Arrangement:

- (a) Dundee is a corporation existing under the laws of the Province of Ontario, has the requisite power and authority to enter into this Agreement and, subject to obtaining the requisite approvals contemplated hereby, to perform its obligations hereunder;
- (b) the execution, delivery and performance of this Agreement by Dundee has been duly authorized by the Board and do not (or would not with the giving of notice, the passage of time or the happening of any other event or circumstance):
 - (i) result in the breach or violation of any of the provisions of, or constitute a default under:
 - (A) any provision of its constating documents or by-laws or resolutions of the Board (or any committee thereof) or Dundee Shareholders;
 - (B) assuming compliance with the matters referred to in Section 3.1(d), any Applicable Law in respect of Dundee; or
 - (C) any other contract or agreement that is material to Dundee or its subsidiaries, considered as a whole; or
 - (ii) give rise to any right of termination or acceleration of any material third party indebtedness of Dundee or its subsidiaries, or cause any such indebtedness to come due before its stated maturity;
- (c) this Agreement has been duly executed and delivered by Dundee and is a legal, valid and binding obligation of Dundee, enforceable against Dundee by each of the Parties in accordance with its terms, subject to bankruptcy, fraudulent transfer, moratorium, reorganization or similar laws affecting the rights of creditors generally and the availability of equitable remedies and the enforceability of any limitations of liability or other exculpatory provisions or indemnities that purport to limit or exculpate a Party from or indemnify such Party for, liabilities imposed by Applicable Law on such Party;
- (d) other than (i) receipt of the Interim Order and the Final Order and the filing of materials with the Court in connection therewith; (ii) the receipt of such other approvals of Governmental Authorities as have already been obtained; (iii) any approvals required by the Interim Order or the Final Order; (iv) filings with the Director under the OBCA, and (v) compliance with any applicable securities laws and the rules and policies of the TSX, no authorization, consent or approval of, or filing with any Governmental Authority or any court or other authority is necessary for the consummation by Dundee of its obligations under this Agreement, except for such authorizations, consents, approvals and filings the failure of which to obtain or make would not, individually or in the aggregate, prevent, enjoin, alter or materially delay completion of the Arrangement or any of the other transactions contemplated hereunder or have a material adverse effect on Dundee; and

- (e) (i) Holdco is a corporation existing under the laws of the Province of Ontario; (ii) the authorized capital of Holdco consists of an unlimited number of common shares, of which, as of the date hereof, one Holdco Common Share is issued and outstanding and beneficially owned by Dundee; (iii) no Person holds any securities convertible into securities of Holdco or has any agreement, warrant, option or any other right capable of becoming an agreement, warrant or option for the purchase or other acquisition of any unissued shares of Holdco, other than as contemplated by this Agreement; and (iv) Holdco has no assets and no liabilities and it has carried on no business other than relating to and contemplated by this Agreement or the Plan of Arrangement.

3.2 Representations and Warranties of Dundee Realty.

Dundee Realty represents and warrants to each of the other Parties as follows and acknowledges that the other Parties are relying on such representations and warranties in connection with entering into this Agreement and consummating the Arrangement:

- (a) Dundee Realty is a corporation existing under the laws of the Province of British Columbia, has the requisite power and authority to enter into this Agreement and, subject to obtaining the requisite corporate approvals contemplated hereby, to perform its obligations hereunder;
- (b) the execution, delivery and performance of this Agreement by Dundee Realty has been duly authorized by all necessary corporate action on the part of Dundee Realty and do not (or would not with the giving of notice, the passage of time or the happening of any other event or circumstance):
 - (i) result in the breach or violation of any of the provisions of, or constitute a default under:
 - (A) any provision of its constating documents or by-laws or resolutions of the board of directors (or any committees thereof) or shareholders of Dundee Realty;
 - (B) assuming compliance with the matters referred to in Section 3.2(d), any Applicable Law in respect of Dundee Realty;
 - (C) any judgment, decree, order or award of any Governmental Authority having jurisdiction over Dundee Realty;
 - (D) any licence, permit, approval, consent or authorization held by Dundee Realty or its subsidiaries, as applicable, that is material to Dundee Realty and its subsidiaries, considered as a whole; or
 - (E) any other contract or agreement that is material to Dundee Realty and its subsidiaries, considered as a whole; or
 - (ii) give rise to any right of termination or acceleration of any third party indebtedness of Dundee Realty or its subsidiaries, or cause any such indebtedness to come due before its stated maturity;
- (c) this Agreement has been duly executed and delivered by Dundee Realty and is a legal, valid and binding obligation of Dundee Realty, enforceable against Dundee Realty by each of the Parties in accordance with its terms, subject to bankruptcy, fraudulent transfer, moratorium, reorganization or similar laws affecting the rights of creditors generally and the availability of equitable remedies and the enforceability of any

limitations of liability or other exculpatory provisions or indemnities that purport to limit or exculpate a Party from or indemnify such Party for, liabilities imposed by Applicable Law on such Party;

- (d) other than (i) receipt of the Interim Order and the Final Order and the filing of materials with the Court in connection therewith, (ii) any approvals required by the Interim Order or the Final Order, and (iii) filings under the *Business Corporations Act* (British Columbia), no authorization, consent or approval of, or filing with any Governmental Authority or any court or other authority is necessary for the consummation by Dundee Realty of its obligations under this Agreement, except for such authorizations, consents, approvals and filings the failure of which to obtain or make would not, individually or in the aggregate, prevent, enjoin, alter or materially delay completion of the Arrangement or have a material adverse effect on Dundee Realty;
- (e) the authorized capital of Dundee Realty consists of non-voting common shares, Class B Preferred Shares, Class C Preferred Shares, Class D Preferred Shares, Class E Preferred Shares and Class F Preferred Shares, of which, as of the date hereof, 947 Dundee Realty Common Shares, 947 Dundee Realty Class C Shares, 512,108 Class D Preferred Shares and 18,061,333.422 Class F Preferred Shares are issued and outstanding; and
- (f) no Person holds any securities convertible into securities of Dundee Realty or has any agreement, warrant, option or any other right capable of becoming an agreement, warrant or option for the purchase or other acquisition of any unissued shares of Dundee Realty, other than as contemplated by this Agreement.

3.3 Representations and Warranties of DREAM.

DREAM represents and warrants to each of the Parties as follows and acknowledges that the Parties are relying on such representations and warranties in connection with entering into this Agreement and consummating the Arrangement:

- (a) DREAM is a corporation existing under the laws of the Province of Ontario, has the requisite power and authority to enter into this Agreement and, subject to obtaining the requisite approvals contemplated hereby, to perform its obligations hereunder;
- (b) the execution, delivery and performance of this Agreement by DREAM has been duly authorized by all necessary corporate action on the part of DREAM and do not (or would not with the giving of notice, the passage of time or the happening of any other event or circumstance):
 - (i) result in the breach or violation of any of the provisions of, or constitute a default under:
 - (A) any provision of the constating documents or by-laws or resolutions of the board of directors (or any committee thereof) of DREAM; or
 - (B) assuming compliance with the matters referred to in Section 3.3(d), any Applicable Law in respect of DREAM or any of its subsidiaries;
- (c) this Agreement has been duly executed and delivered by DREAM and is a legal, valid and binding obligation of DREAM, enforceable against DREAM by each of the Parties in accordance with its terms, subject to bankruptcy, fraudulent transfer, moratorium, reorganization or similar laws affecting the rights of creditors generally and the availability of equitable remedies and the enforceability of any limitations of liability or other

exculpatory provisions or indemnities that purport to limit or exculpate a Party from or indemnify such Party for, liabilities imposed by Applicable Law on such Party;

- (d) other than (i) receipt of the Interim Order and the Final Order and the filing of materials with the Court in connection therewith, (ii) any approvals required by the Interim Order or the Final Order, (iii) filings with the Director under the OBCA, and (iv) compliance with any applicable securities laws and the rules and policies of the TSX, no authorization, consent or approval of, or filing with any Governmental Authority or any court or other authority is necessary for the consummation by DREAM of its obligations under this Agreement;
- (e) the authorized capital of DREAM consists of an unlimited number of Class B common shares and Class A subordinate voting shares and, upon the Effective Date, will include, in addition to the foregoing, an unlimited number of first preference shares, issuable in series, of which prior to the amalgamation of DREAM and Holdco, 6,000,000 DREAM Butterfly Shares shall be authorized, and following completion of the Arrangement, 6,000,000 DREAM Series 1 Preference Shares shall be authorized. No shares in the capital stock of DREAM have been issued and none will be issued until the Effective Date;
- (f) no Person holds any securities convertible into DREAM Common Shares, DREAM Subordinate Voting Shares, Dream Series 1 Preference Shares or any other shares of DREAM or has any agreement, warrant, option or any other right capable of becoming an agreement, warrant or option for the purchase or other acquisition of any unissued shares of DREAM, other than as contemplated by this Agreement;
- (g) DREAM has no assets and no liabilities and it has carried on no business other than relating to and contemplated by this Agreement or the Plan of Arrangement; and
- (h) (i) DREAM Sub is a corporation existing under the laws of the Province of Ontario; (ii) the authorized capital of DREAM Sub consists of an unlimited number of common shares, of which, as of the date hereof, one DREAM Sub Common Shares is issued and outstanding and beneficially owned by DREAM; (iii) no Person holds any securities convertible into securities of DREAM Sub or has any agreement, warrant, option or any other right capable of becoming an agreement, warrant or option for the purchase or other acquisition of any unissued shares of DREAM Sub, other than as contemplated by this Agreement; and (iv) DREAM Sub has no assets and no liabilities and it has carried on no business other than relating to and contemplated by this Agreement or the Plan of Arrangement.

3.4 Representations and Warranties of SDC.

SDC represents and warrants to each of the Parties as follows and acknowledges that the Parties are relying on such representations and warranties in connection with entering into this Agreement and consummating the Arrangement:

- (a) SDC is a corporation existing under the laws of the Province of Ontario, has the requisite power and authority to enter into this Agreement and, subject to obtaining the requisite approvals contemplated hereby, to perform its obligations hereunder;
- (b) the execution, delivery and performance of this Agreement by SDC has been duly authorized by all necessary corporate action on the part of SDC and do not (or would not with the giving of notice, the passage of time or the happening of any other event or circumstance):

- (i) result in the breach or violation of any of the provisions of, or constitute a default under:
 - (A) any provision of its constating documents or by-laws or resolutions of the board of directors (or any committee thereof) or shareholders of SDC;
 - (B) assuming compliance with the matters referred to in Section 3.4(d), any Applicable Law in respect of SDC; or
 - (C) any other contract or agreement that is material to SDC; or
 - (ii) give rise to any right of termination or acceleration of any third party indebtedness of SDC or cause any such indebtedness to become due before its stated maturity;
- (c) this Agreement has been duly executed and delivered by SDC and is a legal, valid and binding obligation of SDC, enforceable against SDC by each of the Parties in accordance with its terms, subject to bankruptcy, fraudulent transfer, moratorium, reorganization or similar laws affecting the rights of creditors generally and the availability of equitable remedies and the enforceability of any limitations of liability or other exculpatory provisions or indemnities that purport to limit or exculpate a Party from or indemnify such Party for, liabilities imposed by Applicable Law on such Party;
- (d) other than (i) receipt of the Interim Order and the Final Order and the filing of materials with the Court in connection therewith, and (ii) any approvals required by the Interim Order or the Final Order, no authorization, consent or approval of, or filing with any Governmental Authority or any court or other authority is necessary for the consummation by SDC of its obligations under this Agreement; and
- (e) the authorized capital of SDC consists of an unlimited number of common shares and an unlimited number of Class A Preferred Shares and, as of the date hereof, 1200 SDC Common Shares were issued and outstanding and beneficially owned by Michael Cooper and 512,108 Class A Preferred Shares were issued and outstanding and registered in the name of Dundee Realty.

3.5 Survival.

The representations and warranties of each Party contained in this Agreement will not survive the completion of the Arrangement and will expire and be terminated on the earlier of the Effective Time and the date on which this Agreement is terminated in accordance with its terms.

ARTICLE 4 COVENANTS

4.1 General Covenants.

Subject to the terms of this Agreement, each of Dundee, DREAM and Dundee Realty severally covenants and agrees to use its commercially reasonable efforts to take or cause to be taken all actions and to do or cause to be done all things necessary, proper or advisable under Applicable Law to consummate the Arrangement as soon as reasonably practicable, including;

- (a) to promptly notify each other of: (i) any notice or other communication from any Governmental Authority in connection with this Agreement and contemporaneously provide a copy of any such written notice or communication to the other Party (except for notices and information which a Party reasonably considers to be confidential or sensitive

which may be provided on a “counsel only” basis); and (ii) any notice or other communication from any Person alleging that the consent (or waiver, permit, exemption, order, approval, agreement, amendment or confirmation) of such Person is required in connection with this Agreement or the Arrangement;

- (b) except as may otherwise be required by Applicable Law or the terms of any applicable agreement or arrangement with a third party who provided or has the ability to control the applicable information, each Party will, and will cause its respective subsidiaries to, use commercially reasonable efforts to provide the other Parties (or their respective subsidiaries or Representatives) with such cooperation as may be reasonably requested by such other Party in connection with the preparation or filing of any report or filing required by any Governmental Authority contemplated by this Agreement prior to the Effective Time, including any financial statements or continuous disclosure filings;
- (c) to not take any action that would interfere with or be inconsistent with the completion of the Arrangement and the transactions contemplated by this Agreement or would render, or that would reasonably be expected to render, any representation or warranty made by such Party in this Agreement untrue or inaccurate in any material respect at any time prior to the Effective Time if then made (except for representations or warranties made as of a specified date, the accuracy of which shall be determined as of that specified date);
- (d) to comply promptly with all requirements which Applicable Law may impose on such Party with respect to the transactions contemplated hereby and by the Arrangement; and
- (e) to use commercially reasonable efforts to have lifted or rescinded any injunction or restraining order relating to such Party or other order which may adversely affect the ability of the Parties to consummate the transactions contemplated hereby.

4.2 Tax-Related Covenants.

- (a) Each of Dundee and DREAM covenants and agrees with and in favour of each other that, for a period of three years after the Effective Date, it will not (and that it will cause its subsidiaries to not) take any action or enter into any transaction that could cause the Arrangement or any transaction contemplated by this Agreement to be taxed in a manner inconsistent with that provided for in the Canadian Tax Opinion without obtaining a tax ruling or an opinion of a nationally recognized accounting firm or law firm that such action or transaction will not have such effect.
- (b) Each of Dundee and DREAM covenants and agrees with and in favour of each other to file its tax returns and make all other filings, notifications, designations and elections, including Section 85 elections, pursuant to the Tax Act and to make adjustments to its stated capital accounts in accordance with the terms of the Plan of Arrangement following the Effective Date. Where an agreed amount is to be included in any such election, such amount will be within the range contemplated by the Tax Act (or applicable provincial or foreign legislations) and will be the amount contemplated by the Canadian Tax Opinion, the Plan of Arrangement and this Agreement.
- (c) Each of Dundee and DREAM covenants and agrees with and in favour of each other to cooperate in the preparation, execution and filing, in the form and within the time limits prescribed or otherwise contemplated in the Tax Act, of all Tax returns, filings, notifications, designations and elections under the Tax Act as contemplated in the Canadian Tax Opinion, the Plan of Arrangement and this Agreement (and any similar tax returns, elections, notifications or designations that may be required under applicable provincial or foreign legislation).

4.3 Covenants of Dundee.

Dundee covenants and agrees to (and will cause each of its subsidiaries, as applicable, to):

- (a) perform the obligations required to be performed by Dundee under the Plan of Arrangement and do all such other acts and things as may be necessary or desirable and are within its power and control in order to carry out and give effect to the Arrangement, including using all commercially reasonable efforts to obtain:
 - (i) the approval of Dundee Shareholders required for the implementation of the Arrangement;
 - (ii) the Interim Order and the Final Order;
 - (iii) such other consents, orders, rulings or approvals and assurances as its counsel may advise are necessary or desirable for the implementation of the Arrangement, including those referred to in Section 5.1; and
 - (iv) satisfaction of the other conditions precedent referred to in Article 5; and
- (b) use commercially reasonable efforts to defend and upon request take all commercially reasonable steps to resolve, in consultation with the other Parties, all lawsuits or other legal, regulatory or other proceedings or disputes, including any proceedings or disputes with respect to any dissident Dundee Shareholder or proxy solicitation matters to which it or its subsidiaries is a party or by which it or they are affected, and will consult with and may permit the other Parties to participate in any discussions with and in formulating strategies for responding to any dissident Dundee Shareholders.

4.4 Covenants of DREAM and Dundee Realty.

Each of DREAM and Dundee Realty severally covenants and agrees to (and DREAM will cause any subsidiaries to):

- (a) perform the obligations required to be performed by it under the Plan of Arrangement and do all such other acts and things as may be necessary or desirable and are within its power and control in order to carry out and give effect to the Pre-Arrangement Transaction and the Arrangement, including using all commercially reasonable efforts to obtain (on its own or in cooperation with Dundee, as applicable):
 - (i) the Interim Order and the Final Order;
 - (ii) such other consents, rulings, orders, approvals and assurances as counsel of Dundee may advise are necessary or desirable for the implementation of the Arrangement, including those referred to in Section 5.1; and
 - (iii) satisfaction of the other conditions precedent referred to in Article 5;
- (b) use commercially reasonable efforts to defend, in consultation with Dundee, all lawsuits or other legal, regulatory or other proceedings to which it or its subsidiaries is a party challenging or affecting this Agreement or the marking or completion of the Arrangement;
- (c) obtain the consent of Dundee prior to issuing any press releases or otherwise making public statements with respect to this Agreement or the consummation of the Arrangement;

- (d) not issue shares in its capital stock prior to the Effective Time and will issue such initial shares only in accordance with the terms of the Arrangement, if applicable; and
- (e) on and after the Effective Time, provide (or cause to be provided) to Dundee, from time to time upon Dundee's request, such financial information in respect of Dundee Realty, for any period up to and including the Effective Date, which information is, in the sole judgment of Dundee, acting reasonably, necessary or desirable for the preparation of any of Dundee's consolidated financial statements (including the notes thereto), management's discussion and analysis or other financial reports required by Applicable Law or any Governmental Authority, in each case that is to be filed by Dundee following the Effective Time.

4.5 Covenants of SDC.

SDC covenants and agrees to (and will cause any subsidiaries to):

- (a) perform the obligations required to be performed by it under the Plan of Arrangement and do all such other acts and things as may be necessary or desirable and are within its power and control in order to carry out and give effect to the Arrangement; and
- (b) obtain the consent of Dundee prior to issuing any press releases or otherwise making public statements with respect to this Agreement or the consummation of the Arrangement.

ARTICLE 5 **CONDITIONS**

5.1 Mutual Conditions Precedent.

The respective obligations of the Parties to complete the transactions contemplated by this Agreement are subject to the satisfaction, at or prior to the Effective Time, of each of the following conditions precedent, each of which may only be waived, in whole or in part, with the mutual written consent of the Parties:

- (a) the Pre-Arrangement Transaction will have been completed;
- (b) the Arrangement Resolution will have been approved by the Dundee Shareholders at the Meeting in accordance with the Interim Order;
- (c) the Interim Order and the Final Order will have each been obtained on terms consistent with this Agreement and shall not have been set aside or modified in a manner unacceptable to the Parties, acting reasonably, on appeal or otherwise;
- (d) all governmental, court, regulatory, third party and other approvals, consents, expiry of waiting periods, waivers, permits, exemptions, orders and agreements and all amendments and modifications to, and terminations of, agreements, indentures and arrangements considered by the Parties, each acting reasonably, to be necessary or desirable for the completion of the transactions provided for in this Agreement, the Plan of Arrangement or the Pre-Arrangement Transaction will have been obtained or received on terms that are satisfactory to the Parties, each acting reasonably;
- (e) no law, regulation or policy will have been proposed, enacted, issued, promulgated, enforced or entered into which interferes or is inconsistent with the completion of the Arrangement or has the effect of making the Arrangement illegal, including any material change to the income tax laws of Canada or the United States;

- (f) there will not be in force any order or decree restraining or enjoining the completion of the transactions contemplated by this Agreement;
- (g) the Canadian Tax Opinion will have been received by the Board and the board of directors of DREAM and will not have been withdrawn or modified;
- (h) the Fairness Opinion will not have been withdrawn or modified;
- (i) (A) the Dundee New Subordinate Voting Shares (including shares issuable on exercise of securities issued under the Dundee Share Incentive Plan) shall have been conditionally approved to continue to be listed and posted for trading on the TSX; (B) the Dundee Convertible Butterfly Shares, the Dundee Butterfly 2 Shares and the Dundee Butterfly 3 Shares shall have been conditionally approved for listing on the TSX at the Effective Time; and (C) the Dundee Series 4 Preference Shares to be issued pursuant to the Arrangement will have been conditionally approved for listing and posting for trading on the TSX, subject only to compliance with the customary conditions of such exchange;
- (j) (A) the DREAM Subordinate Voting Shares, the subordinate voting shares of DREAM Amalco and the DREAM Series 1 Preference Shares will have been conditionally approved for listing and posting for trading on the TSX, subject only to compliance with the customary conditions of such exchange; and (B) the DREAM Butterfly Shares shall have been conditionally approved for listing on the TSX at the Effective Time; and
- (k) this Agreement will not have been terminated pursuant to the provisions of Article 7.

5.2 Additional Conditions Precedent to the Obligations of Dundee.

The obligation of Dundee to complete the transactions contemplated by this Agreement is further subject to the satisfaction, at or prior to the Effective Time, of each of the following conditions, each of which may be waived, in whole or in part, by Dundee without prejudice to its right to rely on any other condition in its favour:

- (a) DREAM, Dundee Realty, Michael Cooper, SDC and REIT Amalco will each have entered into the Shareholders' Agreement;
- (b) DREAM, Dundee Realty, Michael Cooper and SDC will each have entered into the Permitted Sales Agreement;
- (c) DREAM, Dundee Realty and SDC will each have entered into the Exchange Agreement; and
- (d) there shall not, as of the Effective Date, be registered Dundee Shareholders holding, in the aggregate, in excess of 1% of the number of outstanding Dundee Subordinate Voting Shares, Dundee Common Shares and Dundee Series 1 Preference Shares, collectively, that have validly exercised their Dissent Rights and not withdrawn such exercise.

5.3 Additional Conditions to Obligations of SDC.

The obligation of SDC to complete the transactions contemplated by this Agreement is further subject to the satisfaction, at or prior to the Effective Time, of the condition (which may be waived, in whole or in part, by SDC without prejudice to its right to rely on any other condition in its favour) that the respective parties thereto (other than SDC and Michael Cooper) will have entered into each of the Shareholders' Agreement, the Permitted Sales Agreement and the Exchange Agreement.

5.4 Conditions to Obligations of Each Party.

The obligation of each Party to complete the transactions contemplated by this Agreement is further subject to the conditions (which may be waived, in whole or in part, by such Party without prejudice to its right to rely on any other condition in its favour) that (i) the covenants of each other Party to be performed on or before the Effective Date pursuant to the terms of this Agreement will have been duly performed in all material respects; and (ii) except as set forth in this Agreement, the representations and warranties of each other Party will be true and correct in all material respects as at the Effective Date as though made at the Effective Time, with the same effect as if such representations and warranties had been made at, and as of, such time.

5.5 Merger of Conditions.

The conditions set out in Section 5.1, Section 5.2, Section 5.3 and Section 5.4 will be conclusively deemed to have been satisfied or waived, as applicable, on the filing by Dundee of Articles of Arrangement under the OBCA to give effect to the Plan of Arrangement.

ARTICLE 6 **INDEMNITIES**

6.1 Indemnity by Dundee.

Dundee will indemnify and hold harmless DREAM and its Representatives against any Loss suffered or incurred, directly or indirectly, by such indemnified party as a result of or in connection with a breach by Dundee of a covenant contained in Section 4.2.

6.2 Indemnity by DREAM.

DREAM will indemnify and hold harmless Dundee and its Representatives against any Loss suffered or incurred, directly or indirectly, by such indemnified party as a result of or in connection with a breach by DREAM of a covenant contained in Section 4.2.

6.3 Third Party Claims.

- (a) If any claim, assertion or proceeding by or in respect of a third party (a “**Third Party Claim**”) is made or commenced against an Indemnified Person in respect of which the Indemnified Party proposes to demand indemnification from an Indemnifying Party, the Indemnified Person shall give notice to that effect together with particulars of the Third Party Claim to the Indemnifying Party with reasonable promptness. The failure to give, or delay in giving, such notice will not relieve the Indemnifying Party of its obligations except and only to the extent of any prejudice caused to the Indemnifying Party by such failure or delay. The Indemnifying Party may, by notice to the Indemnified Person given not later than 30 days after receipt of the notice described in this Section 6.3(a), assume control of the defence, compromise or settlement of the Third Party Claim provided that: (i) the Third Party Claim involves only money damages and does not seek any injunctive or other equitable relief; (ii) if the named parties in any Third Party Claim include both the Indemnifying Party and the Indemnified Person, representation by the same counsel would, in the judgment of the Indemnified Person, still be appropriate notwithstanding any actual or potential differing interests between them (including the availability of different defences); and (iii) settlement of, or an adverse judgment with respect to, the Third Party Claim is not, in the judgment of the Indemnified Person, likely to establish a precedent, custom or practice adverse to the continuing business interests of the Indemnified Person. Upon assumption of control by the Indemnifying Party: (i) the Indemnifying Party shall actively and diligently proceed with the defence, compromise or settlement of the Third Party Claim at its sole cost and expense, retaining counsel reasonably satisfactory

to the Indemnified Person; (ii) the Indemnifying Party shall keep the Indemnified Person fully advised with respect to the status of the Third Party Claim (including supplying copies of all relevant documents promptly as they become available) and shall arrange for its counsel to inform the Indemnified Person on a regular basis of the status of the Third Party Claim; and (iii) the Indemnifying Party shall not consent to the entry of any judgment or enter into any settlement with respect to the Third Party Claim unless consented to by the Indemnified Person (which consent may not be unreasonably or arbitrarily withheld or delayed).

- (b) The Indemnified Person may retain separate co-counsel at its sole cost and expense, and may participate in the defence of the Third Party Claim.
- (c) Provided all the conditions set forth in Section 6.3(a) are satisfied and the Indemnifying Party is not in breach of any of its other obligations under this Section 6.3, the Indemnified Person will, at the expense of the Indemnifying Party, cooperate with the Indemnifying Party and use its commercially reasonable efforts to make available to the Indemnifying Party all relevant information in its possession or under its control (provided that it does not cause it to breach any confidentiality obligations) and shall take such other steps as are, in the reasonable opinion of counsel for the Indemnifying Party, necessary to enable the Indemnifying Party to conduct such defence; provided always that: (i) no admission of fault may be made by or on behalf of the Indemnified Person without his, her or its prior written consent; and (ii) the Indemnified Person is not obligated to take any measures which, in the reasonable opinion of the Indemnified Person's legal counsel, could be prejudicial or unfavourable to the Indemnified Person.
- (d) If (i) the Indemnifying Party fails to give the Indemnified Person the notice required in Section 6.3(a) or otherwise fails to comply with any of the conditions in Section 6.3(a), or (ii) the Indemnifying Party breaches any of its other obligations under this Section 6.3, the Indemnified Person may assume control of the defence, compromise or settlement of the Third Party Claim and retain counsel as in its sole discretion may appear advisable, the whole at the Indemnifying Party's sole cost and expense. Any settlement or other final determination of the Third Party Claim will be binding upon the Indemnifying Party. The Indemnifying Party shall, at its sole cost and expense, cooperate fully with the Indemnified Person and use its reasonable commercial efforts to make available to the Indemnified Person all relevant information in its possession or under its control and take such other steps as are, in the reasonable opinion of counsel for the Indemnified Person, necessary to enable the Indemnified Person to conduct the defence. The Indemnifying Party shall reimburse the Indemnified Person promptly and periodically for the costs of defending against the Third Party Claim (including legal fees and expenses), and shall remain responsible for any Losses the Indemnified Person may suffer resulting from, arising out of, or relating to, the Third Party Claim to the fullest extent provided in this Article 6.

6.4 Procedures for Indemnification – Direct Claims.

Any direct claim for indemnification pursuant to this Agreement must be asserted by providing notice to the Indemnifying Party within a reasonable time after the Indemnified Person becomes aware of such direct claim, but in any event not later than 60 days after the Indemnified Person becomes aware of such direct claim. The Indemnifying Party will then have a period of 30 days within which to satisfy such direct claim or, failing that, to give notice to the Indemnifying Party that it intends to dispute such direct claim, which notice must be accompanied by reasonable particulars in writing of the basis of such dispute.

ARTICLE 7
AMENDMENT AND TERMINATION

7.1 **Amendment.**

Subject to the provisions of the Interim Order, the Plan of Arrangement and Applicable Law, this Agreement and the Plan of Arrangement may, at any time and from time to time before or after the holding of the Meeting but not later than the Effective Time, be amended, modified or supplemented by written agreement of the Parties, without further notice to or authorization on the part of the Dundee Shareholders.

7.2 **Termination.**

This Agreement may, at any time before or after the holding of the Meeting but prior to the issue under the OBCA of a certificate of arrangement giving effect to the Arrangement, be unilaterally terminated by Dundee, in its sole and absolute discretion, without notice to or the consent of the other Parties hereto or the Dundee Shareholders and without liability to any of them except as provided in Section 8.1. This Agreement will terminate without any further action by the Parties if the Effective Date has not occurred on or before June 28, 2013.

7.3 **Effect of Termination.**

Upon the termination of this Agreement pursuant to Section 7.2 hereof, no Party will have any liability or further obligation to the other Parties hereto or any other Person.

7.4 **Remedies.**

The Parties hereto acknowledge and agree that an award of money damages would be inadequate for any breach of this Agreement by any Party or its Representatives and any such breach would cause the non-breaching Party irreparable harm. Accordingly, the Parties hereto agree that, in the event of any breach or threatened breach of this Agreement by one of the Parties, a non-breaching Party will also be entitled, without the requirement of posting a bond or other security, to equitable relief, including injunctive relief and specific performance. Such remedies will not be the exclusive remedies for any breach of this Agreement but will be in addition to all other remedies available at law or equity to each of the Parties.

ARTICLE 8
GENERAL

8.1 **Expenses.**

The Parties agree that all out-of-pocket expenses of the respective Parties relating to the Arrangement and the transactions contemplated hereby, including legal fees, accounting fees, financial advisory fees, regulatory filing fees, stock exchange fees, all disbursements of advisors and printing and mailing costs, will be paid by DREAM, including, for greater certainty, the reimbursement of Dundee for all fees and expenses or indemnity payments arising out of or in connection with the engagement of Scotia Capital Inc. and the delivery of the Fairness Opinion.

8.2 **Notices.**

Any demand, notice or other communication to be given in connection with this Agreement must be given in writing and delivered personally or by courier or by facsimile addressed to the recipient as follows:

(a) To Dundee:

Dundee Corporation
Dundee Place
1 Adelaide Street E
28th Floor
Toronto, ON
M5C 2V9

Attention: Ned Goodman
Facsimile: (416) 363-4536

(b) To DREAM:

DREAM Limited
Dundee Place
1 Adelaide Street E
28th Floor
Toronto, ON
M5C 2V9

Attention: Chief Financial Officer
Facsimile: (416) 363-4536

(c) To Dundee Realty:

Dundee Realty Corporation
State Street Financial Centre, Suite 1600
30 Adelaide Street East
Toronto, Ontario M5C 3H1

Attention: Chief Financial Officer
Facsimile: (416) 365-3535

(d) To SDC:

Sweet Dream Corp.
State Street Financial Centre, Suite 1600
30 Adelaide Street East
Toronto, Ontario M5C 3H1

Attention: President
Facsimile: (416) 365-3535

or other such address that a Party may, from time to time, advise the other Parties hereto by notice in writing given in accordance with the foregoing. Date of receipt of any such notice will be deemed to be the date of actual delivery thereof or, if given by facsimile, on the day of transmittal thereof if given during the normal business hours of the recipient with written confirmation of receipt by fax and verbal confirmation of same and on the next Business Day, if not given during such hours.

8.3 Time of the Essence.

Time is of the essence of this Agreement.

8.4 Assignment.

No Party may assign its rights or obligations under this Agreement or the Plan of Arrangement without the prior written consent of the other Parties, *provided* that no such consent will be required for any Party to assign its rights and obligations under this Agreement and the Plan of Arrangement to a corporate successor to such Party or to a purchaser of all or substantially all of the assets of such Party.

8.5 Binding Effect.

This Agreement will be binding upon and enure to the benefit of the Parties hereto and their respective successors and permitted assigns.

8.6 Waiver.

Any waiver or release of any of the provisions of this Agreement, to be effective, must be in writing executed by the Party granting the same.

8.7 Entire Agreement.

This Agreement, together with the agreements and other documents herein or therein referred to, constitutes the entire agreement between the Parties with respect to the subject matter hereof and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, between the Parties with respect thereto.

8.8 Governing Law; Attornment.

This Agreement will be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein. Each Party agrees that any action or proceeding arising out of or relating to this Agreement may be instituted in the courts of Alberta, waives any objection which it may have now or later to the venue of that action or proceeding, irrevocably submits to the non-exclusive jurisdiction of those courts in that action or proceeding and agrees to be bound by any judgment of those courts.

8.9 Limitation on Liability.

No Representative of a Party shall have any personal liability whatsoever on behalf of such Party (or any of its subsidiaries) to any other Party under this Agreement, the Arrangement or any other transactions entered into, or documents delivered, in connection with any of the foregoing. In no event will one Party be liable to any other Party for any special, consequential, indirect, collateral, incidental or punitive damages or lost profits or failure to realize expected savings or other commercial or economic loss of any kind, however caused and on any theory of liability, arising in any way out of this Agreement, whether or not such Person has been advised of the possibility of such damages.

8.10 Severability.

If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule or Applicable Law or public policy, all other conditions and provisions of this Agreement will nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated by this Agreement is not affected in any manner materially adverse to any Party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties will negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in any acceptable manner to the end that the transactions contemplated by this Agreement are fulfilled to the fullest extent possible.

8.11 **Counterparts; Facsimiles.**

This Agreement may be executed in one or more counterparts, each of which will be deemed to be an original and all of which taken together will be deemed to constitute the same instrument. Delivery of an executed signature page to this Agreement by any Party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such Party.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF the Parties have executed this Agreement.

DUNDEE CORPORATION

by: “Lucie Presot”
Name: Lucie Presot
Title: Chief Financial Officer

DREAM LIMITED

by: “Lucie Presot”
Name: Lucie Presot
Title: Director

DUNDEE REALTY CORPORATION

by: “Michael Cooper”
Name: Michael Cooper
Title: Chief Executive Officer

SWEET DREAM CORP.

by: “Michael Cooper”
Name: Michael Cooper
Title: President and Secretary

SCHEDULE "A"

PLAN OF ARRANGEMENT

**PLAN OF ARRANGEMENT
UNDER SECTION 182 OF THE
BUSINESS CORPORATIONS ACT (ONTARIO)**

**ARTICLE 1
DEFINITIONS AND INTERPRETATION**

1.1 Definitions

In this Plan of Arrangement, unless the context otherwise requires, capitalized terms used but not defined shall have the meanings ascribed to them below:

“Arrangement” means an arrangement under section 182 of the OBCA in accordance with the terms and subject to the conditions set out in this Plan of Arrangement, subject to any amendments or variations to this Plan of Arrangement made in accordance with its terms, the terms of the Arrangement Agreement or made at the direction of the Court with the consent of the parties to the Arrangement Agreement, each acting reasonably.

“Arrangement Agreement” means the arrangement agreement dated April 12, 2013 between Dundee, DREAM, Dundee Realty and SDC (including the schedules thereto), as amended or supplemented in accordance with its terms.

“Arrangement Resolution” means the special resolution approving the Plan of Arrangement to be considered at the Meeting, to be substantially in the form and content attached as Appendix “A” to the management information circular of Dundee prepared and filed in connection with the Meeting.

“Articles of Arrangement” means the articles of arrangement of the Company in respect of the Arrangement, to be filed with the Director after the Final Order is made, which shall include this Plan of Arrangement and otherwise be in form and content satisfactory to the parties to the Arrangement Agreement, each acting reasonably.

“Business Day” means a day, other than a Saturday, Sunday or statutory or civic holiday in Ontario, when banks are generally open for the transaction of business in Toronto, Ontario.

“CDS” means CDS Clearing and Depository Services Inc.

“Company” or **“Dundee”** means Dundee Corporation, a corporation governed by the laws of Ontario.

“Court” means the Ontario Superior Court of Justice (Commercial List).

“Director” means the Director appointed pursuant to section 278 of the OBCA.

“Dissent Rights” has the meaning given in subsection 4.1(a) of this Plan of Arrangement.

“Dissenting Shareholder” has the meaning given in paragraph 4.1(a)(i) of this Plan of Arrangement.

“Distribution Record Date” means the Business Day prior to the Effective Date.

“DREAM” means DREAM Limited, a corporation governed by the laws of Ontario.

“DREAM Amalco” means the corporation governed by the laws of Ontario formed upon the amalgamation of DREAM and Holdco pursuant to subsection 3.1(q) of this Plan of Arrangement.

“DREAM Butterfly Shares” means the series of first preference shares in the capital of DREAM to be created upon the Arrangement becoming effective, to be designated as “First Preference Shares, Series A” and having substantially the rights, privileges, restrictions and conditions set out in Exhibit III to this Plan of Arrangement.

“DREAM Common Shares” means the Class B common shares in the capital of DREAM, and following the amalgamation of DREAM and Holdco pursuant to subsection 3.1(q) of this Plan of Arrangement, DREAM Amalco, in both cases having the rights, privileges, restrictions and conditions set out in Exhibit II to this Plan of Arrangement.

“DREAM Series 1 Preference Shares” means the First Preference Shares, Series 1 in the capital of DREAM Amalco to be created upon the Arrangement becoming effective, having substantially the rights, privileges, restrictions and conditions set out in Exhibit IV to this Plan of Arrangement.

“DREAM Sub” means 2368529 Ontario Inc., a corporation governed by the laws of Ontario and, prior to the Effective Time, a wholly-owned subsidiary of DREAM.

“DREAM Sub Note” means the non-interest bearing demand promissory note of DREAM Sub in a principal amount equal to the aggregate fair market value of the 1,000,000 common shares of DREAM Sub purchased by DREAM Sub from Dundee for cancellation pursuant to subsection 3.1(m) of this Plan of Arrangement.

“DREAM Subordinate Voting Shares” means the Class A subordinate voting shares in the capital of DREAM, and following the amalgamation of DREAM and Holdco pursuant to subsection 3.1(q) of this Plan of Arrangement, DREAM Amalco, in both cases having the rights, privileges, restrictions and conditions set out in Exhibit II to this Plan of Arrangement.

“DREAM Transfer Agent” means Computershare Investor Services Inc.

“DSU Market Value” has the meaning given in subsection 3.1(h) of this Plan of Arrangement.

“Dundee Asset Transfer” has the meaning given in subsection 3.1(l) of this Plan of Arrangement.

“Dundee Butterfly Shares” means, collectively, the Dundee Butterfly 1 Shares, the Dundee Butterfly 2 Shares and the Dundee Butterfly 3 Shares.

“Dundee Butterfly 1 Shares” means the new series of first preference shares in the capital of Dundee to be created upon the Arrangement becoming effective, to be designated as “first preference shares, series 5” and having substantially the rights, privileges, restrictions and conditions for such shares set out in Exhibit I to this Plan of Arrangement.

“Dundee Butterfly 2 Shares” means the new series of first preference shares in the capital of Dundee to be created upon the Arrangement becoming effective, to be designated as “first preference shares, series 6” and having substantially the rights, privileges, restrictions and conditions for such shares set out in Exhibit I to this Plan of Arrangement.

“Dundee Butterfly 3 Shares” means the new series of first preference shares in the capital of Dundee to be created upon the Arrangement becoming effective, to be designated as “first preference shares, series 7” and having substantially the rights, privileges, restrictions and conditions for such shares set out in Exhibit I to this Plan of Arrangement.

“Dundee Common Shareholder” means a holder of Dundee Common Shares.

“Dundee Common Shares” means the Class B common shares in the capital of Dundee.

“Dundee Convertible Butterfly Shares” means the new series of first preference shares in the capital of Dundee to be created upon the Arrangement becoming effective, to be designated as “first preference shares, series 8” and having substantially the rights, privileges, restrictions and conditions for such shares set out in Exhibit I to this Plan of Arrangement.

“Dundee DSUs” means the outstanding deferred share units of Dundee granted under the Amended and Restated Deferred Share Unit Plan of Dundee dated June 20, 2007.

“Dundee New Common Shares” means the new class of Class B common shares in the capital of Dundee to be created upon the Arrangement becoming effective, designated as “Class B common shares” and having substantially the rights, privileges, restrictions and conditions for such shares set out in Exhibit I to this Plan of Arrangement.

“Dundee New Series 4 Preference Shares” means the new series of first preference shares in the capital of Dundee to be created upon the Arrangement becoming effective, designated as “first preference shares, series 4” and having substantially the rights, privileges, restrictions and conditions for such shares set out in Exhibit I to this Plan of Arrangement.

“Dundee New Subordinate Voting Shares” means the new class of Class A subordinate voting shares in the capital of Dundee to be created upon the Arrangement becoming effective, designated as “Class A subordinate voting shares” and having substantially the rights, privileges, restrictions and conditions for such shares set out in Exhibit I to this Plan of Arrangement.

“Dundee Note” means the non-interest bearing demand promissory note of Dundee in a principal amount equal to the aggregate fair market value of the Dundee Butterfly Shares redeemed by Dundee from DREAM pursuant to subsection 3.1(o) of this Plan of Arrangement.

“Dundee Options” means the outstanding options of Dundee to purchase Dundee Subordinate Voting Shares granted under the Amended and Restated Share Incentive Plan of Dundee dated March 26, 2010.

“Dundee Realty” means Dundee Realty Corporation, a corporation governed by the laws of British Columbia.

“Dundee Realty Class C Shares” means the Class C voting preference shares in the capital of Dundee Realty.

“Dundee Realty Common Shares” means the non-voting common shares in the capital of Dundee Realty.

“Dundee Series 1 Preference Shareholder” means a holder of Dundee Series 1 Preference Shares.

“Dundee Series 1 Preference Shares” means the first preference shares, series 1 in the capital of Dundee.

“Dundee Share Exchange” has the meaning given in subsection 3.1(f) of this Plan of Arrangement.

“Dundee Shareholders” means, collectively, the Dundee Common Shareholders, Dundee Subordinate Voting Shareholders and Dundee Series 1 Preference Shareholders.

“Dundee Shares” means, collectively, the Dundee Common Shares, the Dundee Subordinate Voting Shares and the Dundee Series 1 Preference Shares.

“Dundee Subordinate Voting Shareholder” means a holder of Dundee Subordinate Voting Shares.

“Dundee Subordinate Voting Shares” means the Class A subordinate voting shares in the capital of Dundee.

“Dundee Transfer Agent” means Computershare Investor Services Inc., the Company’s transfer agent.

“Effective Date” means the date shown on the certificate of arrangement to be issued by the Director under the OBCA after the Articles of Arrangement have been filed.

“Effective Time” means 12:01 a.m. (ET) on the Effective Date.

“Eligible Holder” means a Dundee Shareholder, other than a Dissenting Shareholder, (a) who is a resident of Canada for purposes of the Tax Act and not exempt from tax under Part I of the Tax Act, (b) who is a non-resident of Canada for purposes of the Tax Act and whose Dundee Shares constitute “taxable Canadian property” (as defined in the Tax Act and the Tax Proposals) to the holder, provided that any gain realized by the holder on a disposition at fair market value of such shares would not be exempt from tax under the Tax Act by virtue of an applicable Tax Treaty, or (c) that is a partnership that owns Dundee Shares if one or more of the partners thereof would be described in either paragraphs (a) or (b) if such partner held such Dundee Shares directly.

“Exchange Agreement” means the exchange agreement, substantially in the form attached as Schedule “B” to the Arrangement Agreement, to be entered into by DREAM Amalco, Dundee Realty and SDC, as contemplated by this Plan of Arrangement, relating to the exchange by SDC of its Dundee Realty Common Shares and Dundee Realty Class C Shares for DREAM Subordinate Voting Shares.

“Final Order” means the final order of the Court or, if appealed, the final order of, or the order affirmed by, an appellate court, approving the Arrangement pursuant to section 182 of the OBCA, as it may be amended or affirmed prior to the Effective Time by the Court or an appellate court, as the case may be.

“Holdco” means 2368464 Ontario Inc., a corporation governed by the laws of Ontario and, prior to the Effective Time, a wholly-owned subsidiary of Dundee.

“Holdco Common Shares” means the common shares in the capital of Holdco.

“Indemnity” means the indemnity to be provided by Dundee to Mr. Ned Goodman in respect of certain matters relating to the Arrangement, as contemplated by this Plan of Arrangement.

“Interim Order” means the interim order of the Court in respect of the Arrangement, as it may be varied or amended, as contemplated by section 2.3 of the Arrangement Agreement.

“Liens” means mortgages, charges, pledges, liens, hypothecs, security interests, restrictions, encumbrances, adverse claims and other claims or rights of third parties of any kind.

“Meeting” means the annual and special meeting of Dundee Shareholders to be held on May 16, 2013, and any adjournment or postponement thereof, for the purpose of, among other things, considering and, if deemed advisable, approving the Arrangement Resolution.

“OBCA” means the *Business Corporations Act* (Ontario) and the regulations made thereunder, as amended from time to time.

“Paid-Up Capital” has the meaning attributed to that term in subsection 89(1) of the Tax Act.

“Permitted Sales Agreement” means the permitted sales agreement, substantially in the form attached as Schedule “C” to the Arrangement Agreement, to be entered into by DREAM Amalco, SDC, Dundee Realty and Mr. Michael Cooper, as contemplated by this Plan of Arrangement.

“Plan of Arrangement” means this plan of arrangement, as amended, varied or supplemented in accordance with the terms hereof, the terms of the Arrangement Agreement or made at the direction of the Court with the consent of the parties to the Arrangement Agreement, each acting reasonably.

“Redemption Amount” has the meaning given in subsection 3.1(h) of this Plan of Arrangement.

“Registered Shareholder” means a Dundee Shareholder whose name is set out in the register of the Company for the Dundee Common Shares, Dundee Subordinate Voting Shares or Dundee Series 1 Preference Shares, respectively, maintained by the Dundee Transfer Agent.

“REIT Amalco” means the corporation to be governed by the laws of British Columbia to be formed upon the amalgamation of two of the Company’s subsidiaries, 0764704 B.C. Ltd. and 0764707 B.C. Ltd., pursuant to the provisions of the *Business Corporations Act* (British Columbia), with such amalgamation to occur prior to the Effective Time.

“SDC” means Sweet Dream Corp., a corporation governed by the laws of Ontario.

“Shareholders’ Agreement” means the shareholders’ agreement, substantially in the form attached as Schedule “D” to the Arrangement Agreement, to be entered into by DREAM Amalco, SDC, Dundee Realty, Mr. Michael Cooper and REIT Amalco, as contemplated by this Plan of Arrangement.

“Tax Act” means the *Income Tax Act* (Canada) and the regulations made thereunder, as amended from time to time.

“Tax Proposals” means all specific proposals to amend the Tax Act that have been publicly announced by or on behalf of the Minister of Finance (Canada) prior to the Effective Time.

“Tax Treaty” means any bilateral tax convention to which Canada is a party that is in force as of the Effective Time.

“Top-Up DSUs” has the meaning given in subsection 3.1(h) of this Plan of Arrangement.

“TSX” means the Toronto Stock Exchange.

In addition, words and phrases used herein and defined in the OBCA and not otherwise defined herein or in the Arrangement Agreement shall have the same meaning herein as in the OBCA unless the context otherwise requires.

1.2 Interpretation Not Affected by Headings

The division of this Plan of Arrangement into articles, sections, subsections, paragraphs and subparagraphs and the insertion of headings herein are for convenience of reference only and shall not affect the construction or interpretation of this Plan of Arrangement. The terms “this Plan of Arrangement”, “hereof”, “herein”, “hereto”, “hereunder” and similar expressions refer to this Plan of Arrangement and not to any particular article, section or other portion hereof and include any instrument supplementary or ancillary hereto.

1.3 Rules of Construction

In this Plan of Arrangement, unless the context otherwise requires, (a) words importing the singular shall include the plural and vice versa, (b) words importing the use of either gender shall include both genders and neuter, (c) “include”, “includes” and “including” shall be deemed to be followed by the words “without limitation”, and (d) the word person and words importing persons shall include a natural person, firm, trust, partnership, association, corporation, joint venture or government (including any governmental agency,

political subdivision or instrumentality thereof) and any other entity or group of persons of any kind or nature whatsoever.

1.4 Date for any Action

If the date on which any action is required or permitted to be taken hereunder is not a Business Day, such action shall be required or permitted to be taken on the next succeeding day which is a Business Day.

1.5 Statutory References

In this Plan of Arrangement, unless something in the subject matter or context is inconsistent therewith or unless otherwise herein provided, a reference to a statute includes all regulations made thereunder, all amendments to such statute or regulation in force from time to time and any statute or regulation that supplements or supersedes such statute or regulation.

1.6 Currency

Unless otherwise stated, all references herein to amounts of money are expressed in lawful currency of Canada.

1.7 Time

Time shall be of the essence in every matter or action contemplated hereunder. All times expressed herein are local time in Toronto, Ontario unless otherwise stipulated herein.

1.8 Exhibits

The following Exhibits are attached to this Plan of Arrangement and form part hereof:

Exhibit I	Amended and New Share Terms of Dundee
Exhibit II	Share Terms of DREAM
Exhibit III	DREAM Butterfly Share Terms
Exhibit IV	DREAM Series 1 Preference Share Terms

ARTICLE 2 ARRANGEMENT AGREEMENT

2.1 Arrangement Agreement

This Plan of Arrangement is made pursuant to, and is subject to the provisions of, the Arrangement Agreement, except in respect of the sequence of the steps comprising the Arrangement, which shall occur as set forth herein.

2.2 Binding Effect

At and after the Effective Time, this Plan of Arrangement shall be binding on (a) Dundee, DREAM, Holdco, DREAM Sub, DREAM Amalco, Dundee Realty, REIT Amalco and SDC, (b) all Dundee Shareholders (including Dissenting Shareholders) and holders of Dundee Options and Dundee DSUs, and (c) the Dundee Transfer Agent and the DREAM Transfer Agent, in each case without any further authorization, act or formality on the part of any person, except as expressly provided herein.

ARTICLE 3 ARRANGEMENT

3.1 Arrangement

Commencing at the Effective Time, except as otherwise noted herein, the following shall occur and shall be deemed to occur sequentially, in the following order, without any further act or formality required on the part of any person:

- (a) the Dundee Options outstanding immediately prior to the Effective Time will be adjusted such that each holder of such Dundee Options shall be entitled on the due exercise thereof, including payment of the exercise price in effect immediately prior to the Effective Time and otherwise in accordance with the other terms of the Dundee Options in effect as at such time, to receive: (i) one Dundee New Subordinate Voting Share for each Dundee Option; and (ii) the market price of a portion of a DREAM Subordinate Voting Share (such portion not to exceed one full DREAM Subordinate Voting Share), such market price to be paid to the holder of the Dundee Option in additional Dundee New Subordinate Voting Shares at the market price of such Dundee New Subordinate Voting Shares at the time of exercise of such Dundee Option. For purposes hereof: (A) in (ii) above, the portion of a DREAM Subordinate Voting Share per Dundee Option will be determined immediately following the completion of the Arrangement and will be equal to the quotient obtained by dividing: (1) the difference between the market price of a Dundee Subordinate Voting Share immediately prior to the completion of the Arrangement and the market price of a Dundee New Subordinate Voting Share immediately following the completion of the Arrangement; by (2) the market price of a DREAM Subordinate Voting Share immediately following the completion of the Arrangement; and (B) market price means the volume weighted average trading price of the DREAM Subordinate Voting Shares, Dundee New Subordinate Voting Shares or Dundee Subordinate Voting Shares, as the case may be, during the five trading days immediately prior to, or following, as applicable, the relevant date. Such adjustments to such Dundee Options will be deemed to occur concurrently with the Dundee Share Exchange;
- (b) the Company will transfer all of the Dundee Realty Common Shares held by it to Holdco at a price equal to their fair market value determined as of the time immediately prior to the transfer in consideration for which Holdco shall issue to the Company a number of Holdco Common Shares having an equivalent fair market value. The Company and Holdco shall jointly elect to have the provisions of subsection 85(1) of the Tax Act and the corresponding provisions of any applicable provincial legislation apply to such transfer with the agreed amount in such election to be specified by the Company (subject to the limitations in the Tax Act and any applicable provincial legislation) and Holdco shall add to the stated capital account maintained by Holdco in respect of the Holdco Common Shares an amount equal to the agreed amount in such election;
- (c) REIT Amalco will transfer all of the Dundee Realty Class C Shares held by it to Holdco at a price equal to their fair market value determined as of the time immediately prior to the transfer in consideration for which Holdco shall issue to REIT Amalco a number of Holdco Common Shares having an equivalent fair market value. REIT Amalco and Holdco shall jointly elect to have the provisions of subsection 85(1) of the Tax Act and the corresponding provisions of any applicable provincial legislation apply to such transfer with the agreed amount in such election to be specified by REIT Amalco (subject to the limitations in the Tax Act and any applicable provincial legislation) and Holdco shall add to the stated capital account maintained by Holdco in respect of the Holdco Common Shares an amount equal to the agreed amount in such election;
- (d) the Dundee Shares held by Dissenting Shareholders, who duly exercise their Dissent Rights and who are ultimately entitled to be paid fair value for those Dundee Shares, as

described in paragraph 4.1(a)(i) of this Plan of Arrangement, will be deemed to have been transferred to Dundee (free and clear of any Liens) and cancelled and will cease to be outstanding at the Effective Time, and such Dissenting Shareholders will cease to have any rights as Dundee Shareholders other than the right to be paid the fair value for their Dundee Shares by Dundee;

- (e) the articles of amalgamation of the Company shall be amended as follows:
- (i) to redesignate the Dundee Common Shares as “Class D common shares” having the rights, privileges, restrictions and conditions set out in the articles of amalgamation of the Company, as amended in accordance with Exhibit I to this Plan of Arrangement;
 - (ii) to redesignate the Dundee Subordinate Voting Shares as “Class C subordinate voting shares” having the rights, privileges, restrictions and conditions set out in the articles of amalgamation of the Company, as amended in accordance with Exhibit I to this Plan of Arrangement; and
 - (iii) to create and authorize the issuance of (in addition to the shares the Company is authorized to issue immediately before such amendment):
 - (A) an unlimited number of Dundee New Common Shares;
 - (B) an unlimited number of Dundee New Subordinate Voting Shares;
 - (C) 6,000,000 Dundee New Series 4 Preference Shares;
 - (D) an unlimited number of Dundee Butterfly Shares; and
 - (E) 6,000,000 Dundee Convertible Butterfly Shares;
- (f) each issued and outstanding Dundee Common Share, Dundee Subordinate Voting Share and Dundee Series 1 Preference Share will be exchanged concurrently as follows (the “**Dundee Share Exchange**”):
- (i) each Dundee Common Share will be exchanged for one Dundee New Common Share and one Dundee Butterfly 1 Share;
 - (ii) each Dundee Subordinate Voting Share will be exchanged for one Dundee New Subordinate Voting Share and one Dundee Butterfly 2 Share; and
 - (iii) each Dundee Series 1 Preference Share will be exchanged for one Dundee Convertible Butterfly Share and one Dundee Butterfly 3 Share,
- and the Dundee Common Shares, Dundee Subordinate Voting Shares and Dundee Series 1 Preference Shares so exchanged will be cancelled. In connection with the share exchanges in this subsection 3.1(f) of this Plan of Arrangement:
- (iv) Dundee will not make a joint election under the provisions of subsections 85(1) or 85(2) of the Tax Act or the corresponding provisions of any applicable provincial legislation with a Dundee Shareholder;
 - (v) the aggregate amount to be added by the Company to the stated capital accounts of the Dundee New Common Shares and the Dundee Butterfly 1 Shares issued on the share exchange in paragraph 3.1(f)(i) of this Plan of Arrangement shall be

an amount equal to the aggregate Paid-Up Capital of the Dundee Common Shares immediately before such exchange and such Paid-Up Capital shall be allocated between the Dundee New Common Shares and the Dundee Butterfly 1 Shares based on the proportion that the fair market value of the Dundee New Common Shares and the Dundee Butterfly 1 Shares, as the case may be, is of the fair market value of all of the Dundee New Common Shares and the Dundee Butterfly 1 Shares issued on such exchange;

- (vi) the aggregate amount to be added by the Company to the stated capital accounts of the Dundee New Subordinate Voting Shares and the Dundee Butterfly 2 Shares issued on the share exchange in paragraph 3.1(f)(ii) of this Plan of Arrangement shall be an amount equal to the aggregate Paid-Up Capital of the Dundee Subordinate Voting Shares immediately before such exchange and such Paid-Up Capital shall be allocated between the Dundee New Subordinate Voting Shares and the Dundee Butterfly 2 Shares based on the proportion that the fair market value of the Dundee New Subordinate Voting Shares and the Dundee Butterfly 2 Shares, as the case may be, is of the fair market value of all of the Dundee New Subordinate Voting Shares and the Dundee Butterfly 2 Shares issued on such exchange; and
- (vii) the aggregate amount to be added by the Company to the stated capital accounts of the Dundee Convertible Butterfly Shares and the Dundee Butterfly 3 Shares issued on the share exchange in paragraph 3.1(f)(iii) of this Plan of Arrangement shall be an amount equal to the aggregate Paid-Up Capital of the Dundee Series 1 Preference Shares immediately before such exchange and such Paid-Up Capital shall be allocated between the Dundee Convertible Butterfly Shares and the Dundee Butterfly 3 Shares based on the proportion that the fair market value of the Dundee Convertible Butterfly Shares and the Dundee Butterfly 3 Shares, as the case may be, is of the fair market value of all of the Dundee Convertible Butterfly Shares and the Dundee Butterfly 3 Shares issued on such exchange;
- (g) concurrently with the issuance of the Dundee New Subordinate Voting Shares, Dundee Convertible Butterfly Shares, Dundee Butterfly 2 Shares and Dundee Butterfly 3 Shares in subsection 3.1(f) of this Plan of Arrangement, the Dundee New Subordinate Voting Shares, Dundee Convertible Butterfly Shares, Dundee Butterfly 2 Shares and Dundee Butterfly 3 Shares will, outside and not as part of this Plan of Arrangement, be listed on the TSX and, for greater certainty, such listing will be effective before the transfer of the Holdco Common Shares by the Company to DREAM Sub in subsection 3.1(l) of this Plan of Arrangement;
- (h) concurrently with the Dundee Share Exchange, each holder of Dundee DSUs will receive additional Dundee DSUs ("**Top-Up DSUs**") with a market value equal to the difference between (i) the fair value of the holder's Dundee DSUs immediately prior to the completion of the Arrangement, and (ii) the fair value of such Dundee DSUs immediately following the completion of the Arrangement (the "**DSU Market Value**"). For purposes of such calculation, the fair value of the Dundee DSUs will be determined as: (A) for purposes of determining the fair value of Dundee DSUs immediately prior to the completion of the Arrangement, the volume weighted average trading price of the Dundee Subordinate Voting Shares during the five trading days immediately prior to the completion of the Arrangement; and (B) for purposes of determining the fair value of Dundee DSUs immediately following the completion of the Arrangement, the volume weighted average trading price of the Dundee New Subordinate Voting Shares during the five trading days immediately following completion of the Arrangement.

The number of Top-Up DSUs to be issued to each holder of Dundee DSUs will be equal to the quotient obtained by dividing (A) the DSU Market Value, by (B) the fair value of the

DREAM Subordinate Voting Shares immediately following the completion of the Arrangement, such fair value to be determined by the volume weighted average trading price of the DREAM Subordinate Voting Shares during the five trading days immediately following the completion of the Arrangement.

Each such Top-Up DSU will entitle the holder thereof to receive, at the time of redemption of such Top-Up DSU, an amount equivalent to the fair value of a DREAM Subordinate Voting Share, determined as the volume weighted average trading price of the DREAM Subordinate Voting Share for the five trading days immediately prior to such redemption (the "**Redemption Amount**"), such Redemption Amount to be satisfied in its entirety through or as a combination of (i) the issuance from treasury of that number of Dundee New Subordinate Voting Shares (based on the volume weighted average trading price of the Dundee New Subordinate Voting Shares during the five trading days immediately prior to the redemption date) equal to the Redemption Amount, (ii) a cash payment to the holder of the Top-Up DSU, or (iii) the purchase on behalf of the holder by Dundee on the open market of that number of additional Dundee New Subordinate Voting Shares that is equal to the Redemption Amount;

- (i) the articles of incorporation of DREAM shall be amended to create and authorize the issuance of (in addition to the shares DREAM is authorized to issue immediately before such amendment) an unlimited number of first preference shares, issuable in series, of which the first series shall be the DREAM Butterfly Shares;
- (j) each issued and outstanding Dundee Butterfly Share will be transferred concurrently to DREAM in exchange for the issuance of shares of DREAM as follows:
 - (i) each Dundee Butterfly 1 Share will be transferred in exchange for one DREAM Common Share;
 - (ii) each Dundee Butterfly 2 Share will be transferred in exchange for one DREAM Subordinate Voting Share; and
 - (iii) each Dundee Butterfly 3 Share will be transferred in exchange for one DREAM Butterfly Share;

In connection with the share transfers in this subsection 3.1(j) of this Plan of Arrangement, if requested by an Eligible Holder within 60 days after the Effective Date, DREAM will jointly elect with such Eligible Holder to have the provisions of subsection 85(1) of the Tax Act (or, in the case of an Eligible Holder that is a partnership, subsection 85(2) of the Tax Act) and the corresponding provisions of any applicable provincial legislation apply to such transfer(s) with the agreed amount(s) in such election to be specified by the Eligible Holder (subject to the limitations in the Tax Act and any applicable provincial legislation). DREAM will add the following amounts to the stated capital of its shares:

- (iv) with respect to the DREAM Common Shares, an amount equal to the aggregate stated capital of the Dundee Butterfly 1 Shares so transferred to DREAM, less the amount, if any, by which the aggregate stated capital of the Dundee Butterfly 1 Shares that are subject to the elections under subsections 85(1) or 85(2), as the case may be, of the Tax Act exceeds the aggregate agreed amounts specified in such elections;
- (v) with respect to the DREAM Subordinate Voting Shares, an amount equal to the aggregate stated capital of the Dundee Butterfly 2 Shares so transferred to DREAM, less the amount, if any, by which the aggregate stated capital of the Dundee Butterfly 2 Shares that are subject to the elections under subsections

85(1) or 85(2), as the case may be, of the Tax Act exceeds the aggregate agreed amounts specified in such elections; and

- (vi) with respect to the DREAM Butterfly Shares, an amount equal to the aggregate stated capital of the Dundee Butterfly 3 Shares so transferred to DREAM, less the amount, if any, by which the aggregate stated capital of the Dundee Butterfly 3 Shares that are subject to the elections under subsections 85(1) or 85(2), as the case may be, of the Tax Act exceeds the aggregate agreed amounts specified in such elections;
- (k) concurrently with the issuance of the DREAM Subordinate Voting Shares and the DREAM Butterfly Shares in subsection 3.1(j) of this Plan of Arrangement, the DREAM Subordinate Voting Shares and the DREAM Butterfly Shares will, outside and not as part of this Plan of Arrangement, be listed on the TSX and, for greater certainty, such listing will be effective before the purchase for cancellation of the DREAM Sub common shares in subsection 3.1(m) of this Plan of Arrangement and the redemption of the Dundee Butterfly Shares in subsection 3.1(o) of this Plan of Arrangement;
- (l) the Company will transfer to DREAM Sub such number of Holdco Common Shares as is sufficient to ensure that Dundee will hold, directly or indirectly, DREAM Subordinate Voting Shares equal to an aggregate 28.57% interest in the DREAM Subordinate Voting Shares and DREAM Common Shares upon completion of the Arrangement and as described in subparagraph 3.1(q)(x)(B) of this Plan of Arrangement (provided such number of Holdco Common Shares shall be reduced appropriately to reflect the acquisition by Dundee of Dundee Shares from Dissenting Shareholders with the result that upon completion of the Arrangement the number of DREAM Subordinate Voting Shares held by Dundee upon the conversion described in subparagraph 3.1(q)(x)(B) of this Plan of Arrangement, and Dundee's percentage interest in the DREAM Subordinate Voting Shares and DREAM Common Shares, will be correspondingly increased) at a price equal to the fair market value of such Holdco Common Shares determined as of the time immediately prior to the transfer (the "**Dundee Asset Transfer**"), in consideration for which DREAM Sub shall issue 1,000,000 common shares of DREAM Sub to the Company. The Company and DREAM Sub shall jointly elect to have the provisions of subsection 85(1) of the Tax Act and the corresponding provisions of any applicable provincial legislation apply to such transfer with the agreed amount in such election to be specified by the Company (subject to the limitations in the Tax Act and any applicable provincial legislation) and DREAM Sub shall add to the stated capital account maintained by DREAM Sub in respect of the common shares of DREAM Sub an amount equal to the agreed amount in such election;
- (m) DREAM Sub will purchase for cancellation the 1,000,000 common shares of DREAM Sub previously issued by it to the Company in consideration for the issuance by DREAM Sub to the Company of the DREAM Sub Note, and the Company will accept the DREAM Sub Note as full payment of the purchase price of such common shares of DREAM Sub. DREAM Sub will be deemed to have designated the full amount of the dividend that will be deemed under the Tax Act to be paid by it to the Company upon the purchase for cancellation of the 1,000,000 common shares of DREAM Sub in this subsection 3.1(m) of this Plan of Arrangement as an "eligible dividend" for purposes of subsection 89(14) of the Tax Act, which designation shall be deemed to have been made at the time of such deemed dividend;
- (n) DREAM will resolve to dissolve DREAM Sub in accordance with section 193 of the OBCA and subsection 88(1) of the Tax Act and, in connection therewith, DREAM Sub shall transfer and assign all of its property to DREAM (including the Holdco Common Shares acquired by DREAM Sub pursuant to subsection 3.1(l) of this Plan of Arrangement) and

DREAM shall assume all of the liabilities and obligations of DREAM Sub (including the liability of DREAM Sub to the Company under the DREAM Sub Note);

- (o) the Company will redeem all of the issued and outstanding Dundee Butterfly Shares in accordance with their terms in consideration for the issuance by Dundee to DREAM of the Dundee Note, and DREAM will accept the Dundee Note as full payment of the redemption price of the Dundee Butterfly Shares. The Company will be deemed to have designated the full amount of the dividend that will be deemed under the Tax Act to be paid by it to DREAM upon the redemption of the Dundee Butterfly Shares in this subsection 3.1(o) of this Plan of Arrangement as an “eligible dividend” for purposes of subsection 89(14) of the Tax Act, which designation shall be deemed to have been made at the time of such deemed dividend;
- (p) the Company will pay the principal amount of the Dundee Note by transferring to DREAM the DREAM Sub Note, which note will be accepted by DREAM in full payment of the Company’s obligations under the Dundee Note. Simultaneously, DREAM will pay the principal amount of the DREAM Sub Note by transferring to Dundee the Dundee Note, which note will be accepted by Dundee in full payment of DREAM’s obligations under the DREAM Sub Note. The Dundee Note and DREAM Sub Note will then be cancelled;
- (q) DREAM and Holdco shall be amalgamated and continued as one corporation under the OBCA to form DREAM Amalco in accordance with the following:
 - (i) *Name.* The name of DREAM Amalco shall be “DREAM Limited”;
 - (ii) *Registered Office.* The registered office of DREAM Amalco shall be State Street Financial Centre, 30 Adelaide Street East, Suite 300, Toronto, Ontario, M5C 3H1;
 - (iii) *Authorized Capital.* DREAM Amalco shall be authorized to issue:
 - (A) an unlimited number of common shares having the rights, privileges, restrictions and conditions set out in Exhibit II to this Plan of Arrangement;
 - (B) an unlimited number of subordinate voting shares having the rights, privileges, restrictions and conditions set out in Exhibit II to this Plan of Arrangement; and
 - (C) an unlimited number of first preference shares, issuable in series, of which the first series shall be designated as First Preference Shares, Series 1, having substantially the rights, privileges, restrictions and conditions set out in Exhibit IV to this Plan of Arrangement;
 - (iv) *Directors.*
 - (A) *Minimum and Maximum.* The directors of DREAM Amalco shall consist of a minimum number of one director and a maximum number of ten directors;
 - (B) *Number.* Until changed by the shareholders of DREAM Amalco, or by the directors of DREAM Amalco if authorized to do so, the number of directors of DREAM Amalco shall be seven (7); and
 - (C) *Initial Directors.* The initial directors of DREAM Amalco shall be:

Name	Address	Resident Canadian
Michael Cooper	Toronto, Ontario, Canada	Yes
Brydon Cruise	Oakville, Ontario, Canada	Yes
Richard N. Gateman	Calgary, Alberta, Canada	Yes
Ned Goodman	Innisfil, Ontario, Canada	Yes
André Kuzmicki	Toronto, Ontario, Canada	Yes
Vincenza Sera	Toronto, Ontario, Canada	Yes
Sheldon Wiseman	Toronto, Ontario, Canada	Yes

- (v) *Business and Powers.* There shall be no restrictions on the business DREAM Amalco may carry on or on the powers it may exercise;
- (vi) *Stated Capital.* The stated capital of the common shares of DREAM Amalco will be an amount equal to the stated capital of the DREAM Common Shares. The stated capital of the subordinate voting shares of DREAM Amalco will be an amount equal to the sum of the stated capital of the DREAM Subordinate Voting Shares and the Holdco Common Shares held by the Company and REIT Amalco. The stated capital of the DREAM Series 1 Preference Shares will be an amount equal to the stated capital of the DREAM Butterfly Shares;
- (vii) *By-laws.* The by-laws of DREAM Amalco shall be the by-laws of DREAM, *mutatis mutandis*;
- (viii) *Effect of Amalgamation.* The provisions of section 179 of the OBCA shall apply to the amalgamation with the result that:
- (A) DREAM Amalco possesses all the property, rights, privileges and franchises and is subject to all liabilities, including civil, criminal and quasi-criminal, and all contracts, disabilities and debts of each of DREAM and Holdco;
- (B) a conviction against, or ruling, order or judgment in favour of or against DREAM or Holdco may be enforced by or against DREAM Amalco; and
- (C) DREAM Amalco shall be deemed to be the party plaintiff or the party defendant, as the case may be, in any civil action commenced by or against DREAM or Holdco before the amalgamation has become effective;
- (ix) *Articles.* The Articles of Arrangement shall be deemed to be the articles of amalgamation of DREAM Amalco and the certificate of arrangement shall be deemed to be the certificate of amalgamation of DREAM Amalco; and
- (x) *Exchange and Cancellation of Shares.* On the amalgamation:
- (A) each issued and outstanding Holdco Common Share held by DREAM shall be cancelled for no consideration;
- (B) the issued and outstanding Holdco Common Shares held by the Company and REIT Amalco shall be converted into and become DREAM

Subordinate Voting Shares in such amount as will be sufficient to ensure that the Company will hold, directly or indirectly, DREAM Subordinate Voting Shares equal to an aggregate 28.57% interest (subject to adjustment as provided in subsection 3.1(l) of this Plan of Arrangement) in the DREAM Subordinate Voting Shares and DREAM Common Shares;

- (C) the issued and outstanding DREAM Common Shares and DREAM Subordinate Voting Shares shall survive and continue to be shares of DREAM Amalco, without amendment; and
 - (D) each holder of DREAM Butterfly Shares shall receive an equal number of DREAM Series 1 Preference Shares and each DREAM Butterfly Share shall be cancelled;
- (r) concurrently with the continuation or issuance of the subordinate voting shares of DREAM Amalco and the DREAM Series 1 Preference Shares pursuant to subparagraphs 3.1(q)(x)(C) and 3.1(q)(x)(D) of this Plan of Arrangement, the subordinate voting shares of DREAM Amalco and the DREAM Series 1 Preference Shares will, outside and not as part of this Plan of Arrangement, be listed on the TSX;
- (s) each Dundee Convertible Butterfly Share will be converted into one Dundee New Series 4 Preference Share and each Dundee Convertible Butterfly Share will be cancelled. The amount in the stated capital account maintained by Dundee for the Dundee Convertible Butterfly Shares will be deducted from that account and will be added to the stated capital account maintained by Dundee for the Dundee New Series 4 Preference Shares;
- (t) concurrently with the conversion of the Dundee Convertible Butterfly Shares into Dundee New Series 4 Preference Shares in subsection 3.1(s) of this Plan of Arrangement, the Dundee New Series 4 Preference Shares will, outside and not as part of this Plan of Arrangement, be listed on the TSX;
- (u) the articles of amalgamation, as amended pursuant to subsection 3.1(e) of this Plan of Arrangement, of Dundee will be further amended by deleting the Dundee Butterfly Shares, the Dundee Common Shares, the Dundee Subordinate Voting Shares, the Dundee Series 1 Preference Shares and the Dundee Convertible Butterfly Shares as shares which Dundee is authorized to issue;
- (v) the Shareholders' Agreement, which shall have been executed and delivered by DREAM Amalco, SDC, Dundee Realty, Mr. Michael Cooper and REIT Amalco, shall become effective;
- (w) the Permitted Sales Agreement, which shall have been executed and delivered by DREAM Amalco, SDC, Dundee Realty and Mr. Michael Cooper, shall become effective;
- (x) the Exchange Agreement, which shall have been executed and delivered by DREAM Amalco, Dundee Realty and SDC, shall become effective; and
- (y) the Indemnity, which shall have been executed and delivered by Dundee and Mr. Ned Goodman, shall become effective.

ARTICLE 4 DISSENT RIGHTS

4.1 Rights of Dissent

- (a) Pursuant to the Interim Order, Registered Shareholders may exercise rights of dissent in accordance with section 185 of the OBCA, as may be modified by this Article 4, the Interim Order and the Final Order (“**Dissent Rights**”), with respect to Dundee Shares in connection with the Arrangement, provided that, notwithstanding section 185 of the OBCA, the written notice setting forth the objection of such Registered Shareholder to the Arrangement contemplated by section 185 of the OBCA and exercise of Dissent Rights must be received by Dundee not later than 5:00 p.m. (Toronto time) on the second Business Day preceding the date of the Meeting or any date to which the Meeting may be postponed or adjourned and provided further that Registered Shareholders who duly exercise such Dissent Rights and who:
 - (i) are ultimately entitled to be paid fair value for their Dundee Shares (“**Dissenting Shareholders**”), which fair value shall be determined as of the close of business on the Business Day immediately preceding the date on which the Arrangement Resolution is adopted, shall be paid by Dundee the amount therefor determined to be the fair value of such Dundee Shares; and
 - (ii) are ultimately not entitled, for any reason, to be paid fair value for their Dundee Shares shall be deemed to have participated in the Arrangement, commencing at the Effective Time, on the same basis as a non-dissenting holder of Dundee Shares and shall be entitled to receive only the consideration contemplated in section 3.1 of this Plan of Arrangement that such holder would have received pursuant to the Arrangement if such holder had not exercised Dissent Rights;
- (b) In no circumstances shall Dundee, DREAM or any other person be required to recognize a person exercising Dissent Rights unless such person is a Registered Shareholder of the Dundee Shares in respect of which such rights are sought to be exercised;
- (c) For greater certainty, in no case shall Dundee, DREAM or any other person be required to recognize Dissenting Shareholders as holders of Dundee Shares after the time that is immediately prior to the Effective Time, and the names of such Dissenting Shareholders shall be deleted from the register of Dundee Shareholders as at such time. In addition to any other restrictions under section 185 of the OBCA and for greater certainty, none of the following shall be entitled to exercise Dissent Rights: (i) holders of Dundee Options; (ii) holders of Dundee DSUs; and (iii) Dundee Shareholders who vote, or who have instructed a proxyholder to vote, in favour of the Arrangement Resolution; and
- (d) All payments made to a Dissenting Shareholder in accordance with this Article 4 will be subject to, and paid net of, all applicable withholding taxes.

ARTICLE 5 SHARES

5.1 Registers of Holders

- (a) Upon the transfer of the Dundee Realty Common Shares pursuant to subsection 3.1(b), (i) Dundee will be deemed to be removed from the register of holders of Dundee Realty Common Shares, and (ii) Holdco will be deemed to be recorded as the registered holder of such Dundee Realty Common Shares on the register of holders of Dundee Realty Common Shares and will be deemed to be the legal and beneficial owner thereof, and upon the issuance of Holdco Common Shares pursuant to subsection 3.1(b), Dundee will

be deemed to be recorded as the registered holder of such Holdco Common Shares on the register of holders of Holdco Common Shares and will be deemed to be the legal and beneficial owner thereof.

- (b) Upon the transfer of the Dundee Realty Class C Shares pursuant to subsection 3.1(c), (i) REIT Amalco will be deemed to be removed from the register of holders of Dundee Realty Class C Shares, and (ii) Holdco will be deemed to be recorded as the registered holder of such Dundee Realty Class C Shares on the register of holders of Dundee Realty Class C Shares and will be deemed to be the legal and beneficial owner thereof, and upon the issuance of Holdco Common Shares pursuant to subsection 3.1(c), REIT Amalco will be deemed to be recorded as the registered holder of such Holdco Common Shares on the register of holders of Holdco Common Shares and will be deemed to be the legal and beneficial owner thereof.
- (c) Upon the exchange of the Dundee Common Shares pursuant to paragraph 3.1(f)(i), the name of each relevant Dundee Shareholder will be deemed to be removed from the register of holders of Dundee Common Shares and will be deemed to be added to the registers of holders of Dundee New Common Shares and Dundee Butterfly 1 Shares as the holder of the number of Dundee New Common Shares and Dundee Butterfly 1 Shares, respectively, issued to such Dundee Shareholder. Upon the cancellation of the Dundee Common Shares pursuant to paragraph 3.1(f)(i), appropriate entries will be made in the register of holders of Dundee Common Shares.
- (d) Upon the exchange of the Dundee Subordinate Voting Shares pursuant to paragraph 3.1(f)(ii), the name of each relevant Dundee Shareholder will be deemed to be removed from the register of holders of Dundee Subordinate Voting Shares and will be deemed to be added to the registers of holders of Dundee New Subordinate Voting Shares and Dundee Butterfly 2 Shares as the holder of the number of Dundee New Subordinate Voting Shares and Dundee Butterfly 2 Shares, respectively, issued to such Dundee Shareholder. Upon the cancellation of the Dundee Subordinate Voting Shares pursuant to paragraph 3.1(f)(ii), appropriate entries will be made in the register of holders of Dundee Subordinate Voting Shares.
- (e) Upon the exchange of the Dundee Series 1 Preference Shares pursuant to paragraph 3.1(f)(iii), the name of each relevant Dundee Shareholder will be deemed to be removed from the register of holders of Dundee Series 1 Preference Shares and will be deemed to be added to the registers of holders of Dundee Convertible Butterfly Shares and Dundee Butterfly 3 Shares as the holder of the number of Dundee Convertible Butterfly Shares and Dundee Butterfly 3 Shares, respectively, issued to such Dundee Shareholder. Upon the cancellation of the Dundee Series 1 Preference Shares pursuant to paragraph 3.1(f)(iii), appropriate entries will be made in the register of holders of Dundee Series 1 Preference Shares.
- (f) Upon the transfer of the Dundee Butterfly 1 Shares pursuant to paragraph 3.1(j)(i), (i) the name of each relevant Dundee Shareholder will be deemed to be removed from the register of holders of Dundee Butterfly 1 Shares and will be deemed to be added to the register of holders of DREAM Common Shares, and (ii) DREAM will be deemed to be recorded as the registered holder of the Dundee Butterfly 1 Shares on the register of holders of Dundee Butterfly 1 Shares and will be deemed to be the legal and beneficial owner thereof.
- (g) Upon the transfer of the Dundee Butterfly 2 Shares pursuant to paragraph 3.1(j)(ii), (i) the name of each relevant Dundee Shareholder will be deemed to be removed from the register of holders of Dundee Butterfly 2 Shares and will be deemed to be added to the register of holders of DREAM Subordinate Voting Shares, and (ii) DREAM will be deemed to be recorded as the registered holder of the Dundee Butterfly 2 Shares on the register of

holders of Dundee Butterfly 2 Shares and will be deemed to be the legal and beneficial owner thereof.

- (h) Upon the transfer of the Dundee Butterfly 3 Shares pursuant to paragraph 3.1(j)(iii), (i) the name of each relevant Dundee Shareholder will be deemed to be removed from the register of holders of Dundee Butterfly 3 Shares and will be deemed to be added to the register of holders of DREAM Butterfly Shares, and (ii) DREAM will be deemed to be recorded as the registered holder of the Dundee Butterfly 3 Shares on the register of holders of Dundee Butterfly 3 Shares and will be deemed to be the legal and beneficial owner thereof.
- (i) Upon the transfer of Holdco Common Shares pursuant to subsection 3.1(l), (i) the register of holders of Holdco Common Shares will be deemed to be updated to reflect such transfer and Dundee will be deemed to be added to the register of holders of common shares of DREAM Sub, and (ii) DREAM Sub will be deemed to be recorded as the registered holder of such Holdco Common Shares on the register of holders of Holdco Common Shares and will be deemed to be the legal and beneficial owner thereof.
- (j) Upon the purchase for cancellation of the common shares of DREAM Sub pursuant to subsection 3.1(m), Dundee will be deemed to be removed from the register of holders of common shares of DREAM Sub and appropriate entries will be made in the register of holders of common shares of DREAM Sub.
- (k) Upon the redemption of the Dundee Butterfly Shares pursuant to subsection 3.1(o), each of DREAM and DREAM Sub, as applicable, will be deemed to be removed from the register of holders of Dundee Butterfly Shares and appropriate entries will be made in the register of holders of Dundee Butterfly Shares.
- (l) Upon the transfer of Dream Sub's property to Dream pursuant to subsection 3.1(n), (i) the name of Dream Sub will be deemed to be removed from the register of holders of Holdco Common Shares, and (ii) Dream will be deemed to be recorded as the registered holder of the Holdco Common Shares on the register of holders of Holdco Common Shares and will be deemed to be the legal and beneficial owner thereof.
- (m) Upon the amalgamation of DREAM and Holdco pursuant to subsection 3.1(q), (i) appropriate entries will be made in the register of holders of Holdco Common Shares to reflect the cancellation of the Holdco Common Shares held by DREAM and the conversion of the Holdco Common Shares held by the Company and REIT Amalco, (ii) the names of Dundee and REIT Amalco will be deemed to be recorded as the registered holders of DREAM Subordinate Voting Shares acquired by them on such amalgamation on the register of holders of DREAM Subordinate Voting Shares and Dundee and REIT Amalco will be deemed to be the legal and beneficial owners thereof, (iii) the register of holders of DREAM Common Shares will be deemed to be the register of holders of common shares of DREAM Amalco, (iv) the register of holders of DREAM Subordinate Voting Shares will be deemed to be the register of holders of subordinate voting shares of DREAM Amalco, and (v) the name of each relevant Dundee Shareholder will be deemed to be removed from the register of holders of DREAM Butterfly Shares and will be deemed to be added to the register of holders of DREAM Series 1 Preference Shares as the holder of the number of DREAM Series 1 Preference Shares issued to such holder and will be deemed to be the legal and beneficial owner thereof.
- (n) Upon the conversion of the Dundee Convertible Butterfly Shares pursuant to subsection 3.1(s), the name of each relevant Dundee Shareholder will be deemed to be removed from the register of holders of Dundee Convertible Butterfly Shares and will be deemed to be added to the register of holders of Dundee New Series 4 Preference Shares as the holder of the number of Dundee New Series 4 Preference Shares issued to

such Dundee Shareholder. Upon cancellation of the Dundee Convertible Butterfly Shares pursuant to subsection 3.1(s), appropriate entries will be made in the register of holders of Dundee Convertible Butterfly Shares.

5.2 Deemed Fully Paid and Non-Assessable Shares

All Dundee New Common Shares, Dundee New Subordinate Voting Shares, Dundee New Series 4 Preference Shares, Dundee Butterfly Shares, Dundee Convertible Butterfly Shares, DREAM Common Shares, DREAM Subordinate Voting Shares, DREAM Series 1 Preference Shares, DREAM Butterfly Shares, common shares of DREAM Amalco, subordinate voting shares of DREAM Amalco, Holdco Common Shares and common shares of DREAM Sub issued pursuant hereto will be deemed to be or have been validly issued and outstanding as fully paid and non-assessable shares for all purposes of the OBCA.

ARTICLE 6 DELIVERY OF CONSIDERATION

6.1 Delivery of Certificates

From and after the Effective Time, share certificates formerly representing Dundee Subordinate Voting Shares will represent Dundee New Subordinate Voting Shares and share certificates formerly representing Dundee Common Shares will represent Dundee New Common Shares. No new certificates will be issued in respect of the Dundee New Subordinate Voting Shares or Dundee New Common Shares. As soon as practicable following the Effective Time, the DREAM Transfer Agent will deliver to each Registered Shareholder of Dundee Subordinate Voting Shares and Dundee Common Shares at the close of business on the Distribution Record Date, share certificates representing the DREAM Subordinate Voting Shares and DREAM Common Shares, respectively, to which such Dundee Shareholder is entitled pursuant to the Arrangement. Such certificates will be sent by first class mail to the most recent address of the Dundee Shareholder on the lists of Registered Shareholders maintained by the Dundee Transfer Agent in respect of each of the Dundee Subordinate Voting Shares and the Dundee Common Shares.

As soon as practicable following the Effective Time, the global certificate formerly representing the Dundee Series 1 Preference Shares registered in the name of CDS or its nominee will be withdrawn by the Company from CDS and each of the Company and DREAM will deliver to CDS, respectively, a global certificate representing Dundee New Series 4 Preference Shares and a global certificate representing DREAM Series 1 Preference Shares.

6.2 Withholding Rights

Each of Dundee, DREAM and DREAM Amalco (and their transfer agents on their behalf) shall be entitled to deduct and withhold from amounts payable under this Plan of Arrangement such amounts as each of Dundee, DREAM and DREAM Amalco (and their transfer agents on their behalf) is required to deduct and withhold with respect to such payment under the Tax Act or any provision of any applicable federal, provincial, territorial, state, local or foreign tax law. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes as having been paid to the recipient of the payment in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted in accordance with applicable law to the appropriate taxing authority.

6.3 Restatement of Articles

Outside and not as part of this Plan of Arrangement, the articles of Dundee will be restated to reflect the amendment referred to in subsection 3.1(u) of this Plan of Arrangement and such amended and restated articles will be filed by Dundee with the Director pursuant to the OBCA.

6.4 No Liens

Any exchange or transfer of securities pursuant to this Plan of Arrangement shall be free and clear of any Liens, except for claims of the transferring or exchanging securityholder to be paid the consideration payable to such securityholder pursuant to the terms of this Plan of Arrangement.

6.5 Paramountcy

From and after the Effective Time (a) this Plan of Arrangement shall apply to any and all Dundee Shares, Dundee Options and Dundee DSUs issued prior to the Effective Time, (b) the rights and obligations of the Registered Shareholders, holders of Dundee Options and Dundee DSUs and Dundee, DREAM and any transfer agent or other depository therefor in relation thereto, shall be solely as provided for in this Plan of Arrangement, and (c) all actions, causes of action, claims or proceedings (actual or contingent and whether or not previously asserted) based on or in any way relating to any Dundee Shares, Dundee Options or Dundee DSUs shall be deemed to have been settled, compromised, released and determined without liability except as set forth herein.

ARTICLE 7 AMENDMENTS

7.1 Amendments to Plan of Arrangement

- (a) Dundee, DREAM, Dundee Realty and SDC reserve the right to amend, modify or supplement this Plan of Arrangement at any time and from time to time, provided that each such amendment, modification or supplement must be: (i) set out in writing; (ii) agreed to in writing by Dundee, DREAM, Dundee Realty and SDC; (iii) filed with the Court and, if made following the Meeting, approved by the Court; and (iv) communicated to holders or former holders of Dundee Shares if and as required by the Court.
- (b) Any amendment, modification or supplement to this Plan of Arrangement may be proposed by Dundee at any time prior to the Meeting provided that DREAM, Dundee Realty and SDC shall each have consented thereto in writing, with or without any other prior notice or communication (other than as may be required under the Interim Order), and, if so proposed and accepted by the persons voting at the Meeting, shall become part of this Plan of Arrangement for all purposes.
- (c) Any amendment, modification or supplement to this Plan of Arrangement that is approved by the Court following the Meeting shall be effective only if: (i) it is consented to in writing by each of Dundee, DREAM, Dundee Realty and SDC; (ii) it is filed with the Court; and (iii) if required by the Court, it is approved by holders of the Dundee Shares voting in the manner directed by the Court.
- (d) This Plan of Arrangement may be withdrawn prior to the Effective Time in accordance with the terms of the Arrangement Agreement.
- (e) Any amendment, modification or supplement to this Plan of Arrangement may be made following the Effective Time by Dundee or DREAM, as the case may be, with the consent of the other, such other acting reasonably, provided that it concerns a matter which, in the reasonable opinion of Dundee and DREAM, is of an administrative nature required to better give effect to the implementation of this Plan of Arrangement and is not adverse to the financial or economic interests of any holder of Dundee New Common Shares, Dundee New Subordinate Voting Shares, Dundee New Series 4 Preference Shares, DREAM Common Shares, DREAM Subordinate Voting Shares or DREAM Series 1 Preference Shares.

**ARTICLE 8
FURTHER ASSURANCES**

8.1 Further Assurances

Notwithstanding that the transactions and events set out herein shall occur and be deemed to occur in the order set out in this Plan of Arrangement without any further act or formality, each of the parties to the Arrangement Agreement shall make, do and execute, or cause to be made, done and executed, all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required by any of them to further document or evidence any of the transactions or events set out herein.

**EXHIBIT I
AMENDED AND NEW SHARE TERMS OF DUNDEE**

Share terms attaching to Dundee Subordinate Voting Shares (as amended), Dundee New Subordinate Voting Shares, Dundee Common Shares (as amended), Dundee New Common Shares, Dundee Series 4 Preference Shares, Dundee Butterfly Shares and Dundee Convertible Butterfly Shares at the time of the amendments contemplated in subparagraph 3.1(e) of the Plan of Arrangement

Capitalized terms used herein without definition have the meanings given to them in the Plan of Arrangement.

Dundee Subordinate Voting Shares and Dundee Common Shares

1. The articles of amalgamation of the Company are hereby amended by replacing Section 2.01 thereof in its entirety with the following:

Section 2.01 Votes: The holders of Dundee Subordinate Voting Shares and Dundee Common Shares are entitled to receive notice of, and to attend, all meetings of shareholders of Dundee, except meetings at which only holders of another specified class or series of shares are entitled to vote. The holders of Dundee Subordinate Voting Shares are entitled to two (2) votes for each Dundee Subordinate Voting Share held on all votes taken at such meetings. The holders of Dundee Common Shares are entitled to 200 votes for each Dundee Common Share held on all votes taken at such meetings.

Dundee New Subordinate Voting Shares and Dundee New Common Shares

2. The articles of amalgamation of Dundee are hereby amended by inserting the following as a new Article 12:

**ARTICLE TWELVE
DUNDEE NEW SUBORDINATE VOTING SHARES AND DUNDEE NEW COMMON SHARES**

The Dundee New Subordinate Voting Shares and Dundee New Common Shares shall have attached thereto the following respective rights, privileges, restrictions and conditions:

Section 12.01 Votes: The holders of Dundee New Subordinate Voting Shares and Dundee New Common Shares are entitled to receive notice of, and to attend, all meetings of shareholders of Dundee, except meetings at which only holders of another specified class or series of shares are entitled to vote. The holders of Dundee New Subordinate Voting Shares are entitled to one (1) vote for each Dundee New Subordinate Voting Share held on all votes taken at such meetings. The holders of Dundee New Common Shares are entitled to 100 votes for each Dundee New Common Share held on all votes taken at such meetings.

Section 12.02 Dividends: Subject to the prior rights, privileges, restrictions and conditions attaching to the First Preference Shares, the Second Preference Shares, the Third Preference Shares, or any series thereof, and the shares of any other class ranking senior to the Dundee New Subordinate Voting Shares and Dundee New Common Shares, the holders of Dundee New Subordinate Voting Shares and Dundee New Common Shares shall be entitled to receive and to participate equally as to dividends, share for share, as and when declared by the directors of Dundee and all such dividends shall be declared and paid at the same time in an equal amount on all of the Dundee New Subordinate Voting Shares and Dundee New Common Shares at the time outstanding.

Section 12.03 Conversion of Dundee New Common Shares: Upon and subject to the terms and conditions hereinafter set forth, a holder of Dundee New Common Shares shall be entitled at any time and from time-to-time to have any or all of the Dundee New Common Shares held by him converted into

Dundee New Subordinate Voting Shares on the basis of one Dundee New Subordinate Voting Share for each one Dundee New Common Share so converted (subject to adjustment as set forth below):

- (a) Exercise of Conversion Right: Except as set forth in section 12.04(c) hereof, in order to exercise such right of conversion such holder shall deliver and surrender to Dundee or to its transfer agent the certificate or certificates representing the Dundee New Common Shares which such holder desires to convert together with a written notice to the effect that such holder desires to exercise the right of conversion in respect of that number of Dundee New Common Shares specified in the conversion notice. The conversion notice shall state the name or names in which the holder wishes the certificate or certificates representing the Dundee New Subordinate Voting Shares to be issued and the address or addresses to which such holder wishes such certificate or certificates to be sent and shall be signed by the holder or the agent of the holder duly authorized in writing. If less than all of the Dundee New Common Shares represented by any certificate or certificates accompanying any conversion notice are to be converted, the holder shall be entitled to receive, at the expense of Dundee, a new certificate representing the Dundee New Common Shares comprised in the certificate or certificates surrendered as aforesaid which are not to be converted.
- (b) Share Certificate: On any conversion of Dundee New Common Shares into Dundee New Subordinate Voting Shares the certificate or certificates representing the Dundee New Subordinate Voting Shares resulting therefrom shall be issued at the expense of Dundee in the name or names indicated in the conversion notice or, in the absence of such indication, in the name of the holder of the Dundee New Common Shares converted, provided that the holder shall pay any applicable security transfer taxes or charges if such certificate or certificates are to be issued in a name or names other than the name of the holder.
- (c) Date of Exercise of Conversion Right: Except as set forth in section 12.04(c) hereof, the right of a holder of Dundee New Common Shares to convert the same into Dundee New Subordinate Voting Shares shall and for all purposes shall be deemed to have been exercised and the holder of Dundee New Common Shares to be converted (or any person or persons in whose name or names such holder of Dundee New Common Shares shall have directed a certificate or certificates representing Dundee New Subordinate Voting Shares to be issued as provided above) shall and for all purposes shall be deemed to have become a holder of Dundee New Subordinate Voting Shares on the date of receipt by Dundee or by its transfer agent of the certificate or certificates representing all of the Dundee New Common Shares to be converted accompanied by an appropriate conversion notice as provided above, notwithstanding any delay in the delivery by Dundee or by its transfer agent of the certificate or certificates representing the Dundee New Subordinate Voting Shares into which the Dundee New Common Shares have been converted.
- (d) Prior Notice of Dividends: Dundee shall not pay any dividend upon the Dundee New Subordinate Voting Shares payable in shares of Dundee, or issue to holders of Dundee New Subordinate Voting Shares rights to purchase Dundee New Subordinate Voting Shares, unless it shall have given to the holders of Dundee New Common Shares notice of the payment of such dividend or the issue of such rights at least 30 days prior to the record date for the determination of holders of Dundee New Subordinate Voting Shares entitled to such dividend or such rights and shall not, during such notice period, take any other corporate action which might deprive the holders of Dundee New Common Shares of the opportunity of exercising the right of conversion as aforesaid.

- (e) Dilution Protection: In the event of:
- (i) any subdivision, consolidation, conversion, exchange or reclassification of the Dundee New Common Shares or Dundee New Subordinate Voting Shares;
 - (ii) any reorganization of the share capital of Dundee affecting in any manner the Dundee New Common Shares or Dundee New Subordinate Voting Shares; or
 - (iii) the amalgamation of Dundee with any other company or companies;

the appropriate adjustment shall be made to the conversion right provided above so as to preserve that right in all respects.

Section 12.04 Take-Over Bid Protection:

- (a) Exercise of Conversion Right to Dundee New Common Shares: Upon and subject to the conditions hereinafter set forth, in the event that an Offer is made, each Dundee New Subordinate Voting Share shall be convertible at the option of the holder thereof during the Conversion Period into one Dundee New Common Share (subject to adjustment as set forth below). The holder shall complete and sign the form headed "Exercise of Right to Convert to Dundee Common Shares" (Form 1) on the reverse side of the certificate or certificates representing the Dundee New Subordinate Voting Shares which the holder thereof desires to convert, specifying the number of Dundee New Subordinate Voting Shares to be converted. Immediately following the completion and signing of Form 1 as aforesaid, the holder shall complete and sign the form headed "Exercise of Right to Convert to Dundee Subordinate Voting Shares" (Form 2) on the reverse side of each such certificate or certificates. Such certificate or certificates shall be presented and surrendered to the Depositary at any of its Designated Offices or, in the event that the Offer is a Stock Exchange Offer, such certificate or certificates shall be presented and surrendered to the Transfer Agent at any of the offices at which the Transfer Agent provides transfer agency facilities for the Dundee New Subordinate Voting Shares. Upon such receipt by the Depositary or the Transfer Agent, as the case may be, and subject to each of Form 1 and Form 2 having been completed and signed as set forth above, the conversion right into Dundee New Common Shares shall have been exercised and the holder shall hold and shall be deemed for all purposes to hold fully paid Dundee New Common Shares effective from the time of signing, and in the number designated in, Form 1 (not exceeding in aggregate the total number of Dundee New Common Shares resulting from such conversion) and the certificate or certificates held by the Depositary or the Transfer Agent, as the case may be, shall represent and shall be deemed for all purposes to represent such Dundee New Common Shares. Completion and signing of Form 1 and Form 2 as aforesaid shall constitute the irrevocable agreement of such shareholder that, if at any time after the commencement of the Offer and the time of re-conversion of Dundee New Common Shares into Dundee New Subordinate Voting Shares pursuant to section 12.04(c) hereof there is to be a vote taken of shareholders on any matter at a meeting of shareholders, such shares shall not be voted on any vote taken at such meeting and such agreement shall be binding on any transferee of any such shares. In the event that either of Form 1 and Form 2 is not completed and signed as set forth above, no conversion to Dundee New Common Shares shall or shall be deemed to have occurred. In the event that a certificate or certificates representing Dundee New Subordinate Voting Shares are presented and surrendered to the Transfer Agent as set forth above, the Transfer Agent shall and for all purposes shall be deemed to be irrevocably appointed and empowered to act as the true and lawful attorney of the depositing holder to take all such steps and sign all such documents in the name and on behalf of the depositing holder as is necessary for the purpose of facilitating the acceptance of the Stock Exchange Offer by the depositing holder. The holder shall pay any governmental or other tax imposed on or in respect of the conversion of Dundee New

Subordinate Voting Shares into Dundee New Common Shares as set forth above. If less than all of the Dundee New Subordinate Voting Shares represented by any certificate are to be converted into Dundee New Common Shares, the holder shall be entitled to receive, at the expense of Dundee, a new certificate representing the Dundee New Subordinate Voting Shares comprised in the original certificate which are not to be converted.

- (b) Conversion Right Not Coming into Effect: The right of a holder of Dundee New Subordinate Voting Shares to convert such shares into Dundee New Common Shares as set forth in subsection 12.04(a) hereof shall not come into effect in the event that an identical offer in terms of price per share, percentage of shares to be taken up, exclusive of shares owned immediately prior to the offer by the offeror, and other essential terms is made to purchase the Dundee New Subordinate Voting Shares concurrently with the Offer, which offer has no conditions attached other than the right not to take up and pay for Dundee New Subordinate Voting Shares tendered if no Dundee New Common Shares are purchased pursuant to the Offer.
- (c) Exercise of Right to Convert to Dundee New Subordinate Voting Shares: Notwithstanding subsection 12.03(a) hereof, by signing Form 2 on the reverse side of the certificate or certificates representing Dundee New Subordinate Voting Shares which the holder elects to convert into Dundee New Common Shares as set forth in section 12.04(a) hereof, in the circumstances described below the holder shall and for all purposes shall be deemed, in his capacity as a holder of Dundee New Common Shares as a result of completing and signing Form 1, to have irrevocably elected to have exercised his right to convert into one Dundee New Subordinate Voting Share each Dundee New Common Share acquired by him as a result of such conversion of Dundee New Subordinate Voting Shares into Dundee New Common Shares. In such event the holder shall be entitled to one Dundee New Subordinate Voting Share for each one Dundee New Common Share so converted (subject to adjustment as set forth below). The said conversion of Dundee New Common Shares to Dundee New Subordinate Voting Shares shall and for all purposes shall be deemed to occur and be effective:
- (i) in the case of Dundee New Common Shares taken up and purchased under the Offer, immediately after such Dundee New Common Shares are so taken up and purchased; and
 - (ii) in the case of Dundee New Common Shares not taken up and purchased under the Offer, immediately after such Dundee New Common Shares are released to the depositing holder by the Depository or by the Transfer Agent, as the case maybe.
- (d) Automatic Conversion to Dundee New Common Shares: Each Dundee New Subordinate Voting Share shall automatically be converted into one fully paid Dundee New Common Share (subject to adjustment as set forth below) if, in the course of an offer to acquire Dundee New Common Shares which is exempt from the take-over bid provisions of applicable securities legislation (other than a Stock Exchange Offer) and which is made at a price per Dundee New Common Share exceeding 115% of the Trading Price of the Dundee New Subordinate Voting Shares, an Acquiror acquires shares of Dundee such that the Acquiror holds, directly or indirectly, shares of Dundee having attached thereto 50% or more of the votes attached to all of the outstanding shares of Dundee. The foregoing shall not apply to an Acquiror who is an Exempt Shareholder and who acquires shares of Dundee from another Exempt Shareholder, from Prime Resources Group Inc. or a successor thereof or from any holder who at the time of such acquisition is an officer or director of Dundee, provided that purchases from such officers and directors in the aggregate by the Exempt Shareholders as a group during any 12 month period cannot

exceed that number of Dundee New Common Shares having attached thereto 1% or more of the votes attached to all of the outstanding shares of Dundee.

- (e) Notice of Conversion: In the event of an automatic conversion pursuant to subsection 12.04(d) hereof, Dundee shall at its expense send a notice to all registered holders of Dundee New Subordinate Voting Shares at their addresses as the same appear in the register maintained by or on behalf of Dundee to the effect that the Dundee New Subordinate Voting Shares have been converted into Dundee New Common Shares and that certificates representing Dundee New Subordinate Voting Shares may be sent to the Transfer Agent who will issue certificates representing the same number of Dundee New Common Shares (subject to adjustment as set forth below) at no cost to the holder except for any applicable transfer taxes. However, a holder of Dundee New Subordinate Voting Shares failing to remit the certificate or certificates of such holder as provided above shall not be restricted from exercising any rights and privileges as a holder of Dundee New Common Shares as of the conversion date.
- (f) Dilution Protection: In the event of:
- (i) any subdivision, consolidation, conversion, exchange or reclassification of either the Dundee New Common Shares or the Dundee New Subordinate Voting Shares;
 - (ii) any reorganization of the share capital of Dundee affecting in any manner the Dundee New Common Shares or the Dundee New Subordinate Voting Shares; or
 - (iii) the amalgamation of Dundee with any other company or companies;

the appropriate adjustment shall be made to the conversion right provided above so as to preserve that right in all respects.

- (g) Definitions: In this section 12.04:
- (i) "Acquiror" means the person, company or other entity making an offer to purchase Dundee New Common Shares and shall include all associates and affiliates of the Acquiror and any person or persons intending to act jointly or in concert with the Acquiror in the exercise of voting rights attached to shares of Dundee;
 - (ii) "Conversion Period" means the period of time commencing on the Offer Date and ending
 - (A) in the case of an Offer other than a Stock Exchange Offer, at the latest time for the deposit of Dundee New Common Shares under the Offer at the respective Designated Offices of the Depository, and
 - (B) in the case of a Stock Exchange Offer, at 12:30 p.m., Toronto time, on the business day immediately preceding the Expiry Date;
 - (iii) "Depository" means the person or persons or company or companies appointed to act as the depository under the Offer;
 - (iv) "Designated Office" means each office of the Depository at which certificates representing Dundee New Common Shares may be deposited under the Offer;

- (v) "Expiry Date" means the last date upon which holders of Dundee New Common Shares may accept an Offer;
- (vi) "Exempt Shareholder" means any person who on April 22, 1988 beneficially owned class "B" common shares of Galveston Resources Ltd. and was prior to December 7, 1987 a shareholder of Blackbird Resources Inc. together with the associates of such persons;
- (vii) "Offer" means an offer to purchase Dundee New Common Shares which must, by reason of applicable securities legislation or the requirements of a stock exchange on which the Dundee New Common Shares are listed, be made to all or substantially all holders of Dundee New Common Shares residing in any province of Canada;
- (viii) "Offer Date" means the date an Offer is made;
- (ix) "Offeror" means the person, company or other entity making the Offer and includes all associates and affiliates of the Offeror and any person or persons intending to act jointly or in concert with the Offeror in the exercise of voting rights attached to shares of Dundee;
- (x) "Stock Exchange Offer" means an Offer made through the facilities of a stock exchange on which the Dundee New Common Shares are listed;
- (xi) "Trading Price" means the arithmetic average of the closing prices for trades of at least one board lot of the Dundee New Subordinate Voting Shares, as the case may be, on The Toronto Stock Exchange for the 20 trading days preceding the date of an Offer and, on any day on which there is no such trade, the closing price for such day shall be deemed to be the average of the closing bid and ask prices; and
- (xii) "Transfer Agent" means the registrar and transfer agent of the Dundee New Subordinate Voting Shares.

Section 12.05 Change in Shares:

- (a) Rights of Holders of Class of Shares Changed: Subject to the provisions of the Act, any amendment to the articles of Dundee to delete or vary any right, privilege, restriction or condition attached to the Dundee New Subordinate Voting Shares or the Dundee New Common Shares or to create any shares ranking in priority to or on a parity with any of the Dundee New Subordinate Voting Shares or Dundee New Common Shares other than the creation of any special rights, privileges, restrictions or conditions attached to any series of First Preference Shares, Second Preference Shares or Third Preference Shares, respectively or to subdivide, consolidate, reclassify or change the Dundee New Subordinate Voting Shares or Dundee New Common Shares, may only be made if approved by at least two-thirds of the votes cast at a meeting of the holders of Dundee New Subordinate Voting Shares or Dundee New Common Shares, as the case may be, called for that purpose.
- (b) Rights of Holders of Other Class: The rights, privileges, restrictions and conditions attached to any of the Dundee New Subordinate Voting Shares or Dundee New Common Shares may not be changed in any manner whatsoever unless the other class of such shares is changed in the same manner and in the same proportion or unless the prior approval of the holders of holders of Dundee New Subordinate Voting Shares and holders of Dundee New Common Shares has been obtained for such change, such

approval to be given by at least a majority of the votes cast at meetings of the holders of Dundee New Subordinate Voting Shares and holders of Dundee New Common Shares called for that purpose.

Section 12.06 Dissolution: In the event of the liquidation, dissolution or winding-up of Dundee or other distribution of the assets of Dundee for the purpose of winding up its affairs, holders of Dundee New Subordinate Voting Shares and Dundee New Common Shares shall, after payment to the holders of First Preference Shares, Second Preference Shares, Third Preference Shares and shares of any other class ranking senior to the Dundee New Subordinate Voting Shares and Dundee New Common Shares of the amount payable to them, be entitled to receive the remaining property and assets of Dundee without preference or distinction share-for-share.

Section 12.07 Ranking of Dundee New Subordinate Voting Shares, and Dundee New Common Shares: Except as set forth in sections 12.01 through 12.06 hereof, both inclusive, the holders of Dundee New Subordinate Voting Shares and holders of Dundee New Common Shares shall rank equally in all respects and have the same rights and restrictions and, without limitation, shall rank, subject to the prior rights of the holders of First Preference Shares, Second Preference Shares, Third Preference Shares, or any series thereof, and shares of any other class ranking senior to the Dundee New Subordinate Voting Shares and Dundee New Common Shares, pari passu with the other as to any distribution of the remaining property and assets of Dundee in the event of the liquidation, dissolution or winding-up of Dundee or other distribution of the assets of Dundee for the purpose of winding-up its affairs.

Section 12.08 Limitation: Subject to the provisions of the Act and sections 12.05(a) and 12.05(b) hereof, the holders of Dundee New Subordinate Voting Shares and Dundee New Common Shares shall not be entitled to vote together or separately on, or to dissent in respect of, any proposal to amend the articles of Dundee to:

- (a) increase or decrease any maximum number of authorized Dundee New Subordinate Voting Shares or Dundee New Common Shares, or increase any maximum number of authorized shares of a class or series having rights or privileges equal or superior to the Dundee New Subordinate Voting Shares and Dundee New Common Shares;
- (b) effect an exchange, reclassification or cancellation of all or part of the Dundee New Subordinate Voting Shares or Dundee New Common Shares; or
- (c) create a new class or series of shares equal or superior to the Dundee New Subordinate Voting Shares and Dundee New Common Shares.

Dundee Series 4 Preference Shares

3. The articles of amalgamation of the Company are hereby amended by inserting the following immediately following the rights, privileges, restrictions and conditions of the Dundee First Preference Shares, Series 3:

FIRST PREFERENCE SHARES, SERIES 4 RIGHTS, PRIVILEGES, RESTRICTIONS AND CONDITIONS

The seventh series of First Preference Shares of Dundee shall consist of up to 6,000,000 First Preference Shares, which shares shall be designated as first preference shares, series 4 and which, in addition to the rights, privileges, restrictions and conditions attached to the First Preference Shares as a class, shall have attached thereto the following rights, privileges, restrictions and conditions:

ARTICLE ONE DIVIDENDS

Section 1.01 Dividend Payment Dates and Dividend Periods: The dividend payment dates (the “**Dividend Payment Dates**”) in respect of the dividends payable on the Dundee Series 4 Preference Shares shall be the last day of each of the months of March, June, September and December in each year. A “Dividend Period” means the period from and including the date of initial issue of the Dundee Series 4 Preference Shares to but excluding June 30, 2013, being the first Dividend Payment Date, and, thereafter, the period from and including each Dividend Payment Date to but excluding the next succeeding Dividend Payment Date.

Section 1.02 Payment of Dividends: The holders of Dundee Series 4 Preference Shares shall be entitled to receive, and Dundee shall pay thereon, if, as and when declared by the board of directors of Dundee (the “**Board of Directors**”), out of moneys of Dundee properly applicable to the payment of dividends, fixed, cumulative, preferential cash dividends (the “**Quarterly Dividends**”) payable, with respect to each Dividend Period, on the Dividend Payment Date immediately following the end of such Dividend Period, the first of such dividends to be payable on June 30, 2013, and to be in an amount per share determined in accordance with Section 1.03 below. For all subsequent Dividend Periods, dividends, subject to Section 1.03 below, shall be in an amount per Dundee Series 4 Preference Share equal to **[\$0.23338]**. Dividends on the Dundee Series 4 Preference Shares shall accrue daily from and including the date of issue of such shares.

Section 1.03 Dividend for Other than a Full Dividend Period: The holders of Dundee Series 4 Preference Shares shall be entitled to receive, and Dundee shall pay thereon, if, as and when declared by the Board of Directors out of moneys of Dundee properly applicable to the payment of dividends, cumulative, preferential cash dividends for any period which is less (or, in respect of the dividend referred to in paragraph (a) below, more) than a full Dividend Period as follows:

- (a) an initial dividend in respect of the period from and including the date of the initial issue of the Dundee Series 4 Preference Shares to but excluding June 30, 2013, in an amount per Dundee Series 4 Preference Share equal to the product (rounded to five decimal places) of **[\$0.23338]** multiplied by a fraction, the numerator of which is the number of calendar days from and including the date of the initial issue of the Dundee Series 4 Preference Shares to but excluding June 30, 2013, and the denominator of which is 91 (which, if the Dundee Series 4 Preference Shares are issued on **[May 27]**, 2013, shall be **[\$0.08720]** per Dundee Series 4 Preference Share); and
- (b) a dividend in an amount per share with respect to any Dundee Series 4 Preference Share:
 - (i) which is issued, redeemed or converted during any Dividend Period,
 - (ii) where the assets of Dundee are distributed to the holders of the Dundee Series 4 Preference Shares pursuant to Section 10.01 below with an effective date during any Dividend Period, or
 - (iii) in any other circumstance where the number of days in a Dividend Period that such share has been outstanding is less than a full Dividend Period,

equal to the amount obtained (rounded to five decimal places) when **[\$0.23338]** is multiplied by a fraction, the numerator of which is the number of calendar days in such Dividend Period that such share has been outstanding (excluding the date of issue, redemption, conversion, the effective date for the distribution of assets or the last day of the applicable shorter period, as applicable) and the denominator of which is the number of calendar days in such Dividend Period.

Section 1.04 Payment Procedure: Dundee shall pay the dividends on the Dundee Series 4 Preference Shares on the relevant Dividend Payment Date (less any tax required to be deducted or withheld by Dundee) by electronic funds transfer or by cheque(s) drawn on a Canadian chartered bank or trust company and payable in lawful money of Canada at any branch of such bank or trust company in Canada or in such other manner, not contrary to applicable law, as Dundee shall reasonably determine. The delivery or mailing of any cheque to a holder of Dundee Series 4 Preference Shares (in the manner provided for in Section 7.01 below) or the electronic transfer of funds to an account specified by such holder shall be a full and complete discharge of Dundee's obligation to pay the dividends to such holder to the extent of the sum represented thereby (plus the amount of any tax required to be and in fact deducted and withheld by Dundee from the related dividends as aforesaid and remitted to the proper taxing authority), unless such cheque is not honoured when presented for payment. Subject to applicable law, dividends which are represented by a cheque which has not been presented to Dundee's bankers for payment or that otherwise remain unclaimed for a period of six years from the date on which they were declared to be payable may be reclaimed and used by Dundee for its own purposes.

Section 1.05 Cumulative Payment of Dividends: If on any Dividend Payment Date, the Quarterly Dividends accrued to such date are not paid in full on all of the Dundee Series 4 Preference Shares then outstanding, such Quarterly Dividends, or the unpaid part thereof, shall be paid (less any tax required to be deducted or withheld by Dundee) on a subsequent date or dates determined by the Board of Directors on which Dundee shall have sufficient monies properly applicable to the payment of such Quarterly Dividends. The holders of Dundee Series 4 Preference Shares shall not be entitled to any dividends other than or in excess of the cumulative preferential cash dividends herein provided for.

ARTICLE TWO REDEMPTION, CONVERSION AND PURCHASE

Section 2.01 General: Subject to Article Four, and to the extent permitted by applicable law, the Dundee Series 4 Preference Shares may be redeemed, converted or purchased by Dundee as provided in this Article Two but not otherwise.

Section 2.02 Dundee's Redemption Rights: The Dundee Series 4 Preference Shares shall be redeemable at the option of Dundee at any time and from time-to-time. Subject to Section 2.04 below, Dundee may, upon giving notice as hereinafter provided, redeem at any time the whole or from time-to-time any part of the then outstanding Dundee Series 4 Preference Shares, by the payment of an amount in cash for each Dundee Series 4 Preference Share so redeemed of:

- (a) **[\$19.23]** per share if redeemed prior to June 30, 2013,
- (b) **[\$19.04]** per share if redeemed on or after June 30, 2013 and prior to June 30, 2014,
- (c) **[\$18.86]** per share if redeemed on or after June 30, 2014 and prior to June 30, 2015, and
- (d) **[\$18.67]** per share if redeemed on or after June 30, 2015,

plus, in each case, an amount equal to all accrued and unpaid dividends thereon to but excluding the date fixed for redemption (less any tax required to be deducted and withheld by Dundee) (the "**Redemption Price**"). If less than all of the then outstanding Dundee Series 4 Preference Shares are at any time to be redeemed, the particular shares to be redeemed shall be selected on a pro rata basis (disregarding fractions).

Section 2.03 Dundee's Conversion Rights: The Dundee Series 4 Preference Shares shall be convertible into Dundee New Subordinate Voting Shares at the option of Dundee at any time and from time-to-time prior to June 30, 2016. Subject to Section 2.04 below, applicable law and to regulatory approval, including the approval, if required, of the TSX or such other exchange upon which the Dundee New Subordinate Voting Shares are listed, Dundee may, by giving notice as hereinafter provided, at any time convert the whole or from time-to-time any part of the then outstanding Dundee Series 4 Preference

Shares into fully paid, non-assessable and freely tradeable Dundee New Subordinate Voting Shares on the basis that the Dundee Series 4 Preference Shares of each holder called for conversion by Dundee will be converted into (subject to the exception as to fractions contained in Section 2.12 below) that number (the holder's "**New Subordinate Voting Share Conversion Number**") of Dundee New Subordinate Voting Shares as is equal to the product of:

- (a) the number obtained when
 - (i) the Redemption Price that would be applicable on the Dundee Conversion Date (as defined in Section 2.04(a) below), which for greater certainty shall include an amount equal to all accrued and unpaid dividends per Dundee Series 4 Preference Share up to but excluding the date fixed for conversion (less any tax required to be deducted and withheld by Dundee),is divided by
 - (ii) the Weighted Price,with the result of that calculation being rounded upward to the nearest 1/100 of a Dundee New Subordinate Voting Share; and
- (b) the number of Dundee Series 4 Preference Shares of such holder being converted.

If less than all of the then outstanding Dundee Series 4 Preference Shares are at any time to be converted at the option of Dundee, the particular shares to be converted shall be selected on a pro rata basis (disregarding fractions).

Section 2.04 Notice of Redemption or Conversion: Notice of redemption or conversion of Dundee Series 4 Preference Shares pursuant to Section 2.02 or Section 2.03 shall be given to each holder of Dundee Series 4 Preference Shares to be redeemed or converted, as applicable, by Dundee not less than 30 and not more than 60 calendar days prior to the date fixed for redemption or conversion, as applicable. Any notice of redemption or conversion of Dundee Series 4 Preference Shares by Dundee shall be validly and effectively given on the date on which it is sent to each holder of Dundee Series 4 Preference Shares to be redeemed or converted, as applicable, in the manner provided for in Section 7.01. Such notice, in each case, shall set out:

- (a) the date (the "**Redemption Date**" or the "**Dundee Conversion Date**", as the case may be) on which the redemption or conversion is to take place;
- (b) unless all the Dundee Series 4 Preference Shares held by the holder to whom it is addressed are to be redeemed or converted, the number of Dundee Series 4 Preference Shares so held which are to be redeemed or converted;
- (c) whether Dundee shall redeem or convert such Dundee Series 4 Preference Shares;
- (d) the Redemption Price or the method of determining the Dundee New Subordinate Voting Share Conversion Number, as the case may be; and
- (e) where the Dundee Series 4 Preference Shares are to be converted into Dundee New Subordinate Voting Shares, the advice that such Dundee New Subordinate Voting Shares will be registered in the name of the registered holder of the Dundee Series 4 Preference Shares to be converted unless the transfer agent for the Dundee Series 4 Preference Shares (the "**Transfer Agent**") receives from such holder, on or before the tenth calendar day prior to the Dundee Conversion Date (the "**Transferee Notice**"),

Date”), at the principal transfer office of the Transfer Agent in the City of Toronto, written notice in a form and executed in a manner satisfactory to the Transfer Agent directing Dundee to register such Dundee New Subordinate Voting Shares in some other name or names (the “**Transferee**”) and stating the name or names (with addresses) accompanied by payment to the Transfer Agent of any transfer tax that may be payable by reason thereof and a written declaration of such matters as may be required by law in order to determine the entitlement of such Transferee to hold such Dundee New Subordinate Voting Shares.

Section 2.05 Payment of Redemption Price: On and after the Redemption Date, Dundee shall pay or cause to be paid to the holders of the Dundee Series 4 Preference Shares so called for redemption the Redemption Price therefor on presentation and delivery at the principal transfer office of the Transfer Agent in the City of Toronto or such other place or places in Canada designated in the notice of redemption, of the certificate or certificates representing the Dundee Series 4 Preference Shares so called for redemption. Such payment shall be made by electronic funds transfer to an account specified by such holder or by cheque drawn on a Canadian chartered bank or trust company in the amount of the Redemption Price and such electronic transfer of funds or the delivery or mailing of such cheque (in the manner provided for in Section 7.01 below) shall be a full and complete discharge of Dundee’s obligation to pay the Redemption Price owed to the holders of Dundee Series 4 Preference Shares so called for redemption to the extent of the sum represented thereby unless such cheque is not honoured when presented for payment. From and after the Redemption Date, the holders of Dundee Series 4 Preference Shares called for redemption shall cease to be entitled to dividends or to exercise any of the rights of holders of Dundee Series 4 Preference Shares in respect of such shares except the right to receive therefor the Redemption Price, provided that if payment of such Redemption Price is not duly made in accordance with the provisions hereof, then the rights of such holders shall remain unimpaired. If less than all the Dundee Series 4 Preference Shares represented by any certificate shall be redeemed, a new certificate for the balance shall be issued without cost to the holder. Subject to applicable law, redemption monies which remain unclaimed for a period of six years from the Redemption Date may be reclaimed and used by Dundee for its own purposes.

Section 2.06 Deposit of Redemption Price: Dundee shall have the right, at any time after mailing a notice of redemption, to deposit the aggregate Redemption Price of the Dundee Series 4 Preference Shares thereby called for redemption, or such part thereof as at the time of deposit has not been claimed by the holders entitled thereto, in a special account with a Canadian chartered bank or trust company named in the notice of redemption in trust for the holders of such shares, and upon such deposit being made or upon the Redemption Date, whichever is the later, the Dundee Series 4 Preference Shares in respect of which such deposit shall have been made shall be deemed to be redeemed on the Redemption Date and the rights of each holder thereof shall be limited to receiving, without interest, his proportionate part (after taking into account any amounts deducted or withheld on account of tax in respect of such holder) of the Redemption Price so deposited upon presentation and surrender of the certificate or certificates representing the Dundee Series 4 Preference Shares so redeemed. Any interest on any such deposit shall belong to Dundee. Subject to applicable law, redemption monies which remain unclaimed for a period of six years from the Redemption Date may be reclaimed and used by Dundee for its own purposes.

Section 2.07 Redemption at the Option of the Holder

- (a) A holder of Dundee Series 4 Preference Shares, upon giving notice as hereinafter provided, may, subject to applicable law and Section 4.01, require Dundee to redeem all or any such shares on or after June 30, 2016 for an amount in cash for each Series 4 Share to be redeemed of \$[18.67], together with an amount equal to all accrued and unpaid dividends thereon to but excluding the date specified for redemption (less any tax required to be deducted and withheld by Dundee) (the “**Retraction Price**”).

- (b) Notice of such redemption shall be given by the holder to the Transfer Agent at its principal office in the City of Toronto not less than 30 days prior to the date specified by the holder for redemption (the "**Retraction Date**"). Such notice shall set out:
- (i) the Retraction Date, and
 - (ii) the number of Dundee Series 4 Preference Shares which are to be redeemed,
- and such notice shall be accompanied by presentation and surrender of the certificate or certificates representing the Dundee Series 4 Preference Shares to be redeemed.
- (c) On and after the Retraction Date, Dundee shall pay or cause to be paid to the holder of the Dundee Series 4 Preference Shares so tendered for redemption the Retraction Price therefor. Such payment shall be made by electronic funds transfer to an account specified by such holder or by cheque drawn on a Canadian chartered bank or trust company in the amount of the Retraction Price and payable at par in lawful money of Canada at any branch of such bank or trust company in Canada and such electronic transfer of funds or the delivery or mailing of such cheque (in the manner provided for in Section 7.01) shall be a full and complete discharge of Dundee's obligation to pay the Retraction Price to the extent of the sum represented thereby owed to the holder of Dundee Series 4 Preference Shares so tendered for redemption unless the cheque is not honoured when presented for payment. From and after the Retraction Date, the holder of Dundee Series 4 Preference Shares tendered for redemption shall cease to be entitled to dividends or to exercise any of the rights of holders of Dundee Series 4 Preference Shares in respect of such shares except the right to receive therefor the Retraction Price, provided that if payment of such Retraction Price is not duly made in accordance with the provisions hereof, then the rights of such holder shall remain unimpaired. Subject to applicable law, redemption monies which remain unclaimed for a period of six years from the Retraction Date may be reclaimed and used by Dundee for its own purposes.
- (d) If Dundee is unable, under applicable law, to redeem any or all of the Dundee Series 4 Preference Shares requested to be redeemed on the Retraction Date, the particular shares to be redeemed, if any, shall be selected on a pro rata basis (disregarding fractions).
- (e) If less than all the Dundee Series 4 Preference Shares represented by any certificate shall be redeemed pursuant to this Section, a new certificate for the balance shall be issued without cost to the holder.

Section 2.08 Delivery of Share Certificates on Conversion: Subject to Section 2.10, in the case of a conversion of Dundee Series 4 Preference Shares into Dundee New Subordinate Voting Shares, on and after the Dundee Conversion Date, Dundee shall deliver to each holder of Dundee Series 4 Preference Shares so called for conversion a certificate representing the whole number of the holder's Dundee New Subordinate Voting Share Conversion Number of Dundee New Subordinate Voting Shares on presentation and delivery by the holder at the principal transfer office of the Transfer Agent in the City of Toronto, or such other place or places in Canada designated in the notice of conversion, of the certificate or certificates representing the Dundee Series 4 Preference Shares so called for conversion and any payment with respect to a fraction of a Dundee New Subordinate Voting Share as contemplated by Section 2.12. Subject to Section 2.10, Dundee shall deliver or cause to be delivered certificates representing such Dundee New Subordinate Voting Shares registered in the name of the holders of Dundee Series 4 Preference Shares to be converted, or as such holders shall have directed as contemplated by Section 2.04(e). Dundee Series 4 Preference Shares so converted shall be converted effective on the Dundee Conversion Date. From and after the Dundee Conversion Date, the holders of Dundee Series 4 Preference Shares so converted shall cease to be entitled to dividends on such Dundee

Series 4 Preference Shares or to exercise any of the rights of holders of Dundee Series 4 Preference Shares in respect of such shares except the right to receive therefor a certificate representing the whole number of the holder's Dundee New Subordinate Voting Share Conversion Number of Dundee New Subordinate Voting Shares and any payment with respect to a fraction of a Dundee New Subordinate Voting Share as contemplated by Section 2.12, and the holder thereof shall become a holder of Dundee New Subordinate Voting Shares of record, effective on the Dundee Conversion Date. If less than all the Dundee Series 4 Preference Shares represented by any certificate shall be converted, a new certificate for the balance shall be issued without cost to the holder.

Section 2.09 Declaration of Dividends in Respect of Shares to be Redeemed or Converted: In the event that a dividend is declared by the Board of Directors in respect of any Dividend Period during which the Dundee Series 4 Preference Shares are redeemed or converted into Dundee New Subordinate Voting Shares at the option of Dundee, notwithstanding the provisions of Section 1.04, no cheque shall be issued in payment of such dividend; rather, the amount of such dividend declared shall be considered to be an accrued and unpaid dividend for purposes of Section 2.02, Section 2.03(a)(i) or Section 2.07(a), as applicable.

Section 2.10 Non-Residents: Upon exercise by Dundee of its right to convert Dundee Series 4 Preference Shares into Dundee New Subordinate Voting Shares, Dundee is not required to (but may at its option) issue Dundee New Subordinate Voting Shares to any person whose address is in, or whom Dundee or the Transfer Agent has reason to believe is a resident of, any jurisdiction outside of Canada, to the extent that such issue would require compliance by Dundee with the securities or other laws of such jurisdiction. In the event that Dundee elects to not issue Dundee New Subordinate Voting Shares to any holder of Dundee Series 4 Preference Shares pursuant to the preceding sentence, Dundee may elect to pay to such holder, in lieu of the Dundee New Subordinate Voting Shares to which the holder would otherwise be entitled to receive under Section 2.08 upon conversion of such holder's Dundee Series 4 Preference Shares, an amount in cash equal to the product of (a) the Market Price and (b) the Dundee New Subordinate Voting Share Conversion Number of the Dundee New Subordinate Voting Shares to which the holder would otherwise be entitled to receive under Section 2.08 upon conversion of such holder's Dundee Series 4 Preference Shares (less any tax required to be deducted or withheld by Dundee). In the event that Dundee makes any such payment in respect of the holder's Dundee Series 4 Preference Shares, such Dundee Series 4 Preference Shares shall be considered to have been redeemed, rather than converted, for purposes hereof and such payment shall be a full and complete discharge of Dundee's obligation to pay all amounts owing to such holder on such redemption.

Section 2.11 Purchase for Cancellation: Subject to applicable law and to the provisions described in article four, Dundee may at any time purchase (if obtainable) for cancellation the whole or any part of the Dundee Series 4 Preference Shares outstanding from time-to-time, in the open market through or from an investment dealer or any firm holding membership on a recognized stock exchange, by private agreement, pursuant to tenders received by Dundee upon an invitation for tenders addressed to all holders of Dundee Series 4 Preference Shares or otherwise, at the lowest price or prices at which in the opinion of the Board of Directors such shares are obtainable.

Section 2.12 Avoidance of Fractional Shares: In any case where a fraction of a Dundee New Subordinate Voting Share would otherwise be issuable on conversion of one or more Dundee Series 4 Preference Shares, Dundee shall adjust such fractional interest by payment by cheque in an amount equal to the then market price of such fractional interest computed on the basis of the Weighted Price determined in respect of the relevant Dundee Conversion Date.

ARTICLE THREE VOTING RIGHTS

Section 3.01 Voting Rights: Except as otherwise required by law or in the conditions attaching to the First Preference Shares as a class, the holders of Dundee Series 4 Preference Shares shall not be entitled to receive notice of, attend at, or vote at any meeting of shareholders of Dundee, for greater

certainty, including at any meeting relating to a proposal to effect an exchange of the Dundee Series 4 Preference Shares by way of an amalgamation or plan of arrangement involving Dundee provided that the rights, privileges, restrictions and conditions of the Dundee Series 4 Preference Shares are not removed or changed and provided that no class of shares of Dundee superior to the Dundee Series 4 Preference Shares is created, unless and until Dundee shall have failed to pay eight Quarterly Dividends in accordance with the terms thereof, whether or not consecutive and whether or not such dividends have been declared and whether or not there are any monies of Dundee properly applicable to the payment of such dividends. In the event of such non-payment, the holders of the Dundee Series 4 Preference Shares shall be entitled to receive notice of all meetings of shareholders of Dundee and to attend thereat (other than a separate meeting of the holders of another series or class of shares), and shall at any such meetings which they shall be entitled to attend, except when the vote of the holders of shares of any other class or series is to be taken separately and as a class or series, be entitled to vote together with all voting shares of Dundee on the basis of one vote in respect of each Dundee Series 4 Preference Share held by each such holder, until all such arrears of such dividends shall have been paid, whereupon such rights shall cease unless and until the same default shall again arise under the provisions of this article three.

ARTICLE FOUR RESTRICTIONS ON DIVIDENDS, RETIREMENT AND ISSUANCE OF SHARES

Section 4.01 Restrictions on Dividends, Retirement and Issuance of Shares: So long as any of the Dundee Series 4 Preference Shares are outstanding, Dundee shall not, without the prior approval of the holders of the outstanding Dundee Series 4 Preference Shares given in the manner hereinafter specified:

- (a) declare, pay or set apart for payment any dividends on any shares of Dundee ranking as to dividends on parity with or junior to the Dundee Series 4 Preference Shares (other than stock dividends payable in shares of Dundee ranking as to dividends and capital junior to the Dundee Series 4 Preference Shares);
- (b) except in connection with the exercise of a retraction privilege attaching thereto, or except out of the net cash proceeds of a substantially concurrent issue of shares ranking as to capital junior to the Dundee Series 4 Preference Shares, redeem, call for redemption, purchase for cancellation or otherwise retire or make any return of capital in respect of any shares of Dundee ranking as to capital junior to or on a parity with the Dundee Series 4 Preference Shares;
- (c) except in connection with the exercise of a retraction privilege attaching thereto, redeem, call for redemption, purchase for cancellation or otherwise retire or make any return of capital in respect of less than all of the Dundee Series 4 Preference Shares then outstanding;
- (d) issue any additional shares ranking as to dividends or capital prior to the Dundee Series 4 Preference Shares; or
- (e) except (i) pursuant to the exercise of stock options or otherwise under Dundee's security-based compensation arrangements in effect at any time and from time-to-time, or (ii) where the net cash proceeds of an issue of shares ranking as to dividends or capital junior to the Dundee Series 4 Preference Shares are used to pay all accrued and unpaid dividends up to and including the most recent applicable Dividend Payment Date for the last completed Dividend Period for which dividends shall be payable, if any, issue any additional shares ranking as to dividends or capital junior to the Dundee Series 4 Preference Shares,

unless at the date of such declaration, payment, setting apart for payment, redemption, call for redemption, purchase for cancellation or reduction, retirement or return of capital, or issuance, as the case may be, all dividends then accrued and unpaid up to and including the most recent applicable Dividend Payment Date for the last completed Dividend Period for which dividends shall be payable shall have been declared and paid or set apart for payment.

ARTICLE FIVE ISSUE PRICE

Section 5.01 Issue Price: The consideration for the issuance of each Dundee Series 4 Preference Share shall be the conversion and cancellation of one Dundee Convertible Butterfly Share, with each such Dundee Series 4 Preference Share having a deemed issue price of **[\$18.67]**, and, upon such conversion and cancellation, each such share shall be issued as fully paid and non-assessable.

ARTICLE SIX SPECIFIED AMOUNT FOR PART VI.1 OF THE INCOME TAX ACT

Section 6.01 Specified Amount for Part VI.1 of the *Income Tax Act (Canada)*: For the purposes of subsection 191(4) of the *Income Tax Act (Canada)*, **[\$18.67]** is hereby specified in respect of each Dundee Series 4 Preference Share.

ARTICLE SEVEN NOTICE AND INTERPRETATION

Section 7.01 Notices: Any notice, cheque, invitation for tenders or other communication from Dundee herein provided for shall be sufficiently given, sent or made if delivered or if sent by first class unregistered mail, postage prepaid, to the holders of the Dundee Series 4 Preference Shares at their respective addresses appearing on the books of Dundee, or, in the case of joint holders, to the address of the holder whose name appears first on the books of Dundee as one of such joint holders, or, in the event of the address of any of such holders not so appearing, then at the last address of such holder known to Dundee. Accidental failure to give such notice, invitation for tenders or other communication to one or more holders of the Dundee Series 4 Preference Shares shall not affect the validity of the notices, invitations for tenders or other communications properly given or any action taken pursuant to such notice, invitation for tender or other communication but, upon such failure being discovered, the notice, invitation for tenders or other communication, as the case may be, shall be sent forthwith to such holder or holders.

If any notice, cheque, invitation for tenders or other communication from Dundee given to a holder of Dundee Series 4 Preference Shares pursuant to this Section is returned on three consecutive occasions because the holder cannot be found, Dundee shall not be required to give or mail any further notices, cheques, invitations for tenders or other communications to such shareholder until the holder informs Dundee in writing of such holder's new address.

If the Board of Directors determines that mail service is or is threatened to be interrupted at the time when Dundee is required or elects to give any notice hereunder by mail, or is required to send any cheque or any share certificate to a holder, whether in connection with the redemption or conversion of such share or otherwise, Dundee may, notwithstanding the provisions hereof:

- (a) give such notice by publication thereof once in a newspaper having national circulation in Canada or, if there is no newspaper having national circulation in Canada, in an English language newspaper of general circulation published in each

of Vancouver, Calgary, Toronto and Montreal and such notice shall be deemed to have been validly given on the day next succeeding its publication; and

- (b) fulfill the requirement to send such cheque or such share certificate by arranging for the delivery thereof to such holder by the Transfer Agent at its principal offices in the City of Toronto, and such cheque and/or share certificate shall be deemed to have been sent on the date on which notice of such arrangement shall have been given as provided in (a) above, provided that as soon as the Board of Directors determines that mail service is no longer interrupted or threatened to be interrupted, such cheque or share certificate, if not theretofore delivered to such holder, shall be sent by mail as herein provided.

Section 7.02 Interpretation: In the event that any day on which any dividend on the Dundee Series 4 Preference Shares is payable or on or by which any other action is required to be taken hereunder is not a business day, then such dividend shall be payable or such other action shall be required to be taken on or before the next succeeding day that is a business day. A “business day” means a day other than a Saturday, a Sunday or any other day that is a statutory or civic holiday in the place where Dundee has its head office.

All references herein to a holder of Dundee Series 4 Preference Shares shall be interpreted as referring to a registered holder of the Dundee Series 4 Preference Shares.

For the purposes hereof:

- (a) “accrued and unpaid dividends” means the aggregate of: (i) all unpaid dividends on the Dundee Series 4 Preference Shares for any Dividend Period; and (ii) the amount calculated as though dividends on each Dundee Series 4 Preference Share had been accruing on a day-to-day basis from and including the date on which the last dividend in respect of the most recently completed Dividend Period was payable up to and including the date to which the computation of accrued dividends is to be made;
- (b) “Dundee New Subordinate Voting Shares” means the Class A Subordinate Voting Shares in the capital of Dundee as currently constituted and any shares resulting from a reclassification of the Class A Subordinate Voting Shares of Dundee or which result from a capital reorganization of Dundee or a consolidation, amalgamation or merger of Dundee with or into any other corporation (other than a capital reorganization, consolidation, amalgamation or merger which does not result in any reclassification of the Class A Subordinate Voting Shares or a change of the Class A Subordinate Voting Shares into other shares or securities);
- (c) “Market Price” means the weighted average trading price of the Dundee New Subordinate Voting Shares traded (i) on the TSX for the 20 consecutive trading days ending on the fourth day prior to the date specified for conversion, or, if such fourth day is not a trading day, the immediately preceding trading day; or (ii), if the Dundee New Subordinate Voting Shares do not trade on the TSX on the date specified for conversion, on the exchange or trading system with the greatest volume of Dundee New Subordinate Voting Shares traded during such 20 trading day period;
- (d) “in priority to”, “on a parity with” and “junior to” have reference to the order of priority in payment of dividends and in the distribution of assets in the event of any liquidation, dissolution or winding up of Dundee, whether voluntary or involuntary, or other distribution of the assets of Dundee among its shareholders for the purpose of winding up its affairs.

- (e) “ranking as to capital” and similar expressions mean ranking with respect to priority in the distribution of assets of Dundee in the event of any liquidation, dissolution or winding-up of Dundee, whether voluntary or involuntary, or any other distribution of the assets of Dundee among its shareholders for the purpose of winding-up its affairs;
- (f) “ranking as to dividends” and similar expressions mean ranking with respect to priority in the payment of dividends by Dundee; and
- (g) “Weighted Price”, means the greater of (A) \$2.00 and (B) 95% of the Market Price.

ARTICLE EIGHT MODIFICATION

Section 8.01 Modification: The provisions attaching to the Dundee Series 4 Preference Shares as a series may be deleted, varied, modified, amended or amplified from time-to-time with such approval as may then be required by the OBCA, any such approval to be given in accordance with article nine and with any required approvals of any stock exchanges on which the Dundee Series 4 Preference Shares may be listed.

ARTICLE NINE APPROVAL OF HOLDERS OF DUNDEE SERIES 4 PREFERENCE SHARES

Section 9.01 Approval of Holders of Dundee Series 4 Preference Shares: Except as otherwise provided herein, any approval of the holders of the Dundee Series 4 Preference Shares with respect to any matters requiring the consent of such holders may be given in such manner as may then be required by law, subject to a minimum requirement that such approval be given by a resolution signed by all such holders or passed by the affirmative vote of not less than two-thirds of the votes cast by the holders who voted in respect of that resolution at a meeting of the holders duly called for that purpose and at which the holders of at least 25% of the outstanding Dundee Series 4 Preference Shares are present in person or represented by proxy. If at any such meeting the holder(s) of at least 25% of the outstanding Dundee Series 4 Preference Shares are not present in person or represented by proxy within one-half hour after the time appointed for such meeting, then the meeting shall be adjourned to such date not less than 15 days thereafter and to such time and place as may be designated by the chairman of such meeting, and not less than 10 days' written notice shall be given of such adjourned meeting. At such adjourned meeting, the holders(s) of Dundee Series 4 Preference Shares present in person or represented by proxy shall form the necessary quorum and may transact the business for which the meeting was originally called and a resolution passed thereat by the affirmative vote of not less than two-thirds of the votes cast at such meeting shall constitute the approval of the holders of the Dundee Series 4 Preference Shares.

Section 9.02 Formalities, etc.: The proxy rules applicable to, the formalities to be observed in respect of the giving notice of, and the formalities to be observed in respect of the conduct of, any meeting or any adjourned meeting of holders of the Dundee Series 4 Preference Shares shall be those required by law, as may from time-to-time be supplemented by the by-laws of Dundee. On every poll taken at every meeting of holders of the Dundee Series 4 Preference Shares as a series, each holder entitled to vote thereat shall have one vote in respect of each Dundee Series 4 Preference Share held.

ARTICLE TEN RIGHTS ON LIQUIDATION

Section 10.01 Rights on Liquidation: In the event of the liquidation, dissolution or winding-up of Dundee or other distribution of assets of Dundee among its shareholders for the purpose of winding up its affairs,

whether voluntary or involuntary, subject to the prior satisfaction of the claims of all creditors of Dundee and of holders of shares of Dundee ranking prior to the Dundee Series 4 Preference Shares, the holders of the Dundee Series 4 Preference Shares shall be entitled to receive an amount equal to **[\$18.67]** per Dundee Series 4 Preference Share, together with an amount equal to all accrued and unpaid dividends to and including the date of payment (less any tax required to be deducted and withheld by Dundee), before any amount is paid or any assets of Dundee are distributed to the holders of any shares of Dundee ranking junior as to capital to the Dundee Series 4 Preference Shares. Upon payment to the holders of the Dundee Series 4 Preference Shares of the amounts so payable to them, they shall not be entitled to share in any further distribution of the assets of Dundee.

ARTICLE ELEVEN WITHHOLDING AND TRANSFER TAXES

Section 11.01 Withholding Taxes: For greater certainty, and notwithstanding any other provision herein, Dundee shall be entitled to deduct and withhold any amounts required by them to be deducted and withheld on account of any taxes from any amounts (including shares) payable or otherwise deliverable in respect of the Dundee Series 4 Preference Shares, including on the redemption, cancellation or conversion of the Dundee Series 4 Preference Shares. To the extent that any amounts are withheld, such withheld amounts shall be treated for all purposes hereof as having been paid or delivered to the person in respect of which such withholding was made. Dundee is hereby authorized to sell or otherwise dispose of any shares otherwise deliverable to a holder of Dundee Series 4 Preference Shares on the conversion of such Dundee Series 4 Preference Shares in order to meet this withholding requirement.

Section 11.02 Transfer Taxes: For greater certainty, and notwithstanding any other provision herein, Dundee shall not be required to pay any tax which may be imposed upon the person or persons to whom Dundee New Subordinate Voting Shares are issued in connection with the conversion of Dundee Series 4 Preference Shares into Dundee New Subordinate Voting shares in respect of the issuance of such New Subordinate Voting Shares or the certificate therefor or which may be payable in respect of any transfer involved in the issuance and delivery of any such certificate in the name or names other than that of the holder of the Dundee Series 4 Preference Shares or deliver such certificate unless the person or persons requesting the issuance thereof shall have paid to Dundee the amount of such tax or shall have established to the satisfaction of Dundee that such tax has been paid.

ARTICLE TWELVE BOOK-ENTRY-ONLY ISSUE

Section 12.01 Book-Entry-Only Issue: Except as required by applicable law, as provided by the rules and procedures of the Book-Entry-Only System or as otherwise determined by Dundee with, if required, the agreement of the Depository, the Dundee Series 4 Preference Shares shall be issued and held under the Book-Entry-Only System and shall be represented by a single fully-registered permanent global share certificate. For these purposes:

- (i) "Book-Entry-Only System" means the book-entry-only securities services administered by the Depository in accordance with the operating rules and procedures therefor; and
- (ii) "Depository" means CDS Clearing and Depository Services Inc., or a successor depository or any other depository appointed by Dundee in respect of Dundee Series 4 Preference Shares.

Dundee Butterfly Shares

4. The articles of amalgamation of the Company are hereby amended by inserting the following immediately following the rights, privileges, restrictions and conditions of the Dundee Series 4 Preference Shares:

Dundee Butterfly 1 Shares

FIRST PREFERENCE SHARES, SERIES 5 RIGHTS, PRIVILEGES, RESTRICTIONS AND CONDITIONS

The eighth series of First Preference Shares shall consist of an unlimited number of First Preference Shares, which shares shall be designated as first preference shares, Series 5 ("**Dundee Series 5 Preference Shares**") and which, in addition to the rights, privileges, restrictions and conditions attached to the First Preference Shares as a class, shall have attached thereto the following rights, privileges, restrictions and conditions:

- (i) Dividends: (a) The holders of Dundee Series 5 Preference Shares shall be entitled to receive, and Dundee shall pay thereon, if, as and when declared by the Board of Directors of Dundee out of moneys of Dundee properly applicable to the payment of dividends, non-cumulative dividends. (b) Except with the consent in writing of the holders of all of the Dundee Series 5 Preference Shares, no dividend shall at any time be declared and paid on, or declared and set apart for payment on, the Dundee Subordinate Voting Shares, the Dundee New Subordinate Voting Shares, the Dundee Common Shares or the Dundee New Common Shares, unless after the payment of such dividend the realizable value of the assets of Dundee would not be less than the Dundee Series 5 Preference Share Redemption Price (as hereinafter defined).
- (ii) Redemption: Dundee may, to the extent permitted by applicable law, redeem at any time the whole, or from time to time any part, of the Dundee Series 5 Preference Shares then outstanding on payment of a redemption price per Dundee Series 5 Preference Share equal to the product of the Butterfly Proportion multiplied by a fraction, the numerator of which is the fair market value of all of the issued and outstanding Dundee Common Shares as determined immediately prior to effecting the Dundee Share Exchange and the denominator of which is the fair market value of all of the issued and outstanding Dundee Common Shares, Dundee Subordinate Voting Shares and Dundee Series 1 Preference Shares as determined immediately prior to effecting the Dundee Share Exchange, divided by the number of Dundee Butterfly 1 Shares to be issued in connection with the Dundee Share Exchange, plus all declared and unpaid cash dividends thereon, the whole constituting and being herein referred to in these provisions as the "**Dundee Series 5 Preference Share Redemption Price**" and the aggregate amount required to redeem all of the Dundee Series 5 Preference Shares then outstanding being the "**Dundee Series 5 Preference Shares Redemption Amount**".
- (iii) Retraction: Any holder of Dundee Series 5 Preference Shares shall be entitled to require Dundee to redeem, subject to the requirements of applicable law, at any time all of the Dundee Series 5 Preference Shares registered in the name of such holder on the books of Dundee at the redemption price per share set out in paragraph (ii) above by tendering to Dundee at the registered office of Dundee a certificate or certificates representing all of the Dundee Series 5 Preference Shares held by such holder together with a notice in writing specifying (i) that the holder desires to have the Dundee Series 5 Preference Shares represented by such certificate or certificates redeemed by Dundee and (ii) the business day on which the holder desires to have Dundee redeem such Dundee Series 5 Preference Shares.
- (iv) Dissolution: In the event of the dissolution, liquidation or winding-up of Dundee, whether voluntary or involuntary, or any other distribution of assets of Dundee among its shareholders

for the purpose of winding-up its affairs, the holders of Dundee Series 5 Preference Shares shall be entitled to receive from the assets of Dundee an amount equal to the Dundee Series 5 Preference Shares Redemption Amount before any amount shall be paid or any assets of Dundee distributed upon any liquidation, dissolution or winding-up of Dundee to the holders of the Dundee Subordinate Voting Shares, the Dundee New Subordinate Voting Shares, the Dundee Common Shares or the Dundee New Common Shares. After payment to the holders of Dundee Series 5 Preference Shares of the amount so payable to them such holders shall not be entitled to share in any further distribution of the assets of Dundee.

Dundee Butterfly 2 Shares

**FIRST PREFERENCE SHARES, SERIES 6
RIGHTS, PRIVILEGES, RESTRICTIONS AND CONDITIONS**

The ninth series of First Preference Shares shall consist of an unlimited number of First Preference Shares, which shares shall be designated as first preference shares, Series 6 (“**Dundee Series 6 Preference Shares**”) and which, in addition to the rights, privileges, restrictions and conditions attached to the First Preference Shares as a class, shall have attached thereto the following rights, privileges, restrictions and conditions:

- (i) **Dividends:** (a) The holders of Dundee Series 6 Preference Shares shall be entitled to receive, and Dundee shall pay thereon, if, as and when declared by the Board of Directors of Dundee out of moneys of Dundee properly applicable to the payment of dividends, non-cumulative dividends. (b) Except with the consent in writing of the holders of all of the Dundee Series 6 Preference Shares, no dividend shall at any time be declared and paid on, or declared and set apart for payment on, the Dundee Subordinate Voting Shares, the Dundee New Subordinate Voting Shares, the Dundee Common Shares or the Dundee New Common Shares, unless after the payment of such dividend the realizable value of the assets of Dundee would not be less than the Dundee Series 6 Preference Share Redemption Price (as hereinafter defined).
- (ii) **Redemption:** Dundee may, to the extent permitted by applicable law, redeem at any time the whole, or from time to time any part, of the Dundee Series 6 Preference Shares then outstanding on payment of a redemption price per Dundee Series 6 Preference Share equal to the product of the Butterfly Proportion multiplied by a fraction, the numerator of which is the fair market value of all of the issued and outstanding Dundee Subordinate Voting Shares as determined immediately prior to giving effect to the Dundee Share Exchange and the denominator of which is the fair market value of all of the issued and outstanding Dundee Common Shares, Dundee Subordinate Voting Shares and Dundee Series 1 Preference Shares as determined immediately prior to giving effect to the Dundee Share Exchange, divided by the number of Dundee Butterfly 2 Shares to be issued in connection with the Dundee Share Exchange, plus all declared and unpaid cash dividends thereon, the whole constituting and being herein referred to in these provisions as the “**Dundee Series 6 Preference Share Redemption Price**” and the aggregate amount required to redeem all of the Dundee Series 6 Preference Shares then outstanding being the “**Dundee Series 6 Preference Shares Redemption Amount**”.
- (iii) **Retraction:** Any holder of Dundee Series 6 Preference Shares shall be entitled to require Dundee to redeem, subject to the requirements of applicable law, at any time all of the Dundee Series 6 Preference Shares registered in the name of such holder on the books of Dundee at the redemption price per share set out in paragraph (ii) above by tendering to Dundee at the registered office of Dundee a certificate or certificates representing all of the Dundee Series 6 Preference Shares held by such holder together with a notice in writing specifying (i) that the holder desires to have the Dundee Series 6 Preference Shares represented by such certificate or certificates redeemed by Dundee and (ii) the business day

on which the holder desires to have Dundee redeem such Dundee Series 6 Preference Shares.

- (iv) Dissolution: In the event of the dissolution, liquidation or winding-up of Dundee, whether voluntary or involuntary, or any other distribution of assets of Dundee among its shareholders for the purpose of winding-up its affairs, the holders of Dundee Series 6 Preference Shares shall be entitled to receive from the assets of Dundee an amount equal to the Dundee Series 6 Preference Shares Redemption Amount before any amount shall be paid or any assets of Dundee distributed upon any liquidation, dissolution or winding-up of Dundee to the holders of the Dundee Subordinate Voting Shares, the Dundee New Subordinate Voting Shares, the Dundee Common Shares or the Dundee New Common Shares. After payment to the holders of Dundee Series 6 Preference Shares of the amount so payable to them such holders shall not be entitled to share in any further distribution of the assets of Dundee.

Dundee Butterfly 3 Shares

**FIRST PREFERENCE SHARES, SERIES 7
RIGHTS, PRIVILEGES, RESTRICTIONS AND CONDITIONS**

The tenth series of First Preference Shares shall consist of an unlimited number of First Preference Shares, which shares shall be designated as first preference shares, Series 7 (“**Dundee Series 7 Preference Shares**”) and which, in addition to the rights, privileges, restrictions and conditions attached to the First Preference Shares as a class, shall have attached thereto the following rights, privileges, restrictions and conditions:

- (i) Dividends: (a) The holders of Dundee Series 7 Preference Shares shall be entitled to receive, and Dundee shall pay thereon, if, as and when declared by the Board of Directors of Dundee out of moneys of Dundee properly applicable to the payment of dividends, non-cumulative dividends. (b) Except with the consent in writing of the holders of all of the Dundee Series 7 Preference Shares, no dividend shall at any time be declared and paid on, or declared and set apart for payment on, the Dundee Subordinate Voting Shares, the Dundee New Subordinate Voting Shares, the Dundee Common Shares or the Dundee New Common Shares, unless after the payment of such dividend the realizable value of the assets of Dundee would not be less than the Dundee Series 7 Preference Share Redemption Price (as hereinafter defined).
- (ii) Redemption: Dundee may, to the extent permitted by applicable law, redeem at any time the whole, or from time to time any part, of the Dundee Series 7 Preference Shares then outstanding on payment of a redemption price per Dundee Series 7 Preference Share equal to the sum of: (A) the product of the Butterfly Proportion multiplied by a fraction, the numerator of which is the Aggregate Dundee Series 1 Value and the denominator of which is the fair market value of all of the issued and outstanding Dundee Common Shares, Dundee Subordinate Voting Shares and Dundee Series 1 Preference Shares as determined immediately prior to giving effect to the Dundee Share Exchange, and (B) the Adjustment Amount, divided by the number of Dundee Series 7 Preference Shares to be issued in connection with the Dundee Share Exchange, plus all declared and unpaid cash dividends thereon, the whole constituting and being herein referred to in these provisions as the “**Dundee Series 7 Preference Share Redemption Price**” and the aggregate amount required to redeem all of the Dundee Series 7 Preference Shares then outstanding being the “**Dundee Series 7 Preference Shares Redemption Amount**”.
- (iii) Retraction: Any holder of Dundee Series 7 Preference Shares shall be entitled to require Dundee to redeem, subject to the requirements of applicable law, at any time all of the Dundee Series 7 Preference Shares registered in the name of such holder on the books of Dundee at the redemption price per share set out in paragraph (ii) above by tendering to Dundee at the registered office of Dundee a certificate or certificates representing all of the

Dundee Series 7 Preference Shares held by such holder together with a notice in writing specifying (i) that the holder desires to have the Dundee Series 7 Preference Shares represented by such certificate or certificates redeemed by Dundee and (ii) the business day on which the holder desires to have Dundee redeem such Dundee Series 7 Preference Shares.

- (iv) **Dissolution:** In the event of the dissolution, liquidation or winding-up of Dundee, whether voluntary or involuntary, or any other distribution of assets of Dundee among its shareholders for the purpose of winding-up its affairs, the holders of Dundee Series 7 Preference Shares shall be entitled to receive from the assets of Dundee an amount equal to the Series 7 Shares Redemption Amount before any amount shall be paid or any assets of Dundee distributed upon any liquidation, dissolution or winding-up of Dundee to the holders of the Dundee Subordinate Voting Shares, the Dundee New Subordinate Voting Shares, the Dundee Common Shares or the Dundee New Common Shares. After payment to the holders of Dundee Series 7 Preference Shares of the amount so payable to them such holders shall not be entitled to share in any further distribution of the assets of Dundee.

Dundee Convertible Butterfly Shares

5. The articles of amalgamation of the Company are hereby amended by inserting the following immediately following the rights, privileges, restrictions and conditions of the Dundee Butterfly Shares:

FIRST PREFERENCE SHARES, SERIES 8 RIGHTS, PRIVILEGES, RESTRICTIONS AND CONDITIONS

The eleventh series of First Preference Shares shall consist of 6,000,000 First Preference Shares, which shares shall be designated as first preference shares, Series 8 ("**Dundee Series 8 Preference Shares**") and which, in addition to the rights, privileges, restrictions and conditions attached to the First Preference Shares as a class, shall have attached thereto the following rights, privileges, restrictions and conditions:

- (i) **Dividends:** (a) The holders of Dundee Series 8 Preference Shares shall be entitled to receive, and Dundee shall pay thereon, if, as and when declared by the Board of Directors of Dundee out of moneys of Dundee properly applicable to the payment of dividends, non-cumulative dividends. (b) Except with the consent in writing of the holders of all of the Dundee Series 8 Preference Shares, no dividend shall at any time be declared and paid on, or declared and set apart for payment on, the Dundee Subordinate Voting Shares, the Dundee New Subordinate Voting Shares, the Dundee Common Shares or the Dundee New Common Shares, unless after the payment of such dividend the realizable value of the assets of Dundee would not be less than the Dundee Series 8 Preference Share Redemption Price (as hereinafter defined).
- (ii) **Redemption:** Dundee may, to the extent permitted by applicable law, redeem at any time the whole, or from time to time any part, of the Dundee Series 8 Preference Shares then outstanding on payment of a redemption price per Dundee Series 8 Preference Share equal to the Aggregate Dundee Series 1 Value, less the sum of: (A) Butterfly Proportion multiplied by a fraction, the numerator of which is the Aggregate Dundee Series 1 Value and the denominator of which is the fair market value of all of the issued and outstanding Dundee Common Shares, the Dundee Subordinate Voting Shares and the Dundee Series 1 Preference Shares, as determined immediately prior to giving effect to the Dundee Share Exchange and (B) the Adjustment Amount, divided by the number of Dundee Convertible Butterfly Shares to be issued in connection with the Dundee Share Exchange, plus all declared and unpaid cash dividends thereon, the whole constituting and being herein referred to in these provisions as the "**Dundee Series 8 Preference Share Redemption Price**" and the aggregate amount required to redeem all of the Dundee Series 8 Preference Shares then outstanding being the "**Dundee Series 8 Preference Shares Redemption Amount**".

- (iii) **Retraction:** Any holder of Dundee Series 8 Preference Shares shall be entitled to require Dundee to redeem, subject to the requirements of applicable law, at any time all of the Dundee Series 8 Preference Shares registered in the name of such holder on the books of Dundee at the redemption price per share set out in paragraph (ii) above by tendering to Dundee at the registered office of Dundee a certificate or certificates representing all of the Dundee Series 8 Preference Shares held by such holder together with a notice in writing specifying (i) that the holder desires to have the Dundee Series 8 Preference Shares represented by such certificate or certificates redeemed by Dundee and (ii) the business day on which the holder desires to have Dundee redeem such Dundee Series 8 Preference Shares.
- (iv) **Dissolution:** In the event of the dissolution, liquidation or winding-up of Dundee, whether voluntary or involuntary, or any other distribution of assets of Dundee among its shareholders for the purpose of winding-up its affairs, the holders of Dundee Series 8 Preference Shares shall be entitled to receive from the assets of Dundee an amount equal to the Dundee Series 8 Preference Shares Redemption Amount before any amount shall be paid or any assets of Dundee distributed upon any liquidation, dissolution or winding-up of Dundee to the holders of the Dundee Subordinate Voting Shares, the Dundee New Subordinate Voting Shares, the Dundee Common Shares or the Dundee New Common Shares. After payment to the holders of Dundee Series 8 Preference Shares of the amount so payable to them such holders shall not be entitled to share in any further distribution of the assets of Dundee.
- (v) The Dundee Series 8 Preference Shares shall be convertible into Dundee Series 4 Preference Shares on a one-for-one basis at any time and from time-to-time.

6. **Definitions:** In sections 4 and 5 of this Exhibit 1 to the Plan of Arrangement:

- (a) **“Adjustment Amount”** means the amount, if any, reasonably attributable to the increase in the fair market value of all of the issued and outstanding Dundee Series 1 Preference Shares prior to the Effective Time arising as a result of the announcement that the annual dividend rate payable on the DREAM Series 1 Preference Shares will be 5.5%, rather than 5.0%;
- (b) **“Aggregate Dundee Series 1 Value”** means the fair market value of all of the issued and outstanding Dundee Series 1 Preference Shares, determined immediately prior to effecting the Dundee Share Exchange pursuant to the Plan of Arrangement;
- (c) **“Aggregate Dundee Share Value”** means the fair market value of all of the issued and outstanding shares of Dundee, determined immediately prior to effecting the Dundee Share Exchange pursuant to the Plan of Arrangement; and
- (d) **“Butterfly Proportion”** means the Aggregate Dundee Share Value multiplied by a fraction, the numerator of which is the net fair market value of the property to be transferred by Dundee to DREAM Sub on the Dundee Asset Transfer, determined immediately prior to effecting the Dundee Asset Transfer pursuant to the Plan of Arrangement, and the denominator of which is the net fair market value of all of the property of Dundee, determined immediately prior to effecting the Dundee Asset Transfer pursuant to the Plan of Arrangement.

**EXHIBIT II
SHARE TERMS OF DREAM**

**ARTICLE 1
INTERPRETATION**

Section 1.01 References to "Act": Unless there is something in the context inconsistent herewith, in these provisions "Act" means the *Business Corporations Act*, 1982, S.O. 1982. c.4 or its successor, as amended from time-to-time.

Section 1.02 Headings, Gender and Number: These provisions shall be read without regard to article, section or subsection headings, which are included for ease of reference only and shall not affect the construction or interpretation hereof, and with all changes in gender and number required by the context.

Section 1.03 Currency: All monetary amounts referred to herein are in lawful money of Canada.

**ARTICLE 2
SUBORDINATE VOTING SHARES AND COMMON SHARES**

The Subordinate Voting Shares and the Common Shares shall have attached thereto the following respective rights, privileges, restrictions and conditions:

Section 2.01 Votes: The holders of Subordinate Voting Shares and Common Shares are entitled to receive notice of, and to attend, all meetings of shareholders of the Corporation, except meetings at which only holders of another specified class or series of shares are entitled to vote. The holders of Subordinate Voting Shares are entitled to one vote for each Subordinate Voting Share held on all votes taken at such meetings and the holders of Common Shares are entitled to 100 votes for each Common Share held on all votes taken at such meetings.

Section 2.02 Dividends: Subject to the prior rights, privileges, restrictions and conditions attaching to the First Preference Shares or any series thereof, and the shares of any other class ranking senior to the Subordinate Voting Shares and Common Shares, the holders of Subordinate Voting Shares and Common Shares shall be entitled to receive and to participate equally as to dividends, share for share, as and when declared by the directors of the Corporation and all such dividends shall be declared and paid at the same time in an equal amount on all Subordinate Voting Shares and Common Shares at the time outstanding.

Section 2.03 Conversion of Common Shares: Upon and subject to the terms and conditions hereinafter set forth, a holder of Common Shares shall be entitled at any time and from time-to-time to have any or all of the Common Shares held by it converted into Subordinate Voting Shares on the basis of one Subordinate Voting Share for each one Common Share so converted (subject to adjustment as set forth below):

- (a) Exercise of Conversion Right: Except as set forth in subsection 2.04(c) hereof, in order to exercise such right of conversion such holder shall deliver and surrender to the Corporation or to its transfer agent the certificate or certificates representing the Common Shares which such holder desires to convert together with a written notice to the effect that such holder wishes to exercise the right of conversion in respect of that number of Common Shares specified in the conversion notice. The conversion notice shall state the name or names in which the holder wishes the certificate or certificates representing the Subordinate Voting Shares to be issued and the address or addresses to which such holder wishes such certificate or certificates to be sent and shall be signed by the holder or the agent of the holder duly authorized in writing. If less than all of the Common Shares represented by any certificate or certificates accompanying any conversion notice are to be converted, the holder shall be entitled to receive, at the expense of the Corporation, a new certificate representing the Common Shares

comprised in the certificate or certificates surrendered as aforesaid which are not to be converted.

- (b) Share Certificate: On any conversion of Common Shares into Subordinate Voting Shares the certificate or certificates representing the Subordinate Voting Shares resulting therefrom shall be issued at the expense of the Corporation in the name or names indicated in the conversion notice or, in the absence of such indication, in the name of the holder of the Common Shares converted, provided that the holder shall pay any applicable security transfer taxes or charges if such certificate or certificates are to be issued in a name or names other than the name of the holder of Common Shares.
- (c) Date of Exercise of Conversion Right: Except as set forth in subsection 2.04(c) hereof, the right of a holder of Common Shares to convert the same into Subordinate Voting Shares shall and for all purposes shall be deemed to have been exercised and the holder of Common Shares to be converted (or any person or persons in whose name or names such holder of Common Shares shall have directed a certificate or certificates representing Subordinate Voting Shares to be issued as provided above) shall and for all purposes shall be deemed to have become a holder of Subordinate Voting Shares on the date of receipt by the Corporation or by its transfer agent of the certificate or certificates representing all of the Common Shares to be converted accompanied by an appropriate conversion notice as provided above, notwithstanding any delay in the delivery by the Corporation or by its transfer agent of the certificate or certificates representing the Subordinate Voting Shares into which the Common Shares have been converted.
- (d) Prior Notice of Dividends: The Corporation shall not pay any dividend upon the Subordinate Voting Shares payable in shares of the Corporation, or issue to holders of Subordinate Voting Shares rights to purchase Subordinate Voting Shares, unless it shall have given to the holders of Common Shares notice of the payment of such dividend or the issue of such rights at least 30 days prior to the record date for the determination of holders of Subordinate Voting Shares entitled to such dividend or such rights and shall not, during such notice period, take any other corporate action which might deprive the holders of Common Shares of the opportunity of exercising the right of conversion as aforesaid.
- (e) Dilution Protection: In the event of:
 - (i) any subdivision, consolidation, conversion, exchange or reclassification of the Common Shares or Subordinate Voting Shares;
 - (ii) any reorganization of the share capital of the Corporation affecting in any manner the Common Shares or Subordinate Voting Shares; or
 - (iii) the amalgamation of the Corporation with any other company or companies;

the appropriate adjustment shall be made to the conversion right provided above so as to preserve that right in all respects.

Section 2.04 Take-Over Bid Protection:

- (a) Definitions:

In this Section 2.04, the following terms shall have the following respective meanings:

“**affiliate**” has the meaning ascribed thereto in the Securities Act (Ontario), as amended and re-enacted from time to time;

“**associate**” has the meaning ascribed thereto in the Securities Act (Ontario), as amended and re-enacted from time to time;

“**Conversion Period**” means the period of time commencing on the eighth day after the Offer Date and terminating on the Expiry Date;

“**Converted Shares**” means Common Shares resulting from the conversion of Subordinate Voting Shares into Common Shares pursuant to Section 2.04(b);

“**Exclusionary Offer**” means an offer to purchase Common Shares that:

- (1) by reason of applicable securities legislation or the requirements of a stock exchange on which the Subordinate Voting Shares are listed, would be required to be made to all or substantially all of the holders of Subordinate Voting Shares who are in a province of Canada to which the requirement applies if the Common Shares were Subordinate Voting Shares; and
- (2) is not made concurrently with an offer to purchase Subordinate Voting Shares that is identical to the offer to purchase Common Shares in terms of price per share and percentage of outstanding shares to be taken up exclusive of shares owned immediately prior to the offer by the Offeror, and in all other material respects, and that has no condition attached thereto other than the right not to take up and pay for shares tendered if no shares are purchased pursuant to the offer for Common Shares,

and for the purposes of this definition if an offer to purchase Common Shares would be an Exclusionary Offer as defined above but for the provisions of subclause (2), the varying of any term of such offer shall be deemed to constitute the making of a new offer unless an identical variation concurrently is made to the corresponding offer to purchase Subordinate Voting Shares;

“**Expiry Date**” means the last date upon which holders of Common Shares may accept an Exclusionary Offer;

“**Offer Date**” means the date on which an Exclusionary Offer is made or deemed to be made;

“**Offeror**” means a person or company that makes an offer to purchase Common Shares (the “bidder”), and includes any associate or affiliate of the bidder or any person or company that is disclosed in the offering document relating to such offer to be acting jointly or in concert with the bidder; and

“**transfer agent**” means the transfer agent for the Common Shares and the Subordinate Voting Shares.

- (b) Conversion Rights on Exclusionary Offer: Subject to Section 2.04(e), if an Exclusionary Offer is made, each outstanding Subordinate Voting Share shall be convertible into one fully paid and non-assessable Common Share at the option of the holder thereof exercisable during the Conversion Period. The conversion right provided for in this Section 2.04(b) shall be exercised by notice in writing given to the transfer agent accompanied by the certificate or certificates representing the Subordinate Voting Shares which the holder wishes to convert, and such notice shall be executed by the person registered on the books of the Corporation as the holder of the Subordinate Voting Shares, or by his attorney duly authorized in writing, and shall specify the number of Subordinate Voting Shares which the holder wishes to have converted. The holder shall pay any governmental or other tax imposed on or in respect of such conversion. Upon receipt by the transfer agent of such notice and share certificate or certificates, the Corporation shall issue or cause to be issued a share certificate representing fully paid Common Shares as prescribed above and in accordance with Section 2.04(d). If less than all of the Subordinate Voting Shares represented by any share certificate are to be converted, the holder shall be entitled to receive a new share certificate representing in

the aggregate the number of Subordinate Voting Shares represented by the original share certificate which are not to be converted.

- (c) Election by Holders and Rights of Withdrawal: An election by a holder of Subordinate Voting Shares to exercise the conversion right provided for in Section 2.04(b) shall be deemed to also constitute an irrevocable election by such holder (i) to deposit the Converted Shares pursuant to the Exclusionary Offer (subject to such holder's right to subsequently withdraw the shares from the offer in accordance with the terms thereof and applicable law) and (ii) to exercise the right to convert into Subordinate Voting Shares on a one for one basis, all Converted Shares in respect of which such holder exercises its right of withdrawal from the Exclusionary Offer or which are not otherwise ultimately taken up and paid for under the Exclusionary Offer (including by way of the abandonment or withdrawal of the Exclusionary Offer without any shares being acquired), and an irrevocable agreement by the holder exercising such rights of conversion not to vote any Converted Shares. Any conversion of Converted Shares into Subordinate Voting Shares pursuant to such deemed election in respect of which the holder exercises its right of withdrawal from the Exclusionary Offer shall be effective at the time such right of withdrawal is exercised without prejudice to the ability to reconvert or retender. If the right of withdrawal is not exercised, any conversion into Subordinate Voting Shares pursuant to such deemed election shall be effective:
- (i) in respect of an Exclusionary Offer which is completed, immediately following the time by which the Offeror is required under applicable securities legislation to take up and pay for all shares to be acquired by the Offeror under the Exclusionary Offer; and
 - (ii) in respect of an Exclusionary Offer which is abandoned or withdrawn, at the time at which the Exclusionary Offer is abandoned or withdrawn.
- (d) Delivery of Share Certificates and Consideration: No share certificates representing Converted Shares shall be delivered to or to the order of the holders thereof before such shares have been deposited pursuant to the Exclusionary Offer and the transfer agent, on behalf of the holders of the Converted Shares, shall deposit, and the holders of such shares shall be deemed to have irrevocably directed the transfer agent to deposit, pursuant to the Exclusionary Offer, the certificate or certificates representing the Converted Shares. Upon completion of the Exclusionary Offer, the transfer agent shall deliver or cause to be delivered to the holders entitled thereto all consideration paid by the Offeror pursuant to the Exclusionary Offer in respect of Converted Shares. If Converted Shares are converted into Subordinate Voting Shares pursuant to the deemed election under Section 2.04(c), the transfer agent shall deliver to the holders entitled thereto a share certificate representing the Subordinate Voting Shares resulting from the conversion. The Corporation shall make all arrangements with the transfer agent necessary or desirable to give effect to this Section 2.04(d).
- (e) Exceptions to Conversion Rights: Subject to Section 2.04(f), the conversion right provided for in Section 2.04(b) shall not come into effect if:
- (i) prior to the Offer Date there is delivered to the transfer agent and to the Secretary of the Corporation a certificate or certificates signed by or on behalf of one or more shareholders of the Corporation owning in the aggregate, as at the Offer Date, more than 50% of the then outstanding Common Shares, exclusive of shares owned immediately prior to the Offer Date by the Offeror, which certificate or certificates shall confirm, in the case of each such shareholder, that such shareholder shall not:

- (A) tender any shares in acceptance of any Exclusionary Offer without giving the transfer agent and the Secretary of the Corporation written notice of such acceptance or intended acceptance at least 7 days prior to the Expiry Date;
 - (B) make any Exclusionary Offer;
 - (C) act jointly or in concert with any person or company that makes an Exclusionary Offer; or
 - (D) transfer any Common Shares, directly or indirectly, during the time at which any Exclusionary Offer is outstanding without giving the transfer agent and the Secretary of the Corporation written notice of such transfer or intended transfer at least seven days prior to the Expiry Date relating to such Exclusionary Offer, which notice shall state, if known to the transferor, the names of the transferees and the number of Common Shares transferred or to be transferred to each transferee; or
- (ii) as of the end of the seventh day after the Offer Date there has been delivered to the transfer agent and to the Secretary of the Corporation a certificate or certificates signed by or on behalf of one or more shareholders of the Corporation owning in the aggregate more than 50% of the then outstanding Common Shares as at the Offer Date, exclusive of shares owned immediately prior to the Offer Date by the Offeror, which certificate or certificates shall confirm, in the case of each such shareholder:
- (A) the number of Common Shares owned by the shareholder;
 - (B) that such shareholder is not making the Exclusionary Offer and is not an associate or affiliate of: or acting jointly or in concert with, the person or company making the Exclusionary Offer;
 - (C) that such shareholder shall not tender any shares in acceptance of the Exclusionary Offer, including any varied form of the Exclusionary Offer, without giving the transfer agent and the Secretary of the Corporation written notice of such acceptance or intended acceptance at least 7 days prior to the Expiry Date; and
 - (D) that such shareholder shall not transfer any Common Shares, directly or indirectly, prior to the Expiry Date without giving the transfer agent and the Secretary of the Corporation written notice of such transfer or intended transfer at least 7 days prior to the Expiry Date, which notice shall state, if known to the transferor, the names of the transferees and the number of Common Shares transferred or to be transferred to each transferee; or
- (iii) as of the end of the seventh day after the Offer Date a combination of certificates that comply with either clause (1) or (2) from shareholders of the Corporation owning in the aggregate more than 50% of the then outstanding Common Shares as at the Offer Date has been delivered to the transfer agent and to the Secretary of the Corporation.
- (f) Effect of Notice: If a notice referred to in Section 2.04(e)(i)(A), Section 2.04(e)(i)(D), Section 2.04(e)(ii)(C) or Section 2.04(e)(ii)(D) is given and the conversion right provided for in subsection Section 2.04(b) has not come into effect, the transfer agent shall either forthwith upon receipt of the notice or forthwith after the seventh day following the Offer

Date, whichever is later, determine the number of Common Shares in respect of which there have been delivered certificates that are subsisting and that comply with either Section 2.04(e)(i) or Section 2.04(e)(ii). For the purpose of this determination, certificates in respect of which such a notice has been delivered shall not be regarded as subsisting if the transfer that is the subject of any notice referred to in Section 2.04(e)(i)(D) or Section 2.04(e)(ii)(D) shall be deemed to have already taken place at the time of the determination, and the transferee in the case of any notice referred to in Section 2.04(e)(i)(D) or Section 2.04(e)(ii)(D) shall be deemed to be a person or company from whom the transfer agent has not received a subsisting certificate unless the transfer agent is otherwise advised either by such notice or by the transferee in writing. If the number of Common Shares so determined does not exceed 50% of the number of then outstanding Common Shares as at the Offer Date, exclusive of Common Shares owned immediately prior to the Offer Date by the Offeror, Section 2.04(e) shall cease to apply and the conversion right provided for in Section 2.04(b) shall be in effect for the remainder of the Conversion Period.

- (g) Notice of Conversion Entitlement: As soon as is reasonably practicable after the seventh day after the Offer Date, the Corporation shall send to each Holder of Subordinate Voting Shares a notice advising such holders as to whether they are entitled to convert their Subordinate Voting Shares into Common Shares pursuant to Section 2.04(b) and the reasons therefor. If such notice discloses that the holders of Subordinate Voting Shares are not so entitled but it is subsequently determined that they are so entitled by virtue of Section 2.04(f) or otherwise, the Corporation shall forthwith send another notice to such holders advising them of that fact and the reasons therefor.
- (h) Forms of Notice: If a notice referred to in Section 2.04(g) discloses that the conversion right provided for in Section 2.04(b) has come into effect, the notice shall:
 - (i) include a description of the procedure to be followed to effect the conversion and to have the Converted Shares tendered under the Exclusionary Offer;
 - (ii) include the information as to Section 2.04(c) hereto; and
 - (iii) be accompanied by a copy of the Exclusionary Offer and all other material sent to holders of Common Shares in respect of the Exclusionary Offer, and as soon as is reasonably practicable after any additional material, including a notice of variation or change, is sent to the holders of Common Shares in respect of the Exclusionary Offer, the Corporation shall send a copy of such additional material to each holder of Subordinate Voting Shares.
- (i) Press Release: Prior to or forthwith after sending any notice referred to in Section 2.04(h), the Corporation shall cause a press release to be issued to a Canadian national news wire service describing the contents of the notice.

Section 2.05 Change in Shares:

- (a) Rights of Holders of Class of Shares Changed: Subject to the provisions of the Act, any amendment to the articles of the Corporation to delete or vary any right, privilege, restriction or condition attached to the Subordinate Voting Shares or the Common Shares or to create any shares ranking in priority to or on a parity with either the Subordinate Voting Shares or the Common Shares other than the creation of any special rights, privileges, restrictions or conditions attached to any series of First Preference Shares pursuant to section 3.01 hereof, or to subdivide, consolidate, reclassify or change the Subordinate Voting Shares or the Common Shares, may only be made if approved by at least two-thirds of the votes cast at a meeting of the holders of Subordinate Voting Shares or Common Shares, as the case may be, called for that purpose.

- (b) **Rights of Holders of Other Class:** The rights, privileges, restrictions and conditions attached to either the Subordinate Voting Shares or the Common Shares may not be changed in any manner whatsoever unless the other class of such shares is changed in the same manner and in the same proportion or unless the prior approval of the holders of Subordinate Voting Shares and of holders of Common Shares has been obtained for such change, such approval to be given by at least a majority of the votes cast at meetings of the holders of Subordinate Voting Shares and Common Shares called for that purpose.

Section 2.06 **Dissolution:** In the event of the liquidation, dissolution or winding-up of the Corporation or other distribution of the assets of the Corporation for the purpose of winding up its affairs, holders of Subordinate Voting Shares and Common Shares shall, after payment to the holders of First Preference Shares and shares of any other class ranking senior to the Subordinate Voting Shares and Common Shares of the amount payable to them, be entitled to receive the remaining property and assets of the Corporation without preference or distinction share-for-share.

Section 2.07 **Ranking of Subordinate Voting Shares and Common Shares:** Except as set forth in sections 2.01 through 2.06 hereof, both inclusive, the holders of Subordinate Voting Shares and the holders of Common Shares shall rank equally in all respects and have the same rights and restrictions and, without limitation, shall rank, subject to the prior rights of the holders of First Preference Shares or any series thereof, and shares of any other class ranking senior to the Subordinate Voting Shares and the Common Shares, *pari passu* with the other as to any distribution of the remaining property and assets of the Corporation in the event of the liquidation, dissolution or winding-up of the Corporation or other distribution of the assets of the Corporation for the purpose of winding-up its affairs.

Section 2.08 **Limitation:** Subject to the provisions of the Act and subsections 2.05(a) and 2.05(b) hereof, the holders of Subordinate Voting Shares and Common Shares shall not be entitled to vote together or separately on, or to dissent in respect of, any proposal to amend the articles of the Corporation to:

- (a) increase or decrease any maximum number of authorized Subordinate Voting Shares or Common Shares, or increase any maximum number of authorized shares of a class or series having rights or privileges equal or superior to the Subordinate Voting Shares and Common Shares;
- (b) effect an exchange, reclassification or cancellation of all or part of the Subordinate Voting Shares or Common Shares; or
- (c) create a new class or series of shares equal or superior to the Subordinate Voting Shares and Common Shares.

**EXHIBIT III
DREAM BUTTERFLY SHARE TERMS**

**ARTICLE 3
FIRST PREFERENCE SHARES**

Section 3.01 Directors' Right to Issue in One or More Series: The First Preference Shares may at any time and from time-to-time be issued in one or more series. Prior to the issue of First Preference Shares of any series, the directors of the Corporation shall, subject to the rights, privileges, restrictions and conditions attached to the First Preference Shares as a class, the articles of the Corporation and the provisions of the Act, by resolution amend the articles of the Corporation to fix the number of First Preference Shares in such series and determine the designation of, and the rights, privileges, restrictions and conditions attached to, the First Preference Shares of such series including, without limitation:

- (a) the rate, amount or method of calculation of any dividends and whether any dividends are subject to adjustment;
- (b) whether any dividends are cumulative, partly cumulative or non-cumulative;
- (c) the dates, manner and currency of payments of any dividends and the date from which any dividends accrue or become payable;
- (d) if redeemable or purchasable (whether at the option of the Corporation or the holder or otherwise), the redemption or purchase prices and currency or currencies thereof and the terms and conditions of redemption or purchase, with or without any provision for sinking or similar funds;
- (e) the voting rights, if any;
- (f) any conversion, exchange or reclassification rights; and
- (g) any other terms not inconsistent with these provisions;

the whole subject to receipt by the Director appointed under the Act of articles of amendment designating and fixing the number of First Preference Shares in such series and setting forth the rights, privileges, restrictions and conditions attached thereto and the issue by the Director of a certificate of amendment with respect thereto.

Section 3.02 Ranking of First Preference Shares of Each Series: The First Preference Shares of each series shall, with respect to the payment of dividends and the distribution of the assets of the Corporation in the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of the assets of the Corporation for the purpose of winding-up its affairs, rank (a) on a parity with the First Preference Shares of every other series and (b) senior to, and shall be entitled to a preference over, the Subordinate Voting Shares, the Common Shares and the shares of any other class ranking junior to the First Preference Shares. The First Preference Shares of any series shall also be entitled to such other preferences, not inconsistent with these provisions, over the Subordinate Voting Shares, the Common Shares and the shares of any other class ranking junior to the First Preference Shares as may be fixed in accordance with section 3.01 hereof.

Section 3.03 Voting Rights: Except as hereinafter specifically provided, as required by the Act or in accordance with any voting rights which may be attached to any series of First Preference Shares, the holders of First Preference Shares shall not be entitled as such to receive notice of, or to attend, any meeting of shareholders of the Corporation and shall not be entitled to vote at any such meeting; provided however that the holders of First Preference Shares shall be entitled to receive notice of meetings of shareholders of the Corporation called for the purpose of authorizing the dissolution of the Corporation or

the sale, lease or exchange of all or substantially all of the property of the Corporation other than in the ordinary course of business of the Corporation.

Section 3.04 Amendment with Approval of Holders of First Preference Shares: The rights, privileges, restrictions and conditions attached to the First Preference Shares as a class may be added to, removed or changed only with the approval of the holders of First Preference Shares given in accordance with the requirements of the Act and the minimum requirement provided in section 3.05 hereof.

Section 3.05 Approval of Holders of First Preference Shares: The approval of the holders of First Preference Shares as a class to any matters referred to in these provisions may be given as specified below:

- (a) Approval and Quorum: Any approval required to be given by the holders of First Preference Shares shall be deemed to have been sufficiently given if it shall have been given by a resolution signed by all of the holders of the then outstanding First Preference Shares or by a resolution passed by the affirmative vote of not less than two-thirds of the votes cast by holders of First Preference Shares who voted in respect of that resolution at a meeting of the holders of First Preference Shares called and held for such purpose in accordance with the by-laws of the Corporation at which holders of not less than one-tenth of the then outstanding First Preference Shares are present in person or represented by proxy; provided that, if at any such meeting a quorum is not present within one-half hour after the time appointed for such meeting, the meeting shall be adjourned to the same day in the next week at the same time and to such place as the chairman of the meeting may determine and, subject to the provisions of the Act, it shall not be necessary to give notice of such adjourned meeting. At such adjourned meeting the holders of First Preference Shares present in person or represented by proxy shall constitute a quorum and may transact the business for which the meeting was originally called and a resolution passed thereat by the affirmative vote of not less than two-thirds of the votes cast by holders of First Preference Shares at such meeting shall constitute the approval of the holders of First Preference Shares.
- (b) Votes: On every poll taken at any meeting in respect of which only the holders of First Preference Shares of more than one series are entitled to vote, each holder of First Preference Shares shall be entitled to one vote in respect of the greater of (i) each \$1.00 of stated capital added to the appropriate stated capital account of the Corporation in respect of the issue of each such share and (ii) each \$1.00 of the liquidation preference or redemption preference (excluding any amount payable in respect of declared but unpaid or accrued but unpaid dividends) attached to each such share (and if the liquidation preference and redemption preference are not the same at the applicable time, then the greater of the two).

Subject to the foregoing, the formalities to be observed with respect to proxies, the giving or waiving of notice of any such meeting and the conduct thereof shall be those from time-to-time prescribed in the Act and the by-laws of the Corporation with respect to meetings of shareholders.

Section 3.06 Shares Issued in Series with Identical Rights: Where First Preference Shares are issued in more than one series with identical rights, privileges, restrictions, conditions and designations attached thereto, all such series of First Preference Shares shall rank pari passu and participate equally and proportionately without discrimination or preference as if all such series of First Preference Shares had been issued simultaneously and all such series of First Preference Shares may be designated as one series.

Section 3.07 Limitation: Subject to the provisions of the Act, the holders of First Preference Shares or any series thereof shall not, unless the rights, privileges, restrictions and conditions attached to the First Preference Shares as a class or to any particular series thereof provide to the contrary, be entitled to vote

separately as a class or series on, or to dissent in respect of, any proposal to amend the articles of the Corporation to:

- (a) increase or decrease any maximum number of authorized First Preference Shares or any series thereof, or increase any maximum number of authorized shares of a class or series having rights or privileges equal or superior to the First Preference Shares or any series thereof;
- (b) effect an exchange, reclassification or cancellation of all or part of the First Preference Shares or any series thereof; or
- (c) create a new class or series of shares equal or superior to the First Preference Shares or any series thereof.

**ARTICLE 4
FIRST PREFERENCE SHARES, SERIES A
RIGHTS, PRIVILEGES, RESTRICTIONS AND CONDITIONS**

Section 4.01 Designation and Number: The first series of First Preference Shares shall consist of 6,000,000 First Preference Shares, which shares shall be designated as First Preference Shares, Series A ("Series A Shares") and which, in addition to the rights, privileges, restrictions and conditions attached to the First Preference Shares as a class, shall have attached thereto the following rights, privileges, restrictions and conditions:

Section 4.02 Dividends:

- (a) The holders of Series A Shares shall be entitled to receive, and the Corporation shall pay thereon, if, as and when declared by the Board of Directors of the Corporation out of moneys of the Corporation properly applicable to the payment of dividends, non-cumulative dividends.
- (b) Except with the consent in writing of the holders of all of the Series A Shares, no dividend shall at any time be declared and paid on, or declared and set apart for payment on, the Subordinate Voting Shares or the Common Shares, unless after the payment of such dividend the realizable value of the assets of the Corporation would not be less than the Series A Share Redemption Price (as hereinafter defined).

Section 4.03 Redemption: The Corporation may, to the extent permitted by applicable law, redeem at any time the whole, or from time to time any part, of the Series A Shares then outstanding on payment of a redemption price per Series A Share equal to the sum of: (A) the product of the Butterfly Proportion multiplied by a fraction, the numerator of which is the Aggregate Dundee Series 1 Value and the denominator of which is the fair market value of all of the issued and outstanding Dundee Common Shares, Dundee Subordinate Voting Shares and Dundee Series 1 Preference Shares as determined immediately prior to giving effect to the Dundee Share Exchange, and (B) the Adjustment Amount, divided by the number of Series A Shares to be issued in connection with the Dundee Share Exchange, plus all declared and unpaid cash dividends thereon, the whole constituting and being herein referred to in these provisions as the "Series A Share Redemption Price" and the aggregate amount required to redeem all of the Series A Shares then outstanding being the "Series A Shares Redemption Amount".

Section 4.04 Retraction: Any holder of Series A Shares shall be entitled to require the Corporation to redeem, subject to the requirements of applicable law, at any time all of the Series A Shares registered in the name of such holder on the books of the Corporation at the redemption price per share set out in Section 4.03 above by tendering to the Corporation at the registered office of the Corporation a certificate or certificates representing all of the Series A Shares held by such holder together with a notice in writing specifying (i) that the holder desires to have the Series A Shares represented by such certificate or

certificates redeemed by the Corporation and (ii) the business day on which the holder desires to have the Corporation redeem such Series A Shares.

Section 4.05 Dissolution: In the event of the dissolution, liquidation or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of assets of the Corporation among its shareholders for the purpose of winding-up its affairs, the holders of Series A Shares shall be entitled to receive from the assets of the Corporation an amount equal to the Series A Shares Redemption Amount before any amount shall be paid or any assets of the Corporation distributed upon any liquidation, dissolution or winding-up of the Corporation to the holders of the Subordinate Voting Shares or the Common Shares. After payment to the holders of Series A Shares of the amount so payable to them such holders shall not be entitled to share in any further distribution of the assets of the Corporation.

Section 4.06 Definitions:

- (a) In this Article 4, the following terms shall have the following respective meanings:
- (i) **“Adjustment Amount”** means the amount, if any, reasonably attributable to the increase in the fair market value of all of the issued and outstanding Dundee Series 1 Preference Shares prior to the Effective Time arising as a result of the announcement that the annual dividend rate payable on the DREAM Series 1 Preference Shares will be 5.5%, rather than 5.0%.
 - (ii) **“Aggregate Dundee Series 1 Value”** means the fair market value of all of the issued and outstanding Dundee Series 1 Preference Shares, determined immediately prior to effecting the Dundee Share Exchange pursuant to the Plan of Arrangement.
 - (iii) **“Aggregate Dundee Share Value”** means the fair market value of all of the issued and outstanding shares of Dundee, determined immediately prior to effecting the Dundee Share Exchange pursuant to the Plan of Arrangement.
 - (iv) **“Arrangement Agreement”** means the arrangement agreement dated April 12, 2013 between Dundee Corporation, the Corporation, Dundee Realty Corporation and Sweet Dream Corp. (including the schedules thereto), as amended or supplemented in accordance with its terms.
 - (v) **“Butterfly Proportion”** means the Aggregate Dundee Share Value multiplied by a fraction, the numerator of which is the net fair market value of the property to be transferred by Dundee to DREAM Sub on the Dundee Asset Transfer, determined immediately prior to effecting the Dundee Asset Transfer pursuant to the Plan of Arrangement, and the denominator of which is the net fair market value of all of the property of Dundee, determined immediately prior to effecting the Dundee Asset Transfer pursuant to the Plan of Arrangement.
 - (vi) **“Plan of Arrangement”** means the plan of arrangement under Section 182 of the Act in the form attached as Schedule “A” to the Arrangement Agreement, as amended, varied or supplemented in accordance with its terms, the terms of the Arrangement Agreement or made at the direction of the Ontario Superior Court of Justice (Commercial List) with the consent of the parties to the Arrangement Agreement, each acting reasonably.
- (b) In this Article 4, capitalized terms used herein without definition have the meanings given to them in the Plan of Arrangement.

EXHIBIT IV
DREAM SERIES 1 PREFERENCE SHARE TERMS

ARTICLE 3
FIRST PREFERENCE SHARES

Section 3.01 Directors' Right to Issue in One or More Series: The First Preference Shares may at any time and from time-to-time be issued in one or more series. Prior to the issue of First Preference Shares of any series, the directors of the Corporation shall, subject to the rights, privileges, restrictions and conditions attached to the First Preference Shares as a class, the articles of the Corporation and the provisions of the Act, by resolution amend the articles of the Corporation to fix the number of First Preference Shares in such series and determine the designation of, and the rights, privileges, restrictions and conditions attached to, the First Preference Shares of such series including, without limitation:

- (a) the rate, amount or method of calculation of any dividends and whether any dividends are subject to adjustment;
- (b) whether any dividends are cumulative, partly cumulative or non-cumulative;
- (c) the dates, manner and currency of payments of any dividends and the date from which any dividends accrue or become payable;
- (d) if redeemable or purchasable (whether at the option of the Corporation or the holder or otherwise), the redemption or purchase prices and currency or currencies thereof and the terms and conditions of redemption or purchase, with or without any provision for sinking or similar funds;
- (e) the voting rights, if any;
- (f) any conversion, exchange or reclassification rights; and
- (g) any other terms not inconsistent with these provisions;

the whole subject to receipt by the Director appointed under the Act of articles of amendment designating and fixing the number of First Preference Shares in such series and setting forth the rights, privileges, restrictions and conditions attached thereto and the issue by the Director of a certificate of amendment with respect thereto.

Section 3.02 Ranking of First Preference Shares of Each Series: The First Preference Shares of each series shall, with respect to the payment of dividends and the distribution of the assets of the Corporation in the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of the assets of the Corporation for the purpose of winding-up its affairs, rank (a) on a parity with the First Preference Shares of every other series and (b) senior to, and shall be entitled to a preference over, the Subordinate Voting Shares, the Common Shares and the shares of any other class ranking junior to the First Preference Shares. The First Preference Shares of any series shall also be entitled to such other preferences, not inconsistent with these provisions, over the Subordinate Voting Shares, the Common Shares and the shares of any other class ranking junior to the First Preference Shares as may be fixed in accordance with section 3.01 hereof.

Section 3.03 Voting Rights: Except as hereinafter specifically provided, as required by the Act or in accordance with any voting rights which may be attached to any series of First Preference Shares, the holders of First Preference Shares shall not be entitled as such to receive notice of, or to attend, any meeting of shareholders of the Corporation and shall not be entitled to vote at any such meeting; provided however that the holders of First Preference Shares shall be entitled to receive notice of meetings of shareholders of the Corporation called for the purpose of authorizing the dissolution of the Corporation or

the sale, lease or exchange of all or substantially all of the property of the Corporation other than in the ordinary course of business of the Corporation.

Section 3.04 Amendment with Approval of Holders of First Preference Shares: The rights, privileges, restrictions and conditions attached to the First Preference Shares as a class may be added to, removed or changed only with the approval of the holders of First Preference Shares given in accordance with the requirements of the Act and the minimum requirement provided in section 3.05 hereof.

Section 3.05 Approval of Holders of First Preference Shares: The approval of the holders of First Preference Shares as a class to any matters referred to in these provisions may be given as specified below:

- (a) Approval and Quorum: Any approval required to be given by the holders of First Preference Shares shall be deemed to have been sufficiently given if it shall have been given by a resolution signed by all of the holders of the then outstanding First Preference Shares or by a resolution passed by the affirmative vote of not less than two-thirds of the votes cast by holders of First Preference Shares who voted in respect of that resolution at a meeting of the holders of First Preference Shares called and held for such purpose in accordance with the by-laws of the Corporation at which holders of not less than one-tenth of the then outstanding First Preference Shares are present in person or represented by proxy; provided that, if at any such meeting a quorum is not present within one-half hour after the time appointed for such meeting, the meeting shall be adjourned to the same day in the next week at the same time and to such place as the chairman of the meeting may determine and, subject to the provisions of the Act, it shall not be necessary to give notice of such adjourned meeting. At such adjourned meeting the holders of First Preference Shares present in person or represented by proxy shall constitute a quorum and may transact the business for which the meeting was originally called and a resolution passed thereat by the affirmative vote of not less than two-thirds of the votes cast by holders of First Preference Shares at such meeting shall constitute the approval of the holders of First Preference Shares.
- (b) Votes: On every poll taken at any meeting in respect of which only the holders of First Preference Shares of more than one series are entitled to vote, each holder of First Preference Shares shall be entitled to one vote in respect of the greater of (i) each \$1.00 of stated capital added to the appropriate stated capital account of the Corporation in respect of the issue of each such share and (ii) each \$1.00 of the liquidation preference or redemption preference (excluding any amount payable in respect of declared but unpaid or accrued but unpaid dividends) attached to each such share (and if the liquidation preference and redemption preference are not the same at the applicable time, then the greater of the two).

Subject to the foregoing, the formalities to be observed with respect to proxies, the giving or waiving of notice of any such meeting and the conduct thereof shall be those from time-to-time prescribed in the Act and the by-laws of the Corporation with respect to meetings of shareholders.

Section 3.06 Shares Issued in Series with Identical Rights: Where First Preference Shares are issued in more than one series with identical rights, privileges, restrictions, conditions and designations attached thereto, all such series of First Preference Shares shall rank pari passu and participate equally and proportionately without discrimination or preference as if all such series of First Preference Shares had been issued simultaneously and all such series of First Preference Shares may be designated as one series.

Section 3.07 Limitation: Subject to the provisions of the Act, the holders of First Preference Shares or any series thereof shall not, unless the rights, privileges, restrictions and conditions attached to the First Preference Shares as a class or to any particular series thereof provide to the contrary, be entitled to vote

separately as a class or series on, or to dissent in respect of, any proposal to amend the articles of the Corporation to:

- (a) increase or decrease any maximum number of authorized First Preference Shares or any series thereof, or increase any maximum number of authorized shares of a class or series having rights or privileges equal or superior to the First Preference Shares or any series thereof;
- (b) effect an exchange, reclassification or cancellation of all or part of the First Preference Shares or any series thereof; or
- (c) create a new class or series of shares equal or superior to the First Preference Shares or any series thereof.

ARTICLE 4
FIRST PREFERENCE SHARES, SERIES 1
RIGHTS, PRIVILEGES, RESTRICTIONS AND CONDITIONS

Section 4.01 Designation and Number: The first series of First Preference Shares shall consist of 6,000,000 First Preference Shares, which shares shall be designated as first preference shares, series 1 ("Series 1 Shares") and which, in addition to the rights, privileges, restrictions and conditions attached to the First Preference Shares as a class, shall have attached thereto the following rights, privileges, restrictions and conditions:

Section 4.02 Dividends

- (a) Dividend Payment Dates and Dividend Periods: The dividend payment dates (the "Dividend Payment Dates") in respect of the dividends payable on the Series 1 Shares shall be the last day of each of the months of March, June, September and December in each year. A "Dividend Period" means the period from and including the date of initial issue of the Series 1 Shares to but excluding June 30, 2013, being the first Dividend Payment Date, and, thereafter, the period from and including each Dividend Payment Date to but excluding the next succeeding Dividend Payment Date.
- (b) Payment of Dividends: The holders of Series 1 Shares shall be entitled to receive, and the Corporation shall pay thereon, if, as and when declared by the board of directors of the Corporation (the "Board of Directors"), out of moneys of the Corporation properly applicable to the payment of dividends, fixed, cumulative, preferential cash dividends (the "Quarterly Dividends") payable, with respect to each Dividend Period, on the Dividend Payment Date immediately following the end of such Dividend Period, the first of such dividends to be payable on June 30, 2013 and to be in an amount per share determined in accordance with Section 4.02(c). For all subsequent Dividend Periods, dividends, subject to Section 4.02(c), shall be in an amount per Series 1 Share equal to **[\$0.08704]**. Dividends on the Series 1 Shares shall accrue daily from and including the date of issue of such shares.
- (c) Dividend for Other than a Full Dividend Period: The holders of Series 1 Shares shall be entitled to receive, and the Corporation shall pay thereon, if, as and when declared by the Board of Directors out of moneys of the Corporation properly applicable to the payment of dividends, cumulative, preferential cash dividends for any period which is less (or, in respect of the dividend referred to in paragraph (i) below, more) than a full Dividend Period as follows:
 - (i) an initial dividend in respect of the period from and including the date of the initial issue of the Series 1 Shares to but excluding June 30, 2013 in an amount per Series 1 Share equal to the amount obtained (rounded to five decimal places)

when **[\$0.08704]** is multiplied by a fraction, the numerator of which is the number of calendar days from and including the date of the initial issue of the Series 1 Shares to but excluding June 30, 2013 and the denominator of which is 91 (which, if the Series 1 Shares are issued on May **[27]**, 2013, shall be **[\$0.03252]** per Series 1 Share); and

- (ii) a dividend in an amount per share with respect to any Series 1 Share:
 - (A) which is issued, redeemed or converted during any Dividend Period,
 - (B) where the assets of the Corporation are distributed to the holders of the Series 1 Shares pursuant to Section 4.13 with an effective date during any Dividend Period, or
 - (C) in any other circumstance where the number of days in a Dividend Period that such share has been outstanding is less than a full Dividend Period, equal to the amount obtained (rounded to five decimal places) when **[\$0.08704]** is multiplied by a fraction, the numerator of which is the number of calendar days in such Dividend Period that such share has been outstanding (excluding the date of issue, redemption, conversion, the effective date for the distribution of assets or the last day of the applicable shorter period, as applicable) and the denominator of which is the number of calendar days in such Dividend Period.

- (d) Payment Procedure: The Corporation shall pay the dividends on the Series 1 Shares on the relevant Dividend Payment Date (less any tax required to be deducted or withheld by the Corporation) by electronic funds transfer or by cheque(s) drawn on a Canadian chartered bank or trust company and payable in lawful money of Canada at any branch of such bank or trust company in Canada or in such other manner, not contrary to applicable law, as the Corporation shall reasonably determine. The delivery or mailing of any cheque to a holder of Series 1 Shares (in the manner provided for in Section 4.08) or the electronic transfer of funds to an account specified by such holder shall be a full and complete discharge of the Corporation's obligation to pay the dividends to such holder to the extent of the sum represented thereby (plus the amount of any tax required to be and in fact deducted and withheld by the Corporation from the related dividends as aforesaid and remitted to the proper taxing authority), unless such cheque is not honoured when presented for payment. Subject to applicable law, dividends which are represented by a cheque which has not been presented to the Corporation's bankers for payment or that otherwise remain unclaimed for a period of six years from the date on which they were declared to be payable may be reclaimed and used by the Corporation for its own purposes.

- (e) Cumulative Payment of Dividends: If on any Dividend Payment Date, the Quarterly Dividends accrued to such date are not paid in full on all of the Series 1 Shares then outstanding, such Quarterly Dividends, or the unpaid part thereof, shall be paid (less any tax required to be deducted or withheld by the Corporation) on a subsequent date or dates determined by the Board of Directors on which the Corporation shall have sufficient monies properly applicable to the payment of such Quarterly Dividends. The holders of Series 1 Shares shall not be entitled to any dividends other than or in excess of the cumulative preferential cash dividends herein provided for.

Section 4.03 Redemption, Conversion and Purchase:

- (a) General: Subject to Section 4.05, and to the extent permitted by applicable law, the Series 1 Shares may be redeemed, converted or purchased by the Corporation as provided in this Section 4.03 but not otherwise.

(b) Corporation's Redemption Rights: The Series I Shares shall be redeemable at the option of the Corporation at any time and from time-to-time. Subject to Section 4.03(d), the Corporation may, upon giving notice as hereinafter provided, redeem at any time the whole or from time-to-time any part of the then outstanding Series 1 Shares, by the payment of an amount in cash for each Series 1 Share so redeemed of:

- (i) **[\$6.52]** per share if redeemed prior to June 30, 2013,
- (ii) **[\$6.46]** per share if redeemed on or after June 30, 2013 and prior to June 30, 2014,
- (iii) **[\$6.39]** per share if redeemed on or after June 30, 2014 and prior to June 30, 2015, and
- (iv) **[\$6.33]** per share if redeemed on or after June 30, 2015,

plus, in each case, an amount equal to all accrued and unpaid dividends thereon to but excluding the date fixed for redemption (less any tax required to be deducted and withheld by the Corporation) (the "Redemption Price"). If less than all of the then outstanding Series 1 Shares are at any time to be redeemed, the particular shares to be redeemed shall be selected on a pro rata basis (disregarding fractions).

(c) Corporation's Conversion Rights: The Series 1 Shares shall be convertible into Subordinate Voting Shares at the option of the Corporation at any time and from time-to-time prior to June 30, 2016. Subject to Section 4.03(d), applicable law and to regulatory approval, including the approval, if required, of the Toronto Stock Exchange (the "TSX") or such other exchange upon which the Subordinate Voting Shares are listed, the Corporation may, by giving notice as hereinafter provided, at any time convert the whole or from time-to-time any part of the then outstanding Series 1 Shares into fully paid, non-assessable and freely tradeable Subordinate Voting Shares on the basis that the Series 1 Shares of each holder called for conversion by the Corporation will be converted into (subject to the exception as to fractions contained in Section 4.03(l)) that number (the holder's "Subordinate Voting Share Conversion Number") of Subordinate Voting Shares as is equal to the product of:

- (i) the number obtained when
 - (A) the Redemption Price that would be applicable on the Corporation Conversion Date (as defined in Section 4.03(d) below), which for greater certainty shall include an amount equal to all accrued and unpaid dividends per Series I Share up to but excluding the date fixed for conversion (less any tax required to be deducted and withheld by the Corporation),

is divided by

- (B) the Weighted Price,

with the result of that calculation being rounded upward to the nearest 1/100 of a Subordinate Voting Share; and

- (ii) the number of Series 1 Shares of such holder being converted.

If less than all of the then outstanding Series I Shares are at any time to be converted at the option of the Corporation, the particular shares to be converted shall be selected on a pro rata basis (disregarding fractions).

- (d) Notice of Redemption or Conversion: Notice of redemption or conversion of Series 1 Shares pursuant to Section 4.03(b) or Section 4.03(c) shall be given to each holder of Series 1 Shares to be redeemed or converted, as applicable, by the Corporation not less than 30 and not more than 60 calendar days prior to the date fixed for redemption or conversion, as applicable. Any notice of redemption or conversion of Series I Shares by the Corporation shall be validly and effectively given on the date on which it is sent to each holder of Series 1 Shares to be redeemed or converted, as applicable, in the manner provided for in Section 4.08. Such notice, in each case, shall set out:
- (i) the date (the "Redemption Date" or the "Corporation Conversion Date", as the case may be) on which the redemption or conversion is to take place;
 - (ii) unless all the Series 1 Shares held by the holder to whom it is addressed are to be redeemed or converted, the number of Series 1 Shares so held which are to be redeemed or converted;
 - (iii) whether the Corporation shall redeem or convert such Series 1 Shares;
 - (iv) the Redemption Price or the method of determining the Subordinate Voting Share Conversion Number, as the case may be; and
 - (v) where the Series I Shares are to be converted into Subordinate Voting Shares, the advice that such Subordinate Voting Shares will be registered in the name of the registered holder of the Series 1 Shares to be converted unless the transfer agent for the Series I Shares (the "Transfer Agent") receives from such holder, on or before the tenth calendar day prior to the Corporation Conversion Date (the "Transferee Notice Date"), at the principal transfer office of the Transfer Agent in the city of Toronto, written notice in a form and executed in a manner satisfactory to the Transfer Agent directing the Corporation to register such Subordinate Voting Shares in some other name or names (the "Transferee") and stating the name or names (with addresses) accompanied by payment to the Transfer Agent of any transfer tax that may be payable by reason thereof and a written declaration of such matters as may be required by law in order to determine the entitlement of such Transferee to hold such Subordinate Voting Shares.
- (e) Payment of Redemption Price: On and after the Redemption Date, the Corporation shall pay or cause to be paid to the holders of the Series 1 Shares so called for redemption the Redemption Price therefor on presentation and delivery at the principal transfer office of the Transfer Agent in the city of Toronto or such other place or places in Canada designated in the notice of redemption, of the certificate or certificates representing the Series 1 Shares so called for redemption. Such payment shall be made by electronic funds transfer to an account specified by such holder or by cheque drawn on a Canadian chartered bank or trust company in the amount of the Redemption Price and such electronic transfer of funds or the delivery or mailing of such cheque (in the manner provided for in Section 4.08) shall be a full and complete discharge of the Corporation's obligation to pay the Redemption Price owed to the holders of Series 1 Shares so called for redemption to the extent of the sum represented thereby unless such cheque is not honoured when presented for payment. From and after the Redemption Date, the holders of Series I Shares called for redemption shall cease to be entitled to dividends or to exercise any of the rights of holders of Series 1 Shares in respect of such shares except the right to receive therefor the Redemption Price, provided that if payment of such Redemption Price is not duly made in accordance with the provisions hereof, then the

rights of such holders shall remain unimpaired. If less than all the Series 1 Shares represented by any certificate shall be redeemed, a new certificate for the balance shall be issued without cost to the holder. Subject to applicable law, redemption monies which remain unclaimed for a period of six years from the Redemption Date may be reclaimed and used by the Corporation for its own purposes.

(f) Deposit of Redemption Price: The Corporation shall have the right, at any time after mailing a notice of redemption, to deposit the aggregate Redemption Price of the Series 1 Shares thereby called for redemption, or such part thereof as at the time of deposit has not been claimed by the holders entitled thereto, in a special account with a Canadian chartered bank or trust company named in the notice of redemption in trust for the holders of such shares, and upon such deposit being made or upon the Redemption Date, whichever is the later, the Series 1 Shares in respect of which such deposit shall have been made shall be deemed to be redeemed on the Redemption Date and the rights of each holder thereof shall be limited to receiving, without interest, his proportionate part (after taking into account any amounts deducted or withheld on account of tax in respect of such holder) of the Redemption Price so deposited upon presentation and surrender of the certificate or certificates representing the Series 1 Shares so redeemed. Any interest on any such deposit shall belong to the Corporation. Subject to applicable law, redemption monies which remain unclaimed for a period of six years from the Redemption Date may be reclaimed and used by the Corporation for its own purposes.

(g) Redemption at the Option of the Holder:

(i) A holder of Series 1 Shares, upon giving notice as hereinafter provided, may, subject to applicable law and Section 4.05, require the Corporation to redeem all or any such shares on or after June 30, 2016 for an amount in cash for each Series 1 Share to be redeemed of \$[6.33], together with an amount equal to all accrued and unpaid dividends thereon to but excluding the date specified for redemption (less any tax required to be deducted and withheld by the Corporation) (the "Retraction Price").

(ii) Notice of such redemption shall be given by the holder to the Transfer Agent at its principal office in the city of Toronto not less than 30 days prior to the date specified by the holder for redemption (the "Retraction Date"). Such notice shall set out:

(A) the Retraction Date, and

(B) the number of Series I Shares which are to be redeemed,

and such notice shall be accompanied by presentation and surrender of the certificate or certificates representing the Series 1 Shares to be redeemed.

(iii) On and after the Retraction Date, the Corporation shall pay or cause to be paid to the holder of the Series 1 Shares so tendered for redemption the Retraction Price therefor. Such payment shall be made by electronic funds transfer to an account specified by such holder or by cheque drawn on a Canadian chartered bank or trust company in the amount of the Retraction Price and payable at par in lawful money of Canada at any branch of such bank or trust company in Canada and such electronic transfer of funds or the delivery or mailing of such cheque (in the manner provided for in Section 4.08) shall be a full and complete discharge of the Corporation's obligation to pay the Retraction Price to the extent of the sum represented thereby owed to the holder of Series 1 Shares so tendered for redemption unless the cheque is not honoured when presented for payment. From and after the Retraction Date, the holder of Series 1 Shares tendered for

redemption shall cease to be entitled to dividends or to exercise any of the rights of holders of Series 1 Shares in respect of such shares except the right to receive therefor the Retraction Price, provided that if payment of such Retraction Price is not duly made in accordance with the provisions hereof, then the rights of such holder shall remain unimpaired. Subject to applicable law, redemption monies which remain unclaimed for a period of six years from the Retraction Date may be reclaimed and used by the Corporation for its own purposes.

- (iv) If the Corporation is unable, under applicable law, to redeem any or all of the Series 1 Shares requested to be redeemed on the Retraction Date, the particular shares to be redeemed, if any, shall be selected on a pro rata basis (disregarding fractions).
 - (v) If less than all the Series 1 Shares represented by any certificate shall be redeemed pursuant to this Section, a new certificate for the balance shall be issued without cost to the holder.
- (h) Delivery of Share Certificates on Conversion: Subject to Section 4.03(j), in the case of a conversion of Series 1 Shares into Subordinate Voting Shares, on and after the Corporation Conversion Date the Corporation shall deliver to each holder of Series 1 Shares so called for conversion a certificate representing the whole number of the holder's Subordinate Voting Share Conversion Number of Subordinate Voting Shares on presentation and delivery by the holder at the principal transfer office of the Transfer Agent in the city of Toronto, or such other place or places in Canada designated in the notice of conversion, of the certificate or certificates representing the Series 1 Shares so called for conversion and any payment with respect to a fraction of a Subordinate Voting Share as contemplated by Section 4.03(l). Subject to Section 4.03(j), the Corporation shall deliver or cause to be delivered certificates representing such Subordinate Voting Shares registered in the name of the holders of Series 1 Shares to be converted, or as such holders shall have directed as contemplated by Section 4.03(d)(v). Series 1 Shares so converted shall be converted effective on the Corporation Conversion Date. From and after the Corporation Conversion Date, the holders of Series 1 Shares so converted shall cease to be entitled to dividends on such Series 1 Shares or to exercise any of the rights of holders of Series 1 Shares in respect of such shares except the right to receive therefor a certificate representing the whole number of the holder's Subordinate Voting Share Conversion Number of Subordinate Voting Shares and any payment with respect to a fraction of a Subordinate Voting Share as contemplated by Section 4.03(l), and the holder thereof shall become a holder of Subordinate Voting Shares of record, effective on the Corporation Conversion Date. If less than all the Series 1 Shares represented by any certificate shall be converted, a new certificate for the balance shall be issued without cost to the holder.
- (i) Declaration of Dividends in Respect of Shares to be Redeemed or Converted: In the event that a dividend is declared by the Board of Directors in respect of any Dividend Period during which the Series 1 Shares are redeemed or converted into Subordinate Voting Shares at the option of the Corporation, notwithstanding the provisions of Section 4.02(e), no cheque shall be issued in payment of such dividend; rather, the amount of such dividend declared shall be considered to be an accrued and unpaid dividend for purposes of Section 4.03(b), Section 4.03(c)(i)(A) or Section 4.03(g)(i), as applicable.
- (j) Non-Residents: Upon exercise by the Corporation of its right to convert Series 1 Shares into Subordinate Voting Shares, the Corporation is not required to (but may at its option) issue Subordinate Voting Shares to any person whose address is in, or whom the Corporation or the Transfer Agent has reason to believe is a resident of, any jurisdiction outside of Canada, to the extent that such issue would require compliance by the Corporation with the securities or other laws of such jurisdiction. In the event that the

Corporation elects to not issue Subordinate Voting Shares to any holder of Series 1 Shares pursuant to the preceding sentence, the Corporation may elect to pay to such holder, in lieu of the Subordinate Voting Shares to which the holder would otherwise be entitled to receive under Section 4.03(h) upon conversion of such holder's Series 1 Shares, an amount in cash equal to the product of (a) the Market Price and (b) the Subordinate Voting Share Conversion Number of the Subordinate Voting Shares to which the holder would otherwise be entitled to receive under Section 4.03(h) upon conversion of such holder's Series 1 Shares (less any tax required to be deducted or withheld by the Corporation). In the event that the Corporation makes any such payment in respect of the holder's Series 1 Shares, such Series 1 Shares shall be considered to have been redeemed, rather than converted, for purposes hereof and such payment shall be a full and complete discharge of the Corporation's obligation to pay all amounts owing to such holder on such redemption.

- (k) Purchase for Cancellation: Subject to applicable law and to the provisions described in Section 4.05, the Corporation may at any time purchase (if obtainable) for cancellation the whole or any part of the Series 1 Shares outstanding from time-to-time, in the open market through or from an investment dealer or any firm holding membership on a recognized stock exchange, by private agreement, pursuant to tenders received by the Corporation upon an invitation for tenders addressed to all holders of Series 1 Shares or otherwise, at the lowest price or prices at which in the opinion of the Board of Directors such shares are obtainable.
- (l) Avoidance of Fractional Shares: In any case where a fraction of a Subordinate Voting Share would otherwise be issuable on conversion of one or more Series 1 Shares, the Corporation shall adjust such fractional interest by payment by cheque in an amount equal to the then market price of such fractional interest computed on the basis of the Weighted Price determined in respect of the relevant Corporation Conversion Date.

Section 4.04 Voting Rights: Except as otherwise required by law or in the conditions attaching to the First Preference Shares as a class, the holders of Series 1 Shares shall not be entitled to receive notice of, attend at, or vote at any meeting of shareholders of the Corporation including, for greater certainty, at any meeting relating to a proposal to effect an exchange of the Series 1 Shares by way of an amalgamation or plan of arrangement involving the Corporation provided that the rights, privileges, restrictions and conditions of the Series 1 Shares are not removed or changed and provided that no class of shares of the Corporation superior to the Series 1 Shares is created, unless and until the Corporation shall have failed to pay eight Quarterly Dividends in accordance with the terms thereof, whether or not consecutive and whether or not such dividends have been declared and whether or not there are any monies of the Corporation properly applicable to the payment of such dividends. In the event of such non-payment, the holders of the Series 1 Shares shall be entitled to receive notice of all meetings of shareholders of the Corporation and to attend thereat (other than a separate meeting of the holders of another series or class of shares), and shall at any such meetings which they shall be entitled to attend, except when the vote of the holders of shares of any other class or Series is to be taken separately and as a class or series, be entitled to vote together with all voting shares of the Corporation on the basis of one vote in respect of each Series 1 Share held by each such holder, until all such arrears of such dividends shall have been paid, whereupon such rights shall cease unless and until the same default shall again arise under the provisions of this Section 4.04.

Section 4.05 Restrictions on Dividends, Retirement and Issuance of Shares: So long as any of the Series 1 Shares are outstanding, the Corporation shall not, without the prior approval of the holders of the outstanding Series 1 Shares given in the manner hereinafter specified:

- (a) declare, pay or set apart for payment any dividends on any shares of the Corporation ranking as to dividends on parity with or junior to the Series 1 Shares (other than stock dividends payable in shares of the Corporation ranking as to dividends and capital junior to the Series 1 Shares);

- (b) except in connection with the exercise of a retraction privilege attaching thereto, or except out of the net cash proceeds of a substantially concurrent issue of shares ranking as to capital junior to the Series 1 Shares, redeem, call for redemption, purchase for cancellation or otherwise retire or make any return of capital in respect of any shares of the Corporation ranking as to capital junior to or on a parity with the Series 1 Shares;
- (c) except in connection with the exercise of a retraction privilege attaching thereto, redeem, call for redemption, purchase for cancellation or otherwise retire or make any return of capital in respect of less than all of the Series 1 Shares then outstanding;
- (d) issue any additional shares ranking as to dividends or capital prior to the Series 1 Shares; or
- (e) except (i) pursuant to the exercise of stock options or otherwise under the Corporation's security-based compensation arrangements in effect at any time and from time-to-time, or (ii) where the net cash proceeds of an issue of shares ranking as to dividends or capital junior to the Series 1 Shares are used to pay all accrued and unpaid dividends up to and including the most recent applicable Dividend Payment Date for the last completed Dividend Period for which dividends shall be payable, if any, issue any additional shares ranking as to dividends or capital junior to the Series 1 Shares, unless at the date of such declaration, payment, setting apart for payment, redemption, call for redemption, purchase for cancellation or reduction, retirement or return of capital, or issuance, as the case may be, all dividends then accrued and unpaid up to and including the most recent applicable Dividend Payment Date for the last completed Dividend Period for which dividends shall be payable shall have been declared and paid or set apart for payment.

Section 4.06 Issue Consideration: The consideration for the issuance of each Series 1 Share shall be the exchange and cancellation of one First Preference Share, Series A in the capital of the Corporation and, upon such exchange and cancellation, each such share shall be issued as fully paid and non-assessable.

Section 4.07 Specified Amount for Part VI.1 of the *Income Tax Act (Canada)*: For the purposes of subsection 191(4) of the *Income Tax Act (Canada)*, **§[6.33]** is hereby specified in respect of each Series 1 Share.

Section 4.08 Notices: Any notice, cheque, invitation for tenders or other communication from the Corporation herein provided for shall be sufficiently given, sent or made if delivered or if sent by first class unregistered mail, postage prepaid, to the holders of the Series 1 Shares at their respective addresses appearing on the books of the Corporation, or, in the case of joint holders, to the address of the holder whose name appears first on the books of the Corporation as one of such joint holders, or, in the event of the address of any of such holders not so appearing, then at the last address of such holder known to the Corporation. Accidental failure to give such notice, invitation for tenders or other communication to one or more holders of the Series 1 Shares shall not affect the validity of the notices, invitations for tenders or other communications properly given or any action taken pursuant to such notice, invitation for tender or other communication but, upon such failure being discovered, the notice, invitation for tenders or other communication, as the case may be, shall be sent forthwith to such holder or holders.

If any notice, cheque, invitation for tenders or other communication from the Corporation given to a holder of Series 1 Shares pursuant to this Section is returned on three consecutive occasions because the holder cannot be found, the Corporation shall not be required to give or mail any further notices, cheques, invitations for tenders or other communications to such shareholder until the holder informs the Corporation in writing of such holder's new address.

If the Board of Directors determines that mail service is or is threatened to be interrupted at the time when the Corporation is required or elects to give any notice hereunder by mail, or is required to send any

cheque or any share certificate to a holder, whether in connection with the redemption or conversion of such share or otherwise, the Corporation may, notwithstanding the provisions hereof:

- (a) give such notice by publication thereof once in a newspaper having national circulation in Canada or, if there is no newspaper having national circulation in Canada, in an English language newspaper of general circulation published in each of Vancouver, Calgary, Toronto and Montreal and such notice shall be deemed to have been validly given on the day next succeeding its publication; and
- (b) fulfill the requirement to send such cheque or such share certificate by arranging for the delivery thereof to such holder by the Transfer Agent at its principal offices in the city of Toronto, and such cheque and/or share certificate shall be deemed to have been sent on the date on which notice of such arrangement shall have been given as provided in (a) above, provided that as soon as the Board of Directors determines that mail service is no longer interrupted or threatened to be interrupted, such cheque or share certificate, if not theretofore delivered to such holder, shall be sent by mail as herein provided.

Section 4.09 Interpretation: In the event that any day on which any dividend on the Series 1 Shares is payable or on or by which any other action is required to be taken hereunder is not a business day, then such dividend shall be payable or such other action shall be required to be taken on or before the next succeeding day that is a business day. A “business day” means a day other than a Saturday, a Sunday or any other day that is a statutory or civic holiday in the place where the Corporation has its head office.

All references herein to a holder of Series 1 Shares shall be interpreted as referring to a registered holder of the Series 1 Shares.

For the purposes hereof:

- (a) “accrued and unpaid dividends” means the aggregate of: (i) all unpaid dividends on the Series 1 Shares for any Dividend Period; and (ii) the amount calculated as though dividends on each Series 1 Share had been accruing on a day-to-day basis from and including the date on which the last dividend in respect of the most recently completed Dividend Period was payable up to and including the date to which the computation of accrued dividends is to be made;
- (b) “Market Price” means the weighted average trading price of the Subordinate Voting Shares traded (i) on the TSX for the 20 consecutive trading days ending on the fourth day prior to the date specified for conversion, or, if such fourth day is not a trading day, the immediately preceding trading day; or (ii), if the Subordinate Voting Shares do not trade on the TSX on the date specified for conversion, on the exchange or trading system with the greatest volume of Subordinate Voting Shares traded during such 20 trading day period;
- (c) “in priority to”, “on a parity with” and “junior to” have reference to the order of priority in payment of dividends and in the distribution of assets in the event of any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, or other distribution of the assets of the Corporation among its shareholders for the purpose of winding up its affairs.
- (d) “ranking as to capital” and similar expressions mean ranking with respect to priority in the distribution of assets of the Corporation in the event of any liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding-up its affairs;

- (e) “ranking as to dividends” and similar expressions mean ranking with respect to priority in the payment of dividends by the Corporation;
- (f) “Weighted Price”, means the greater of (A) \$2.00 and (B) 95% of the Market Price; and
- (g) “Subordinate Voting Shares” means the class A subordinate voting shares in the capital of the Corporation as currently constituted and any shares resulting from a reclassification of the class A subordinate voting shares of the Corporation or which result from a capital reorganization of the Corporation or a consolidation, amalgamation or merger of the Corporation with or into any other corporation (other than a capital reorganization, consolidation, amalgamation or merger which does not result in any reclassification of the class A subordinate voting shares or a change of the class A subordinate voting shares into other shares or securities).

Section 4.10 Modification: The provisions attaching to the Series 1 Shares as a series may be deleted, varied, modified, amended or amplified from time-to-time with such approval as may then be required by the *Business Corporations Act* (Ontario), any such approval to be given in accordance with Article 9 and with any required approvals of any stock exchanges on which the Series 1 Shares may be listed.

Section 4.11 Approval of Holders of Series 1 Shares: Except as otherwise provided herein, any approval of the holders of the Series 1 Shares with respect to any matters requiring the consent of such holders may be given in such manner as may then be required by law, subject to a minimum requirement that such approval be given by a resolution signed by all such holders or passed by the affirmative vote of not less than two-thirds of the votes cast by the holders who voted in respect of that resolution at a meeting of the holders duly called for that purpose and at which the holders of at least 25% of the outstanding Series 1 Shares are present in person or represented by proxy. If at any such meeting the holder(s) of a majority of the outstanding Series 1 Shares are not present in person or represented by proxy within one-half hour after the time appointed for such meeting, then the meeting shall be adjourned to such date not less than 15 days thereafter and to such time and place as may be designated by the chairman of such meeting, and not less than 10 days’ written notice shall be given of such adjourned meeting. At such adjourned meeting, the holders(s) of Series 1 Shares present in person or represented by proxy shall form the necessary quorum and may transact the business for which the meeting was originally called and a resolution passed thereat by the affirmative vote of not less than two-thirds of the votes cast at such meeting shall constitute the approval of the holders of the Series 1 Shares.

Section 4.12 Formalities, etc.: The proxy rules applicable to, the formalities to be observed in respect of the giving notice of, and the formalities to be observed in respect of the conduct of, any meeting or any adjourned meeting of holders of the Series 1 Shares shall be those required by law, as may from time-to-time be supplemented by the by-laws of the Corporation. On every poll taken at every meeting of holders of the Series 1 Shares as a series, each holder entitled to vote thereat shall have one vote in respect of each Series 1 Share held.

Section 4.13 Rights on Liquidation: In the event of the liquidation, dissolution or winding-up of the Corporation or other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, whether voluntary or involuntary, subject to the prior satisfaction of the claims of all creditors of the Corporation and of holders of shares of the Corporation ranking prior to the Series 1 Shares, the holders of the Series 1 Shares shall be entitled to receive an amount equal to **[\$6.33]** per Series 1 Share, together with an amount equal to all accrued and unpaid dividends to and including the date of payment (less any tax required to be deducted and withheld by the Corporation), before any amount is paid or any assets of the Corporation are distributed to the holders of any shares of the Corporation ranking junior as to capital to the Series 1 Shares. Upon payment to the holders of the Series 1 Shares of the amounts so payable to them, they shall not be entitled to share in any further distribution of the assets of the Corporation.

Section 4.14 Withholding Taxes: For greater certainty, and notwithstanding any other provision of this Schedule A, the Corporation shall be entitled to deduct and withhold any amounts required by them to be

deducted and withheld on account of any taxes from any amounts (including shares) payable or otherwise deliverable in respect of the Series 1 Shares, including on the redemption, cancellation or conversion of the Series 1 Shares. To the extent that any amounts are withheld, such withheld amounts shall be treated for all purposes hereof as having been paid or delivered to the person in respect of which such withholding was made. The Corporation is hereby authorized to sell or otherwise dispose of any shares otherwise deliverable to a holder of Series I Shares on the conversion of such Series 1 Shares in order to meet this withholding requirement.

Section 4.15 Transfer Taxes: For greater certainty, and notwithstanding any other provision of this Schedule A, the Corporation shall not be required to pay any tax which may be imposed upon the person or persons to whom Subordinate Voting Shares are issued in connection with the conversion of Series 1 Shares into Subordinate Voting shares in respect of the issuance of such Subordinate Voting Shares or the certificate therefor or which may be payable in respect of any transfer involved in the issuance and delivery of any such certificate in the name or names other than that of the holder of the Series 1 Shares or deliver such certificate unless the person or persons requesting the issuance thereof shall have paid to the Corporation the amount of such tax or shall have established to the satisfaction of the Corporation that such tax has been paid.

SCHEDULE "B"

FORM OF EXCHANGE AGREEMENT

DREAM LIMITED

– and –

DUNDEE REALTY CORPORATION

– and –

SWEET DREAM CORP.

EXCHANGE AGREEMENT

Made as of May ● , 2013

**OSLER, HOSKIN & HARCOURT LLP
WILSON & PARTNERS LLP
NORTON ROSE CANADA LLP**

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EXCHANGE AGREEMENT

THIS AGREEMENT is made as of the ● day of May, 2013

BETWEEN:

DREAM LIMITED, a corporation governed by the laws of the Province of Ontario

(“**Dream**”)

– and –

DUNDEE REALTY CORPORATION, a corporation governed by the laws of British Columbia

(“**Dundee Realty**”)

– and –

SWEET DREAM CORP., a corporation governed by the laws of Ontario

(the “**Holder**”)

RECITALS:

WHEREAS the Holder is the registered and beneficial holder of 283.67 Dundee Realty Common Shares (as defined herein) and 283.67 Dundee Realty Class C Shares (as defined herein);

AND WHEREAS Dundee Realty has issued a total of 947.00 Dundee Realty Common Shares and 947.00 Dundee Realty Class C Shares;

AND WHEREAS the Parties wish to enter into this exchange agreement to provide the Holder with the right to exchange its Dundee Realty Common Shares and Dundee Realty Class C Shares for subordinate voting shares of Dream on the terms and subject to the conditions provided for herein and to provide for certain other support obligations of Dream and Dundee Realty;

NOW THEREFORE for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each of the Parties, the Parties agree as follows:

ARTICLE 1 DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Agreement, the following terms shall have the following meanings:

“**Affiliate**” has the meaning ascribed thereto in National Instrument 45-106 – *Prospectus and Registration Exemptions* of the Canadian securities administrators;

“**Agreement**” means this agreement, including all schedules and all amendments, supplements and restatements as permitted;

“**Applicable Number of Dream Subordinate Voting Shares**” means the product obtained by multiplying the number of Exchangeable Units subject to an Exchange by the Exchange Ratio;

“**Arrangement**” means the arrangement pursuant to section 182 of the *Business Corporations Act* (Ontario) involving the Parties which became effective on May ●, 2013;

“**Board of Directors**” means the Board of Directors of Dream;

“**Business Day**” means any day, other than a Saturday or Sunday, on which commercial deposit taking banks are open in Toronto, Ontario for the transaction of banking business;

“**CDS**” means CDS Clearing and Depository Services Inc. and its successors;

“**CDS Participant**” means a dealer, bank, other financial institution or other Person who, directly or indirectly, from time to time, effects book-based transfers with CDS and pledges of securities deposited with CDS;

“**Capital Reorganization**” has the meaning ascribed thereto in Subsection 2.2(c);

“**Convertible Securities**” has the meaning ascribed thereto in Clause 2.2(b)(i)(A);

“**Current Market Price**” means, in respect of the Dream Subordinate Voting Shares, on any specified date, an amount equal to the weighted average trading price of the Dream Subordinate Voting Shares on the principal exchange or market on which the Dream Subordinate Voting Shares are listed or quoted for trading during the period of 20 consecutive trading days ending on the trading day prior to such date; provided that if the applicable exchange or market does not provide information necessary to compute a weighted average trading price, the “Current Market Price” as at a specified date will be an amount equal to the weighted average of the closing market prices of the Dream Subordinate Voting Shares on the principal exchange or market on which the Dream Subordinate Voting Shares are listed or quoted for trading during the period of 20 consecutive trading days ending on the trading day prior to such date; and provided further that if there was trading on the applicable exchange or market for

fewer than ten of the 20 trading days, the “Current Market Price” as at a specified date will be an amount equal to the simple average of the following prices established for each of the 20 consecutive trading days ending on the trading day prior to such date: (1) the simple average of the last bid and last asking price of the Dream Subordinate Voting Shares for each day on which there was no trading; (2) the closing price of the Dream Subordinate Voting Shares for each day that there was trading if the exchange or market provides a closing price; and (3) the simple average of the highest and lowest prices of the Dream Subordinate Voting Shares for each day that there was trading, if the market provides only the highest and lowest prices of Dream Subordinate Voting Shares traded on a particular day;

“**Demand Registration**” has the meaning ascribed thereto in Subsection 3.3(a);

“**Distribution**” means a distribution or sale of Dream Subordinate Voting Shares to the public pursuant to a prospectus under applicable Securities Laws in any applicable jurisdiction and the term “**Distribute**” has a similar meaning;

“**Dream Common Shareholders**” means the holders of Dream Common Shares;

“**Dream Common Shares**” means the class B common shares in the capital of Dream;

“**Dream Series 1 Preference Shares**” means the first preference shares, series 1 in the capital of Dream;

“**Dream Subordinate Voting Shareholders**” means the holders of Dream Subordinate Voting Shares;

“**Dream Subordinate Voting Shares**” means the class A subordinate voting shares in the capital of Dream;

“**Dream Successor**” has the meaning ascribed thereto in Paragraph 4.1(a)(i);

“**Dundee Realty Class C Shares**” means the Class C Preferred Shares in the capital of Dundee Realty;

“**Dundee Realty Common Shares**” means the Non-Voting Common Shares in the capital of Dundee Realty;

“**Dundee Realty Shareholders’ Agreement**” means the shareholders’ agreement dated ● , 2013 between Dundee Realty, Dream, Michael J. Cooper, the Holder and 0764704 B.C. Ltd.;

“**Exchange Effective Time**” means 8:30 a.m. (Toronto time) on an Exchange Date;

“**Exchange**” means an exchange of Exchangeable Units pursuant to the exercise of the Holder Exchange Right;

“**Exchange Date**” means the date on which Exchangeable Units are exchanged for

Dream Subordinate Voting Shares pursuant to an Exchange;

“**Exchange Ratio**” means the ratio used to determine the number of Dream Subordinate Voting Shares for which each one Exchangeable Unit may be exchanged as determined in accordance with Section 2.2 of this Agreement;

“**Exchangeable Unit**” means a unit consisting of one Dundee Realty Common Share and one Dundee Realty Class C Share;

“**Governmental Authority**” means any multinational, national, federal, state, provincial, county, municipal, district or local government or government body, or any public administrative or regulatory agency, political subdivision, central bank, commission, bureau, court, department, arbitral body, board or representative of any of the foregoing, foreign or domestic, of, or established by any such government or government body which has authority in respect of a particular matter or any quasi-governmental body having the right to exercise any regulatory authority thereunder, including, for certainty, securities regulatory authorities, stock exchanges and self-regulatory organizations;

“**Holder Exchange Notice**” means a notice to be delivered by the Holder to Dream to effect an Exchange in accordance with the terms and conditions of this Agreement, the form of which is attached hereto as Schedule “B”;

“**Holder Exchange Right**” has the meaning ascribed thereto in Section 2.1;

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

“**Indemnified Party**” has the meaning ascribed thereto in Subsection 1.4(c) of Schedule A to this Agreement;

“**Indemnifying Party**” has the meaning ascribed thereto in Subsection 1.4(c) of Schedule A to this Agreement;

“**Laws**” means all statutes, regulations, statutory rules, instruments, orders, by-laws, codes, ordinances, decrees, the terms and conditions of any grant of approval, permission, authority or license, or any judgment, order, decision, ruling, award, policy or guideline, of any Governmental Authority, and the term “applicable” with respect to such Laws apply to such Person or Persons or its or their business, undertaking, property or securities and emanate from a Governmental Authority having jurisdiction over the Person or Persons or its or their business, undertaking, property or securities;

“**Notice**” has the meaning ascribed thereto in Subsection 5.6(a);

“**Offer**” has the meaning ascribed thereto in Section 2.3;

“**Parties**” means Dream, Dundee Realty and the Holder, and their respective

successors and permitted assigns, and “**Party**” means any one of them;

“**Person**” means any individual, sole proprietorship, partnership, firm, entity, unincorporated association, unincorporated syndicate, unincorporated organization, trust, body corporate, Governmental Authority, and where the context requires any of the foregoing when they are acting as trustee, executor, administrator or other legal representative;

“**Piggy-Back Registration**” has the meaning ascribed thereto in Subsection 3.4(a);

“**Qualifying Securities**” has the meaning ascribed thereto in Subsection 3.3(a);

“**Registration Expenses**” means all reasonable expenses incurred by Dream in complying with Sections 3.3 and 3.4, including without limitation all registration, qualification and filing fees, printing expenses, escrow fees, stock exchange fees and fees and disbursements of legal counsel to Dream; provided that Registration Expenses will not include Selling Expenses or the compensation of employees of Dream or its Affiliates;

“**Reorganization Property**” has the meaning ascribed thereto in Subsection 2.2(c);

“**Reorganization Securities**” has the meaning ascribed thereto in Subsection 2.2(c);

“**Requesting Dream Shareholder**” has the meaning ascribed thereto in Subsection 3.3(a);

“**Securities Act**” means the *Securities Act* (Ontario), as it may be amended from time to time, and any successor legislation;

“**Securities Laws**” means the Securities Act and any other applicable securities Laws;

“**Selling Expenses**” means all underwriting fees, selling commissions and transfer taxes applicable to the Qualifying Securities registered pursuant to this Agreement and all fees and disbursements of legal counsel to the Requesting Unitholder;

“**Share Reorganization**” has the meaning ascribed thereto in Paragraph 2.2(b)(i);

“**Special Distribution**” has the meaning ascribed thereto in Paragraph 2.2(b)(iii);

“**Subsidiary**” has the meaning ascribed thereto in National Instrument 45-106 – *Prospectus and Registration Exemptions* of the Canadian securities administrators;

“**Take-Over Bid**” has the meaning ascribed thereto in the Securities Act;

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

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

“**Valid Business Reason**” has the meaning ascribed thereto in Paragraph 3.3(b)(v);

1.2 Headings

Headings of Articles, Sections and Subsections are inserted for convenience of reference only and do not affect the construction or interpretation of this Agreement. References in this Agreement to “Articles”, “Sections”, “Subsections”, “Paragraphs”, “Clauses” or “Schedules” are to articles, sections, subsections, paragraphs or clauses of, or schedules to, this Agreement.

1.3 Gender and Number

In this Agreement, words importing the singular number only will include the plural and *vice versa*, words importing gender will include all genders.

1.4 Currency

Unless otherwise specified, all references to money amounts are to the lawful currency of Canada.

1.5 Accounting Principles

Where the character or amount of any asset or liability or item of revenue or expense is required to be determined, or any consolidation or other accounting computation is required to be made for the purpose of this Agreement, such determination or calculation shall, to the extent applicable and except as otherwise specified herein or as otherwise agreed in writing by the Parties, be made in accordance with IFRS applied on a consistent basis.

1.6 Construction

Where the word “including” or “includes” is used in this Agreement, it means “including (or includes) without limitation”. The language used in this Agreement is the language chosen by the Parties to express their mutual intent, and no rule of strict construction shall be applied against any Party.

1.7 Time Periods

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 commences and including the day on which the period ends and by extending the period to the next Business Day following if the last day of the period is not a Business Day.

ARTICLE 2 EXCHANGE RIGHT

2.1 Grant of the Holder Exchange Right

Subject to Section 2.4, Dream hereby grants to the Holder the right, exercisable at any time and from time to time, to require Dream to exchange all or a portion of the Exchangeable Units held by the Holder for Dream Subordinate Voting Shares in accordance with the provisions of this Agreement (the “**Holder Exchange Right**”).

2.2 Exchange Ratio

- (a) In connection with each Exchange, the Exchange Ratio shall initially be the number determined by the following formula, subject to adjustment in accordance with this Section 2.2:

$$\text{Exchange Ratio} = \frac{A/B \times C}{D}$$

Where:

A is the fraction equal to the total number of Exchangeable Units held by the Holder on the date hereof divided by the total number of Exchangeable Units outstanding on the date hereof;

B is the fraction equal to the total number of Exchangeable Units held by any shareholder of Dundee Realty other than the Holder on the date hereof divided by the total number of Exchangeable Units outstanding on the date hereof;

C is the total number of Dream Subordinate Voting Shares outstanding on a fully diluted basis immediately following the completion of the Arrangement (assuming the conversion of each outstanding Dream Common Share into one Subordinate Voting Share and the conversion of each outstanding Dream Series 1 Preference Share into Dream Subordinate Voting Shares at 95% of the Current Market Price of a Dream Subordinate Voting Share on the twentieth trading day of the principal exchange or market on which the Dream Subordinate Voting Shares are listed or quoted for trading during the period following completion of the Arrangement); and

D is the total number of Exchangeable Units held by the Holder on the date hereof;

Dream shall notify the Holder of the initial Exchange Ratio within two Business Days following the twentieth trading day of the principal exchange or market on which the Dream Subordinate Voting Shares are listed or quoted for trading during the period following completion of the Arrangement;

- (b) If and whenever at any time after the date hereof Dream shall:
- (i) (A) issue Dream Subordinate Voting Shares or Dream Common Shares or securities exchangeable for or convertible into or carrying rights to acquire Dream Subordinate Voting Shares or Dream Common Shares (“**Convertible Securities**”) as a stock dividend or other distribution without receipt of payment therefor to all or substantially all of the Dream Subordinate Voting Shareholders or Dream Common Shareholders,
 - (B) subdivide, redivide or change the outstanding Dream Subordinate Voting Shares or Dream Common Shares into a

greater number of Dream Subordinate Voting Shares or Dream Common Shares, or

- (C) reduce, combine or consolidate its outstanding Dream Subordinate Voting Shares or Dream Common Shares into a lesser number of Dream Subordinate Voting Shares or Dream Common Shares,

(any of such events being called a “**Share Reorganization**”), then the Exchange Ratio shall be adjusted effective immediately after the record date at which the holders of Dream Subordinate Voting Shares or Dream Common Shares are determined for the purpose of the Share Reorganization by multiplying the Exchange Ratio in effect immediately prior to such record date by a fraction:

- (A) the numerator of which is the total number of Dream Subordinate Voting Shares and Dream Common Shares that would be outstanding on such record date after giving effect to the Share Reorganization (including, in the case where Convertible Securities are issued, the number of Dream Subordinate Voting Shares and Dream Common Shares that would be outstanding if all such Convertible Securities were immediately exchanged for or converted into Dream Subordinate Voting Shares or Dream Common Shares); and
- (B) the denominator of which is the total number of Dream Subordinate Voting Shares and Dream Common Shares outstanding on such record date before giving effect to such Share Reorganization;

- (ii) fix a record date for the issue or distribution to all or substantially all of the Dream Subordinate Voting Shareholders or Dream Common Shareholders of rights, options or warrants to subscribe for or purchase Dream Subordinate Voting Shares or Dream Common Shares or Convertible Securities (such event being called a “**Rights Offering**”), the Exchange Ratio shall be adjusted immediately after such record date by multiplying the Exchange Ratio in effect immediately prior to such record date by a fraction:

- (A) the numerator of which is the total number of Dream Subordinate Voting Shares and Dream Common Shares that would be outstanding on such record date after giving effect to such issue or distribution (assuming the exercise of all of the rights, warrants or options and assuming the exchange or conversion into Dream Subordinate Voting Shares or Dream Common Shares of all Convertible Securities issued upon exercise of such rights, warrants or options, if any); and

- (B) the denominator of which is the sum of the total number of Dream Subordinate Voting Shares and Dream Common Shares outstanding on such record date (before giving effect to such issue or distribution) plus a number determined by dividing (X) an amount equal to the aggregate consideration payable on the exercise of all the rights, options or warrants plus the aggregate consideration, if any, payable on the exchange or conversion of the Convertible Securities issued upon exercise of such rights, warrants or options (assuming the exercise of all rights, warrants and options and assuming the exchange or conversion of all Convertible Securities issued upon exercise of such rights, warrants and options), by (Y) the Current Market Price of a Dream Subordinate Voting Share on such record date;

To the extent that any such rights, options or warrants are not so issued or any such rights, options or warrants are not exercised prior to the expiration thereof, the Exchange Ratio shall be readjusted to the Exchange Ratio determined in accordance with this Paragraph 2.2(b)(ii) based upon the actual number of Dream Subordinate Voting Shares and Dream Common Shares or Convertible Securities issued upon the exercise of such rights, options or warrants, as the case may be;

- (iii) fix a record date for the issue or distribution to all or substantially all of the Dream Subordinate Voting Shareholders of:
 - (A) shares of Dream other than Dream Subordinate Voting Shares or Convertible Securities;
 - (B) evidences of indebtedness of Dream; or
 - (C) any property or other assets or securities of Dream (other than any property or assets received by Dream as proceeds of a dividend, return of capital or other distribution by Dundee Realty paid or made to all holders of Dundee Realty Common Shares or Dundee Realty Class C Shares);

and such issue or distribution does not constitute a Share Reorganization or a Rights Offering (any of such non-excluded events being called a “**Special Distribution**”) the Exchange Ratio shall be adjusted immediately after such record date by multiplying the Exchange Ratio in effect immediately prior to such record date by a fraction:

- (A) the numerator of which is the total number of Dream Subordinate Voting Shares and Dream Common Shares outstanding on such record date (before giving effect to such Special Distribution) multiplied by the Current Market Price for the Dream Subordinate Voting Shares on such record date; and

- (B) the denominator of which is the total number of Dream Subordinate Voting Shares and Dream Common Shares outstanding on such record date (before giving effect to such Special Distribution) multiplied by the Current Market Price for the Dream Subordinate Voting Shares on such record date, less the fair market value (as determined by the Board of Directors) of such shares, evidences of indebtedness, property, assets or securities issued or distributed in the Special Distribution.

To the extent that the Special Distribution is not so made, the Exchange Ratio shall be readjusted to the Exchange ratio in effect prior to the adjustment contemplated by this Paragraph 2.2(b)(iii).

- (c) If at any time there is a reclassification of the Dream Subordinate Voting Shares at any time outstanding or change of the Dream Subordinate Voting Shares into other shares or into other securities or other capital reorganization of Dream (other than a Share Reorganization), or a consolidation, amalgamation, arrangement, merger or other form of business combination of Dream with or into any other entity resulting in a reclassification of the outstanding Dream Subordinate Voting Shares or change of the Dream Subordinate Voting Shares into other shares or into other securities, or a transfer (other than to a subsidiary of Dream) of the undertaking or assets of Dream as an entirety or substantially as an entirety to another corporation or other entity (any of such events being called a “**Capital Reorganization**”), a Holder exercising the Holder Exchange Right after the effective date of such Capital Reorganization will be entitled to receive, in lieu of the number of Dream Subordinate Voting Shares to which the Holder would otherwise have been entitled in respect of such Exchangeable Units if such Exchangeable Units were exchanged for Dream Subordinate Voting Shares pursuant to an Exchange, the kind and number or amount of cash, property or securities that the Holder would have been entitled to receive as a result of such Capital Reorganization if, on the effective date thereof, the Holder had been the registered holder of the number of Dream Subordinate Voting Shares that the Holder would have received had such Exchangeable Units been exchanged for Dream Subordinate Voting Shares pursuant to an Exchange immediately before the effective date of any such Capital Reorganization (such shares or other securities are referred to as “**Reorganization Securities**” and such other property as “**Reorganization Property**”). The Parties shall amend this Agreement to make appropriate adjustments as a result of any such Capital Reorganization in the application of the provisions set forth in this Article 2 with respect to the rights and interests thereafter of the Holder to the end that the provisions set forth in this Article 4 shall thereafter correspondingly be made applicable as nearly as may reasonably be in relation to any Reorganization Securities or Reorganization Property thereafter deliverable upon the exercise of the Holder Exchange Right.
- (d) If at any time:

- (A) Dream takes any action affecting or relating to the Dream Subordinate Voting Shares or Dream Common Shares other than an action contemplated by Subsections 2.2(b) or 2.2(c); or
- (B) Dream undertakes any business other than investing in securities of Dundee Realty;

and such action or undertaking would prejudicially affect the rights of the Holder, the Exchange Ratio shall be adjusted in such a manner as the Board of Directors determines to be fair and equitable in the circumstances to the Holder; provided that, if required, any such adjustment shall be subject to the prior approval of the Toronto Stock Exchange (for so long as the Dream Subordinate Voting Shares are listed on such exchange). Failure of the Board of Directors to make such an adjustment shall be conclusive evidence that the Board of Directors has determined that it is equitable to make no adjustment in the circumstances.

- (e) The adjustments provided for in Subsections 2.2(b), 2.2(c) and 2.2(d) are cumulative and shall apply to successive issuances, distributions, subdivisions, redivisions, changes, reductions, combinations, consolidations or other events resulting in any adjustment under the provisions of Subsections 2.2(b), 2.2(c) and 2.2(d). Notwithstanding the foregoing, no adjustment shall be required unless such adjustment would require an increase or decrease of at least 1% in the Exchange Ratio then in effect; provided however, that any adjustments which by reason of this Subsection 2.2(e) are not required to be made shall be carried forward and taken into account in any subsequent adjustment.
- (f) In the event that Dream undertakes any action contemplated by Subsections 2.2(b), 2.2(c), 2.2(d) or 2.2(g), Dream shall, to the extent practicable, give prior written notice to the Holder.
- (g) The Exchange Ratio shall be adjusted if any Dream Series 1 Preference Shares are redeemed for cash with the proceeds of a dividend, return of capital or other distribution by Dundee Realty paid to all holders of Dundee Realty Common Shares or Dundee Realty Class C Shares by multiplying the Exchange Ratio in effect immediately prior to the effective date of such redemption by a fraction, the numerator of which is the total number of outstanding Dream Subordinate Voting Shares on a fully diluted basis (assuming the conversion of each outstanding Dream Common Share into one Subordinate Voting Share and the conversion of each Dream Series 1 Preference Share into Dream Subordinate Voting Shares at the Current Market Price of a Dream Subordinate Voting Share on the effective date of such redemption) after giving effect to such redemption and the denominator of which is the number of outstanding Dream Subordinate Voting Shares on a fully diluted basis (assuming the conversion of each outstanding Dream Common Share into one Dream Subordinate Voting Share and the conversion of each Dream Series 1 Preference Share into Dream Subordinate Voting Shares at the Current Market Price of a Dream Subordinate Voting Share on

the effective date of such redemption) prior to giving effect to such redemption.

- (h) If Dream shall set a record date to determine the holders of Dream Subordinate Voting Shares or Dream Common Shares for the purpose of entitling them to receive any dividend or distribution or any subscription or purchase rights and shall, thereafter and before the distribution to such shareholders of any such dividend, distribution, or subscription or purchase rights, legally abandon its plan to pay or deliver such dividend, distribution, or subscription or purchase rights, then no adjustment in the Exchange Ratio shall be required by reason of the setting of such record date.
- (i) In the absence of a resolution of the Board of Directors fixing a record date for a Rights Offering or Special Distribution, Dream shall be deemed to have fixed as the record date therefor the date on which the Rights Offering or Special Distribution is effected.
- (j) In the event of any question arising with respect to the adjustments provided in this Section 2.2, such question shall be conclusively determined by a firm of chartered accountants appointed by Dream (who may be the auditors of Dream); such accountants shall have access to all necessary records of Dream and such determination shall be binding upon Dream and the Holder (and the Holder shall receive a copy of such determination).
- (k) Except as stated above in this Section 2.2, no adjustment will be made to the Exchange Ratio as a result of the issuance of Dream Subordinate Voting Shares or Dream Common Shares at less than the Current Market Price for such Dream Subordinate Voting Shares or Dream Common Shares on the date of issuance.

2.3 Offers

If an offer, issuer bid, Take-Over Bid or similar transaction with respect to the Dream Subordinate Voting Shares is proposed by Dream or is proposed to Dream or the Dream Subordinate Voting Shareholders (each, an “**Offer**”), Dream will, if requested by the Holder, expeditiously and in good faith, take all such actions and do all such things commercially reasonable to permit the Holder to participate in such Offer on the basis that the Exchange of Exchangeable Units will be effective only upon, and will be conditional upon, the successful completion of the Offer and only to the extent necessary to tender to or deposit under the Offer. Alternatively, Dream will, if requested by the Holder, expeditiously and in good faith, take all such actions and do all such things commercially reasonable to permit the Holder to participate in such Offer to the same extent and on an economically equivalent basis as the Dream Subordinate Voting Shareholders without being required to exercise the Holder’s right to exchange Exchangeable Units.

2.4 Restrictions on Exchange

Notwithstanding Section 2.1, an Exchange may only be effected if the Holder and Dream comply with all applicable Securities Laws, including the applicable rules of the TSX

and/or any other exchange or market on which the Dream Subordinate Voting Shares are listed at the time of an Exchange, (and Dream will use commercially reasonable efforts to comply with such Laws) in order to enable Dream to issue the Dream Subordinate Voting Shares.

2.5 Exchange Procedure

- (a) In order to exercise the Holder Exchange Right, the Holder shall deliver to Dream and Dundee Realty a duly completed and executed Holder Exchange Notice. The Holder Exchange Notice shall specify the Exchange Date, which date shall be a Business Day and shall be not less than three Business Days nor more than ten Business Days after the Holder Exchange Notice has been delivered, unless otherwise agreed by Dream and Dundee Realty. If no such Business Day is specified in the Holder Exchange Notice, the Exchange Date shall be deemed to be the third Business Day after the date on which the Holder Exchange Notice is received by Dream and Dundee Realty.
- (b) Upon the exercise of the Holder Exchange Right in accordance with Subsection 2.5(a), subject to Subsection 2.5(c), Dream shall forthwith issue in the name of the Holder and deliver to the Holder the Applicable Number of Dream Subordinate Voting Shares to be issued to the Holder in accordance with the Exchange Notice.
- (c) For so long as Dream Subordinate Voting Shares are held in the book-based system administered by CDS, no certificates for Dream Subordinate Voting Shares will be issued pursuant to an Exchange. Dream Subordinate Voting Shares issuable pursuant to an Exchange will be registered in the name of CDS or its nominee and registered on the books of CDS for the benefit of the Holder through the CDS Participant identified by such party in the Exchange Notice.
- (d) At any time prior to the applicable Exchange Date, a Holder who has delivered a Holder Exchange Notice to Dream and Dundee Realty shall be entitled to withdraw such notice by sending a written notice of withdrawal to Dream and Dundee Realty, which notice must be received by Dream and Dundee Realty prior to the applicable Exchange Date.
- (e) At any time when Dream would otherwise be required to issue a fraction of a Dream Subordinate Voting Share upon the exercise of the Holder Exchange Right, Dream shall in lieu thereof, issue a number of Dream Subordinate Voting Shares which represent the next whole number following such fraction having been rounded up and, for clarity, no cash or other consideration shall be paid in lieu of any such fraction of a Dream Subordinate Voting Share.

2.6 Effect of Exercise of an Exchange

If the Holder Exchange Right has been exercised in accordance with Subsection 2.5(a) (and not withdrawn in accordance with Subsection 2.5(d)), at the Exchange Effective Time:

- (a) the Exchange shall be deemed to have occurred in accordance with Section 2.5;
- (b) the Holder whose Exchangeable Units are the subject of the Exchange shall be deemed for all purposes to be the beneficial holder of the Dream Subordinate Voting Shares issued pursuant to the Exchange;
- (c) the Holder whose Exchangeable Units are the subject of the Exchange shall:
 - (i) be deemed to have assigned and transferred to Dream all of such Holder's right, title and interest in and to those Exchangeable Units which are the subject of the Exchange; and
 - (ii) not be entitled to exercise any of the rights in respect of the Exchangeable Units, other than the right to receive the Applicable Number of Dream Subordinate Voting Shares deliverable pursuant to the Exchange.

2.7 Section 85 Election

It is intended that the Exchange of the Exchangeable Units for Dream Subordinate Voting Shares be on a tax-deferred basis to the Holder for purposes of the Tax Act and applicable provincial income tax statutes. In order to give effect to this intention, the Holder and Dream, shall in a timely manner, jointly execute and file elections under section 85 of the Tax Act in prescribed form and elections in prescribed form under the corresponding provisions of applicable provincial income tax statutes in respect of the Exchange of the Exchangeable Units for Dream Subordinate Voting Shares. The elected amounts for purposes of each such election will be determined by the Holder in a manner consistent with the above-described intention.

ARTICLE 3 REPRESENTATIONS WARRANTS AND COVENANTS OF DREAM AND DUNDEE REALTY

3.1 Validity of Dream Subordinate Voting Shares

Dream represents, warrants and covenants that any Dream Subordinate Voting Share issuable pursuant to an Exchange will be duly authorized and validly issued as a fully paid and non-assessable Dream Subordinate Voting Share.

3.2 Reservation of Dream Subordinate Voting Shares

Dream represents, warrants and covenants that it has reserved for issuance and will, at all times while this Agreement is in force, keep available, free from pre-emptive and any other rights granted by Dream, such number of Dream Subordinate Voting Shares as are issuable hereunder.

3.3 Demand Registration Rights

- (a) Subject to Subsection 3.3(b), upon the written request (a “**Demand Registration**”) of the Holder or holder of Dream Subordinate Voting Shares issued to the Holder upon the exchange of Exchangeable Units (the “**Requesting Dream Shareholder**”), made at any time and from time to time, Dream will, subject to complying with applicable Securities Laws (and Dream will use commercially reasonable efforts to comply with such Laws), file such documents and take such other steps as may be necessary under applicable Securities Laws to qualify for distribution or distribution to the public, as the case may be, all or any whole number of Dream Subordinate Voting Shares delivered or to be delivered to the Requesting Dream Shareholder under this Agreement (“**Qualifying Securities**”). Dream and the Requesting Dream Shareholder shall cooperate in a timely manner and in accordance with the procedures set forth in Schedule “A” in connection with each such distribution.
- (b) Notwithstanding Subsection 3.3(a), Dream will not be obligated to effect a Demand Registration:
- (i) more than once in any calendar year;
 - (ii) during the period starting 14 days prior to and ending upon the expiry of any applicable black-out periods under applicable Securities Laws, except as may be otherwise agreed by Dream;
 - (iii) in respect of less than 100,000 Qualifying Securities;
 - (iv) other than in a province of Canada; or
 - (v) in the event the Board of Directors determines in its good faith judgment that there is a Valid Business Reason (as defined below) and that it is therefore, in the best interests of Dream to defer the filing of a prospectus at such time, in which case Dream’s obligations under this Section 3.3 will be deferred for a period of not more than 120 days from the date of receipt of the request of a Requesting Dream Shareholder; provided that such right of deferral may not be exercised more than once in any 12 month period. For purposes of this Subsection 3.3(b), “**Valid Business Reason**” means a determination by a majority of the members of the Board of Directors that the effect of the filing of a prospectus:
 - (A) would adversely affect a pending or proposed material acquisition, merger, recapitalization, consolidation, reorganization, or similar transaction, negotiations, discussions or pending proposals with respect thereto; or
 - (B) would require the disclosure of material non-public information relating to Dream that, in the good faith judgment of the Board

of Directors, would have a material adverse effect on Dream or any of its Subsidiaries.

- (c) Any Demand Registration by the Requesting Dream Shareholder pursuant to Subsection 3.3(a) hereof shall:
 - (i) specify the number of Dream Subordinate Voting Shares which such Holder intends to distribute;
 - (ii) express the intention of such Requesting Dream Shareholder to offer or cause the offering of such Dream Subordinate Voting Shares;
 - (iii) describe the nature or methods of the proposed offer and sale thereof and the jurisdictions in which such offer shall be made;
 - (iv) contain an undertaking of such Holder to provide all such information regarding its holdings and the proposed manner of distribution thereof as may be reasonably required in order to permit Dream to comply with all applicable Securities Laws;
 - (v) specify whether such offer and sale shall be made by an underwritten public offering;
 - (vi) if the Dream Subordinate Voting Shares to be sold by such Holder are to be issued under this Agreement, be accompanied by the Holder Exchange Notice (which notice shall be amended to state that such Exchange will be effective only upon, and will be conditional upon, the successful completion of the Distribution); and
 - (vii) be carried out in accordance with the registration rights procedures set forth in Schedule "A" to this Agreement.
- (d) In the case of an underwritten public offering initiated pursuant to this Section 3.3, Dream will, with the consent of the Requesting Dream Shareholder, have the right to select the managing underwriter or underwriters of such Qualifying Securities and Dream will have the right to retain counsel of its choice to assist it in fulfilling its obligations under this Section 3.3.

3.4 Piggy-Back Registration Rights

- (a) If Dream proposes to qualify the issuance of any Dream Subordinate Voting Shares under Securities Laws or to make a Distribution, Dream will, at that time, promptly give the Holder or holder of Dream Subordinate Voting Shares issued to the Holder upon the exchange of Exchangeable Units written notice of the proposed qualification or Distribution. Upon the written request of any Requesting Dream Shareholder given within 2 Business Days after receipt of notice from Dream referred to above, Dream will use commercially reasonable efforts to, in conjunction with the proposed qualification or Distribution, cause to be qualified in such offering all of the Dream Subordinate Voting Shares

that such Requesting Dream Shareholder has requested to be included in such offering in accordance with the registration rights procedures set forth in Schedule "A" to this Agreement (a "**Piggy Back Registration**") unless the managing underwriter or underwriters of such proposed qualification or Distribution determine that the inclusion of any Qualifying Security held by such Requesting Dream Shareholder in the proposed qualification or Distribution would materially adversely affect (including the price range acceptable to Dream) the proposed qualification or Distribution.

- (b) If the underwriters make such a determination, Dream shall include in such qualification or Distribution (i) first, the number of securities Dream proposes to sell and (ii) second, the number of Qualifying Securities of the Requesting Dream Shareholder, if any, that may be accommodated in such qualification or Distribution.
- (c) If the proposed qualification or Distribution is not completed within 180 days of such request, any notice of exercise of the Holder Exchange Right hereunder shall be deemed to be withdrawn, unless otherwise agreed between Dream and such Requesting Dream Shareholder.

3.5 Stock Exchange Listing

Dream covenants and agrees that it will make such filings and take such other reasonable steps as may be necessary in order that the Dream Subordinate Voting Shares issuable hereunder pursuant to an Exchange will be approved for listing and posted for trading on any stock exchange or market on which the outstanding Dream Subordinate Voting Shares then trade from the date of issuance thereof.

3.6 Performance and Compliance

Each of Dream and Dundee Realty will take all such actions and do all such things as shall be reasonably necessary to perform and comply with and to ensure performance and compliance by Dream and Dundee Realty with all provisions of this Agreement applicable to Dream and Dundee Realty, respectively, in accordance with the terms hereof and the terms of the Exchangeable Units, including taking all such actions and doing all such things as shall be reasonably necessary to enforce to the fullest extent possible for the direct benefit of the Holder all rights and benefits in favour of the Holder under or pursuant hereto and thereto.

ARTICLE 4 DREAM SUCCESSORS

4.1 Certain Requirements in Respect of Combination, Etc.

- (a) Subject to Section 2.7 and Subsection 4.1(c), Dream will not consummate any transaction (whether by way of reorganization, consolidation, amalgamation, merger, arrangement, transfer, sale, lease or otherwise) whereby all or substantially all of its undertaking, property and assets would become the property of any other Person or, in the case of a merger, of the continuing Person resulting therefrom unless:

- (i) such other Person (the “**Dream Successor**”), by operation of law, becomes bound by the terms and provisions of this Agreement or, if not so bound, executes, prior to or contemporaneously with the consummation of such transaction, an agreement supplemental hereto and such other instruments (if any) as are reasonably necessary to evidence the assumption by Dream Successor of liability for all amounts payable and property deliverable hereunder and the covenant of such Dream Successor to pay and deliver or cause to be delivered the same and its agreement to observe and perform all the covenants and obligations of Dream under this Agreement; and
 - (ii) such transaction shall be upon such terms and conditions so as to substantially preserve and not to impair in any material respect any of the rights, duties, powers and authorities of the other Parties or of the Holder.
- (b) Whenever the conditions of Subsection 4.1(a) have been duly observed and performed, if required by Subsection 4.1(a), Dream Successor and the other Parties hereto will execute and deliver the supplemental agreement provided for herein and thereupon Dream Successor will possess and from time to time may exercise each and every right and power and will be subject to each and every obligation of Dream under this Agreement in the name of Dream or otherwise and any act or proceeding under any provision of this Agreement required to be done or performed by Dream or any officer of Dream may be done and performed with like force and effect by the Board of Directors or officers of such Dream Successor.
 - (c) Nothing herein will be construed as preventing the merger or similar transaction of any wholly-owned direct or indirect Subsidiary of Dream with or into Dream or any such Subsidiary, or the winding-up, liquidation or dissolution of any wholly-owned Subsidiary of Dream, provided that all of the assets of such Subsidiary are transferred to Dream or another wholly-owned direct or indirect Subsidiary of Dream.

ARTICLE 5 GENERAL

5.1 Term

This Agreement shall remain in force for as long as the Holder or a permitted assignee owns, directly or indirectly, any Exchangeable Units.

5.2 Amendment and Supplemental Agreements

- (a) No amendment, supplement, modification or waiver or termination of this Agreement and, unless otherwise specified, no consent or approval by any Party, is binding unless executed in writing by the Party to be bound.

- (b) Notwithstanding Subsection 5.2(a) above, from time to time the Parties may, subject to the provisions of this Agreement, and they shall, when so directed by this Agreement, execute and deliver by their proper officers agreements or other instruments supplemental hereto, which thereafter shall form part hereof, for any one or more of the following purposes:
- (i) evidencing the succession of any Dream Successor and the covenants of and obligations assumed by each such Dream Successor in accordance with the provisions of Article 4;
 - (ii) making any additions to, deletion from or alterations of the provisions of this Agreement to incorporate, reflect or comply with any legislation, the provisions of which apply to any of the Parties or this Agreement and which, in the opinion of Dream, will not be prejudicial to the interests of the Holder or of Dream; and
 - (iii) for any other purposes not inconsistent with the provisions of this Agreement, including to make or evidence any amendment to this Agreement as contemplated hereby, provided that, in the opinion of Dream (which, for this purpose, may rely on the advice of counsel), the interests of the Holder or Dream will not be prejudiced thereby.

5.3 Severability

If, in any jurisdiction, any term or other provision of this Agreement or its application to any Party or circumstance is restricted, prohibited or unenforceable, the provision shall, as to that jurisdiction, be ineffective only to the extent of the restriction, prohibition or unenforceability without invalidating the remaining provisions of this Agreement and without affecting the validity or enforceability of such provision in any other jurisdiction, or without affecting its application to other Parties or circumstances so long as the economic and legal substance of the transactions contemplated by this Agreement is not affected in any manner materially adverse to any Party. Upon any determination that any term or other provision is restricted, prohibited or unenforceable, the Parties to this Agreement will negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner to the end that the transactions contemplated by this Agreement are fulfilled to the fullest extent possible.

5.4 Enurement

This Agreement enures to the benefit of and is binding upon the Parties and their respective successors (including any successor by reason of amalgamation) and permitted assigns.

5.5 Assignment

Dream may assign this Agreement and its benefits, rights and obligations under this Agreement to a Dream Successor in accordance with Article 4. The Holder may assign this Agreement and its benefits, rights and obligations under this Agreement to any person to whom it is permitted to transfer Dundee Realty Common Shares and Dundee Realty Class C

Shares in accordance with the terms of the Dundee Realty Shareholders' Agreement, provided that the Holder shall remain bound by all of its obligations under this Agreement. Except for such permitted assignments, neither the Holder nor Dream shall be entitled to assign this Agreement or any of its benefits, rights or obligations under this Agreement without the prior written consent of the other Parties.

5.6 Notices to Parties

(a) Any notice required or permitted to be given in connection with this Agreement (in this Section referred to as a “**Notice**”) shall be in writing and shall be sufficiently given if delivered personally (or by other method of delivery approved in writing by the Parties), if sent by prepaid registered mail or if transmitted by facsimile to the name and address as set out below:

(i) in the case of Dream:

DREAM Limited
State Street Financial Centre, Suite 300
30 Adelaide Street East
Toronto, Ontario M5C 3H1

Attention: Chief Financial Officer
Facsimile: (416) 365-3535

(ii) in the case of Dundee Realty:

Dundee Realty Corporation
State Street Financial Centre, Suite 300
30 Adelaide Street East
Toronto, Ontario M5C 3H1

Attention: Chief Financial Officer
Facsimile: (416) 365-3535

(iii) in the case of the Holder:

Sweet Dream Corp.
State Street Financial Centre, Suite 300
30 Adelaide Street East
Toronto, Ontario M5C 3H1

Attention: President
Facsimile: (416) 365-3535

(b) Any Notice personally delivered to a Party as provided above shall be deemed to have been given and received on the day it is delivered, provided that if such day is not a Business Day then the Notice shall be deemed to have been given and received on the next Business Day. Any Notice sent by prepaid mail shall

be deemed to have been given and received on the fifth Business Day following the date of its mailing. Any Notice transmitted by facsimile shall be deemed given and received on the Business Day after its transmission.

- (c) Any Party may, from time to time, change its address by giving Notice to the other Parties in accordance with the provisions of this Section 5.6.

5.7 Governing Law

This Agreement is a contract made under and shall be governed by and construed in accordance with, the laws of the Province of Ontario and the federal laws of Canada applicable in the Province of Ontario.

5.8 Attornment

Each Party to this Agreement agrees that any action or proceeding arising out of or relating to this Agreement may be instituted in the courts of Ontario, waives any objection which it may have now or hereafter to the venue of any such action or proceeding, irrevocably submits to the non-exclusive jurisdiction of such courts in any such action or proceeding, agrees to be bound by any judgment of such courts and agrees not to seek, and hereby waives, any review of the merits of any such judgment by the courts of any other jurisdiction.

5.9 Language

The Parties confirm that it is their wish that this Agreement, as well as all documents relating to this Agreement, have been and shall be drawn up in the English language only. *Les signataires confirment leur volonté que la présente convention, de même que tous les documents s'y rattachant, soient rédigés en anglais seulement.*

5.10 Counterparts

This Agreement may be executed by the Parties in counterparts and may be executed and delivered by facsimile or portable document format (PDF) and all the counterparts together shall constitute one and the same instrument, which shall be sufficiently evidenced by any such counterparts.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF the Parties have executed this Agreement.

DREAM LIMITED

By: _____
Name :
Title :

DUNDEE REALTY CORPORATION

By: _____
Name :
Title :

SWEET DREAM CORP.

By: _____
Name :
Title :

SCHEDULE "A"
REGISTRATION RIGHTS PROCEDURES

1.1 Demand Registration Procedures

Whenever Dream is under an obligation pursuant to the provisions of this Agreement to effect the qualification of Dream Subordinate Voting Shares in connection with a Distribution of any Qualifying Securities on behalf of a Requesting Dream Shareholder, Dream shall, as expeditiously as is practicable, do the following:

- (a) prepare and file with the appropriate regulatory authorities all documents reasonably necessary, including, if required, a prospectus and any amendment or supplement thereto, to qualify for Distribution the Qualifying Securities and, in so doing, act as expeditiously as is practicable and in good faith to settle all deficiencies and obtain those receipts and clearances and provide those undertakings and commitments as may be reasonably required by any such securities regulatory authority, all as may be necessary to permit the offer and sale or Distribution of the Qualifying Securities in compliance with all applicable Securities Laws;
- (b) furnish to such Requesting Dream Shareholder such number of copies of any preliminary prospectus and prospectus, any documents incorporated by reference in such prospectus and such other documents as such Requesting Dream Shareholder may reasonably request in order to facilitate the offer and sale or Distribution of the Qualifying Securities;
- (c) if an underwritten public offering is contemplated, execute and perform the obligations under an underwriting agreement in a form reasonably satisfactory to such Requesting Dream Shareholder containing customary representations, warranties and indemnities for the benefit of the Requesting Dream Shareholder and the underwriter(s);
- (d) subject to applicable Securities Laws, keep the prospectus effective until such Requesting Dream Shareholder has completed the sale or Distribution described in the prospectus but no longer than 60 days, provided that such Requesting Dream Shareholder uses commercially reasonable efforts to complete the sale or Distribution as soon as reasonably practicable;
- (e) use commercially reasonable efforts to furnish to the underwriter(s) involved in the Distribution all documents as they may reasonably request;
- (f) notify such Requesting Dream Shareholder promptly when a prospectus is required to be delivered under applicable Securities Laws in respect of the Dream Subordinate Voting Shares, of the happening of any event as a result of which the aforesaid prospectus includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make a statement therein not misleading in light of the circumstances in which it was made or, if it is necessary to amend or supplement such prospectus, to comply with applicable Securities Laws, and to promptly prepare and file with the appropriate securities

regulatory authorities a supplement to or amendment of such prospectus as may be reasonably necessary to correct such untrue statement or eliminate such omission so that such prospectus, as amended or supplemented, will comply with applicable Securities Laws, and furnish to such Requesting Dream Shareholder as many copies of such supplement or amendment as such Requesting Dream Shareholder may reasonably request;

- (g) take such other actions and execute and deliver such other documents as may be reasonably necessary to give full effect to the rights of such Requesting Dream Shareholder under this Agreement;
- (h) use its commercially reasonable efforts to list the Qualifying Securities on each securities exchange or quotation system on which Dream Subordinate Voting Shares are then listed or quoted, if such Qualifying Securities are not already so listed or quoted;
- (i) use commercially reasonable efforts to prevent the issuance of any cease trading order suspending the use of any prospectus and, if any such order is issued, to obtain the withdrawal of any such order; and
- (j) subject to entering into confidentiality agreements satisfactory to Dream, acting reasonably, in connection with the preparation and filing of a prospectus, Dream will give such Requesting Dream Shareholder and its counsel, accountants and other agents the opportunity to participate in the preparation of the prospectus, and each amendment thereof or supplement thereto, and will give each of them such access to its financial records, pertinent corporate documents, material contracts and properties of Dream and its Subsidiaries to supply all information reasonably requested by such Requesting Dream Shareholder, such underwriters or their respective counsel.

1.2 Rights and Obligations of Requesting Dream Shareholders

A Requesting Dream Shareholder will furnish to Dream such information and execute such documents regarding the Qualifying Securities and the intended method of Distribution thereof as Dream may reasonably request in order to effect the requested qualification for sale or Distribution. If an underwritten public offering is contemplated, such Requesting Dream Shareholder shall execute an underwriting agreement containing customary representations, warranties and indemnities (and contribution covenants) for the benefit of the underwriters and Dream; provided that the obligation to indemnify shall be limited to the gross proceeds received by such Requesting Dream Shareholder from the sale of Qualifying Securities pursuant to such Distribution. Such Requesting Dream Shareholder will have the right to withdraw from a proposed underwritten public offering at any time prior to the signing of the underwriting agreement, without incurring any obligation to Dream or any proposed underwriter, except as set forth below. Such Requesting Dream Shareholder shall notify Dream immediately upon the occurrence of any event as a result of which any prospectus of Dream contains an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make a statement therein not misleading in light of the circumstances in which it was made.

1.3 Expenses of Registration

- (a) **Demand Expenses.** Selling Expenses incurred in connection with any registration pursuant to the Demand Registration will be borne by such Requesting Dream Shareholder. In addition, such Requesting Dream Shareholder will bear that portion of the Registration Expenses in connection with any registration pursuant to the Demand Registration that the gross proceeds received by such Requesting Dream Shareholder from the sale of the Qualifying Securities bears to the total gross proceeds received by Dream, any other selling securityholder and such Requesting Dream Shareholder from the sale of the securities of Dream pursuant to such registration. Notwithstanding the foregoing, if such Requesting Dream Shareholder withdraws its Qualifying Securities pursuant to the Demand Registration after having learned of a material adverse change in the condition, business or business prospects of Dream, then such Requesting Dream Shareholder will not be required to pay any Registration Expenses.
- (b) **Piggy-Back Expenses.** Registration Expenses incurred in connection with any registration pursuant to the Piggy Back Registration will be borne by Dream. Selling Expenses incurred in connection with any registration pursuant to the Piggy Back Registration will be borne by the Requesting Dream Shareholder.

1.4 Indemnification

- (a) Dream will indemnify the Requesting Dream Shareholder, each of its officers and directors, and each person controlling the Requesting Dream Shareholder, with respect to a Distribution which has been effected pursuant to this Agreement, and each underwriter, if any, against all expenses, claims, losses, damages or liabilities (or actions in respect thereof) including any of the foregoing incurred in settlement of any litigation, commenced or threatened, arising out of or based on any untrue statement (or alleged untrue statement) of a material fact contained in any prospectus or any amendment or supplement thereto, incident to any such Distribution, or based on any omission (or alleged omission) to state therein a material fact required to be stated therein, or necessary to make the statements therein not misleading in light of the circumstances in which they were made, or any violation or alleged violation by Dream of any applicable Securities Laws applicable to Dream in connection with any such Distribution, and Dream will reimburse the Requesting Dream Shareholder, each of its officers and directors, and each person controlling the Requesting Dream Shareholder, and each such underwriter, for any reasonable legal and any other expenses reasonably incurred in connection with investigating, preparing for or defending any such claim, loss, damage, liability or action, provided that Dream will not be liable in any such case to the extent that any such claim, loss, damage, liability or expense arises out of or is based on any untrue statement or omission or alleged untrue statement or omission in any information relating solely to the Requesting Dream Shareholder

or underwriter, which information has been provided to Dream in writing by the Requesting Dream Shareholder or underwriter, respectively, contained in such prospectus, or any amendment or supplement thereto; and provided, further, that Dream will not be liable with respect to any loss, claim, damage or liability with respect to any person who purchased Qualifying Securities and to whom there was not sent or who was not given a copy of any amended, supplemented or final prospectus, as applicable, with respect to such Qualifying Securities, if (i) such loss, claim, damage or liability results from an untrue statement or an omission or alleged untrue statement or omission contained in any preliminary or other prospectus that was corrected in such amended, supplemented or final prospectus and (ii) Dream had previously furnished copies of such amended, supplemented or final prospectus to the Requesting Dream Shareholder or the underwriters for the Requesting Dream Shareholder.

- (b) The Requesting Dream Shareholder will, if Qualifying Securities held by the Requesting Dream Shareholder are included in the securities as to which such Distribution is being effected, indemnify Dream, each of its directors and officers, and each underwriter, if any, of Dream's securities covered by such a Distribution, against all expenses, claims, losses, damages and liabilities or actions in respect thereof, including any of the foregoing incurred in settlement of any litigation, commenced or threatened, arising out of or based on any untrue statement (or alleged untrue statement) of a material fact regarding the Requesting Dream Shareholder contained in any prospectus or any amendment or supplement thereto incident to any such registration or based on any omission (or alleged omission) to state therein a material fact regarding the Requesting Dream Shareholder required to be stated therein, or necessary to make the statements therein not misleading in light of the circumstances in which they were made, or any violation or alleged violation by the Requesting Dream Shareholder of any applicable Securities Laws applicable to the Requesting Dream Shareholder in connection with any such Distribution and the Requesting Dream Shareholder will reimburse Dream, such directors and officers and such underwriters for any reasonable legal and any other expenses reasonably incurred in connection with investigating, preparing for or defending any such claim, loss, damage, liability or action, in each case to the extent, but only to the extent, that any such claim, loss, damage, liability or expense arises out of or is based on any untrue statement or omission or alleged untrue statement or omission in any information relating solely to the Requesting Dream Shareholder contained in such prospectus, or any amendment or supplement thereto, made in reliance upon and in conformity with written information furnished to Dream by the Requesting Dream Shareholder for use therein; provided, however, that the liability of the Requesting Dream Shareholder for indemnification under this Subsection 1.4(b) will not exceed the net proceeds from the offering actually received by the Dream Shareholder.
- (c) Each party entitled to indemnification under this Section 1.4 (the "**Indemnified Party**") will give written notice to the party required to provide indemnification (the "**Indemnifying Party**") promptly after such Indemnified Party has actual knowledge of any claim as to which indemnity may be sought, and will permit the Indemnifying Party to assume the defense of any such claim or any litigation

resulting therefrom, provided that counsel for the Indemnifying Party, who will conduct the defense of such claim or litigation, will be approved by the Indemnified Party (whose approval will not unreasonably be withheld), and the Indemnified Party may participate in such defense at such party's expense, and provided further that the failure of any Indemnified Party to give notice as provided herein will not relieve the Indemnifying Party of its obligations under this Section 1.4 unless the failure to give such notice is materially prejudicial to an Indemnifying Party's ability to defend such action. An Indemnified Party will have the right to retain its own counsel, with fees and expenses to be paid by the Indemnifying Party, if representation of such Indemnified Party by the counsel retained by the Indemnifying Party would be inappropriate due to actual or potential conflicting interests between such Indemnified Party and any other party represented by such counsel in such proceeding. No Indemnifying Party, in the defense of any such claim or litigation, will, except with the consent of each Indemnified Party, consent to entry of any judgment or enter into any settlement which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such Indemnified Party of a release from all liability in respect to such claim or litigation.

- (d) If the indemnification provided for in this Section 1.4 is held by a court of competent jurisdiction to be unavailable to an Indemnified Party with respect to any loss, liability, claim, damage, or expense referred to therein, then the Indemnifying Party, in lieu of indemnifying such Indemnified Party hereunder, will contribute to the amount paid or payable by such Indemnified Party as a result of such loss, liability, claim, damage, or expense in such proportion as is appropriate to reflect the relative fault of the Indemnifying Party on the one hand and of the Indemnified Party on the other in connection with the statements or omissions that resulted in such loss, liability, claim, damage, or expense as well as any other relevant equitable considerations, provided however that the liability of any Requesting Dream Shareholder under this Subsection 1.4(d) will not exceed the net proceeds from the offering received by the Requesting Dream Shareholder. The relative fault of the Indemnifying Party and of the Indemnified Party will be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission to state a material fact relates to information supplied by the Indemnifying Party or by the Indemnified Party and the parties' relative intent with respect to, knowledge regarding and opportunity to correct, such information.
- (e) Notwithstanding the foregoing, to the extent that the provisions on indemnification and contribution contained in the underwriting agreement entered into in connection with the underwritten public offering are in conflict with the foregoing provisions, the provisions in the underwriting agreement will take precedence.

SCHEDULE "B"
HOLDER EXCHANGE NOTICE

TO: DREAM LIMITED

AND TO: DUNDEE REALTY CORPORATION

**RE: NOTICE PURSUANT TO SECTION 2.1 OF THE EXCHANGE AGREEMENT
DATED MAY ● , 2013 (THE "EXCHANGE AGREEMENT")**

You are hereby authorized and directed to exchange _____ Dundee Realty Common Shares and Dundee Realty Class C Shares for the Applicable Number of Dream Subordinate Voting Shares in accordance with Section 2.5 of the Exchange Agreement on, _____, 20__ (the "**Exchange Date**") and this shall be your good and sufficient authority for so doing.

For so long as Dream Subordinate Voting Shares are held in the book-based system administered by CDS Clearing and Depository Services Inc. ("**CDS**"), the following additional information shall be provided and the Dream Subordinate Voting Shares will be registered in the name of the CDS and Depository Services Inc. ("**CDS**") its nominee:

Name of CDS Participant through which Dream Subordinate Voting Shares will be held _____

FINS Number of CDS Participant _____

Name and telephone number of _____

Registered Representative at CDS Participant _____

All capitalized words and expressions used in this Exchange Notice that are defined in the Exchange Agreement have the meanings ascribed to such words and expressions in the Exchange Agreement.

[Remainder of Page Intentionally Left Blank]

Dated the ____ day of _____, 20____.

[If Holder is a Corporation]

[Company Name]

By: _____
Name:
Title:

[If Holder is an Individual]

SIGNED, SEALED & DELIVERED
In the presence of:

Witness

By: _____
Name:

NOTE: This Holder Exchange Notice must be completed and deposited with Dream and Dundee Realty. The Dream Subordinate Voting Shares resulting from the exchange of the Exchangeable Units will be issued and registered in the name of CDS or its nominee and registered on the books of CDS for the benefit of the Holder exercising the Exchange Right through a CDS Participant selected by such Holder.

SCHEDULE "C"

FORM OF PERMITTED SALES AGREEMENT

PERMITTED SALES AGREEMENT

THIS AGREEMENT is made as of the ● day of ●, 2013

AMONG:

DREAM LIMITED, a corporation governed by the laws of Ontario (“**Dream**”)

- and -

DUNDEE REALTY CORPORATION, a corporation governed by the laws of British Columbia (the “**Corporation**”)

- and -

SWEET DREAM CORP., a corporation governed by the laws of Ontario (“**SDC**”)

- and -

MICHAEL J. COOPER, of the City of Toronto, in the Province of Ontario (“**MC**”)

RECITALS:

- A. SDC owns 30% of the issued and outstanding Common Shares, 30% of the issued and outstanding Class C Preferred Shares and 100% of the issued and outstanding Class D Preferred Shares in the capital of the Corporation;
- B. MC owns or Controls all of the issued and outstanding shares in the capital of SDC other than the SDC Preferred Shares which are owned by the Corporation;
- C. Dream owns 70% of the issued and outstanding Common Shares and 70% of the issued and outstanding Class C Preferred Shares in the capital of the Corporation;
- D. The parties to this Agreement and 0764704 B.C. Ltd. have entered into a Shareholders’ Agreement dated as of the date hereof (the “**Shareholders’ Agreement**”) to record their agreement as to the manner in which the affairs of the Corporation shall be conducted and to grant to each other certain rights and undertake certain obligations with respect to their ownership, directly and indirectly, of the Shares of the Corporation; and
- E. The parties to this Agreement wish to enter into this Agreement in respect of certain matters relating to the purchase and sale of the Restricted Shares between SDC and Dream or the sale of all of the Restricted Shares or assets of the Corporation.

THEREFORE, the Parties agree as follows:

1. Definitions and Termination of Prior Agreement

- (a) Whenever used in this Agreement, capitalized words and terms shall have the meanings set out in the Shareholders' Agreement, unless the context otherwise requires or such word or term is defined herein. For purposes of this Agreement the following capitalized terms shall have the following meanings:

“**Cause**” shall mean any grounds at common law for which an employer is entitled to dismiss an employee summarily.

“**Closing Date**” means, unless otherwise agreed to by Dream and SDC, the 10th Business Day following the later of: (A) the date of the final determination in accordance with Schedule A attached to this Agreement of the Fair Market Value of the Restricted Shares owned by SDC or Dream, as the case may be, (B) the approval, if any, of the shareholders of Dream required by law or the terms of this Agreement to complete the respective transaction contemplated by this Agreement, and (C) the receipt from one or more of the Canadian provincial securities regulators or a stock exchange having jurisdiction of any approval required to complete the respective transaction contemplated by this Agreement; provided, however, that if any approval referenced in clause (B) or (C) above is not obtained within 9 months of the date of the Dream Election or the SDC Election, as applicable, and provided that each of Dream and SDC has used commercially reasonable efforts to obtain such approval, neither Dream nor SDC shall be obligated to complete the transaction for which such approval is required.

“**SDC Triggering Event**” shall mean the occurrence of any of the following events:

- (i) MC is terminated as the Chief Executive Officer of Dream without Cause;
- (ii) individuals (the “**Incumbent Directors**”) who, as of the close of business on the date of this Agreement, constitute the board of Dream (the “**Dream Board**”) cease for any reason to constitute at least a majority of the Dream Board; provided that any individual becoming a member of the Dream Board subsequent to the close of business on the date of this Agreement, whose election or nomination for election was approved by a vote of at least a majority of the Incumbent Directors then on the Dream Board voting on the matter (either by a specific vote or by approval of the proxy statement of Dream in which such individual is named as a nominee for membership on the Dream Board) shall be an Incumbent Director; provided, however, that no individual elected or nominated for membership on the Dream Board initially as a result of an actual or threatened proxy or election contest with respect to the election of members of the Dream Board, or as a result of any other actual or threatened solicitation of proxies or consents by or on behalf of any Person other than the Dream Board or management of Dream, shall be deemed to be an Incumbent Director;
- (iii) any Person other than Ned Goodman or MC, together with any Person with whom such individual is acting jointly or in concert (within the meaning of

such term in the *Securities Act* (Ontario)), is or becomes a beneficial owner, directly or indirectly, of securities of Dream representing more than 50% of the combined voting power of Dream's then outstanding securities eligible to vote for the election of the Dream Board (the "**Dream Voting Securities**"); provided, however, that the event described in this paragraph (iii) shall not be deemed to be a SDC Triggering Event by virtue of any of the following acquisitions of Dream Voting Securities: (A) by Dream or any subsidiary, (B) by any underwriter temporarily holding securities pursuant to an offering of such securities, (C) pursuant to a Non-Qualifying Transaction (as defined in paragraph (iv) below) or (D) from Dream pursuant to a transaction (other than one described in paragraph (iv) below), if a majority of the Incumbent Directors approve a resolution providing expressly that the acquisition pursuant to this clause (D) shall not constitute a SDC Triggering Event under this paragraph (iii);

(iv) the consummation of a merger, consolidation, share exchange or similar form of corporate transaction involving Dream or any of its Subsidiaries (a "**Business Combination**"), unless immediately following such Business Combination: (A) Dream Voting Securities that were outstanding immediately prior to the consummation of such Business Combination (or, if applicable, securities into or for which such Dream Voting Securities were converted or exchanged pursuant to such Business Combination) represent more than 50% of the combined voting power of the then outstanding securities eligible to vote for the election of directors or trustees ("**voting power**") of (x) the entity resulting from such Business Combination (the "**Surviving Entity**"), or (y) if applicable, the ultimate parent entity that directly or indirectly has beneficial ownership of 100% of the voting securities eligible to elect directors of the Surviving Entity (the "**Parent Entity**"), and the proportionate voting power among the holders of securities of the Surviving Entity or Parent Entity, as applicable, held by those who were holders of Dream Voting Securities immediately prior to the Business Combination is substantially the same as the proportionate voting power of such Dream Voting Securities among such holders immediately prior to the Business Combination, (B) no Person (unless maintained by the Surviving Entity or the Parent Entity) is the beneficial owner, directly or indirectly, of more than 50% of the voting power of the Parent Entity (or, if there is no Parent Entity, the Surviving Entity) and (C) at least a majority of the members of the board of directors of the Parent Entity (or, if there is no Parent Entity, the Surviving Entity) were Incumbent Directors at the time of the Dream Board's approval of the execution of the initial agreement providing for such Business Combination (any Business Combination which satisfies all of the criteria specified in (A), (B) and (C) above shall be deemed to be a "**Non-Qualifying Transaction**" and, following a Business Combination, references in this definition of "SDC Triggering Event" to "Dream" shall mean and refer to the Parent Entity (or, if there is no Parent Entity, the Surviving Entity) and, if such entity is a trust, references to the "Dream Board" shall mean and refer to the board of trustees of such entity);

(v) shareholder approval of the liquidation or dissolution of Dream, other than pursuant to a Non-Qualifying Transaction; or

(vi) shareholder approval of the sale or other disposition of all or substantially all of Dream's assets, other than (A) to an entity of which Dream has direct or indirect beneficial ownership of more than 50% of the combined voting power of the then outstanding securities eligible to vote for the election of directors of the entity or to a partnership of which Dream and/or a subsidiary is the general partner and has more than 50% of the equity interest or (B) pursuant to a Non-Qualifying Transaction.

Notwithstanding the foregoing, a SDC Triggering Event shall not be deemed to occur solely because any Person becomes the direct or indirect beneficial owner of more than 50% of the Dream Voting Securities as a result of the acquisition of Dream Voting Securities by Dream which reduces the number of Dream Voting Securities outstanding; provided that if, after such acquisition by Dream, such Person becomes the beneficial owner of additional Dream Voting Securities that increase the percentage of outstanding Dream Voting Securities beneficially owned by such Person (other than as a result of a subsequent acquisition of Dream Voting Securities by Dream which reduces the number of Dream Voting Securities outstanding), a SDC Triggering Event shall then occur.

2. Permitted Sales by SDC

At any time after the earlier of (i) the fourth anniversary of the date of this Agreement and (ii) the occurrence of a SDC Triggering Event, SDC may by notice in writing to Dream (the "SDC Put Notice") require Dream, at Dream's option, to either:

- (a) purchase all of the Restricted Shares owned by SDC on the basis set out in Subsection 3(a); or
- (b) cause the sale of all of the Restricted Shares or all of the Corporation's assets for cash and assumption of debt, if applicable, and in the case of a sale of assets distribute all of the net proceeds from such sale of assets to the shareholders of the Corporation, which shall occur on the basis set out in Subsection 3(b).

Within 90 Business Days of receipt of the SDC Put Notice, Dream shall advise SDC whether it will proceed in accordance with Subsection 2(a) or 2(b), failing which Dream shall be deemed to have elected to proceed in accordance with Subsection 2(a) (the "Dream Election").

3. Procedure for SDC Applicable Transaction.

- (a) In the event that Dream notifies SDC that it elects to purchase all of the Restricted Shares owned by SDC in accordance with Subsection 2(a) or is deemed to have so elected, such purchase shall be conducted on the following basis:
 - (i) the purchase price for the Restricted Shares owned by SDC shall be determined in accordance with Schedule A attached to this Agreement;

- (ii) the purchase price for all of the Restricted Shares owned by SDC shall be paid to SDC, or as it may direct, on the Closing Date by wire transfer to an account specified by SDC not less than three Business Days prior to the Closing Date, provided that Dream may elect to pay one-third of such purchase price on the Closing Date and the balance in two equal instalments on the first and second anniversaries of the Closing Date. The unpaid balance of the purchase price will accrue interest at the Prime Rate plus 2% per annum until paid and be evidenced by a promissory note delivered by Dream to SDC on the Closing Date;
 - (iii) Dream may request the resignation of MC as an employee of the Corporation and Dream (without Dream or the Corporation being liable for any notice or severance obligation); and
 - (iv) the transaction of purchase and sale of the Restricted Shares owned by SDC shall be completed in accordance with Section 4.
- (b) In the event that Dream notifies SDC that it elects to sell all of the Restricted Shares or to cause the Corporation to sell all of its assets in accordance with Subsection 2(b), such sale shall be conducted by Dream as expeditiously as possible and be completed on the Closing Date. In the event that Dream is unable to complete a sale of all of the Restricted Shares or all of the assets of the Corporation within 6 months of the date of delivery of the Dream Election, then provided Dream is using all commercially reasonable efforts to complete the sale of the Restricted Shares or assets of the Corporation, it shall be entitled to an additional 3 months to complete such sale. Dream agrees to use all commercially reasonable efforts required to sell the Restricted Shares or assets of the Corporation including, without limitation, seeking any required approvals of regulatory authorities, any stock exchange having jurisdiction, the shareholders of Dream or any other entity. If requested by Dream, MC shall and shall cause SDC to co-operate and assist Dream in the sale of the Restricted Shares or the Corporation's assets, as the case may be.
- (c) In the event the sale of all, and not less than all, of the Restricted Shares or assets of the Corporation is not completed on or before the expiry of the foregoing 6 month or, if extended, 9 month period, Dream shall forthwith proceed to purchase all of the Restricted Shares owned by SDC on the basis set out in Subsection 3(a).
- (d) Notwithstanding any other provision of this Agreement, the Corporation shall on the Closing Date for a transaction contemplated by Subsection 2(a) or 2(b) redeem the Class D Preferred Shares in accordance with their terms and SDC shall redeem the SDC Preferred Shares held by the Corporation in accordance with their terms.

4. SDC Closing Procedures

- (a) The following provisions shall apply to the sale by SDC of its Restricted Shares to Dream pursuant to the terms of Subsection 2(a):

- (i) the purchase and sale of SDC's Restricted Shares shall be completed at the Corporation's registered office at 10:00 am (Toronto time) on the Closing Date. At such time SDC shall transfer to Dream good title to its Restricted Shares free and clear of all liens, charges and encumbrances and deliver to Dream certificates and other documents of title evidencing ownership of the Restricted Shares being transferred, duly endorsed in blank for transfer by the holders of record. In addition, SDC shall deliver to the Corporation all records, accounts and other documents in its possession belonging to the Corporation and the resignations and releases of its nominee on the Board (including, if requested, the resignation of such Person as an officer of the Corporation), all such resignations to be effective no later than the time of delivery. Dream shall deliver to SDC by wire transfer payment of the purchase price payable for the Restricted Shares being transferred plus all unpaid payments (including declared and unpaid dividends owing to SDC as of the Closing Date, unless duly paid on the Closing Date by the Corporation). Each of Dream, the Corporation, SDC and MC shall deliver mutual releases and such other agreements and documents customarily delivered in similar types of share sale transactions;
- (ii) if, on the Closing Date, there exists any Shareholder Loan from SDC, or any loan from the Corporation to SDC or MC, the borrower shall repay such loan in full together with all accrued and unpaid interest thereon on the Closing Date; and
- (iii) if, on the Closing Date, SDC fails to complete the sale of its Restricted Shares, Dream shall have the right, if not in default under this Agreement, without prejudice to any other rights which it may have, upon payment of the purchase price payable to SDC on the Closing Date to the credit of SDC in the main branch of SDC's bank, to execute and deliver, on behalf of and in the name of SDC, such deeds, transfers, share certificates, resignations or other documents that may be necessary to complete the sale of SDC's Restricted Shares and SDC hereby irrevocably appoints Dream as its attorney for such purpose. Such appointment and power of attorney, being coupled with an interest, shall not be revoked by the insolvency or bankruptcy of SDC and SDC hereby ratifies and confirms and agrees to ratify and confirm all that Dream may lawfully do or cause to be done by virtue of such appointment and power.

5. Dream Permitted Sales

At any time after the earlier of (i) the fourth anniversary of the date of this Agreement, (ii) the date of the voluntary resignation or termination for Cause of MC as President and Chief Executive Officer of the Corporation or as an officer of Dream, (iii) 180 days after the date that MC dies and (iv) the date upon which MC has been unable to perform substantially all of his employment related duties for a period of more than either three consecutive months or six months in the aggregate during any twelve month period, Dream may by notice in writing to SDC (the "**Dream Put Notice**"), accompanied by the irrevocable agreement of the holder(s) of Class B common shares of Dream representing at least 66 $\frac{2}{3}$ % of the votes attaching to all outstanding Class B common shares of Dream to vote in favour of the sale of all of the Restricted

Shares owned by Dream or all of the Corporation's assets, as the case may be, on the basis set out in Subsection 6(a) or 6(b), require SDC, at SDC's option, to either:

- (a) purchase all of the Restricted Shares owned by Dream on the basis set out in Subsection 6(a); or
- (b) cause the sale of all of the Restricted Shares or all of the Corporation's assets for cash and assumption of debt, if applicable, and in the case of a sale of assets distribute all of the net proceeds from such sale of assets to the shareholders of the Corporation, which shall occur on the basis set out in Subsection 6(b).

Within 90 Business Days of receipt of the Dream Put Notice, SDC shall advise Dream whether it will proceed in accordance with Subsection 5(a) or 5(b), failing which SDC shall be deemed to have elected to proceed in accordance with Subsection 5(a) (the "**SDC Election**").

6. Procedure for Dream Applicable Transaction

- (a) In the event that SDC notifies Dream that it elects to purchase all of the Restricted Shares held by Dream in accordance with Subsection 5(a) or is deemed to have so elected, such purchase shall be conducted on the following basis:
 - (i) the purchase price for the Restricted Shares owned by Dream shall be determined in accordance with Schedule A attached to this Agreement;
 - (ii) the purchase price for all of the Restricted Shares owned by Dream shall be paid to Dream, or as it may direct, on the Closing Date by wire transfer to an account specified by Dream not less than three Business Days prior to the Closing Date, provided that SDC may elect to pay one-third of such purchase price on the Closing Date and the balance in two equal instalments on the first and second anniversaries of the Closing Date. The unpaid balance of the purchase price will accrue interest at the Prime Rate plus 2% per annum until paid and be evidenced by a promissory note delivered by SDC to Dream on the Closing Date;
 - (iii) SDC may request the resignation of any of the nominees of Dream to the Board or as officers of the Corporation (without SDC or the Corporation being liable for any notice or severance obligation);
 - (iv) Dream shall and shall cause its Affiliates to use all commercially reasonable efforts to co-operate and assist SDC in the purchase of the Restricted Shares owned by Dream, including by calling and holding a meeting of shareholders to consider and, if appropriate, approve of such sale;
 - (v) the transaction of purchase and sale of Dream's Shares shall be completed in accordance with Section 7.
- (b) In the event that SDC notifies Dream that it elects to sell all of the Restricted Shares or to cause the Corporation to sell all of its assets in accordance with

Subsection 5(b), such sale shall be conducted by SDC as expeditiously as possible and be completed on the Closing Date. In the event that SDC is unable to complete a sale of the Restricted Shares or assets of the Corporation within 6 months of the date of delivery of the SDC Election, then provided SDC is using all commercially reasonable efforts to complete the sale of the Restricted Shares or assets of the Corporation, it shall be entitled to an additional 3 months to complete such sale. SDC agrees to use all commercially reasonable efforts required to sell the Restricted Shares or assets of the Corporation. Dream shall and shall cause its Affiliates to use all commercially reasonable efforts to cooperate and assist SDC in the sale of the Restricted Shares or the Corporation's assets, including by calling and holding a meeting of shareholders to consider and, if appropriate, approve of such sale. In the event that the sale of all and not less than all of the Restricted Shares or assets of the Corporation is not completed on or before the expiry of the foregoing 6 month or, if extended, 9 month period, SDC shall forthwith proceed to purchase all of the Restricted Shares of Dream on the basis set out in Section 5(a).

7. Dream Closing Procedures

- (a) The following provisions shall apply to the sale by Dream of its Restricted Shares to SDC pursuant to the terms of Subsection 5(a):
 - (i) the purchase and sale of Dream's Restricted Shares shall be completed at the Corporation's registered office at 10:00 am (Toronto time) on the Closing Date. At such time Dream shall transfer to SDC good title to its Restricted Shares free and clear of all liens, charges and encumbrances and deliver to SDC certificates and other documents of title evidencing ownership of the Restricted Shares being transferred, duly endorsed in blank for transfer by the holders of record. In addition, Dream shall deliver to the Corporation all records, accounts and other documents in its possession belonging to the Corporation and the resignations and releases of its nominee(s) on the Board (including, if requested, the resignation of such Person as an officer of the Corporation), all such resignations to be effective no later than the time of delivery. SDC shall deliver to Dream by wire transfer payment of the purchase price payable for the Restricted Shares being transferred plus all unpaid payments (including declared and unpaid dividends owing to Dream as of the Closing Date, unless duly paid on the Closing Date by the Corporation). Each of Dream, the Corporation, SDC and MC shall deliver mutual releases and such other agreements and documents customarily delivered in similar types of share sale transactions;
 - (ii) if, on the Closing Date, there exists any Shareholder Loan from Dream, or any loan from the Corporation to Dream, the borrower shall repay such loan in full together with all accrued and unpaid interest thereon on the Closing Date; and
 - (iii) if, on the Closing Date, Dream fails to complete the sale of its Restricted Shares, SDC shall have the right, if not in default under this Agreement,

without prejudice to any other rights which it may have, upon payment of the purchase price payable to Dream on the Closing Date to the credit of Dream in the main branch of Dream's bank, to execute and deliver, on behalf of and in the name of Dream, such deeds, transfers, share certificates, resignations or other documents that may be necessary to complete the sale of Dream's Restricted Shares and Dream hereby irrevocably appoints SDC as its attorney for such purpose. Such appointment and power of attorney, being coupled with an interest, shall not be revoked by the insolvency or bankruptcy of Dream and Dream hereby ratifies and confirms and agrees to ratify and confirm all that SDC may lawfully do or cause to be done by virtue of such appointment and power.

8. General

- (a) This Agreement shall enure to the benefit of and be binding upon the respective heirs, executors, administrators, successors and permitted assigns of the parties hereto.
- (b) This Agreement and the Shareholders Agreement constitute the entire agreement between the parties to this Agreement with respect to the subject matter of this Agreement and cancels and supersedes any prior understandings and agreements between the parties with respect to such subject matter. There are no representations, warranties, terms, conditions, undertakings or collateral agreements, express, implied or statutory, between the parties with respect to the subject matter of this Agreement and the Shareholders Agreement other than those expressly set forth in this Agreement or the Shareholders Agreement.
- (c) No amendment to this Agreement shall be valid or binding unless set forth in writing and duly executed by all of the parties to this Agreement. No waiver of any breach of any provision of this Agreement shall be effective or binding unless made in writing and signed by the party purporting to give such waiver and, unless otherwise provided in the written waiver, shall be limited to the specific breach waived.
- (d) Except as may be expressly provided in this Agreement, none of the parties to this Agreement may assign its rights or obligations under this Agreement without the prior written consent of all of the other parties hereto. Notwithstanding the foregoing a party shall, without the consent of any of the other parties hereto, assign its rights and cause the permitted assignee to assume its obligations under this Agreement to a permitted assignee under the Shareholders Agreement who has become the owner of some or all of the Restricted Shares owned by such party. In such event, the parties to this Agreement shall amend the terms of this Agreement so that it applies to the Restricted Shares owned by the permitted assignee with like effect and Dream or SDC, as the case may be, shall continue to be bound by all of its obligations under this Agreement.
- (e) This Agreement shall terminate upon:

- (i) the written agreement of all of the Shareholders;
 - (ii) the involuntary dissolution or bankruptcy of the Corporation;
 - (iii) one Person becoming the beneficial owner of all of the Restricted Shares;
 - (iv) all of the Restricted Shares or assets of the Corporation being sold pursuant to Subsection 2(b) or 5(b), as applicable; or
 - (v) MC having Control, directly or indirectly, of Dream.
- (f) If any provision of this Agreement is determined to be invalid or unenforceable in whole or in part, such invalidity or unenforceability shall attach only to such provision or part of such provision and the remaining part of such provision and all other provisions of this Agreement shall continue in full force and effect.
- (g) The Parties acknowledge and agree to act reasonably in reaching agreements and completing transactions in connection with this Agreement using the most tax effective structures available to the Parties at the time of the applicable transaction.
- (h) Any notice or other writing required or permitted to be given under this Agreement or for the purposes of this Agreement (referred to in this Section as a “**notice**”) to any party shall be sufficiently given in accordance with Section 8.11 of the Shareholders Agreement.
- (i) This Agreement shall be construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein and shall be treated in all respects as an Ontario contract.

[The remainder of this page intentionally left blank.]

IN WITNESS OF WHICH the Parties have duly executed this Agreement.

DREAM LIMITED

By: _____

Name:

Title:

By: _____

Name:

Title:

DUNDEE REALTY CORPORATION

By: _____

Name:

Title:

By: _____

Name:

Title:

)

)

)

Witness

)

Michael J. Cooper

SWEET DREAM CORP.

By: _____

Name: Michael J. Cooper

Title: President

SCHEDULE A

PURCHASE OF RESTRICTED SHARES

1. The purchase price payable by Dream to SDC for the Restricted Shares owned by SDC, as contemplated by clause 3(a)(i) of this Agreement, and the purchase price payable by SDC to Dream for the Restricted Shares owned by Dream, as contemplated by clause 6(a)(i), shall be the Fair Market Value of the Restricted Shares owned by SDC or Dream, as the case may be. The Fair Market Value of SDC's Restricted Shares or Dream's Restricted Shares, as the case may be, shall be established by mutual agreement of SDC and Dream which shall be made in writing and shall constitute an integral part of this Agreement, failing which agreement the procedures contemplated below shall apply.
2. If there is no agreement between SDC and Dream within a period of 10 Business Days (the "**Negotiation Period**") following the election of Dream to purchase SDC's Restricted Shares in accordance with Subsection 2(a) or the election of SDC to purchase Dream's Restricted Shares in accordance with Subsection 5(a), as applicable, SDC and Dream shall each name a valuator within 10 Business Days of the expiry of the Negotiation Period. Each valuator shall be independent and shall have remained independent throughout the duration of this Agreement of each of Dream and SDC and be a business valuator of national or international stature. Each valuator shall have a period of 30 days following the expiry of the preceding period of 10 Business Days to determine the Fair Market Value of the Restricted Shares and to submit its valuation to SDC and Dream.
3. The Fair Market Value of the Restricted Shares shall be the average of the mid-points of the valuations determined by the two valutors provided that the mid-point of the highest valuation does not exceed the mid-point of the lowest valuation by more than 10%.
4. In the event that the mid-point of the highest valuation exceeds the mid-point of the lowest valuation by more than 10%, a third valuator who also shall be independent and shall have remained independent throughout the duration of this Agreement of each of Dream and SDC and be a business valuator of national or international stature, shall be named jointly by the first two valutors within 10 Business Days of the receipt by SDC and Dream of the valuations made pursuant to paragraph 3 above (failing which, by the Auditor), to determine the Fair Market Value of the Restricted Shares. The determination of Fair Market Value by the third valuator shall be completed and given in writing to Dream and SDC within a period of 30 days from the date of the appointment of such valuator pursuant to this paragraph 4. The Fair Market Value of the Restricted Shares shall be the average of the mid-points of the valuations of the three valutors.
5. In determining the Fair Market Value of the Restricted Shares, each valuator shall take into account and apply generally accepted accounting and valuation principles, and:

- (a) the valuers shall not have regard to whether the Restricted Shares constitute a minority block or majority block of all of the issued and outstanding Restricted Shares and no discount or premium shall be applied to the valuation of the Restricted Shares on the basis thereof;
 - (b) no discount shall be applied by a valuator on the basis of a sale in bulk of all or substantially all of the assets of the Corporation; and
 - (c) the valuers shall value all of the Restricted Shares and shall attribute values to the Restricted Shares, considered as one class.
6. The determination of the Fair Market Value of the Restricted Shares by the valuers shall be made by them as experts and not as umpires or arbitrators and shall be final, without appeal, and shall be binding on Dream and SDC. All costs and expenses related to the determination of the Fair Market Value of the Restricted Shares shall be paid for by the Corporation.
7. The Fair Market Value for SDC's or Dream's Restricted Shares being purchased and sold shall be determined by dividing the Fair Market Value of all of the issued and outstanding Restricted Shares, as determined by the valuers in accordance with the provisions of this Schedule A, by all of the Restricted Shares then issued and outstanding and multiplying the resulting amount by the number of Restricted Shares being purchased and sold.

SCHEDULE "D"

FORM OF SHAREHOLDERS' AGREEMENT

SHAREHOLDERS' AGREEMENT

Among:

DREAM LIMITED

- and -

DUNDEE REALTY CORPORATION

- and -

MICHAEL J. COOPER

- and -

SWEET DREAM CORP.

- and -

0764704 B.C. LTD.

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SHAREHOLDERS' AGREEMENT

THIS AGREEMENT is made as of the ● day of ●, 2013

AMONG:

DREAM Limited, a corporation governed by the laws of Ontario (“**Dream**”)

- and -

Dundee Realty Corporation, a corporation governed by the laws of British Columbia (the “**Corporation**”)

- and -

Michael J. Cooper, of the City of Toronto, in the Province of Ontario (“**MC**”)

- and -

Sweet Dream Corp., a corporation governed by the laws of Ontario (“**SDC**”)

- and -

0764704 B.C. Ltd., a corporation governed by the laws of British Columbia (“**076**”)

RECITALS:

- A. The Shareholders together own, directly or indirectly, all of the issued and outstanding Shares in the capital of the Corporation.
- B. The Shareholders have entered into this Agreement to record their agreement as to the manner in which the affairs of the Corporation shall be conducted and to grant to each other certain rights and undertake certain obligations with respect to their ownership, directly and indirectly, of the Shares of the Corporation.
- C. MC has entered into this Agreement to provide the covenants set out in Section 2.4.

THEREFORE, the Parties agree as follows:

ARTICLE 1 DEFINITIONS AND PRINCIPLES OF INTERPRETATION

1.1 Definitions

Whenever used in this Agreement, the following words and terms shall have the meanings set out below:

“**Act**” means the *Business Corporations Act* (British Columbia), as now enacted or as the same may from time to time be amended, re-enacted or replaced;

“**Affiliate**” has the meaning ascribed to such term in National Instrument 45-106 – *Prospectus and Registration Exemptions* of the Canadian securities administrators;

“**Agreement**” means this Shareholders’ Agreement and the attached schedule and all instruments supplemental to or in amendment or confirmation of this Agreement; references to Articles, Sections, Subsections or Paragraphs are to the specified Articles, Sections, Subsections or Paragraphs of this Agreement;

“**Annual Business Plan**” has the meaning set out in Section 4.11;

“**arm’s length**” has the meaning that it has for purposes of the *Income Tax Act* (Canada) as in effect on the date of this Agreement;

“**Auditor**” has the meaning set out in Section 4.5;

“**Board**” means the board of directors of the Corporation;

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

“**Class B Preferred Shares**” means the class B preferred shares in the capital of the Corporation, none of which are outstanding as of the date of this Agreement;

“**Class C Preferred Shares**” means the class C voting preferred shares in the capital of the Corporation, of which 947 shares have been issued by the Corporation and which are held as provided in Section 3.1;

“**Class D Preferred Shares**” means the class D preferred shares in the capital of the Corporation, of which 512,108 shares have been issued by the Corporation and which are held as provided in Section 3.1;

“**Class E Preferred Shares**” means the class E preferred shares in the capital of the Corporation, none of which are outstanding as of the date of this Agreement;

“**Class F Preferred Shares**” means the class F preferred shares in the capital of the Corporation, of which 18,061,333.422 shares have been issued by the Corporation and which are held as provided in Section 3.1;

“**Common Shares**” means the non-voting common shares in the capital of the Corporation, of which 947 shares have been issued by the Corporation and which are held as provided in Section 3.1;

“**Control**” has the meaning ascribed to such term in National Instrument 45-106 – *Prospectus and Registration Exemptions* of the Canadian securities administrators;

“**Corporation Articles**” means the articles of the Corporation dated July 31, 2006, as amended from time to time;

“**Exchange Agreement**” means the exchange agreement dated as of May ●, 2013 between Dream, the Corporation and SDC;

“**Fair Market Value**” means, with respect to the Restricted Shares, the price of such Restricted Shares which would be determined in an open and unrestricted market between informed prudent parties, acting at arm’s length and under no compulsion to act, expressed in terms of money or money’s worth;

“**GAAP**” means generally accepted accounting principles in Canada, including IFRS, as applicable, determined with reference to The Handbook of the Canadian Institute of Chartered Accountants, as amended from time to time;

“ **Holding Company**” means a corporation which is Controlled directly or indirectly by MC;

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

“**SDC Preferred Shares**” means the 512,108 class A preferred shares of SDC issued to the Corporation;

“**Management**” means MC as the President and Chief Executive Officer of the Corporation;

“**Members of the Immediate Family of MC**” means the wife and children of MC;

“**Parties**” means, collectively, Dream, MC, SDC, 076, the Corporation and any other Person which becomes a party to this Agreement and “**Party**” means any one of them;

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

“**Permitted Sales Agreement**” means the agreement titled as such and dated as of the date hereof between Dream, the Corporation, SDC and MC;

“**Permitted Transferee**” has the meaning ascribed to it in Section 5.5;

“**Pledged Shares**” has the meaning set out in Section 5.4;

“**Prime Rate**” means, at any time, the rate of interest expressed as an annual rate, established by The Bank of Nova Scotia from time to time as its reference rate of interest to determine the interest rates it will charge for loans in Canadian dollars to Canadian customers;

“**Restricted Shares**” means, collectively, the Class C Preferred Shares and the Common Shares;

“**Restricted Shareholders**” means, collectively, the holders of the Restricted Shares;

“**Securities**” means, collectively, Shareholders Loans and Shares;

“**Shareholders**” means Dream, SDC and 076 together with such other Persons as may become Parties to this Agreement as a shareholder of the Corporation, collectively and

“**Shareholder**” means any one of such Persons individually;

“**Shareholder Loan**” means any debt obligation of the Corporation to a Shareholder or to an Affiliate of the Shareholder, or any other amount which may be owing by the Corporation to a Shareholder or an Affiliate of the Shareholder, whether currently or in the future and whether or not evidenced by a promissory note, debenture or other evidence of indebtedness issued or which may be issued by the Corporation to a Shareholder or an Affiliate of the Shareholder, or on open account as evidenced in the books of account and records of the Corporation;

“**Shares**” means the authorized common shares and preferred shares in the capital of the Corporation as of the date of this Agreement;

“**Special Approval**” means the approval of the holders of 100% of the Restricted Shares;

“**Subsidiary**” has the meaning set out in the Act;

“**Triggering Event**” shall mean the occurrence of any of the following events:

- (a) MC ceases to be the Chief Executive Officer of Dream for any reason;
- (b) individuals (the “**Incumbent Directors**”) who, as of the close of business on the date of this Agreement, constitute the board of Dream (the “**Dream Board**”) cease for any reason to constitute at least a majority of the Dream Board; provided that any individual becoming a member of the Dream Board subsequent to the close of business on the date of this Agreement, whose election or nomination for election was approved by a vote of at least a majority of the Incumbent Directors then on the Dream Board voting on the matter (either by a specific vote or by approval of the proxy statement of Dream in which such individual is named as a nominee for membership on the Dream Board) shall be an Incumbent Director; provided, however, that no individual elected or nominated for membership on the Dream Board initially as a result of an actual or threatened proxy or election

contest with respect to the election of members of the Dream Board, or as a result of any other actual or threatened solicitation of proxies or consents by or on behalf of any Person other than the Dream Board or management of Dream, shall be deemed to be an Incumbent Director;

- (c) any Person other than Ned Goodman or MC, together with any Person with whom such individual is acting jointly or in concert (within the meaning of such term in the *Securities Act* (Ontario)), is or becomes a beneficial owner, directly or indirectly, of securities of Dream representing more than 50% of the combined voting power of Dream's then outstanding securities eligible to vote for the election of the Dream Board (the **"Dream Voting Securities"**); provided, however, that the event described in this paragraph (c) shall not be deemed to be a Triggering Event by virtue of any of the following acquisitions of Dream Voting Securities: (A) by Dream or any subsidiary, (B) by any underwriter temporarily holding securities pursuant to an offering of such securities, (C) pursuant to a Non-Qualifying Transaction (as defined in paragraph (d) below) or (D) from Dream pursuant to a transaction (other than one described in paragraph (d) below), if a majority of the Incumbent Directors approve a resolution providing expressly that the acquisition pursuant to this clause (D) shall not constitute a Triggering Event under this paragraph (c);
- (d) the consummation of a merger, consolidation, share exchange or similar form of corporate transaction involving Dream or any of its Subsidiaries (a **"Business Combination"**), unless immediately following such Business Combination: (A) Dream Voting Securities that were outstanding immediately prior to the consummation of such Business Combination (or, if applicable, securities into or for which such Dream Voting Securities were converted or exchanged pursuant to such Business Combination) represent more than 50% of the combined voting power of the then outstanding securities eligible to vote for the election of directors or trustees (**"voting power"**) of (x) the entity resulting from such Business Combination (the **"Surviving Entity"**), or (y) if applicable, the ultimate parent entity that directly or indirectly has beneficial ownership of 100% of the voting securities eligible to elect directors of the Surviving Entity (the **"Parent**

Entity”), and the proportionate voting power among the holders of securities of the Surviving Entity or Parent Entity, as applicable, held by those who were holders of Dream Voting Securities immediately prior to the Business Combination is substantially the same as the proportionate voting power of such Dream Voting Securities among such holders immediately prior to the Business Combination, (B) no Person (unless maintained by the Surviving Entity or the Parent Entity) is the beneficial owner, directly or indirectly, of more than 50% of the voting power of the Parent Entity (or, if there is no Parent Entity, the Surviving Entity) and (C) at least a majority of the members of the board of directors of the Parent Entity (or, if there is no Parent Entity, the Surviving Entity) were Incumbent Directors at the time of the Dream Board’s approval of the execution of the initial agreement providing for such Business Combination (any Business Combination which satisfies all of the criteria specified in (A), (B) and (C) above shall be deemed to be a **“Non-Qualifying Transaction”** and, following a Business Combination, references in this definition of “Triggering Event” to “Dream” shall mean and refer to the Parent Entity (or, if there is no Parent Entity, the Surviving Entity) and, if such entity is a trust, references to the “Dream Board” shall mean and refer to the board of trustees of such entity);

- (e) shareholder approval of the liquidation or dissolution of Dream, other than pursuant to a Non-Qualifying Transaction; or
- (f) shareholder approval of the sale or other disposition of all or substantially all of Dream’s assets, other than (A) to an entity of which Dream has direct or indirect beneficial ownership of more than 50% of the combined voting power of the then outstanding securities eligible to vote for the election of directors of the entity or to a partnership of which Dream and/or a subsidiary is the general partner and has more than 50% of the equity interest or (B) pursuant to a Non-Qualifying Transaction.

Notwithstanding the foregoing, a Triggering Event shall not be deemed to occur solely because any Person becomes the direct or indirect beneficial owner of more than 50% of the Dream Voting Securities as a result of the acquisition of Dream Voting Securities by

Dream which reduces the number of Dream Voting Securities outstanding; provided that if, after such acquisition by Dream, such Person becomes the beneficial owner of additional Dream Voting Securities that increase the percentage of outstanding Dream Voting Securities beneficially owned by such Person (other than as a result of a subsequent acquisition of Dream Voting Securities by Dream which reduces the number of Dream Voting Securities outstanding), a Triggering Event shall then occur; and

“**Valuation Date**” has the meaning set out in Section 6.1.

1.2 Additional Definitions

Unless there is something inconsistent in the subject matter or context, or unless otherwise provided in this Agreement, all other words and terms used in this Agreement which are defined in the Act shall have the meanings set out in the Act.

1.3 Certain Rules of Interpretation

In this Agreement,

- (a) **Time** - time is of the essence in the performance of the Parties’ respective obligations;
- (b) **Currency** - unless otherwise specified, all references to money amounts are to Canadian currency;
- (c) **Headings** - the descriptive headings of Articles and Sections are inserted solely for convenience of reference and are not intended as complete or accurate descriptions of content and shall not be used to interpret the provisions of this Agreement;
- (d) **Singular, etc.** - the use of words in the singular or plural, or with a particular gender, shall not limit the scope or exclude the application of any provision of this Agreement to such Person or Persons or circumstances as the context otherwise permits;
- (e) **Calculation of Time** - 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 commences and including the day which ends the period and by extending the period to the next Business Day following if the last day of the period is not a Business Day; and

- (f) **Business Day** - whenever any payment to be made or action to be taken under this Agreement is required to be made or taken on a day other than a Business Day, such payment shall be made or action taken on the next Business Day following.

1.4 Jurisdiction

This Agreement shall be construed in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein.

1.5 Schedules

The Schedule annexed to this Agreement, as identified below, is an integral part of this Agreement:

Schedule 6.1 Principles of Valuation

ARTICLE 2 PURPOSE AND SCOPE

2.1 Transfer of Powers

- (a) To the extent permitted by law, this Agreement governs the relationship of the Parties in relation to the Corporation and their respective rights and obligations in relation thereto. To the extent that any provision of this Agreement is inconsistent with or contravenes any provision of the Corporation Articles, the Parties agree that they will take all necessary steps to amend the Corporation Articles.
- (b) Whenever a consent, approval, authorization or decision in relation to the supervision or management of the Corporation is to be made under this Agreement by one or more Shareholders, the Corporation transfers to the Shareholders any applicable powers of the Board so that such powers (collectively, the “**Transferred Powers**”) may be exercised by the Shareholders

as provided in this Agreement and the powers of the Board are constrained accordingly.

- (c) A Shareholder has all the rights and powers with regard to any Transferred Powers and all duties, obligations and liabilities of the directors relating to such Transferred Powers, and to the extent that this Agreement constrains the discretion or powers of the directors to manage or supervise the management of the business and affairs of the Corporation as a consequence of the transfer of the Transferred Powers to the Shareholders, the directors are relieved of their duties and liabilities in regard thereto.
- (d) No amendment to this Agreement which will affect the rights, powers and duties of any of the directors shall become effective until the directors have been given written notice of the proposed amendment and an opportunity to resign.

2.2 Compliance with Agreement

Each Shareholder agrees to vote and act as a shareholder of the Corporation to fulfil the provisions of this Agreement and in all other respects to comply with, and use all reasonable efforts to cause the Corporation to comply with, this Agreement.

2.3 Compliance

The Corporation undertakes to carry out and be bound by the provisions of this Agreement to the full extent that it has the capacity and power at law to do so.

2.4 Covenant by MC

MC hereby covenants with each of the other Parties to this Agreement to take such actions as may be necessary to cause SDC or any Holding Company to at all times fully and faithfully perform and discharge its obligations under this Agreement and to comply with the terms and conditions of this Agreement. The foregoing covenant and obligation of MC is absolute, unconditional, present and continuing and is in no way conditional or contingent upon any event or circumstance, action or omission which might in any way discharge a guarantor or surety.

**ARTICLE 3
FINANCIAL PARTICIPATION IN THE CORPORATION**

3.1 Equity Participation

Each of the Shareholders represents and warrants to each of the other Shareholders and to the Corporation that, as of the date of this Agreement, they are the legal and beneficial owner of the Shares set forth next to its name below:

Dream	<ul style="list-style-type: none">• 663.33 Common Shares• 663.33 Class C Preferred Shares
076	<ul style="list-style-type: none">• 18,061,333.422 Class F Preferred Shares
SDC	<ul style="list-style-type: none">• 283.67 Common Shares• 283.67 Class C Preferred Shares• 512,108 Class D Preferred Shares

**ARTICLE 4
MANAGEMENT OF THE COMPANY**

4.1 Board of Directors & Officers

- (a) The Corporation shall have a Board consisting initially of 2 directors as provided in the Corporation Articles. Each of Dream and SDC shall nominate one director. The size of the Board may be increased at any time if required by Dream, and additional directors shall be nominated by Dream at such time. The Corporation and its Subsidiaries shall not pay any directors' fees.
- (b) As of the date of this Agreement, the directors of the Corporation shall be MC as the nominee of SDC and Ned Goodman as the nominee of Dream.
- (c) As of the date of this Agreement, and until otherwise appointed by the Board, the officers of the Corporation shall be Ned Goodman, as Chairman of the Board, and MC, as President and Chief Executive Officer and such other individuals as the Board has previously appointed. Dream shall appoint the Chairman of the Board.
- (d) The financial officers and other personnel of Dream shall have full and free access to the Management and senior employees of the Corporation and shall be entitled to review the books and records of the Corporation.

- (e) The Corporation shall consult with Dream so that no action shall be taken by the Corporation, or any Subsidiary of the Corporation which would result in Dream being in default of any obligations to any Person, provided that Dream shall act reasonably in such consultation process.

4.2 Removal and Replacement of Nominees

Any Shareholder entitled to nominate and elect a director shall be entitled to remove any such director by notice to such director, the other Restricted Shareholder and to the Corporation. Any vacancy occurring on the Board by reason of the death, disqualification, inability to act, resignation or removal of any director shall be filled only by a further nominee of the Shareholder whose nominee was so affected so as to maintain a Board consisting of the numbers of nominees specified in Section 4.1.

4.3 Meetings of the Board

The Board shall meet at least once in every three month period during the term of this Agreement and in the event that a meeting of the Board is not held during any three month period, any director may call a meeting of the Board on 48 hours prior notice to the other director(s). At each meeting of the Board, unless waived unanimously by the Board, the President of the Corporation shall report fully to the Board with respect to the current status of the operations of the Corporation and with respect to all major developments or planned action involving the Corporation and shall present to the meeting complete current financial information with respect to the Corporation and such other information as may be requested by the Board.

4.4 Quorum

A quorum for meetings of the Board shall consist of two members of the Board, one of whom shall be a nominee of SDC and one of whom shall be a nominee of Dream.

4.5 Auditor; Financial Year

The auditor of the Corporation shall be the same firm as the auditor from time to time of Dream (the “**Auditor**”). Unless otherwise agreed by all of the Shareholders, the financial year of the Corporation shall end on December 31 in each year.

4.6 Shareholder Matters

- (a) Except as otherwise set out in this Agreement, the Board shall have complete authority to conduct all aspects of the business and affairs of the Corporation in accordance with this Agreement. The Board will approve the actions or affairs of the Corporation at a properly constituted meeting of the directors giving their approval to such action by resolution or by all of the directors consenting to such action by an instrument or instruments in writing.
- (b) Effective immediately upon and not prior to the occurrence of a Triggering Event, Special Approval shall be required for any matter not contemplated by the Annual Business Plan involving (i) tax planning, (ii) allocation of capital, (iii) borrowings from third parties, (iv) guarantees, indemnities or the provision of other financial assistance by the Corporation or any Subsidiary of the Corporation, or (v) a purchase, sale, lease, exchange or disposition of any assets by the Corporation or any Subsidiary.
- (c) The provisions of the Act relating to class and series votes and dissent rights are hereby waived by SDC, except that class and series votes shall apply in respect of any proposal to amend the terms of any Shares.
- (d) Any consent or approval or action to be given or taken by Dream pursuant to this Agreement, and any consultation to be had with Dream pursuant to this Agreement, shall be given or taken by a resolution of, or a consultation with, as applicable, the Dream Board.

4.7 Shareholder Resolutions and Quorum

- (a) With respect to any matters that relate to the operations of a Subsidiary of the Corporation, the Corporation agrees to vote and act as a shareholder of such Subsidiary so as to carry out the intention of the Board and the provisions of this Agreement.
- (b) Any resolution in writing signed by the member of the Board nominated and elected by a particular Shareholder shall be deemed to constitute the consent to such resolution of that Shareholder, and any matter recorded in the minutes of a

meeting of directors or Shareholders as having been approved or agreed upon, by resolution or otherwise, shall, subject to any contrary intention being indicated in the minutes, be deemed to have been consented to by a particular Shareholder if the minutes are signed by that Shareholder or, in the case of a meeting of directors, by one or more of the directors nominated and elected by that Shareholder.

- (c) A quorum for meetings of Shareholders shall consist of all Shareholders entitled to vote at the meeting being present by representative or by proxy.

4.8 Telephone Meetings

Any or all directors may participate in a meeting of the Board by means of such telephone, electronic or other communication facilities as permit all Persons participating in the meeting to hear and communicate with each other simultaneously and a director participating in such a meeting by such means is deemed to be present at the meeting.

4.9 Books of Account

Proper books of account and records shall be kept by the Corporation and any Subsidiary of the Corporation and shall be made available to any Shareholder upon request at the Corporation's head office or at the applicable regional office and entries shall be made therein in accordance with GAAP. Each of the Shareholders or its nominees shall have free access at all times to examine and copy such books of account and records and to obtain any information necessary to enable them to comply with any public company reporting obligations, provided that any confidential information which is obtained shall not be disclosed to others or used for any improper purpose. Each of the Shareholders shall at all times, without any concealment or suppression, furnish correct information, accounts and statements to the Shareholders and the Corporation in respect of all transactions pertaining to the Corporation.

4.10 Dividend Policy

Dividends on the Common Shares will be declared at least annually at the discretion of the Board and upon receipt of Special Approval.

4.11 Annual Business Plan

Within 30 days before the end of each fiscal year of the Corporation, the President and Chief Executive Officer will cause to be prepared a detailed budget for the business of the Corporation on an annual basis (the “**Annual Business Plan**”) for the following fiscal year to be presented to, and approved by, the Dream Board. On a quarterly basis, the President and Chief Executive Officer of the Corporation will provide to the Dream Board, except as otherwise requested by the Dream Board, a comparison of actual results to the Annual Business Plan with an explanation of significant variances and a report on all proposed acquisitions and dispositions of properties and a report on any proposed changes or updates to the Annual Business Plan.

4.12 Expenses

Any reasonable expenses incurred by any Shareholder or an Affiliate of a Shareholder on behalf of the Corporation shall be reimbursed to such Shareholder or otherwise allocated to the Corporation for reimbursement.

4.13 Transactions with Affiliates

Any transaction which the Corporation proposes to enter into with a Shareholder or an Affiliate of a Shareholder (other than a Subsidiary of the Corporation) must be on arm’s length terms and approved by Special Approval.

4.14 Shareholder Actions

Each Shareholder acknowledges and agrees to exercise its rights of approval or consent hereunder reasonably and in good faith.

ARTICLE 5 DEALING WITH SHARES

5.1 Restrictions on Transfer of Shares

- (a) Except as expressly provided in this Agreement or in the Permitted Sales Agreement, or as may otherwise be agreed by the Restricted Shareholders, no Party shall, directly or indirectly, sell, transfer, assign, pledge, charge, mortgage or in any other way dispose of or encumber any Shares held by it, or any of its rights or obligations under this Agreement, to any Person.

- (b) Any Shareholder which agrees to purchase, or is bound by the terms of this Agreement to purchase, any Shares held by any other Shareholder, shall also acquire, and the other Shareholder shall sell, a proportionate interest in the Shareholder Loans held by the other Shareholder for a purchase price equal to the outstanding principal amount of such Shareholder Loans plus all accrued and unpaid interest thereon to the date of payment.
- (c) Notwithstanding anything else contained in this Agreement, every transfer of Shares held by a Shareholder, in addition to the requirements of the Corporation Articles, shall be subject to the condition that the proposed transferee, if not already bound by the terms of this Agreement and, in the case of a transfer of Restricted Shares, the Permitted Sales Agreement, shall first agree, in writing, to become a party to and be bound by the terms of this Agreement and, if applicable, the Permitted Sales Agreement. In the event of a transfer of Restricted Shares, the parties to the Permitted Sales Agreement shall amend the terms of the Permitted Sales Agreement so that the Permitted Sales Agreement applies to the Restricted Shares owned by such proposed transferee with like effect provided that each of Dream and SDC shall continue to be bound by all of its obligations under the Permitted Sales Agreement.

5.2 Endorsement on Certificates

Share certificates of the Corporation shall bear the following language either as an endorsement or on the face of such share certificate:

“The shares represented by this certificate are subject to all the terms and conditions of two agreements, a shareholders agreement and a permitted sales agreement, each made as of ●, 2013, as they may be amended, which agreements contain, among other things, restrictions on the right of the holder hereof to transfer or sell the shares. A copy of such agreements are on file at the registered office of the Corporation.”

5.3 Issue of Additional Securities

Unless otherwise approved by Special Approval, the Corporation shall not issue any further shares in the capital of the Corporation or other securities convertible into shares in the capital of the Corporation.

5.4 Pledge of Shares

Notwithstanding the provisions of Section 5.1, any Shareholder may pledge, charge, mortgage or otherwise encumber any of its Shares (the “**Pledged Shares**”) to a bank or other financial institution for the purpose of securing any borrowings by such Shareholder, provided that such bank or financial institution acknowledges to the Parties in writing that:

- (a) the pledge, charge, mortgage or encumbrance of such Pledged Shares shall at all times be subject to all the terms and conditions of this Agreement, including the prohibition against transferring, pledging, charging or mortgaging or otherwise encumbering such Pledged Shares contained in Section 5.1 except as permitted pursuant to this Article; and
- (b) the security interest in respect of the Pledged Shares shall be discharged as against the interest of the pledgor Shareholder upon the sale by the pledgor Shareholder of any of the Pledged Shares to one or more of the other Shareholders pursuant to this Agreement (but such discharge shall apply only to the number of Pledged Shares subject to such sale), and the proceeds due on closing to the pledgor Shareholder shall be paid to the bank or other financial institution and any other secured parties having a security interest in the Pledged Shares in order of their respective priorities, and the balance, if any, shall be paid to the pledgor Shareholder.

5.5 Permitted Transfers by SDC

- (a) Notwithstanding Subsection 5.1(a) but subject to Subsection 5.1(b) and 5.1(c), SDC may sell, transfer or assign any of the Shares beneficially owned by it to MC or a Holding Company, or as permitted by Sections 5.4 or 5.7 of this Agreement or as permitted or required by the Permitted Sales Agreement or the Exchange Agreement. Provided that at all times MC Controls, directly or indirectly, the

Holding Company, such Holding Company or MC may permit the sale, assignment or transfer of shares of such Holding Company solely for estate and/or tax planning purposes to a Person listed below (hereinafter referred to as the “**Permitted Transferee**”):

- (i) Members of the Immediate Family of MC;
 - (ii) corporations which are controlled by MC or Members of the Immediate Family of MC; or
 - (iii) trusts, the sole beneficiaries of which are MC or Members of the Immediate Family of MC.
- (b) Notwithstanding the completion of any sale of Shares by SDC to a Holding Company pursuant to subsection (a), SDC shall continue to be bound by all of its obligations hereunder as if it continued to be a Shareholder of the Corporation and SDC shall perform such obligations to the extent that the Permitted Transferee fails to do so.

5.6 Permitted Transfers by Dream

Notwithstanding Subsection 5.1(a) but subject to Subsection 5.1(b) and 5.1(c), Dream may sell, transfer or assign any Shares beneficially owned by it to an Affiliate of Dream, or as permitted by Sections 5.4 or 5.7 of this Agreement or as permitted or required by the Permitted Sales Agreement.

5.7 Insolvency of a Shareholder

- (a) If any Shareholder makes an assignment for the benefit of creditors or is the subject of any proceedings under any bankruptcy or insolvency law or, avails itself of the benefit of any other legislation for the benefit of debtors or, if any Shareholder which is a corporation takes steps to wind-up or terminate its corporate existence (such Shareholder being referred to in this Section as the “**Offeror**”), Dream or SDC, as the case may be, (the “**Other Shareholder**”) shall be entitled to purchase all, but not less than all, of the Restricted Shares beneficially owned by the Offeror (referred to in this Section as the “**Offeror’s**”

Shares”) and in the event SDC is the Offeror, the Corporation may cause the redemption of the Class D Preferred Shares.

- (b) The Other Shareholder shall be entitled to purchase the Offeror’s Shares at the price to be determined in accordance with the provisions of Section 6.1.
- (c) The Other Shareholder wishing to exercise the right to purchase provided for in this Section 5.7 shall give notice to the Offeror and the Corporation of its intention to exercise its rights under this Section 5.7.
- (d) Within 60 Business Days of the purchase price being determined in accordance with Section 6.1 (the “**Offer Period**”) the Other Shareholder may give to the Offeror, with a copy to the Corporation, a notice in writing (an “**Acceptance Notice**”) exercising its right to purchase the Offeror’s Shares under this Section 5.7 and the transaction of purchase and sale shall be completed within 3 months of the expiry of the Offer Period.
- (e) If MC makes an assignment for the benefit of creditors or is the subject of any proceedings under any bankruptcy or insolvency law, the provisions of this Section 5.7 shall apply to the Shares held by SDC mutatis mutandis.

ARTICLE 6 ARRANGEMENTS REGARDING DISPOSITIONS

6.1 Valuation

The purchase price payable for any Restricted Shares to be transferred at a price determined pursuant to this Section 6.1 shall be the Fair Market Value of such Restricted Shares determined, as at the date of the event which gives rise to the right of purchase or sale (the “**Valuation Date**”), in accordance with the principles of valuation set forth in Schedule 6.1.

6.2 Closing

The following provisions shall apply to any transfer of Securities between Shareholders or between Shareholders and the Corporation pursuant to the terms of this Agreement:

- (a) The transfer shall be completed at the Corporation’s registered office, subject to subsection 6.2(c), on the date specified for closing in Subsection 6.2(d). At such

time the transferor(s) shall transfer to the transferee(s) good title to the Securities being transferred free and clear of all liens, charges and encumbrances and deliver to the transferee(s) certificates and other documents of title evidencing ownership of the Securities being transferred, duly endorsed in blank for transfer by the holders of record. In addition, the transferor(s) shall deliver to the Corporation all records, accounts and other documents in its possession belonging to the Corporation and the resignations and releases of its nominees on the Board (including the resignation of such Persons as officers of the Corporation), all such resignations to be effective no later than the time of delivery. The transferee(s) shall deliver to the transferor(s) in full payment of the purchase price payable for the Securities being transferred plus all unpaid payments (including declared and accrued dividends owing to the transferor(s) as of the date of closing) by wire transfer to an account specified by the transferor(s) not less than 3 Business Days prior to the date specified for closing in Subsection 6.2(d).

- (b) If, at the time of closing, a transferor fails to complete the subject transaction of purchase and sale, the transferee shall have the right, if not in default under this Agreement, without prejudice to any other rights which it may have, upon payment of that part of the purchase price payable to the transferor at the time of closing to the credit of the transferor in the main branch of the Corporation's bank, to execute and deliver, on behalf of and in the name of the transferor, such deeds, transfers, share certificates, resignations or other documents that may be necessary to complete the subject transaction and the transferor hereby irrevocably appoints the transferee its attorney in that behalf. Such appointment and power of attorney, being coupled with an interest, shall not be revoked by the insolvency or bankruptcy of the transferor and the transferor hereby ratifies and confirms and agrees to ratify and confirm all that the transferee may lawfully do or cause to be done by virtue of such appointment and power.
- (c) Upon the transfer of any Shareholder Loans in accordance with the terms of this Agreement, the Corporation shall, upon the notes, debentures or other evidence of indebtedness held by the transferor being delivered to the Corporation for cancellation, issue replacement notes, debentures or other evidence of

indebtedness, on the same terms and in the same form as held by the transferor, to the transferee, in the principal amount of such Shareholder Loans transferred to the transferee.

- (d) The time of closing shall be, unless otherwise agreed to by the parties to the sale, the 10th Business Day following the later of the date of a final determination of Fair Market Value and the receipt of any required regulatory or other approvals.

ARTICLE 7 REPRESENTATIONS AND WARRANTIES

7.1 Representations and Warranties of the Corporation

The Corporation represents and warrants to each of the Shareholders that:

- (a) it has been duly incorporated or created and is validly subsisting and in good standing under the laws of the jurisdiction indicated at the commencement of this Agreement;
- (b) it has the corporate power and authority to enter into and perform its obligations under this Agreement;
- (c) this Agreement has been duly authorized, executed and delivered by it and constitutes a valid and enforceable obligation enforceable against it in accordance with its terms;
- (d) the authorized capital of the Corporation consists of an unlimited number of (i) Common Shares; (ii) Class B Preferred Shares; (iii) Class C Preferred Shares; (iv) Class D Preferred Shares; (v) Class E Preferred Shares; and (vi) Class F Preferred Shares;
- (e) the Shares listed in Section 3.1 of this Agreement are the only issued and outstanding shares of the Corporation, and
- (f) no Person has any agreement or option or right capable of becoming an agreement for the purchase, subscription or issuance of any of the unissued shares of the Corporation.

7.2 Representations of Shareholders

Each of the Shareholders represents and warrants that:

- (a) it has been duly incorporated or created and is validly subsisting and in good standing under the laws of the jurisdiction indicated at the commencement of this Agreement;
- (b) it has the corporate power and authority to enter into and perform its obligations under this Agreement;
- (c) this Agreement has been duly authorized, executed and delivered by it and constitutes a valid and enforceable obligation enforceable against it in accordance with its terms;
- (d) it is not a party to, bound or affected by or subject to any indenture, mortgage, lease agreement, instrument, charter or by-law provision, statute, regulation, judgement, decree or law which would be violated, contravened, breached by or under which default would occur or under which any payment or repayment would be accelerated as a result of the execution and delivery of this Agreement or the consummation of any of the transactions provided for in this Agreement; and
- (e) it is a resident of Canada for purposes of the *Income Tax Act* (Canada) and is a “WTO” investor for purposes of the *Investment Canada Act*.

7.3 Survival of Representations

All of the representations and warranties made in this Agreement shall survive the execution of this Agreement and shall be deemed to be continuing.

ARTICLE 8 GENERAL

8.1 Confidentiality

- (a) Each of the Parties agrees that it shall not, at any time or under any circumstances (including, for greater certainty, following the date it ceases to be a Shareholder),

without the unanimous consent of the Shareholders and the Corporation, directly or indirectly communicate or disclose to any Person (other than the other Parties and their employees, agents, advisors and representatives) or make use of (except in connection with its interest in the Corporation) any confidential knowledge or information howsoever acquired by such Party relating to or concerning the customers, products, technology, trade secrets, systems or operations, or other confidential information regarding the property, business and affairs, of the Corporation or any Subsidiary, except:

- (i) information which is or becomes generally available to the public (other than by disclosure by such Party or its employees, agents, advisors or representatives contrary to this Section);
 - (ii) information which is reasonably required to be disclosed by a Party to protect its interests in connection with any valuation or legal proceeding under this Agreement;
 - (iii) information which is required to be disclosed by law or by the applicable regulations or policies of any regulatory agency of competent jurisdiction or any stock exchange; or
 - (iv) by a Shareholder in connection with a proposed transfer of its interest in the Corporation provided such Shareholder obtains a prior written covenant of confidentiality acceptable to the Corporation, acting reasonably, from the Person to whom it proposes to disclose such information.
- (b) Each of the Parties acknowledges that disclosure of any confidential information regarding the Corporation in contravention of this Section may cause significant harm to the Corporation and its Subsidiaries and that remedies at law may be inadequate to protect against a breach of this Section. Accordingly, each of the Parties agrees that the Corporation shall be entitled, in addition to any other relief available to them, to the granting of injunctive relief without proof of actual damages or the requirement to establish the inadequacy of any of the other

remedies available to them. Each of the Parties covenants not to assert any defence in proceedings regarding the granting of an injunction or specific performance based on the availability to the Corporation of any other remedy.

8.2 Application of this Agreement

The terms of this Agreement shall apply *mutatis mutandis* to any Shares:

- (a) resulting from the conversion, reclassification, redesignation, subdivision or consolidation or other change of the Shares; and
- (b) of the Corporation or any successor body corporate which may be received by the Shareholders on a merger, amalgamation, arrangement or other reorganization of or including the Corporation;

and prior to any such action being taken the Parties shall give due consideration to any changes which may be required to this Agreement in order to give effect to the intent of this Section.

8.3 Benefit of the Agreement

This Agreement shall enure to the benefit of and be binding upon the respective heirs, executors, administrators, successors and permitted assigns of the Parties hereto.

8.4 Entire Agreement

This Agreement and the Permitted Sales Agreement constitute the entire agreement between the Parties to this Agreement with respect to the subject matter of this Agreement and cancels and supersedes any prior understandings and agreements between the Parties with respect to such subject matter. There are no representations, warranties, terms, conditions, undertakings or collateral agreements, express, implied or statutory, between the Parties with respect to the subject matter of this Agreement other than those expressly set forth in this Agreement or the Permitted Sales Agreement.

8.5 Amendments and Waivers

No amendment to this Agreement shall be valid or binding unless set forth in writing and duly executed by all of the Parties to this Agreement. No waiver of any breach of any provision of this Agreement shall be effective or binding unless made in writing and signed by the Party

purporting to give such waiver and, unless otherwise provided in the written waiver, shall be limited to the specific breach waived.

8.6 Assignment

Except as may be expressly provided in this Agreement, none of the Parties to this Agreement may assign its rights or obligations under this Agreement without the prior written consent of all of the other Parties.

8.7 Termination

This Agreement shall terminate upon:

- (a) the written agreement of all of the Shareholders;
- (b) the involuntary dissolution or bankruptcy of the Corporation;
- (c) one Person becoming the beneficial owner of all of the Restricted Shares;
- (d) all of the Restricted Shares or assets of the Corporation being sold pursuant to the terms of the Permitted Sales Agreement; or
- (e) MC having Control, directly or indirectly, of Dream,

except that the provisions of Section 8.1 shall continue in the event of a termination under subsection (c).

8.8 Severability

If any provision of this Agreement is determined to be invalid or unenforceable in whole or in part, such invalidity or unenforceability shall attach only to such provision or part of such provision and the remaining part of such provision and all other provisions of this Agreement shall continue in full force and effect.

8.9 Tax Efficiencies

The Parties acknowledge and agree to act reasonably in reaching agreements and completing transactions in connection with this Agreement using the most tax effective structures available to the Parties from time to time.

8.10 Notices

Any notice or other writing required or permitted to be given under this Agreement or for the purposes of this Agreement (referred to in this Section as a “notice”) to any party shall be sufficiently given if delivered personally, or if sent by prepaid registered mail or if transmitted by fax or other form of recorded communication tested prior to transmission to such party:

- (a) in the case of a notice to Dream, SDC, MC or the Corporation at:

Address: State Street Financial Centre
30 Adelaide Street East, Suite 300
Toronto, ON M5C 3H1

Attention: Chief Executive Officer and the Chief Financial Officer
Facsimile: (416) 365-3545

- (b) in the case of a notice to 076 at:

Address: 21st Floor,
Dundee Place
1 Adelaide Street East
Toronto, ON M5C 2V9

Attention: President
Facsimile: (416) 363-4536

or at such other address as the party to whom such writing is to be given shall have last notified to the party giving the same in the manner provided in this Section. Any notice personally delivered to the Party to whom it is addressed as provided in this Section shall be deemed to have been given and received on the day it is so delivered at such address, provided that if such day is not a Business Day then the notice shall be deemed to have been given and received on the Business Day next following such day. Any notice mailed to the address and in the manner provided for in this Section shall be deemed to have been given and received on the fifth Business Day next following the date of its mailing. Any notice transmitted by fax or other form of recorded communication shall be deemed given and received on the first Business Day after its transmission.

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IN WITNESS OF WHICH the Parties have duly executed this Agreement.

DREAM LIMITED

By: _____

Name:

Title:

By: _____

Name:

Title:

DUNDEE REALTY CORPORATION

By: _____

Name: Ned Goodman

Title: Chairman

By: _____

Name: Michael J. Cooper

Title: President and CEO

Witness

Michael J. Cooper

SWEET DREAM CORP.

By: _____

Name: Michael J. Cooper

Title: President

0764704 B.C. LTD.

By: _____

Name:

Title:

By: _____

Name:

Title:

SCHEDULE 6.1
PRINCIPLES OF VALUATION

1. The Fair Market Value of SDC's Restricted Shares or Dream's Restricted Shares, as the case may be, shall be established by mutual agreement of SDC and Dream which shall be made in writing and shall constitute an integral part of this Agreement, failing which agreement the procedures contemplated below shall apply.
2. If there is no agreement between SDC and Dream within a period of 10 Business Days (the "**Negotiation Period**") following the event giving rise to the valuation, SDC and Dream shall each name a valuator within 10 Business Days of the expiry of the Negotiation Period. Each valuator shall be independent and shall have remained independent throughout the duration of the Agreement of each of Dream and SDC and be a business valuator of national or international stature. Each valuator shall have a period of 30 days following the expiry of the preceding period of 10 Business Days to determine the Fair Market Value of the Restricted Shares and to submit its valuation to SDC and Dream.
3. The Fair Market Value of the Restricted Shares shall be the average of the mid-points of the valuations determined by the two valutors provided that the mid-point of the highest valuation does not exceed the mid-point of the lowest valuation by more than 10%.
4. In the event that the mid-point of the highest valuation exceeds the mid-point of the lowest valuation by more than 10%, a third valuator who also shall be independent and shall have remained independent throughout the duration of this Agreement of each of SDC and Dream and be a business valuator of national or international stature, shall be named jointly by the first two valutors within 10 Business Days of the receipt by Dream and SDC of the valuations made pursuant to paragraph 3 above (failing which, by the Auditor), to determine the Fair Market Value of the Restricted Shares. The determination of Fair Market Value by the third valuator shall be completed and given in writing to Dream and SDC within a period of 30 days from the date of the appointment of such valuator pursuant to this paragraph 4. The Fair Market Value of the Restricted Shares shall be the average of the mid-points of the valuations of the three valutors.
5. In determining the Fair Market Value of the Restricted Shares, each valuator shall take into account and apply generally accepted accounting and valuation principles, and:
 - (i) the valutors shall not have regard to whether the Restricted Shares constitute a minority block or majority block of all of the issued and outstanding Restricted Shares and no discount or premium shall be applied to the valuation of the Restricted Shares on the basis thereof;
 - (ii) no discount shall be applied by a valuator on the basis of a sale in bulk of all or substantially all of the assets of the Corporation; and
 - (iii) the valutors shall value all of the Restricted Shares and shall attribute values to the Restricted Shares, considered as one class.

6. The determination of the Fair Market Value of the Restricted Shares by the valutors shall be made by them as experts and not as umpires or arbitrators, and shall be final, without appeal, and shall be binding on Dream and SDC. All costs and expenses related to the determination of the Fair Market Value shall be paid for by the Corporation.
7. The Fair Market Value for SDC's or Dream's Restricted Shares being purchased and sold shall be determined by dividing the Fair Market Value of all of the issued and outstanding Restricted Shares, as determined by the valutors in accordance with the provisions of this Schedule 6.1, by all of the Restricted Shares then issued and outstanding and multiplying the resulting amount by the number of Restricted Shares being purchased and sold.

AMENDING AGREEMENT

This Amending Agreement made as of the 16th day of April, 2013.

A M O N G:

DUNDEE CORPORATION, a corporation existing under the laws of the Province of Ontario,

(hereinafter referred to as "**Dundee**")

- and -

DREAM LIMITED, a corporation existing under the laws of the Province of Ontario,

(hereinafter referred to as "**DREAM**")

- and -

DUNDEE REALTY CORPORATION, a corporation existing under the laws of the Province of British Columbia,

(hereinafter referred to as "**Dundee Realty**")

- and -

SWEET DREAM CORP., a corporation existing under the laws of the Province of Ontario,

(hereinafter referred to as "**SDC**")

WHEREAS Dundee, DREAM, Dundee Realty and SDC entered into an arrangement agreement made as of the 12th day of April, 2013 (the "**Arrangement Agreement**");

AND WHEREAS Dundee, DREAM, Dundee Realty and SDC wish to amend the Arrangement Agreement and the plan of arrangement attached thereto as Schedule "A" (the "**Plan of Arrangement**") as provided herein;

NOW THEREFORE THIS AMENDING AGREEMENT WITNESSES that, in consideration of the mutual covenants and agreements hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each party, the parties hereby covenant and agree as follows:

1. The text of Section 8.8 of the Arrangement Agreement shall be deleted in its entirety and replaced with the following:

"8.8 Governing Law; Attornment.

This Agreement will be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein. Each Party agrees that any action or proceeding arising out of or relating to this Agreement may be instituted in the courts of

Ontario, waives any objection which it may have now or later to the venue of that action or proceeding, irrevocably submits to the non-exclusive jurisdiction of those courts in that action or proceeding and agrees to be bound by any judgment of those courts.”.

2. The text of paragraph 3.1(q)(i) of the Plan of Arrangement shall be deleted in its entirety and replaced with the following:

“(i) *Name*. The name of DREAM Amalco shall be “DREAM Unlimited Corp.”;”.
3. This Amending Agreement will be binding upon and enure to the benefit of the parties hereto and their respective successors and permitted assigns.
4. This Amending Agreement will be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein. Each party agrees that any action or proceeding arising out of or relating to this Amending Agreement may be instituted in the courts of Ontario, waives any objection which it may have now or later to the venue of that action or proceeding, irrevocably submits to the non-exclusive jurisdiction of those courts in that action or proceeding and agrees to be bound by any judgment of those courts.
5. This Amending Agreement may be executed in one or more counterparts, each of which will be deemed to be an original and all of which taken together will be deemed to constitute the same instrument. Delivery of an executed signature page to this Amending Agreement by any party by electronic transmission will be as effective as delivery of a manually executed copy of the Amending Agreement by such party.
6. Subject to the express provisions of this Amending Agreement, the Arrangement Agreement remains in full force and effect.

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IN WITNESS WHEREOF the parties have executed this Amending Agreement.

DUNDEE CORPORATION

by: “Lucie Presot”

Name: Lucie Presot

Title: Chief Financial Officer

DREAM LIMITED

by: “Lucie Presot”

Name: Lucie Presot

Title: Director

DUNDEE REALTY CORPORATION

by: “Michael Cooper”

Name: Michael Cooper

Title: Chief Executive Officer

SWEET DREAM CORP.

by: “Michael Cooper”

Name: Michael Cooper

Title: President and Secretary

APPENDIX "C" – FAIRNESS OPINION OF SCOTIA CAPITAL



April 11, 2013

The Board of Directors of
Dundee Corporation
Dundee Place
21st Floor, 1 Adelaide Street East
Toronto, Ontario
M5C 2V9

To the Members of the Board of Directors:

We understand that Dundee Corporation ("Dundee" or the "Company") wishes to proceed with a special resolution approving a statutory plan of arrangement that will result in the establishment of a new public real estate company, DREAM Limited ("DREAM"), to which the Company will, directly or indirectly, transfer its 70% interest in the common shares and Class C preference shares (collectively, the "DRC Shares") of Dundee Realty Corporation ("Dundee Realty"), a subsidiary of Dundee (the "Arrangement"). Under the Arrangement, Dundee will own, directly or indirectly, subordinate voting shares of DREAM representing approximately 28.57% of the total number of outstanding subordinate voting shares and common shares of DREAM, and thereby retain an approximate indirect 20% interest in the DRC Shares. The holders of Dundee Subordinate Voting Shares and Dundee Common Shares will retain their interest in the Company and will receive, directly or indirectly, a *pro rata* interest in DREAM through a distribution to them of shares of DREAM (which will result in such shareholders having an approximate indirect 50% interest in the DRC Shares). The holders of Dundee Series 1 Preference Shares will also receive a *pro rata* interest in DREAM by each such holder receiving, for each Dundee Series 1 Preference Share held, (i) a new preference share of the Company with a liquidation amount expected to be approximately \$18.67 and a dividend entitlement equal to 5.00% of the liquidation amount on an annual basis, payable quarterly, and (ii) a preference share of DREAM with a liquidation amount expected to be approximately \$6.33 and a dividend entitlement equal to 5.50% of the liquidation amount on an annual basis, payable quarterly. All other financial entitlements of the newly issued preference shares of the Company and DREAM will, collectively, reflect the same financial entitlements as the Dundee Series 1 Preference Shares. The holders of Dundee Series 2 Preference Shares will retain their interest in the Company and will not become shareholders of DREAM. Sweet Dream Corp., a corporation owned by Mr. Michael Cooper, the Chief Executive Officer of Dundee Realty and a director of the Company, will retain its 30% interest in the DRC Shares. The Arrangement is to be effected by way of a tax-deferred reorganization for purposes of the *Income Tax Act* (Canada). The description above is summary in nature. The specific terms and conditions of the Arrangement will be more fully described in the management information circular, which will be mailed to the shareholders of the Company (the "Disclosure Document" as defined below).

Background and Engagement of Scotia Capital

Scotia Capital was retained by the Board of Directors of the Company on January 11, 2013 pursuant to an engagement letter (the "Engagement Agreement") to provide its opinion (the "Opinion") as to the fairness, from a financial point of view, of the Arrangement to holders of Dundee Subordinate Voting Shares, Dundee Common Shares, Dundee Series 1 Preference Shares and First Preference Shares, Series 2 (collectively, the "Shareholders"). The terms of the Engagement Agreement provide that Scotia Capital is to be paid a fee payable upon delivery of an Opinion. In addition, Scotia Capital is to be reimbursed for its reasonable out-of-pocket expenses and to be indemnified in certain circumstances. The fee payable to

Scotia Capital is not contingent in whole or in part on the outcome of the Arrangement or on the conclusions reached in the Opinion.

The Board of Directors has not instructed Scotia Capital to prepare, and Scotia Capital has not prepared, a formal valuation of the Company or any of its securities or assets, and the Opinion should not be construed as such. Scotia Capital has, however, conducted such analyses as it considered necessary in the circumstances to prepare and deliver the Opinion.

Subject to the terms of the Engagement Agreement, Scotia Capital consents to the inclusion of the Opinion in its entirety and a summary thereof in the Disclosure Document and to the filing of the Opinion, as necessary, with the securities commissions, stock exchanges and other similar regulatory authorities in Canada.

Overview of Dundee Corporation

Dundee is a public Canadian independent holding company. The Company is listed on the Toronto Stock Exchange under the symbol "DC.A". Through its operating subsidiaries, Dundee is engaged in diverse business activities in the areas of the Company's core competencies including investment advisory and corporate finance, real estate and infrastructure, energy, resources and agriculture.

Credentials of Scotia Capital

Scotia Capital represents the global corporate and investment banking and capital markets business of Scotiabank Group ("Scotiabank"), one of North America's premier financial institutions. In Canada, Scotia Capital is one of the country's largest investment banking firms with operations in all facets of corporate and government finance, mergers and acquisitions, equity and fixed income sales and trading and investment research. Scotia Capital has participated in a significant number of transactions involving private and public companies and has extensive experience in preparing fairness opinions.

The Opinion expressed herein represents the opinion of Scotia Capital as a firm. The form and content of the Opinion have been approved for release by a committee of directors and other professionals of Scotia Capital, all of whom are experienced in merger, acquisition, divestiture, fairness opinion and valuation matters.

Relationships of Scotia Capital

Neither Scotia Capital nor any of its affiliates is an insider, associate or affiliate (as those terms are defined in the *Securities Act* (Ontario)) of the Company or any of its respective associates or affiliates. Subject to the following, there are no understandings, agreements or commitments between Scotia Capital and the Company or any of its respective associates or affiliates with respect to any future business dealings. Scotia Capital was the lead underwriter on behalf of the Company for the following securities: Dundee Series 1 Preference Shares; Dundee Series 2 Preference Shares; and the 5.85% exchangeable unsecured subordinated debentures. Scotia Capital may in the future provide traditional banking, financial advisory or investment banking services to the Company or any of its affiliates.

Scotia Capital acts as a trader and dealer, both as principal and agent, in the financial markets in Canada, the United States and elsewhere and, as such, it and Scotiabank may have had and may have positions in the securities of the Company or its affiliates from time to time and may have executed or may execute transactions on behalf of such companies or clients for which it receives compensation. As an investment dealer, Scotia Capital conducts research on securities and may, in the ordinary course of business, provide research reports and investment advice to its clients on investment matters, including with respect to the Company or any of its affiliates, or with respect to the Arrangement.

Scope of Review

In preparing the Opinion, Scotia Capital has reviewed, considered and relied upon, without attempting to verify independently the completeness or accuracy thereof, among other things:

- (a) the Notice of Annual Meeting of Shareholders and the Management Information Circular of the Company (the "Disclosure Document") dated April 16, 2013;
- (b) an arrangement agreement (the "Arrangement Agreement") dated April 12, 2013;
- (c) a draft shareholders' agreement among DREAM, Dundee Realty, Michael J. Cooper, Sweet Dream Corp. and 0764704 B.C. Ltd. to be dated the same date as the effective date of the Arrangement;
- (d) a draft permitted sales agreement among DREAM, Dundee Realty, Sweet Dream Corp. and Michael J. Cooper to be dated the same date as the effective date of the Arrangement;
- (e) a draft exchange agreement among DREAM, Dundee Realty and Sweet Dream Corp. to be dated the same date as the effective date of the Arrangement;
- (f) a draft indemnity agreement between Nathan (Ned) E. Goodman ("Mr. Goodman") and Dundee (the "Indemnity") to be dated the same date as the effective date of the Arrangement;
- (g) a letter from the Department of Finance dated February 12, 2013 relating to the indemnity to be provided to Mr. Goodman;
- (h) a shareholders' agreement among DRC Holding Corp., Dundee Realty, Michael J. Cooper, Jeffrey B. Barnes, Dundee Bancorp Inc. and DCC Equities Limited dated June 30, 2003;
- (i) a permitted sales agreement among DRC Holding Corp., Dundee Realty, Michael J. Cooper, Jeffrey B. Barnes, Dundee Bancorp Inc. and DCC Equities Limited dated June 30, 2003;
- (j) annual reports of the Company for the fiscal years ended December 31, 2010, 2011 and 2012;
- (k) the Notice of Annual Meeting of Shareholders and the Management Information Circular of the Company for the fiscal years ended December 31, 2010, 2011 and 2012;
- (l) audited financial statements of the Company for the fiscal years ended December 31, 2010, 2011 and 2012;
- (m) annual information forms of the Company for the fiscal years ended December 31, 2010, 2011 and 2012;
- (n) discussions with senior management of the Company pertaining to the pro forma capital structure for Dundee and DREAM;
- (o) public information relating to the business, operations, financial performance and stock trading history of the Company and its investments in public companies;
- (p) public information with respect to other transactions of a comparable nature considered by us to be relevant;
- (q) representations contained in separate certificates addressed to Scotia Capital, as of the date hereof, from senior officers of the Company as to the completeness, accuracy and fair presentation of the information upon which the Opinion is based; and

- (r) such other corporate, industry and financial market information, investigations and analyses as Scotia Capital considered necessary or appropriate in the circumstances.

Scotia Capital has not, to the best of its knowledge, been denied access by the Company to any information requested by Scotia Capital.

Prior Valuations

The Company has represented to Scotia Capital that, to the best of its knowledge, there have been no valuations or appraisals of the Company or any material property of the Company or any of its subsidiaries or affiliates, made in the preceding twenty-four (24) months and in the possession or control or knowledge of the Company other than those provided to Scotia Capital or, in the case of valuations known to the Company which it does not have within its control, notice of which has been given to Scotia Capital.

Assumptions and Limitations

The Opinion is subject to the assumptions, explanations and limitations set forth below.

Scotia Capital has, subject to the exercise of its professional judgment, relied, without independent verification, upon the completeness, accuracy and fair presentation of all of the financial and other information, data, advice, opinions and representations obtained by us from public sources, or that was provided to us by the Company and its associates and affiliates and advisors (collectively, the "Information"), and we have assumed that this Information did not omit to state any material fact or any fact necessary to be stated to make that information not misleading. The Opinion is conditional upon the completeness, accuracy and fair presentation of such Information. With respect to the Company's financial projections provided to Scotia Capital by management of the Company and used in the analysis supporting the Opinion, we have assumed that they have been reasonably prepared on bases reflecting the best currently available estimates and judgments of management of the Company as to the matters covered thereby, and in rendering the Opinion we express no view as to the reasonableness of such forecasts or budgets or the assumptions on which they are based.

Senior management of the Company has represented to Scotia Capital in certificates delivered as at the date hereof, among other things, that to the best of their knowledge (a) the Company has no information or knowledge of any facts public or otherwise not specifically provided to Scotia Capital relating to the Company or any of its affiliates which would reasonably be expected to affect materially the Opinion; (b) with the exception of forecasts, projections or estimates referred to in (d), below, the written Information provided to Scotia Capital by or on behalf of the Company in respect of the Company and its affiliates in connection with the Arrangement is or, in the case of historical information or data, was, at the date of preparation, true and accurate in all material respects, and no additional material, data or information would be required to make the data provided to Scotia Capital by the Company not misleading in light of the circumstances in which it was prepared; (c) to the extent that any of the Information identified in (b), above, is historical, there have been no changes in material facts or new material facts since the respective dates thereof which have not been disclosed to Scotia Capital or updated by more current Information that has been disclosed; (d) any portions of the Information provided to Scotia Capital which constitute forecasts, projections or estimates were prepared using the assumptions identified therein, which, in the reasonable opinion of the Company, were at the time of preparation reasonable in the circumstances; and (e) the Arrangement will represent a tax deferred transaction for both the Company and its Shareholders under the *Income Tax Act* (Canada).

The Opinion is rendered on the basis of the securities markets, economic, financial and general business conditions prevailing as at the date hereof and the conditions and prospects, financial and otherwise, of the Company and its affiliates, as they were reflected in the Information. In its analyses and in preparing the Opinion, Scotia Capital made numerous assumptions with respect to industry performance, general business and economic conditions and other matters, which Scotia Capital believes to be reasonable and appropriate in the exercise of its professional judgment, many of which are beyond the

control of Scotia Capital or any party involved in the Arrangement. Scotia Capital expresses no opinion with respect to future trading prices of the Company or any of its affiliates, including DREAM.

For the purposes of rendering the Opinion, Scotia Capital has also assumed that the representations and warranties of each party contained in the Arrangement Agreement are true and correct in all material respects and that each party will perform all of the covenants and agreements required to be performed by it under the Arrangement and that the Company will be entitled to fully enforce its rights under the Arrangement Agreement and receive the benefits therefrom in accordance with the terms thereof. In rendering the Opinion, Scotia Capital is not opining on the tax implications of the Arrangement on the Company or any individual Shareholder and is solely relying on the views of tax counsel and management that it is unlikely that there will be any payments made under the Indemnity, and to the extent any payments were required that they would not be material in the context of the Arrangement.

The Opinion has been provided for the sole use and benefit of the Board of Directors of the Company in connection with, and for the purpose of, its consideration of the Arrangement and may not be relied upon by any other person. Our opinion does not constitute a recommendation to any Shareholder of the Company as to how such Shareholder should vote or act with respect to the Arrangement. The Opinion is given as of the date hereof, and Scotia Capital disclaims any undertaking or obligation to advise any person of any change in any fact or matter affecting the Opinion which may come or be brought to the attention of Scotia Capital after the date hereof. Without limiting the foregoing, in the event that there is any material change in any fact or matter affecting the Opinion after the date hereof, Scotia Capital reserves the right to change, modify or withdraw the Opinion.

Our opinion does not address the relative merits of the Arrangement as compared to other business strategies or transactions that might be available with respect to the Company or the Company's underlying business decision to effect the Arrangement. At your direction, we have not been asked to, nor do we, offer any opinion as to the material terms (other than the consideration) of the Arrangement Agreement or the form of the Arrangement.

Conclusion

Based upon and subject to the foregoing, Scotia Capital is of the opinion that, as of the date hereof, the Arrangement is fair, from a financial point of view, to the Shareholders.

Yours very truly,

A handwritten signature in blue ink that reads "Scotia Capital Inc." with a period at the end.

SCOTIA CAPITAL INC.

APPENDIX "D" – NOTICE OF APPLICATION AND INTERIM ORDER

Cv13-10068-001

Court File No.

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

IN THE MATTER OF AN APPLICATION UNDER SECTION 182
OF THE *BUSINESS CORPORATIONS ACT*, R.S.O. 1990, Ch.
B.16 AND RULES 14.05(2) AND 14.05(3) OF THE RULES OF
CIVIL PROCEDURE

AND IN THE MATTER OF a proposed arrangement of
DUNDEE CORPORATION involving certain of its
SHAREHOLDERS, DREAM LIMITED, DUNDEE REALTY
CORPORATION and SWEET DREAM CORP.

Applicant

NOTICE OF APPLICATION

TO: THE RESPONDENTS

A LEGAL PROCEEDING HAS BEEN COMMENCED by the applicant. The claim made by the applicant appears on the following page.

THIS APPLICATION will come on for a hearing before a judge presiding over the Commercial List on May 21, 2013, at 330 University Avenue, Toronto, Ontario.


IF YOU WISH TO OPPOSE THIS APPLICATION, to receive notice of any step in the application or to be served with any documents in the application, you or an Ontario lawyer acting for you must forthwith prepare a notice of appearance in Form 38A prescribed by the Rules of Civil Procedure, serve it on the applicant lawyer or, where the applicant does not have a lawyer, serve it on the applicant and file it, with proof of service, in this court office, and you or your lawyer must appear at the hearing.

IF YOU WISH TO PRESENT AFFIDAVIT OR OTHER DOCUMENTARY EVIDENCE TO THE COURT OR TO EXAMINE OR CROSS-EXAMINE WITNESSES ON THE APPLICATION, you or your lawyer must, in addition to serving your notice of appearance, serve a copy of the evidence on the applicant's lawyer or, where the applicant does not have a lawyer, serve it on the applicant, and file it, with proof of service, in the court office where the application is to be heard as soon as possible, but not later than 2 days before the hearing.

IF YOU FAIL TO APPEAR AT THE HEARING, JUDGMENT MAY BE GIVEN IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. IF YOU WISH TO OPPOSE THIS APPLICATION BUT ARE UNABLE TO PAY LEGAL FEES, LEGAL AID MAY BE AVAILABLE TO YOU BY CONTACTING A LOCAL LEGAL AID OFFICE.

Date: April 12, 2013

Issued by



Address of
Court Office

330 University Avenue
Toronto, Ontario M5G 1R7

A. Anissimova
Registrar

TO: All shareholders of Dundee Corporation

AND TO: All holders of Dundee Options and Dundee DSUs (as defined in the Notice of Annual and Special Meeting of Shareholders and Management Information Circular to be dated on or about April 16, 2013)

AND TO: The Directors of Dundee Corporation

AND TO: The Auditor of Dundee Corporation

APPLICATION

- 1 The Applicant, Dundee Corporation (the "**Company**"), makes an Application for:
 - (a) an interim order for advice and directions with respect to:
 - (i) an annual and special meeting (the "**Meeting**") of holders of Class A Subordinate Voting Shares, Class B Common Shares and First Preference Shares, Series 1 (collectively, the "**Voting Shareholders**") of the Company to consider, among other things, the Arrangement (as defined below); and
 - (ii) the approval of the Arrangement by the Voting Shareholders;
 - (b) an order pursuant to s. 182(5) of the *Business Corporations Act*, R.S.O. 1990, c. B.16 (the "**OBCA**") approving a plan of arrangement (the "**Arrangement**") as contemplated by an arrangement agreement to be entered into between the Company, DREAM Limited ("**Newco**"), Dundee Realty Corporation ("**Dundee Realty**") and Sweet Dream Corp. ("**SDC**") substantially in the form described in the Notice of Annual and Special Meeting of Shareholders and Management Information Circular (together, the "**Circular**") to be dated on or about April 16, 2013 and delivered to the Voting Shareholders and others, as specified in this Notice of Application; and
 - (c) such other relief as counsel for the Applicant may request and this Honourable Court deems fit.
- 2 The grounds for the Application are:
 - (a) the Company, Newco and SDC are corporations incorporated under, and governed by, the *OBCA*;
 - (b) Dundee Realty is a corporation incorporated under the laws of British Columbia;
 - (c) the Arrangement is an "arrangement" within the meaning of s. 182(1) of the *OBCA*;
 - (d) all pre-conditions to the approval of the Arrangement by the Court will have been satisfied prior to the hearing of the Application;

- (e) the Arrangement is put forward in good faith;
- (f) all statutory requirements under the *OBCA* have been or will have been satisfied prior to the hearing of the Application;
- (g) the Arrangement is fair and reasonable to the parties affected;
- (h) if made, the final Order approving the Arrangement will constitute the basis for an exemption from the registration requirements of Section 3(a)(10) of the *Securities Act of 1933*, as amended, of the United States of America with respect to the shares to be exchanged and/or distributed in the United States of America pursuant to the Arrangement;
- (i) in accordance with the Interim Order, as part of the Circular, this Notice of Application will be sent to all shareholders of Dundee, as they appear on the books and records of the Applicant on the day fixed as the record date, namely April 10, 2013;
- (j) section 182 of the *OBCA*;
- (k) rules 1.04, 3.02, 14.05(2), 14.05(3), 37 and 38 of the *Rules of Civil Procedure*; and
- (l) such further and other grounds as counsel for the Company may advise and this Honourable Court may permit.

3 The following documentary evidence will be used at the hearing of the Application:

- (a) such Interim Order as may be granted by this Honourable Court;
- (b) the Affidavit of Lucie Presot to be sworn and the exhibits thereto;
- (c) supplementary affidavit material reporting on the results of the Meeting and the exhibits thereto; and
- (d) such further and other material as counsel for the Company may advise and this Honourable Court may permit.

April 12, 2013

NORTON ROSE CANADA LLP

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79 Wellington Street West
P.O. Box 128
Toronto, Ontario M5K 1H1

Marc Kestenberg LSUC #: 48932A

Tel: 416.216.3977

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Tel: 416.216.2984

Fax: 416.360.8277

Lawyers for the Applicant

CN 13-10068-0002

IN THE MATTER OF AN APPLICATION UNDER SECTION 182, BUSINESS CORPORATIONS ACT, R.S.O. 1990, Ch. B.16, as amended

Court File No:

AND IN THE MATTER OF a proposed arrangement of DUNDEE CORPORATION involving certain of its shareholders, DREAM LIMITED, DUNDEE REALTY CORPORATION and SWEET DREAM CORP.

Applicant

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

Proceeding commenced at Toronto

NOTICE OF APPLICATION

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Lawyers for the Applicant



Court File No. CV-13-10068-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

THE HONOURABLE

)

TUESDAY, THE 16th

Mr. JUSTICE *Campbell*

)

DAY OF APRIL, 2013

)

IN THE MATTER OF AN APPLICATION UNDER SECTION 182
OF THE *BUSINESS CORPORATIONS ACT*, R.S.O. 1990, Ch.
B.16 AND RULES 14.05(2) AND 14.05(3) OF THE RULES OF
CIVIL PROCEDURE

AND IN THE MATTER OF a proposed arrangement of DUNDEE
CORPORATION involving certain of its shareholders, DREAM
LIMITED, DUNDEE REALTY CORPORATION and SWEET
DREAM CORP.

Applicant

INTERIM ORDER

THIS MOTION made by the Applicant, Dundee Corporation (the "**Company**"), for an interim order for advice and directions pursuant to section 182(5) of the *Business Corporations Act*, 1990, c. B.16 (the "**OBCA**") was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Motion, the Notice of Application issued on April 12, 2013 and the Affidavit of Lucie Presot sworn April 15, 2013, (the "**Presot Affidavit**"), including the Plan of Arrangement, which forms part of Appendix "B" to the draft Management Information Circular of the Company (the "**Information Circular**"), which is attached as Exhibit "A" to the Presot Affidavit, and on hearing the submissions of counsel for the Company and counsel for Dundee Realty Corporation ("**Dundee Realty**") and Sweet Dream Corp. ("**SDC**").

Definitions

1. **THIS COURT ORDERS** that all definitions used in this Interim Order shall have the meaning ascribed thereto in the Information Circular or otherwise as specifically defined herein.

The Meeting

2. **THIS COURT ORDERS** that the Company is permitted to call, hold and conduct an annual and special meeting (the "**Meeting**") of holders of Class A Subordinate Voting Shares ("**Dundee Subordinate Voting Shares**"), Class B Common Shares ("**Dundee Common Shares**") and First Preference Shares, Series 1 ("**Dundee Series 1 Preference Shares**") (collectively the "**Voting Shares**") in the capital of the Company (the "**Voting Shareholders**") to be held at The Design Exchange, Exhibition Hall, 3rd Floor, 234 Bay Street, Toronto, Ontario M5K 1B2 on May 16, 2013 at 4:00 p.m. (Toronto time) in order for the Voting Shareholders to consider and, if determined advisable, pass a special resolution authorizing, adopting and approving, with or without variation, the Arrangement and the Plan of Arrangement (collectively, the "**Arrangement Resolution**").

3. **THIS COURT ORDERS** that the Meeting shall be called, held and conducted in accordance with the *OBICA*, the notice of meeting of Voting Shareholders, which accompanies the Information Circular (the "**Notice of Meeting**") and the articles and by-laws of the Company, subject to what may be provided hereafter and subject to further order of this Court.

4. **THIS COURT ORDERS** that the record date (the "**Record Date**") for determination of the Voting Shareholders entitled to notice of, and to vote at, the Meeting, as applicable, shall be the close of business on April 10, 2013.

5. **THIS COURT ORDERS** that the only persons entitled to attend or speak at the Meeting shall be:

- a) the Voting Shareholders or their respective proxyholders;
- b) the officers, directors, auditors and advisors of the Company;
- c) representatives and advisors of DREAM Limited (“**Newco**”), Dundee Realty and SDC; and
- d) other persons who may receive the permission of the Chair of the Meeting.

6. **THIS COURT ORDERS** that the Company may transact such other business at the Meeting as is contemplated in the Information Circular, or as may otherwise be properly before the Meeting.

Chair and Quorum

7. **THIS COURT ORDERS** that the Chair of the Meeting shall be determined by the Company and that the quorum for the shares to be voted in respect of the Arrangement Resolution at the Meeting shall be:

- a) in respect of the Dundee Subordinate Voting Shares, any two holders of Dundee Subordinate Voting Shares present in person or by proxy at the opening of the Meeting who are entitled to vote at the Meeting;
- b) in respect of the Dundee Common Shares, any two holders of Dundee Common Shares present in person or by proxy at the opening of the Meeting who are entitled to vote at the Meeting; and
- c) in respect of the Dundee Series 1 Preference Shares, any two holders of Dundee Series 1 Preference Shares present in person or by proxy at the opening of the Meeting who are entitled to vote at the Meeting.

Amendments to the Arrangement and Plan of Arrangement

8. **THIS COURT ORDERS** that the Company is authorized to make, subject to the terms of the Arrangement Agreement among the Company, Newco, Dundee Realty and SDC, dated April 12, 2013, (the "**Arrangement Agreement**") and paragraph 9, below, such amendments, modifications or supplements to the Arrangement and the Plan of Arrangement as it may determine without any additional notice to the Voting Shareholders, or others entitled to receive notice under paragraphs 12 and 13 hereof and the Arrangement and Plan of Arrangement, as so amended, modified or supplemented shall be the Arrangement and Plan of Arrangement to be submitted to the Voting Shareholders at the Meeting and shall be the subject of the Arrangement Resolution. Amendments, modifications or supplements may be made following the Meeting, but shall be subject to review and, if appropriate, further direction by this Honourable Court at the hearing for the final approval of the Arrangement.

9. **THIS COURT ORDERS** that, if any amendments, modifications or supplements to the Arrangement or Plan of Arrangement as referred to in paragraph 8, above, would, if disclosed, reasonably be expected to affect a Voting Shareholder's decision to vote for or against the Arrangement Resolution, notice of such amendment, modification or supplement shall be distributed, subject to further order of this Honourable Court, by press release, newspaper advertisement, prepaid ordinary mail, or by the method most reasonably practicable in the circumstances, as the Company may determine.

Amendments to the Information Circular

10. **THIS COURT ORDERS** that the Company is authorized to make such amendments, revisions and/or supplements to the draft Information Circular as it may determine and the Information Circular, as so amended, revised and/or supplemental, shall be the Information Circular to be distributed in accordance with paragraphs 12 and 13.

Adjournments and Postponements

11. **THIS COURT ORDERS** that the Company, if it deems advisable and subject to the terms of the Arrangement Agreement, is specifically authorized to adjourn or postpone the Meeting on one or more occasions, without the necessity of first convening the Meeting or first obtaining any vote of the Voting Shareholders respecting the adjournment or postponement, and notice of any such adjournment or postponement shall be given by such method as the Company may determine is appropriate in the circumstances, including by press release. This provision shall not limit the authority of the Chair of the Meeting in respect of adjournments and postponements.

Notice of Meeting

12. **THIS COURT ORDERS** that, in order to effect notice of the Meeting, the Company shall send the Information Circular (including the Notice of Application and this Interim Order), the Notice of Meeting and the form of proxy, along with such amendments or additional documents as the Company may determine are necessary or desirable and are not inconsistent with the terms of this Interim Order (collectively, the "**Meeting Materials**"), to the following:

- a) the registered Voting Shareholders at the close of business on the Record Date, at least twenty-one (21) days prior to the date of the Meeting, excluding the date of sending and the date of the Meeting, by one or more of the following methods:
 - i) by pre-paid ordinary or first class mail at the addresses of the Voting Shareholders as they appear on the books and records of the Company, or its registrar and transfer agent, at the close of business on the

Record Date and if no address is shown therein, then the last address of the person known to the Corporate Secretary of the Company;

- ii) by delivery, in person or by recognized courier service or inter-office mail, to the address specified in (i) above; or
 - iii) by facsimile or electronic transmission, including email, to any Voting Shareholder, who is identified to the satisfaction of the Company, who requests such transmission in writing and, if required by the Company, who is prepared to pay the charges for such transmission;
- b) non-registered Voting Shareholders by providing sufficient copies of the Meeting Materials to intermediaries and registered nominees in a timely manner, in accordance with National Instrument 54-101 of the Canadian Securities Administrators; and
- c) the respective directors and auditors of the Company by delivery in person, by recognized courier service, by pre-paid ordinary or first class mail or, with the consent of the person, by facsimile or electronic transmission, including email, at least twenty-one (21) days prior to the date of the Meeting, excluding the date of sending and the date of the Meeting;

and that compliance with this paragraph shall constitute sufficient notice of the Meeting.

13. **THIS COURT ORDERS** that, in the event that the Company elects to distribute the Meeting Materials, the Company is hereby directed to distribute the Information Circular (including the Notice of Application, and this Interim Order), and any other communications or documents determined by the Company to be necessary or desirable (collectively, the "**Court Materials**") to the holders of Dundee Options, Dundee DSUs, Dundee First Preference

Shares, Series 2 and other security holders of the Company (as the Company deems fit) by any method permitted for notice to Voting Shareholders as set forth in paragraphs 12(a) or 12(b), above, concurrently with the distribution described in paragraph 12 of this Interim Order. Distribution to such persons shall be to their addresses (or email address) as they appear on the books and records of the Company or its registrar and transfer agent at the close of business on the Record Date.

14. **THIS COURT ORDERS** that accidental failure or omission by the Company to give notice of the meeting or to distribute the Meeting Materials or Court Materials to any person entitled by this Interim Order to receive notice, or any failure or omission to give such notice as a result of events beyond the reasonable control of the Company, or the non-receipt of such notice shall, subject to further order of this Honourable Court, not constitute a breach of this Interim Order nor shall it invalidate any resolution passed or proceedings taken at the Meeting. If any such failure or omission is brought to the attention of the Company, it shall use its best efforts to rectify it by the method and in the time most reasonably practicable in the circumstances.

15. **THIS COURT ORDERS** that the Company is hereby authorized to make such amendments, revisions or supplements to the Meeting Materials and Court Materials, as the Company may determine in accordance with the terms of the Arrangement Agreement ("**Additional Information**"), and that notice of such Additional Information may, subject to paragraph 9, above, be distributed by press release, newspaper advertisement, pre-paid ordinary mail, or by the method most reasonably practicable in the circumstances, as the Company may determine.

16. **THIS COURT ORDERS** that distribution of the Meeting Materials and Court Materials pursuant to paragraphs 12 and 13 of this Interim Order shall constitute notice of the Meeting

and good and sufficient service of the within Application upon the persons described in paragraphs 12 and 13 and that those persons are bound by any orders made on the within Application. Further, no other form of service of the Meeting Materials or the Court Materials or any portion thereof need be made, or notice given or other material served in respect of these proceedings and/or the Meeting to such persons or to any other persons, except to the extent required by paragraph 9, above.

Solicitation and Revocation of Proxies

17. **THIS COURT ORDERS** that the Company is authorized to use the proxies substantially in the form of the drafts accompanying the Information Circular, with such amendments and additional information as the Company may determine are necessary or desirable, subject to the terms of the Arrangement Agreement. The Company is authorized, at its expense, to solicit proxies, directly or through its officers, directors or employees, and through such agents or representatives as they may retain for that purpose, and by mail or such other forms of personal or electronic communication as it may determine. The Company may waive generally, in its discretion, the time limits set out in the Information Circular for the deposit or revocation of proxies by Voting Shareholders, if the Company deems it advisable to do so.

18. **THIS COURT ORDERS** that Voting Shareholders shall be entitled to revoke their proxies as provided for in the Information Circular, or in any other manner permitted by law.

Voting

19. **THIS COURT ORDERS** that the only persons entitled to vote in person or by proxy on the Arrangement Resolution, or such other business as may be properly brought before the Meeting to be voted upon by the Voting Shareholders, as applicable, shall be those Voting Shareholders, as applicable, who hold any of the Voting Shares as of the close of business on

the Record Date. Illegible votes, spoiled votes, defective votes and abstentions shall be deemed to be votes not cast. Proxies that are properly signed and dated but which do not contain voting instructions shall be voted in favour of the Arrangement Resolution.

20. **THIS COURT ORDERS** that votes on the Arrangement Resolution shall be taken at the Meeting on the basis of:

- a) one vote for each Dundee Subordinate Voting Share held by such holder;
- b) 100 votes for each Dundee Common Share held by such holder; and
- c) one vote for each Dundee Series 1 Preference Share held by such holder.

21. **THIS COURT ORDERS** that in order for the Plan of Arrangement to be implemented, subject to further Order of this Honourable Court, the Arrangement Resolution must be passed, with or without variation, at the Meeting by:

- a) not less than 66⅔% of the votes cast at the Meeting by the holders of Dundee Subordinate Voting Shares, voting separately as a class, present in person or represented by proxy at the Meeting;
- b) not less than 66⅔% of the votes cast at the Meeting by the holders of Dundee Common Shares, voting separately as a class, present in person or represented by proxy at the Meeting;
- c) not less than 66⅔% of the votes cast at the Meeting by the holders of Dundee Series 1 Preference Shares, voting separately as a series of a class, present in person or represented by proxy at the Meeting; and

- d) not less than a majority of the votes cast at the Meeting by the holders of Dundee Subordinate Voting Shares, voting separately as a class (other than “interested parties” and “control persons” of the Company, as prescribed by applicable Canadian securities laws), present in person or represented by proxy at the Meeting.

Such votes shall be sufficient to authorize the Company to do all such acts and things as may be necessary or desirable to give effect to the Arrangement and the Plan of Arrangement on a basis consistent with what is provided for in the Information Circular without the necessity of any further approval by the Voting Shareholders (subject only to final approval of the Arrangement by this Honourable Court).

22. **THIS COURT ORDERS** that in respect of matters properly brought before the Meeting pertaining to items of business affecting the Company to be voted upon by the Voting Shareholders (other than in respect of the Arrangement Resolution), as applicable:

- a) each Dundee Subordinate Voting Share entitles the holder of record thereof to one vote per Dundee Subordinate Voting Share;
- b) each Dundee Common Share entitles the holder of record thereof to 100 votes per Dundee Common Share; and
- c) each Dundee Series 1 Preference Share entitles the holder of record thereof to one vote per Dundee Series 1 Preference Share.

Dissent Rights

23. **THIS COURT ORDERS** that each Voting Shareholder shall be entitled to dissent (“**Dissent Rights**”) in connection with the Arrangement Resolution in accordance with section 185 of the *OBCA* (except as the procedures of that section are varied by this Interim Order,

the Final Order and the Plan of Arrangement) provided that notwithstanding Section 185(6) of the *OBCA*, the written objection to the Arrangement Resolution referred to in Section 185(6) of the *OBCA* must be received by the Corporate Secretary of the Company at its office located at Dundee Place, 1 Adelaide Street East, 21st Floor, Toronto, Ontario M5C 2V9 on or prior to 5:00 p.m. (Toronto time) on the second Business Day preceding the date of the Meeting (as it may be adjourned or postponed from time to time).

24. **THIS COURT ORDERS** that Voting Shareholders who duly exercises such Dissent Rights set out in paragraph 23 above and who:

- i) are ultimately entitled to be paid fair value for the number and class of Voting Shares in respect of which he, she or it (a "**Dissenting Shareholder**") has exercised Dissent Rights ("**Dissenting Shares**"), will be entitled to be paid the fair value of such Dissenting Shares, which fair value will be determined as of the close of business on the Business Day immediately preceding the date on which the Arrangement Resolution is adopted, and will not be entitled to any other payment or consideration (including any payment that would be payable under the Arrangement had they not exercised their Dissent Rights); or
- ii) are ultimately not entitled, for any reason, to be paid fair value for their Dissenting Shares, will be deemed to have participated in the Arrangement.

but in no case shall the Company, Newco, Dundee Realty, SDC or any other person be required to recognize such Voting Shareholders as holders of Voting Shares at or after the time that is immediately prior to the Effective Time and the names of such Voting Shareholders shall be deleted from the Company's register of holders of Voting Shares at that time.

25. **THIS COURT ORDERS** that in addition to any other restrictions in Section 185 of the *OBCA*, no Voting Shareholders who vote, or have or have been deemed to have instructed a proxyholder to vote, in favour of the Arrangement Resolution, shall be entitled to exercise rights of dissent.

Hearing of Application for Approval of the Arrangement

26. **THIS COURT ORDERS** that upon approval by the Voting Shareholders of the Plan of Arrangement in the manner set forth in this Interim Order, the Company may apply to this Honourable Court for final approval of the Arrangement.

27. **THIS COURT ORDERS** that distribution of the Notice of Application and the Interim Order in the Information Circular, when sent in accordance with paragraphs 12 and 13 shall constitute good and sufficient service of the Notice of Application and this Interim Order and no other form of service need be effected and no other material need be served unless a Notice of Appearance is served in accordance with paragraph 28.

28. **THIS COURT ORDERS** that any Notice of Appearance served in response to the Notice of Application shall be served on the solicitors for the Company, with a copy to counsel for Dundee Realty and SDC, as soon as reasonably practicable, and, in any event, no less than 5 days before the hearing of this Application at the following addresses: Norton Rose Canada LLP, Toronto-Dominion Centre, TD South Tower, Suite 2300, 79 Wellington Street West, Toronto, Ontario M5K 1H1, Attention: Marc Kestenberg, with a copy to counsel for Dundee Realty and SDC at the following address: Osler, Hoskin & Harcourt LLP, 100 King Street West, 1 First Canadian Place, Suite 4600, P.O. Box 50, Toronto ON M5X 1B8, Attention Laura Fric.

29. **THIS COURT ORDERS** that, subject to further order of this Honourable Court, the only persons entitled to appear and be heard at the hearing of the within Application shall be:

- i) the Company;
- ii) Newco;
- iii) Dundee Realty;
- iv) SDC; and
- v) any person who has filed a Notice of Appearance herein in accordance with the Notice of Application, this Interim Order and the *Rules of Civil Procedure*.

30. **THIS COURT ORDERS** that any materials to be filed by the Company in support of the within Application for final approval of the Arrangement may be filed up to one day prior to the hearing of the Application without further order of this Honourable Court.

31. **THIS COURT ORDERS** that in the event the within Application for final approval does not proceed on the date set forth in the Notice of Application, and is adjourned, only those persons who served and filed a Notice of Appearance in accordance with paragraph 28 shall be entitled to be given notice of the adjourned date.

32. **THIS COURT ORDERS** that the time for the service and filing of the motion materials herein is hereby abridged.

Precedence

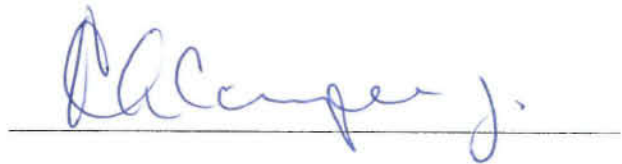
33. **THIS COURT ORDERS** that, to the extent of any inconsistency or discrepancy between this Interim Order and the terms of any instrument creating, governing or collateral to the Voting Shares, or the articles or by-laws of the Company, this Interim Order shall govern.

Extra-Territorial Assistance

34. **THIS COURT** seeks and requests the aid and recognition of any court or any judicial, regulatory or administrative body in any province of Canada and any judicial, regulatory or administrative tribunal or other court constituted pursuant to the Parliament of Canada or the legislature of any province and any court or any judicial, regulatory or administrative body of the United States or other country to act in aid of and to assist this Honourable Court in carrying out the terms of this Interim Order.

Variance

35. **THIS COURT ORDERS** that the Company shall be entitled to seek leave to vary this Interim Order upon such terms and upon the giving of such notice as this Honourable Court may direct.

A handwritten signature in blue ink, appearing to read "D. C. C. J.", is written over a horizontal line.

ENTERED AT / INSCRIT A TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO.:

APR 16 2013
MS

IN THE MATTER OF AN APPLICATION UNDER SECTION 182, BUSINESS CORPORATIONS ACT, R.S.O.
1990, Ch. B.16, as amended

Court File No: CV-13-10068-00CL

AND IN THE MATTER OF a proposed arrangement of DUNDEE CORPORATION involving certain of its
shareholders, DREAM LIMITED, DUNDEE REALTY CORPORATION and SWEET DREAM CORP.

Applicant

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding commenced at Toronto

INTERIM ORDER

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Lawyers for the Applicant

APPENDIX “E” – INFORMATION CONCERNING DREAM AND DUNDEE REALTY

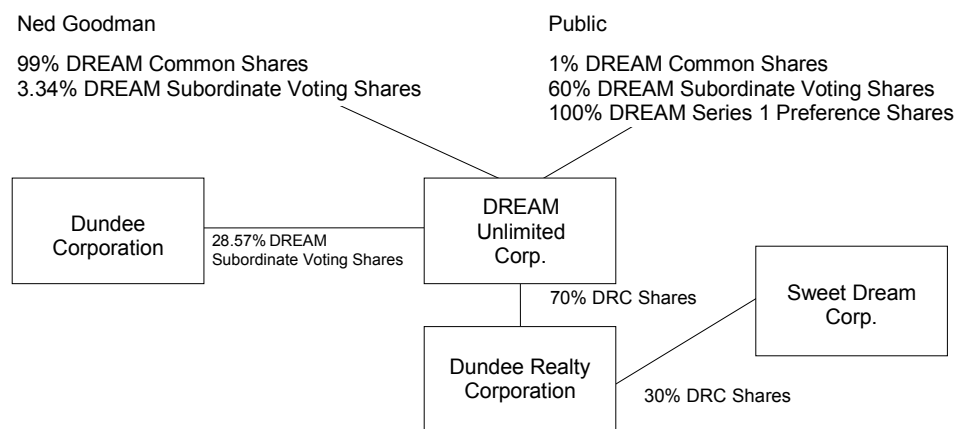
Unless the context otherwise requires, capitalized terms used in this Appendix “E” that are not defined herein have the meanings ascribed to such terms in the section entitled “Glossary of Terms” in the Management Information Circular to which this Appendix “E” is attached.

CORPORATE STRUCTURE

DREAM was incorporated under the OBCA for the purposes of effecting the Arrangement. Following the completion of the Arrangement, DREAM’s executive and registered office will be located at State Street Financial Centre, 30 Adelaide Street East, Suite 300, Toronto, Ontario M5C 3H1. DREAM Sub and Holdco were also incorporated under the OBCA in order to facilitate the Arrangement. From incorporation until the Effective Date, none of DREAM, DREAM Sub or Holdco will have any assets or liabilities, carry on any business or issue any shares in its capital stock, other than the issuance by Holdco of one Holdco Common Share to Dundee upon incorporation and the issuance by DREAM Sub of one DREAM Sub common share to DREAM upon its incorporation.

As part of the Arrangement, DREAM will amalgamate with Holdco pursuant to the OBCA and DREAM Sub will be dissolved. See “*The Arrangement – Arrangement Steps*” in the Management Information Circular.

The following diagram illustrates the proposed simplified organizational structure of DREAM immediately after the Arrangement becomes effective:



(* Amounts set out above are in approximate percentages.)

More specifically, following the completion of the Arrangement, the expected principal subsidiaries of DREAM will be Dundee Realty, Dundee Realty Holdings I Limited Partnership, Dundee Evansridge Limited Partnership, LDL Properties and Firelight Infrastructure Partners LP.

DREAM will own 70% of the voting securities of Dundee Realty. Dundee Realty controls 100% of the voting securities of each of Dundee Realty Holdings I Limited Partnership, Dundee Evansridge Limited Partnership and LDL Properties, through its indirect ownership of 100% of the general partnership interest in each of such partnerships. Dundee Realty indirectly controls 70% of the voting securities of Firelight Infrastructure Partners LP through its ownership of 70% of the voting securities of the general partner of Firelight Infrastructure Partners LP. Dundee Realty also owns, directly or indirectly, limited partnership interests in each of Dundee Realty Holdings I Limited Partnership, Dundee Evansridge Limited Partnership, LDL Properties and Firelight Infrastructure Partners LP.

The jurisdiction of formation of each of the expected principal subsidiaries of DREAM is listed below:

Name	Jurisdiction of Formation
Dundee Realty Corporation	British Columbia
Dundee Realty Holdings I Limited Partnership	Ontario
Dundee Evansridge Limited Partnership	Alberta
LDL Properties	Ontario
Firelight Infrastructure Partners LP	Ontario

DESCRIPTION OF THE BUSINESS

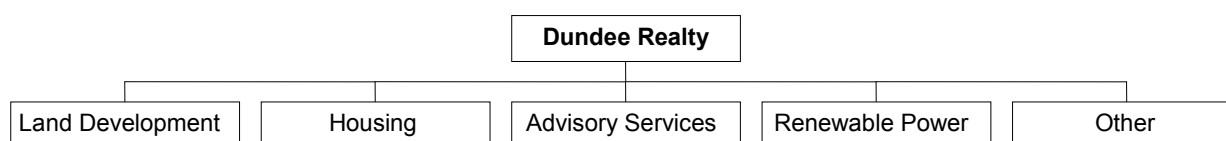
Unless otherwise indicated, the disclosure below is in respect of the business and assets of Dundee Realty which, on completion of the Arrangement, will be the operating subsidiary of DREAM.

Overview

Dundee's real estate business was started in 1989, with Mr. Michael Cooper joining the business in 1993. The business has steadily grown since that time under Mr. Cooper's management, and today Dundee Realty is one of Canada's leading, privately owned real estate companies.

From the outset, Dundee and Dundee Realty's management have successfully identified and executed on opportunities early for the benefit of the business and shareholders, including the creation of Dundee Realty in 1996 as a public company, its subsequent privatization in 2003, the creation of Dundee REIT in 2003, the sale by Dundee REIT of substantial assets in 2007 and the establishment of its asset management business, and the creation of Dundee International REIT in 2011 and Dundee Industrial REIT in 2012.

Dundee Realty is an innovative real estate manager and developer primarily focused on the commercial and residential sectors in Canada and Germany. The scope of Dundee Realty's business includes residential land development, housing and condominium development, asset management, renewable energy infrastructure and commercial property ownership.



Land Development

In 1994, Dundee Realty identified Saskatchewan as a market that was undervalued. Since that time, Dundee Realty has become the largest land developer in Saskatchewan. Dundee Realty also re-invested its profits from land development in Saskatchewan and Alberta in more land. As a result, Dundee Realty currently owns or controls approximately 9,000 acres of land in Saskatoon, Regina, Calgary and Edmonton.

Housing

Dundee Realty also builds homes in Saskatchewan and is that Province's largest single family homebuilder. Almost all of DREAM's expected activities in Western Canada are currently 100% owned by Dundee Realty.

In Toronto, Dundee Realty has been an active condominium developer since 1995 and is currently developing more than 3,100 residential units in downtown Toronto. Dundee Realty partners with leading developers on condominium projects and typically owns a 50% interest in these projects. Current projects include condominiums at the Distillery Historic District, The Pan/Parapan American Games Athletes' Village (also known as The Canary District), and at other strategic locations in the lower east side of downtown as well as a series of projects on Queen Street West. In addition, embedded in Dundee Realty's existing properties are land and density for over 2,500 additional units.

Advisory Services

Dundee Realty is the asset manager of three public real estate investment trusts: Dundee REIT, Canada's largest office REIT; Dundee International REIT, Canada's first REIT with assets exclusively outside of Canada; and Dundee Industrial REIT, Canada's largest industrial REIT (collectively, the "**Public REITS**"). Combined, the Public REITs own approximately \$9.6 billion of assets and consist of approximately 50.3 million square feet of gross leasable area ("**GLA**"). Based on information available as at March 31, 2013, DREAM, Dundee and Mr. Michael Cooper will have a combined investment in the Public REITs in excess of \$438 million.

Dundee Realty's asset management team has access to over 150 real estate professionals with backgrounds in architecture, engineering, finance, accounting and law. The team brings experience from virtually all of the major real estate organizations in Canada and has expertise in capital markets, structured finance, real estate investments and development and management across a broad spectrum of property types in diverse geographic markets. It carries out its own research and analysis, financial modeling, due diligence, and financial planning, and has completed over \$15 billion of commercial real estate transactions over the past 19 years. In addition, it has completed the development and sale of over 15,000 single family lots and 3,500 condominium units and built over 2,600 single family homes.

Renewable Power

Dundee Realty is also the co-manager of a closed-ended renewable energy infrastructure fund with a major Canadian pension fund. Dundee Realty owns 20% of the renewable power fund and 50% of the renewable power manager. The fund invests in and manages renewable power projects with a focus on wind, solar and hydro. Through Dundee Realty and its partner, the fund currently has approximately \$300 million available to invest, most of which has been committed to create \$1.2 billion of projects producing approximately 240 megawatts of renewable power on completion. DREAM intends to pursue growth in the renewable power industry once this fund is complete. The fund's operating investments have produced average annual returns above 10% on long-term contracts with Provincial crown corporations.

Other

The other assets that are owned by Dundee Realty include a ski area in Colorado, an interest in a ski area in California, an interest in Toronto's King Edward Hotel, and interests in commercial properties consisting of approximately 460,000 square feet of GLA that includes the Distillery Historic District in downtown Toronto. Dundee Realty has also originated and participated in numerous mezzanine loans and equity investments on an opportunistic basis.

Strategy/Growth

DREAM will continue to seek opportunities to increase the value of its business by growing each key area of its business. As well, it will actively seek other opportunities to grow its business by employing its expertise and capital to create high returns and, where appropriate, increase its returns by co-investing with others.

History of Dundee Realty

Dundee Realty was founded as a public company in 1996 with one employee and initial equity of \$500,000. Between 1996 and 1998, Dundee Realty achieved significant growth by acquiring numerous distinct operating groups or portfolios of real estate assets. These acquisitions provided Dundee Realty

with several platforms consisting of infrastructure and experienced and knowledgeable local personnel. During this 24 month period, Dundee Realty's assets grew to more than \$1 billion. Notable acquisitions during this time included Preston Developments (a Saskatoon-based development company), Canlight Property Management Limited (which provided Dundee Realty's initial accounting and property management infrastructure and residential property capability), Cairns Developments (the dominant developer in Regina), V&A Properties (which added commercial property expertise and a presence in the Toronto real estate market) and Lehndorff Tandem Group (which provided a diversified portfolio of commercial real estate assets across Canada of critical scale and regional operating offices in Vancouver, Edmonton, Calgary, Ottawa and Montreal).

In 2003, Dundee Realty formed Dundee REIT as a new publicly-traded real estate investment trust and transferred its commercial revenue producing properties to Dundee REIT. Dundee Realty retained its land development and other businesses and was concurrently privatized by Dundee and Mr. Michael Cooper. Dundee REIT grew significantly after its formation, more than doubling its total assets and nearly doubling its total revenues until 2007 when it sold its portfolio of real estate assets in Ontario, Quebec and Atlantic Canada for a total purchase price of approximately \$2.3 billion. Dundee REIT has continued to grow significantly since that transaction, completing approximately \$6.0 billion of acquisitions in addition to achieving organic growth. Today, Dundee REIT is Canada's largest office REIT and has averaged a 17.2% annual total return since inception.

In August 2011, Dundee Realty formed Dundee International REIT in order to invest money for Dundee, Dundee Realty and other investors in real estate outside of Canada. Concurrently with its formation, Dundee International REIT acquired approximately 12 million square feet of multi-use properties predominantly occupied by Deutsche Post. Since the acquisition of the original portfolio, Dundee International REIT has focused on diversifying its portfolio and has acquired or is in the process of acquiring over \$1 billion of properties in Germany. When completed, the new acquisitions will comprise over 50% of the overall portfolio by asset value. Dundee International REIT has provided a 22.4% total return since inception.

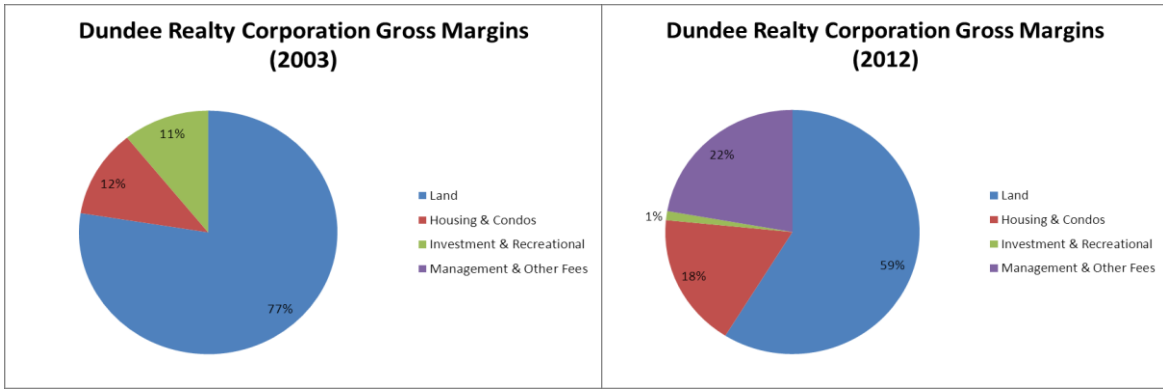
In 2012, Dundee REIT completed \$2.6 billion of acquisitions, including a two-thirds interest in Scotia Plaza along with a large portfolio of office and industrial properties. As a result of the growth of the office portfolio within Dundee REIT, Dundee Realty, as asset manager, proposed that Dundee REIT become a pure office REIT. Accordingly, the industrial properties within Dundee REIT were sold for \$575.5 million to Dundee Industrial REIT upon its initial public offering. Approximately two months later, Dundee Industrial REIT entered into an agreement to acquire another portfolio of approximately \$500 million of industrial assets in Halifax, Quebec, Ontario and Alberta. Dundee Industrial REIT has a national footprint and is the largest industrial REIT in Canada. Dundee Industrial REIT's return to March 15, 2013 was over 12%.

Dundee Realty is the asset manager and advisor to each of the Public REITs and as such receives fees as described in the advisory activities section below.

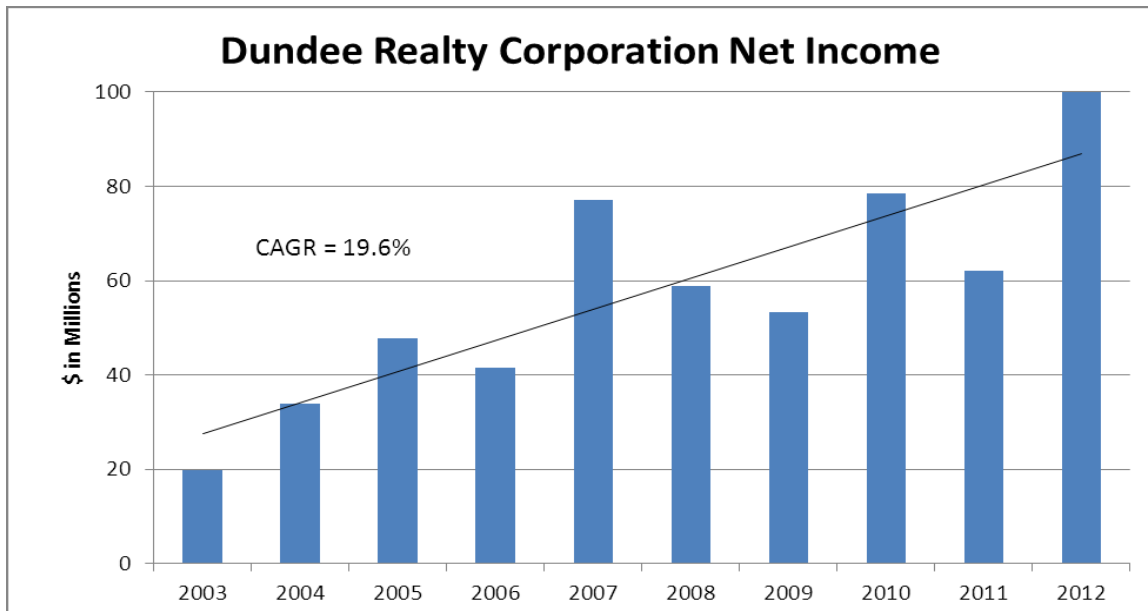
Financial Performance

Since it was privatized in 2003, Dundee Realty has continually improved and grown its business. Of the approximately 9,000 acres of land currently owned or controlled by Dundee Realty, more than 8,000 acres were acquired after 2003. The condominium lands and the Distillery Historic District were also acquired after privatization. Dundee Realty later diversified its business with the creation of the asset management and renewable energy platforms, thus creating a more robust and stable overall business.

The charts below provide an illustrative depiction of the increased diversification from Dundee Realty's various business segments:



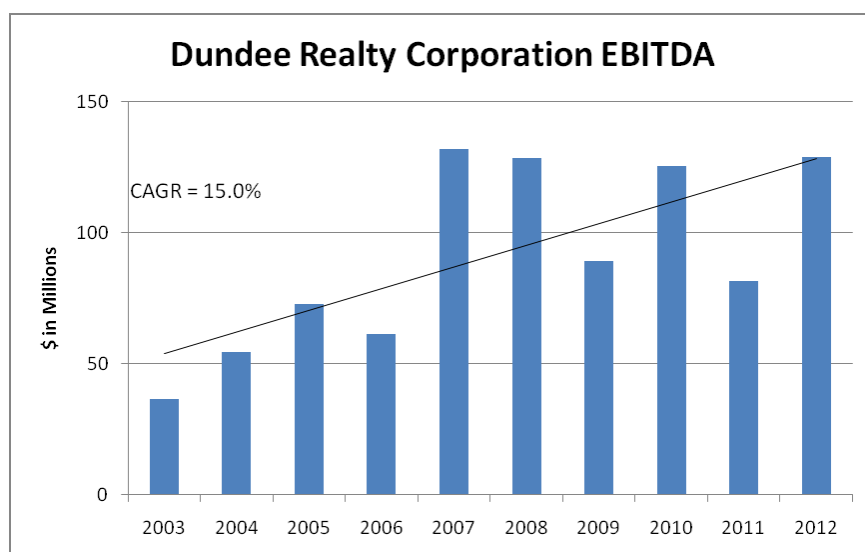
As illustrated by the graphs below, Dundee Realty has delivered significant growth in net income, EBITDA and revenues, with 2012 having delivered the highest reported net income over the last 10 years. Net income has increased from \$19.9 million in 2003 to \$99.9 million in 2012, representing a compounded annual growth rate of 19.6%.



Note:

⁽¹⁾ Amounts set out in the graph above relating to 2003 to 2010 (inclusive) have been based on Canadian GAAP and the amounts relating to 2011 and 2012 have been based on IFRS.

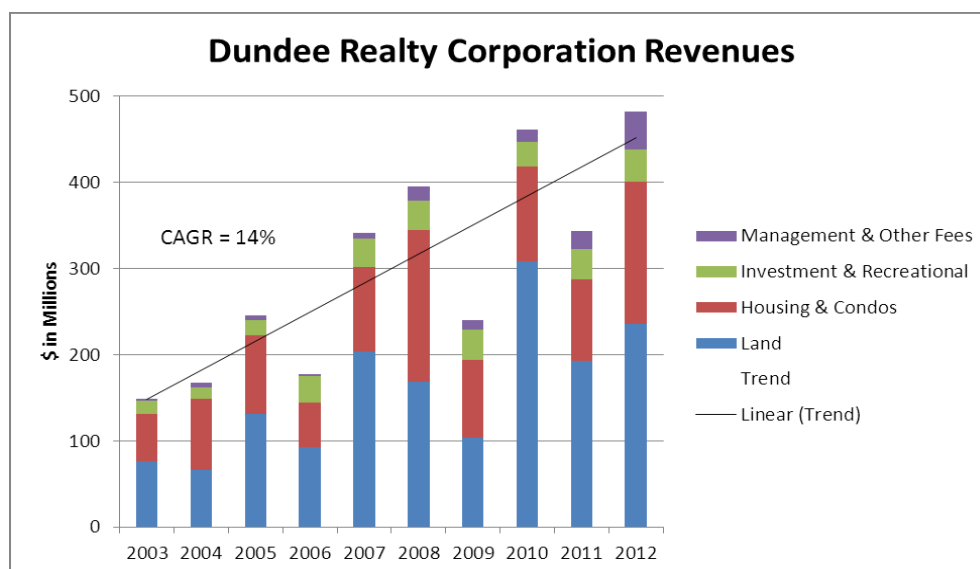
On an EBITDA basis, Dundee Realty's performance has been very strong and has positioned itself well for longer term growth. EBITDA has increased from \$36.6 million in 2003 to \$128.7 million in 2012, representing a compounded annual growth rate of 15.0%.



Note:

⁽¹⁾ Amounts set out in the graph above relating to 2003 to 2010 (inclusive) have been based on Canadian GAAP and the amounts relating to 2011 and 2012 have been based on IFRS.

Leveraging its critical mass and dominant market position, Dundee Realty has managed to consistently grow revenues from its land development business over the last 10 years. Building on the strength of these cash flows, Dundee Realty has been able to increase its investment in the housing and condominium business. In addition, the creation of the asset management platform has further grown revenues and enhanced diversification. Revenues have increased from \$148.3 million in 2003 to \$481.6 million in 2012, representing a compounded annual growth rate of 14.0%.



Note:

⁽¹⁾ Amounts set out in the graph above relating to 2003 to 2010 (inclusive) have been based on Canadian GAAP and the amounts relating to 2011 and 2012 have been based on IFRS.

The following table illustrates the net cash returned to Dundee Realty shareholders since 2003, including repayment of shareholder debt. From an initial investment of debt and equity of \$47.4 million, over the last 10 years shareholders have received \$173.3 million in addition to the value of the existing business.

(\$ millions)	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	Total
Net Income After Tax	27.7	34.0	47.9	41.6	77.1	58.9	53.3	78.5	62.1	99.9	581.1
Cash paid out to shareholders	-	8.0	15.6	13.7	46.0	14.5	40.0	72.3	-	35.0	245.1
Cash in from shareholders											
Debt	(24.4)	-	(44.4)	(41.1)	(8.9)	(5.0)	(1.8)	-	-	-	(125.6)
Purchase of equity	-	(4.4)	-	43.3	(1.8)	(2.4)	-	(5.4)	-	-	29.3
Initial shareholder investment	(23.0)	-	-	-	-	-	-	-	-	-	(23.0)
Net cash paid out to shareholders	(47.4)	3.6	(28.8)	15.9	35.3	7.2	38.2	66.9	-	35.0	125.9

Notes:

- (1) Some amounts may not sum due to rounding.
(2) Amounts set out in the table above relating to 2003 to 2010 (inclusive) have been based on Canadian GAAP and the amounts relating to 2011 and 2012 have been based on IFRS.

Financing

Dundee Realty's investment activities are primarily funded with cash generated from operations. Since 2003, Dundee Realty has generated more than \$350 million of cash from operating activities. Dundee Realty also incurs debt financing, as appropriate, to fund its investment activities. The nature and amount of debt incurred by Dundee Realty depends on the nature and size of each investment.

Dundee Realty typically acquires land entirely with cash or with cash and short-term vendor financing. Once land is under development and servicing has commenced, a portion of the costs are financed by Dundee Realty's \$190 million revolving corporate credit facility. Historically, annual land servicing expenditures have averaged just over \$100 million. The revolving loan facility bears interest at a rate equal to prime (3% as at December 31, 2012) plus 1.25% or bankers' acceptance rate (1% as at December 31, 2012) plus 2.50% and had a balance of \$45.0 million as at December 31, 2012. Amounts owing under the revolving loan facility are secured primarily by short-term receivables from sales to builders on Dundee Realty's land. As at December 31, 2012, receivables from builders were approximately \$162 million. Amounts owing under the revolving loan facility are also secured by pre-sales to builders which, as at December 31, 2012, were approximately \$47 million.

Dundee Realty uses a significant portion of the revolving credit facility to provide letters of credit to municipalities and other governmental authorities to secure its development obligations. As at December 31, 2012, an aggregate of \$94.3 million of letters of credit had been drawn against the facility.

Dundee Realty's home building activities in Saskatoon and Regina are funded primarily by revolving housing facilities of \$8.5 million and \$14.0 million, respectively, for each division. The housing facilities are payable on demand and bear interest at prime plus 0.15% and prime plus 0.375%, respectively.

When developing condominiums, Dundee Realty acquires development sites with a combination of cash and debt. Project risk is mitigated by completing a significant number of pre-sales prior to commencing construction, which at a minimum enables it to repay the funds borrowed in respect of the project. Currently, Dundee Realty has 13 buildings under construction in Toronto, consisting of over 3,100 units. Five of the buildings, representing approximately 1,000 units, will be completed by 2014 and are over 95% sold. Six of the buildings are part of the Pan/Parapan American Games Athletes' Village, which includes a YMCA, George Brown College residence and two affordable rental buildings pre-sold to non-profit agencies as well as two condominium buildings and civic works. On a total dollar basis, over 75% of the project proceeds has been sold to third parties and contracted with the provincial government. Two

new projects are anticipated to commence construction in 2013, totalling over 700 units, as sold units are over 75%. Both of these projects are expected to be completed by 2015. A number of Dundee Realty's condominium projects are nearing completion. DREAM expects that Dundee Realty will repay approximately \$60.9 million of construction loans in 2013.

Dundee Realty also has mortgages and term loans on income properties with a weighted average interest rate of 5.74% and a weighted average term to maturity of 2.49 years. Typical borrowing terms of income properties have historically been between 5 and 10 years. With the exception of a few term loans, for which Dundee Realty has provided limited guarantees, Dundee Realty's loans typically limit the lender's recourse to the specific property or project in respect of which the loan was advanced. As at December 31, 2012, Dundee Realty's debt-to-gross book value was 58.7%.

Strategy/Growth

DREAM intends to continue growing its business by seeking out new opportunities where it can use its experience and expertise, relationships and capital to achieve attractive risk adjusted returns. DREAM expects that its growth will be driven by several factors, including the following:

- Dundee Realty is currently at various stages of having seven large master planned communities approved in western Canada. These communities account for approximately 7,500 acres of land and, when approved, are expected to supply residential lots for between 10 and 25 years. Dundee Realty is currently using over 360 acres of land annually, or 4% of the approximately 9,000 acres that it owns or has under contract, to generate land margin. DREAM plans to continue to leverage its expertise to develop phased, master planned communities. By increasing the proportion of land used to generate margin, the total margin will also increase.
- DREAM intends to selectively pursue high growth opportunities in the markets in which it conducts business. By preserving and increasing its market share interest in expected high growth markets, such as Saskatchewan, it is expected that the number of new housing starts on Dundee Realty's lands will increase as the markets grow. DREAM intends to continue increasing its land holdings by re-investing a significant portion of its profits from residential development in Western Canada.
- Dundee Realty is in the process of increasing its development capabilities to enable it to participate in more of the value created in the land development process. Dundee Realty is also increasing its capacity to build more single homes per year. To achieve these goals, Dundee Realty is leveraging the expertise of the urban development group in Toronto, having it work with the western Canada land and housing team to plan and build multi-family units in western Canada. Dundee Realty has commenced the development of retail and commercial opportunities on its land as a result of the demand from the residents of Dundee Realty's developments. DREAM plans to match its commercial market intelligence with its development expertise to build office and industrial buildings.
- DREAM expects to grow the asset management business by providing value to the Public REITs' investors and growing the Public REITs to increase the value per unit for their respective investors. DREAM will also seek out other opportunities to create new, unique investment vehicles that provide investors with retirement income and the potential for capital appreciation. The growth of assets under management is expected to grow DREAM's profitability.
- DREAM will actively seek other opportunities to grow its business by employing its expertise and capital to create high returns and, where appropriate, increasing its returns by co-investing with others.

Land Development

Overview

The residential land development and homebuilding industry involves converting raw or undeveloped land into residential housing. This process begins with the purchase or control of raw land and is followed by the entitlement and development of the land, and, when applicable, the construction, marketing and sale of homes on the land.

Raw land is usually unentitled property without the regulatory approvals which allow the construction of residential, industrial, commercial or mixed-use buildings. Acquiring and developing raw land requires significant capital expenditures and has associated carrying costs related to the approval process. The selection and purchase of raw land provides the inventory required for development purposes and is an important aspect of the real estate development process. From time to time, land developers sell raw or partially approved land to home and commercial builders as part of the normal course of their business.

Land development involves the conversion of raw land to the stage where homes and commercial buildings may be constructed on the land. Raw land is generally known as land held for future development. Once the process of converting raw or undeveloped land for end use has begun, that portion of the lands are generally known as land under development. Construction activities for land under development include re-grading, installation of various utility services, roads and parklands.

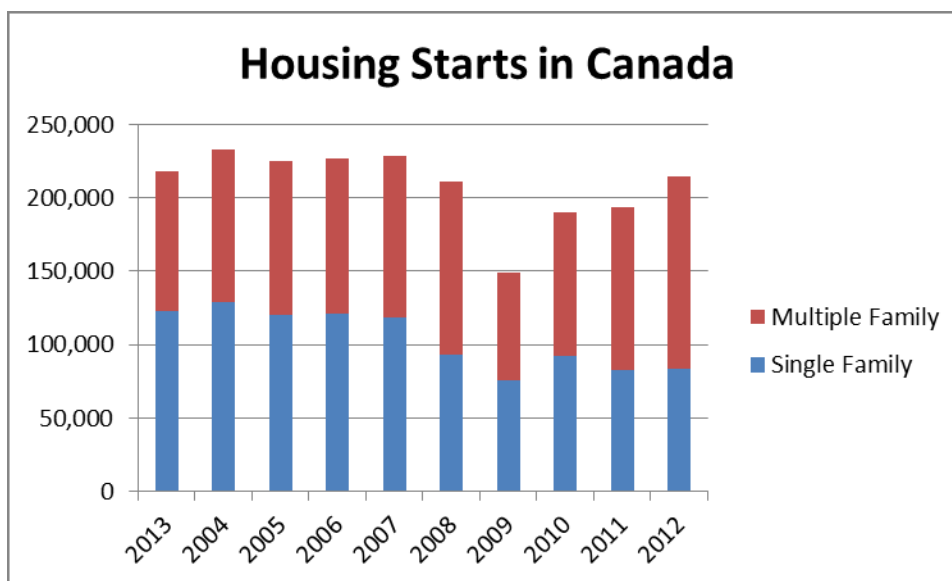
Regulatory bodies at the various governmental levels must approve the proposed end use of the land and many of the details of the development process. The time required to obtain the necessary approvals varies. In most jurisdictions, development occurs on a contiguous basis to existing land services such as water and sanitation.

To shorten the development period, many developers may purchase land that has been partially developed. This land is generally higher in value than raw land because a portion of the costs and risk associated with the development have been incurred. Dundee Realty rarely acquires partially developed land unless the lands have strategic value or to provide a continuous supply of land if there are gaps in its owned supply.

Housing Industry Conditions in Canada

The residential housing market is driven by a number of factors, including population growth, employment, affordability and interest rates. Over the past five years, the Canadian residential housing market has performed reasonably well largely as a result of stable supply and demand balance and conservative mortgage lending practices. Important characteristics of the Canadian housing market include the stable number of housing starts, the balanced sales-to-listings ratio, steady demand growth due to immigration-driven population growth and strong job growth and low mortgage interest rates.

Over the past 10 years, Canada has experienced residential housing starts within a range of 190,000 to 240,000 units, except for a decline in 2009 to approximately 150,000 due to the global economic downturn. Canadian housing starts in 2012 were 214,827, an increase of 10.8% over the previous year. Single detached housing starts were 83,657 in 2012, increasing by 1.5% compared to 2011, while the more volatile multi-housing component increased by 17.6% to 131,170 over the same period. Although annually adjusted housing starts in Canada were down 7.9% in the fourth quarter, housing starts were up 17.2% and 7.7%, respectively, in Saskatchewan and Alberta, the markets in which Dundee Realty holds substantially all of its land.



Historically, Canadian housing supply has been stable relative to demand. As of January 2013, the sales-to-listings ratio in Canada was 0.50, implying a stable market. In the last 15 years the sales-to-listing ratio has rarely fallen below 0.40, reflecting the strong demand for housing in Canada.

Steady population growth in Canada supports demand in the residential real estate market. The Canadian population, which was approximately 35 million as of January 2013, is forecasted by Statistics Canada to grow, primarily through net immigration, at a compound annual rate of 0.6% to over 40 million people by 2036. This represents an increase of over 5 million people, or over 14% of the current population. Demand for housing is also bolstered by population growth and employment growth. Over the past five years, Alberta and Saskatchewan have experienced average annual population growth of 2.1% and 1.6%, respectively (national average: 1.2%) and employment growth of 1.75% and 1.82%, respectively (national average: 0.69%).

Given the positive dynamics in the homebuilding market, Canadian housing prices continue to trend upward. As of January 2013, Canadian housing prices are up 41.7% from April 2006 according to the Teranet National Bank House Price Index (of resale homes). These price increases have not dampened demand for homes in Canada, which has been supported by historically low mortgage rates. Low interest rates continue to enhance Canadian housing affordability. The average posted mortgage rate is 3.94% for a five year term, based on the CanEquity survey of 45 Canadian lenders dated March 12, 2013, which is significantly below the long term average of 7.85%. Recent mortgage rates are at their lowest levels in over 40 years.

The Canadian housing market and home buying practices incorporate a number of legal requirements and general market characteristics that have allowed the Canadian housing market to grow at a sustainable pace and at the same time limited mortgage default rates over the past decade. For instance, Canadian mortgage institutions do not offer subprime mortgages and almost all mortgages in Canada are “full recourse” loans, which means that the borrower remains responsible for repaying the full amount of the mortgage, even in the case of foreclosure. There is a very low level of speculative construction in Canada as construction financing is provided only on a pre-sale basis and, as a result, nearly all houses are pre-sold prior to the commencement of construction. Furthermore, new home purchasers are required to make substantial deposits, which are typically non-refundable, and purchasers provide recourse. At the height of the 2009 economic crisis, mortgages in arrears for 90 days or more reached a high of only 0.45% of mortgages outstanding in Canada.

Although the record pace of housing starts and price increases has begun to moderate, efforts have been made by bank regulators, the Ministry of Finance, Canada Mortgage and Housing Corporation (“**CMHC**”) and the Bank of Canada to induce a managed moderation in the housing market, which are currently

expected to result in housing starts remaining within historical norms and, depending on the city, price growth slowing or slightly reversing.

Economic Conditions in Dundee Realty's Primary Land Development Markets

Dundee Realty is actively developing land in Saskatchewan and Alberta. Although the two provinces joined Canada at the same time in 1905 and had similar populations at that time, they have evolved very differently. Each province had about 250,000 residents when it joined Canada and from 1905 until the 1940's, Saskatchewan's population exceeded Alberta's. In the mid-40's, Alberta had about 900,000 residents which doubled by 1976 to 1.8 million residents and doubled again to 3.9 million residents by 2012. Alberta has been one of the most economically successful provinces in Canada over the last 50 years. Alberta's population has increased from 7% of Canada's residents in 1966 to just over 11% today.

According to the TD Economics Provincial Economic Forecast, Saskatchewan and Alberta performed well in 2012 as a result of a stronger domestic economic performance offsetting a weaker resource showing. This relative outperformance is expected to continue in 2013 and 2014.

Saskatchewan's population was about 921,000 in 1931 and varied from a low of 831,000 in 1951 to a high of just over 1 million in 1986. Saskatchewan did not pass the 1 million residents again until 2007. During this time, Saskatchewan's rural population declined from 73% of the Province's population to 35%. Thus, Saskatchewan's urban population has increased from 291,000 people in 1931 to 649,111 in 2011. The number of residents that live in Saskatchewan's cities has been growing steadily and is now increasing at a much higher rate than the Province's population as a whole.

Saskatchewan's current population is now approximately 1.1 million and has been growing by about 19,000 people per year. The 2% population growth is almost double the current national average. For the period from July 1, 2011 to June 30, 2012, Saskatoon was the fastest growing census metropolitan area in Canada and Regina was the second fastest. In the same year, Saskatchewan was the second fastest growing province in Canada next to Alberta. According to the 2011 census, Saskatchewan's population increased by 6.7% for the prior 5 year period compared to successive 1.1% drops in the previous two census periods. In the 2011 census, only Alberta and British Columbia grew faster than Saskatchewan.

According to Scotiabank Provincial Trends, the ongoing development of the resource sector has contributed to Saskatchewan's rapid employment growth. Labour income growth increased by 9% for the first 9 months of 2012, with year-to-date consumer spending increasing by 7%. Home sales increased by 8% in the first 11 months of the year with house prices increasing by 6%. Saskatchewan's economy was also boosted by the country's highest rate of real non-residential construction growth of 16% in the first 9 months of 2012.

Saskatchewan's economy is supported by agriculture, traditional oil and gas, oil sands, potash, uranium and diamonds.

Saskatchewan is expected to be the only province in Canada to have had a provincial surplus in 2012 and intends to lower its corporate tax rate from 12% to 10% by 2015.

Saskatchewan has a high rate of exports and is more diversified than most provinces with only 62% of its exports going to the U.S., compared with 86% in Alberta and 74% nationally.

Economic Indicators

Alberta and Saskatchewan are virtually the leaders in almost all positive economic metrics within Canada. In 2011, Alberta's GDP growth was highest in Canada and Saskatchewan's was second highest and, according to the TD Economics Provincial Economic Forecast dated December 19, 2012, Alberta and Saskatchewan are expected to lead real GDP growth in 2012, 2013 and 2014.

Saskatchewan and Alberta also had the lowest unemployment rates in Canada in 2012, with Saskatchewan leading in 2010 and 2011 and Alberta forecasted to lead in 2013 and 2014. For 2012, unemployment was 4.6% in Alberta and 4.8% in Saskatchewan.

According to the RBC Provincial Outlook, in 2011 Alberta led the country in real GDP per capita at \$72,714, followed by Newfoundland and Labrador at \$56,370 and Saskatchewan at \$54,392. With respect to personal disposable income, Saskatchewan was second only to Alberta, with Alberta having \$37,894 per capita and Saskatchewan having \$31,223 per capita. The two provinces are also ranked first and second based on employment growth and employment rate, and last and second last based on the discomfort index (i.e., inflation plus unemployment). They were tied for the lowest personal expenditures on goods and services. Saskatchewan led the country with respect to international exports as a percentage of GDP and Alberta was third.

Housing Information

Housing starts in Saskatchewan have increased from about 1,000 in 1991 to 7,941 in 2012. In Alberta, housing starts were 12,000 in 1991 and increased to 30,606 in 2012.

The following table indicates the increase in housing prices from 2000 to December 2012 for various cities across Canada.

Rank	City	Increase (2000 – 2012)
1.	Regina*	166%
2.	Saskatoon*	119%
3.	Calgary*	113%
4.	Winnipeg	107%
5.	St John's	104%
6.	Edmonton*	100%
7.	Ottawa	79%
8.	Montreal	72%
9.	Toronto*	57%
10.	Halifax	51%
11.	Vancouver	30%
12.	Victoria	16%
* indicates a city in which Dundee Realty is actively developing land		

Notwithstanding the leading economic performance and leading increases in house prices, affordability remains better in Saskatchewan and Alberta than the Canadian average. According to the RBC Affordability Index, affordability for all types of housing in Saskatchewan, Alberta, Calgary and Edmonton are below average within Canada. In addition, absolute pricing is below average for Canada in Saskatchewan and Alberta for all housing types, although Edmonton is below the average and Calgary is above.

Affordability

Type of Housing	Canada	Alberta	Saskatchewan	Toronto	Calgary	Edmonton
Detached Bungalow	42.0	32.7	38.2	52.4	38.3	31.1
Standard Two Story	47.8	35.4	41.7	61.0	39.3	35.1
Condo	28.0	20.1	26.2	33.1	22.7	19.3

Note:

⁽¹⁾ Proportion of median pre-tax household income required to service mortgage payments

Pricing

(\$000's)

Type of Housing	Canada	Alberta	Saskatchewan	Toronto	Calgary	Edmonton
Detached Bungalow	362.1	357.9	342.2	547.1	434.3	330.2
Two Story	408.9	378.0	367.3	632.5	431.5	368.8
Condo	236.3	213.4	233.9	334.7	249.2	200.6

Housing Industry Conditions in Relevant Markets

Dundee Realty's land development activities are primarily conducted in Saskatoon, Regina, Calgary and Edmonton. Dundee Realty builds homes in Saskatoon and Regina on land it develops and occasionally on lots purchased from other developers and Dundee Realty builds condominium housing in Toronto. In all of the markets, multi-family units have an increasing share of total starts. In all of the markets, the municipalities are encouraging or requiring increased intensification of lands being developed.

- Saskatoon, Saskatchewan: Saskatoon is Saskatchewan's largest city and, in 2010, 2011 and 2012, was Canada's fastest growing city among census metropolitan areas. Net migration to Saskatchewan remained strong after a record high in the second quarter of 2012. Statistics Canada has indicated that Saskatchewan drew a net total of 5,020 migrants in the third quarter, up from 4,203 during the same period one year earlier. Overall, demographic growth and new household formation are expected to keep housing demand elevated. Single-family housing starts from January 1, 2012 to December 31, 2012 increased 26% over the prior year to 2,025, multi-family starts increased 25% to 1,728 and total starts increased 25% to 3,753. Across Canada, there was zero growth on single-family starts, while multi-family starts increased 18% and total housing starts increased 11%. Single-family starts are forecasted to reach 1,750 in 2013 and multi-family starts are expected to reach 1,250. Single family house prices increased 1.4% in 2011, 2.5% in 2012 and are expected to increase 2.2% in 2013.
- Regina, Saskatchewan: Regina is Saskatchewan's second largest city and from July 1, 2011 to July 1, 2012, was Canada's second fastest growing city among census metropolitan areas. Single-family housing starts from January 1, 2012 to December 31, 2012 increased 35% over the prior year to 1,289, multi-family starts increased 145% to 1,804 and total starts increased 83% to 3,039. Across Canada, there was zero growth on single family starts, while multi-family starts increased 18% and total starts increased 11%. Regina had the highest increase of single-family starts, multi-family starts and total starts for 2012. Following modest reductions in 2010 and 2011, net migration to Regina recorded a large gain in 2012 and is expected to remain elevated in 2013. Meanwhile, the region's low unemployment rate and job opportunities will ensure that Regina remains an attractive destination for migrants from other centres. Net migration to the Regina CMA was forecast to total 4,800 people in 2012 and is expected to be 4,650 migrants in 2013.

- Calgary, Alberta: Calgary is Alberta's largest city. Calgary has grown in population from 1,090,936 as at April 2011 to 1,120,225 as at April 2012, representing a 2.7% annual increase. The number of people moving to Calgary has been a primary driver for the increase in housing demand in the existing and new home markets as well as the rental market. As of October 2012, net migration was on pace to increase to 20,000 people in 2012, up from 11,220 in 2011. In 2013, the labour market in Calgary is expected to outperform many other regions in Canada. However, as economic conditions improve in other provinces and countries, the pace of migration to Calgary is expected to moderate. As a result, net migration is forecast to decline 10% to 18,000 people in 2013. Single-family housing starts from January 1, 2012 to December 31, 2012 increased 17% over the prior year to 5,961, multi-family starts increased 63% to 6,880 and total starts increased 38% to 12,841. Across Canada, there was zero growth on single-family starts, while multi-family starts increased 18% and total housing starts increased 11%. In 2012, Calgary had the 6th largest increase in single-family starts, the 5th largest increase in multi-family starts and tied for the 2nd largest increase in overall starts among cities with populations greater than 10,000. Single-family starts are forecasted to once again reach 5,900 for 2013 while multi-family starts are expected to reach 6,000. Single-family house prices increased 4.1% in 2012 and are expected to increase 2.3% in 2013.
- Edmonton, Alberta: Edmonton is Alberta's second largest city. Edmonton has grown in population from 812,201 in April 2011 to 817,498 in April 2012, representing a 0.65% annual increase. With the unemployment rate in Edmonton averaging well below that of other jurisdictions in Canada, it is expected that interprovincial migration will be elevated in 2012. Net migration was forecast to increase to 19,000 people in 2012, up from 12,193 in 2011. In 2013, however, net migration is forecast to decrease 15% to 16,200 people. While the labour market in Edmonton is expected to continue to outperform many other regions in Canada, economic conditions are expected to improve in other centres and moderate the pace of migration to the city. Single-family housing starts in 2012 increased 13% over the prior year to 5,658, multi-family starts increased 66% to 7,179 and total starts increased 38% to 12,837. Across Canada, there was zero growth on single-family starts, while multi-family starts increased 18% and total starts increased 11%. In 2012, Edmonton had the 4th largest increase in Canada in multi-family starts and the 3rd largest increase in overall starts. Single-family starts are forecasted to reach 5,500 for 2013 while multi-family starts are expected to reach 5,300 in 2013. Single-family house prices increased 1.4% in 2012 and are expected to increase 1.7% in 2013.
- Greater Toronto Area, Ontario: The largest housing market in all of Canada is the Greater Toronto Area (GTA). This area is defined as the central city of Toronto, along with parts of four regional municipalities surrounding it: Durham, Halton, Peel and York. The population of the GTA is approximately 5.9 million and benefits from net migration of approximately 60,000 people annually. In 2012, there were 48,105 total housing starts and 88,157 homes sold through the Multiple Listing Service in the GTA according to CMHC. Demand for housing in Toronto remains strong and rental rates continue to increase modestly as constraints on supply limit the number of units available in downtown Toronto. As a result, vacancy rates in the GTA are expected to continue to decrease in 2013 to 1.5%. In addition, the supply of land in the GTA is severely constrained due to government regulations. In 2005, the Ontario government established the "Greenbelt" Plan, which protects 1.8 million acres of farmland and greenspaces at the heart of the Greater Golden Horseshoe from becoming developed into urban areas. The Greater Golden Horseshoe is an urban region centered around the City of Toronto and extends from the western end of Lake Ontario to Bowmanville in the east. In 2006, the Ontario Ministry of Infrastructure outlined its growth plan for the Greater Golden Horseshoe (the "**Growth Plan**"). The Growth Plan provides policies dictating the location and extent of development. The establishment of the "Greenbelt" Plan, together with the Growth Plan, has resulted in limited expansion possibilities for homebuilders by constraining the supply of land available for development. The price of land in the GTA has risen dramatically since the introduction of the "Greenbelt" Plan in 2005.

Regulatory, Environmental, Health and Safety Matters

Zoning and Planning

Land development is subject to various local, provincial and federal statutes, ordinances, rules and regulations concerning zoning, building design, construction and similar matters, including local regulations that impose restrictive zoning and density requirements in order to limit the number of homes that can eventually be built within the boundaries of a particular property or locality.

In many jurisdictions, there has been an increase in provincial and local legislation authorizing the acquisition of land as dedicated open space, mainly by governmental, quasi-public and non-profit entities. In addition, there are various licensing, registration and filing requirements in connection with the construction, advertisement and sale of homes in its communities. The impact of these laws may increase a developer's overall costs, and may delay the opening of communities or cause DREAM to conclude that development of particular communities is not economically feasible, even if any or all necessary governmental approvals were obtained.

Environmental, Health and Safety

Land developers are required to comply with existing federal, provincial and local statutes, ordinances, rules and regulations which are designed to protect the environment, including requiring current or previous owners or operators of real property to bear the costs of removing or remediating hazardous or toxic substances on, under or in property, and to ensure the safety of those involved in the development process, including contractors, clients and the general public.

Land Development Business

Dundee Realty's land development business consists of operations in Saskatoon, Regina, Calgary and Edmonton. These markets are consistently among the markets with the highest price increases and have historically been characterized by strong population growth rates, stable and growing employment and a level of population density conducive to rising sales volumes, placing them among the healthiest markets in the country. Dundee Realty estimates that its land holdings as at March 31, 2013 will result in more than 70,000 residential lots and condominium units and more than 6.7 million square feet of commercial development. DREAM will take a disciplined approach when selecting the markets in which to conduct business and will consider a number of factors, including the underlying supply and demand, competitiveness, employment base and profitability specific to each location.

Dundee Realty's lands are categorized as either land held for development or land under development. As at March 31, 2013, Dundee Realty owned or had under contract 8,595 acres of land held for development and 392 acres of land under development, including 919 single-family lots as well as land for multi-family and commercial and other use, for a total of over 8,987 acres.

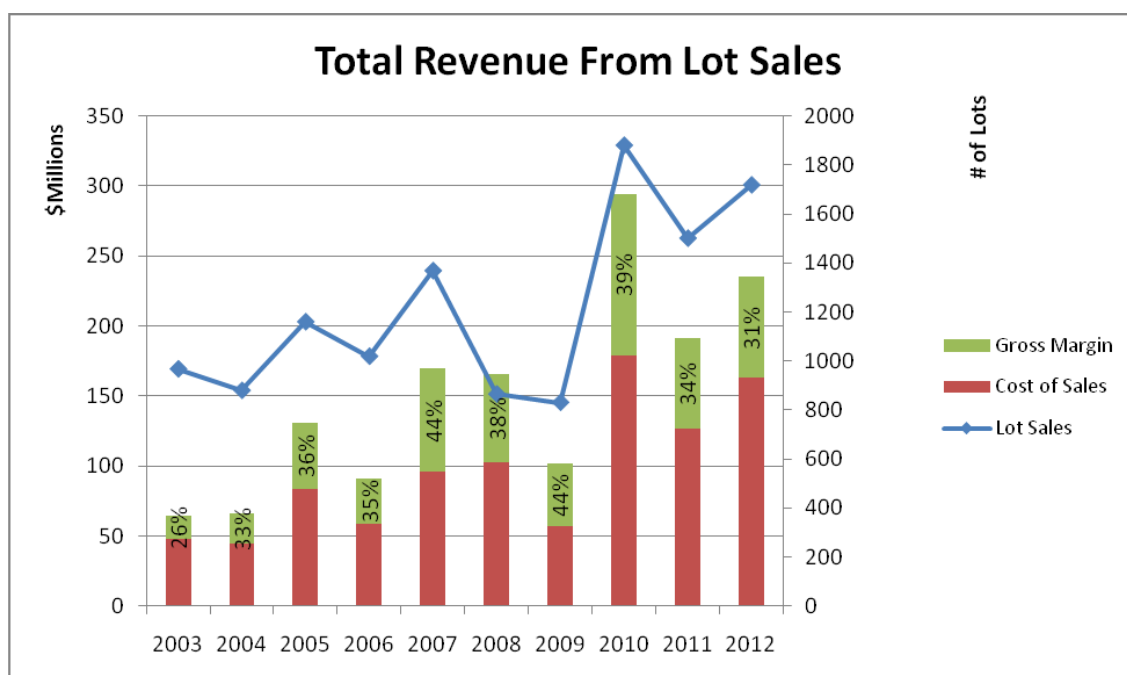
City	Land Held for Development ⁽¹⁾		Land Under Development	
	Owned (acres)	Under Contract (acres)	Total Lots ⁽²⁾	Parcels ⁽³⁾ (acres)
Saskatoon	2,449	444	234	5
Regina	1,673	1,076	253	108
Calgary	2,277	5	212	74
Edmonton	671	-	220	21
Total	7,070	1,525	919	208

Notes:

- (1) Land held for development will include some multi-family and commercial parcels once entitled.
- (2) There is an average of five lots per acre.
- (3) Includes multi-family, commercial and parcels not yet sub-divided.

The lands owned by Dundee Realty were purchased at an attractive cost basis and are very well located within each market. As at December 31, 2012, the aggregate book value of Dundee Realty's owned and controlled land held for development is \$230.5 million and the aggregate book value of land under development is \$128.7 million; however, DREAM believes that the current market value is substantially greater than book value.

The following graph illustrates the number of lots sold by Dundee Realty over the past 10 years as well as the total revenue and gross margin from the lot sales:



Dundee Realty is in the process of completing the development of seven master planned communities, including three in Saskatoon (Stonebridge, Hampton Village and Willows), one in Regina (Harbour Landing), two in Calgary (EvansRidge and High River) and one in Edmonton (The Meadows). Collectively, these master planned communities contained 3,667 acres (or approximately 22,650 lots and multi-family units) at the time development commenced. As at March 31, 2013, less than 1,100 acres (or 8,500 lots and multi-family units) remain to be developed and sold. At the time development commenced, Dundee Realty had anticipated that Stonebridge and Harbour Landing would take 15 years to develop. DREAM now expects Dundee Realty will complete development of these communities within eight years from the time of commencement. DREAM expects Dundee Realty will commence the development of seven new master planned communities, including two in Saskatoon (2,714 acres or 19,100 lots and multi-family units), three in Regina (2,595 acres or 17,600 lots and multi-family units) and two in Calgary (2,204 acres or 16,400 lots) within the next three years.

Dundee Realty's land development business is operated by a strong central management team that oversees four separate divisions based on Dundee Realty's geographic footprint. Each of these divisions is managed by a Vice President with substantial experience (collectively, over 100 years of experience), local market expertise and long-term relationships in each sub-market. Over many years, Dundee Realty has established strong relationships with local land owners, regulatory officials, suppliers and sub-contractors. This on-the-ground expertise will provide DREAM with access to a stable pipeline of land and

enables it to recognize growth nodes within each of its markets and derive savings at the community level.

Dundee Realty's strong market share position in each of its sub-markets enables it to achieve and benefit from economies of scale and, together with its strong brand recognition, affords it the opportunity to successfully execute the development of large-scale projects.

DREAM intends to proactively manage each stage of the development process. Management believes that its land development expertise and experience with navigating the land entitlement process with local municipalities will provide DREAM with competitive advantages. Since Dundee Realty maintains its land held for development at robust levels, new projects can be brought online when appropriate based on demand. Construction is meticulously planned and scheduled in sequence on a street-by-street basis in each of Dundee Realty's master planned communities. This process seeks to minimize working capital needs, reduces exposure in the event of a market slowdown and allows for trade scheduling efficiencies.

Saskatoon, Saskatchewan

Dundee Realty owns or has under contract 2,944 acres of land in Saskatoon, which is expected to produce over 20,100 lots and multi-family units.

Dundee Realty has consistently been the largest developer in Saskatoon since the mid-1990's. With its re-investment in land, three master planned communities are currently under development, Dundee Realty's interest in two of three communities which total approximately 1,000 acres are expected to be fully developed by 2013. DREAM expects Dundee Realty will develop two new master planned communities. Dundee Realty currently sells approximately 500 lots annually in Saskatoon as well as land for approximately 300 multi-family units per year. CMHC has reported new housing starts for 2012 to be 3,753, consisting of 2,025 single family houses and 1,728 multi-family units, meaning that Dundee Realty has an approximate 17% market share in multi-family units. Based upon current holdings, DREAM expects that Dundee Realty's market share is likely to increase as development on its lands in the Holmwood master planned community begins in 2013. At Dundee Realty's current pace of development, DREAM expects it will have a sufficient inventory of land for at least 20 years of development.

The three developments under way in Saskatoon are Hampton Village, Stonebridge and the Willows residential golf community. Hampton Village is a development just south of the airport in which Dundee Realty is developing 270 acres. The development was commenced in 2004 and was approved for approximately 950 housing lots and 23 acres for multi-family consisting of 350 units. The development also includes 60 acres designated for commercial use such as industrial, which has not yet been developed. The lots, the multi-family sites and the retail lands have been completed or will be completed by the end of 2013.

Stonebridge is a master planned community that began in 2005 in which Dundee Realty is developing approximately 760 acres, including approximately 2,650 lots, 1,000 units of multi-family and 60 acres of commercial development. On commencement of this development, management estimated the development would take between 15 and 20 years to complete. As of March 31, 2013, over 2,000 lots, 900 units of multi-family and all of the commercial lands have been sold. Dundee Realty has 550 lots and 100 units of multi-family left to sell and should complete the community by 2015.

Dundee Realty is also in the process of completing the last stage of development of approximately 50 acres of land in the Willows, a residential golf community. This land is expected to translate into approximately 265 lots and multi-family units.

Dundee Realty's major land position in Saskatoon is the 2,423 acres in the east sector of the city, now described by the City as Holmwood. The overall master plan for the community has been approved and development is expected to commence in 2013. Dundee Realty's portion of the development is expected to include 6,800 housing lots, 10,700 multi-family units, approximately 1.6 million square feet of retail amenities, 845,000 square feet of office space and 1.87 million square feet of industrial use space. According to studies included in the city's planning process, the development will take over 20 years to be completed.

In addition, Dundee Realty owns approximately 300 acres in the northwest segment of the city, on which it anticipates that development will begin in 2013. DREAM expects Dundee Realty will yield approximately 1,100 lots, 50 acres of multi-family and 30 acres of commercial development from the lands under contract.

Regina, Saskatchewan

Dundee Realty currently owns or has under contract approximately 2,900 acres of land in Regina which translates into over 20,000 lots and multi-family units. DREAM believes these lands are very well situated.

In 2012, Dundee Realty was responsible for 56% of all land developed in Regina. Dundee Realty is nearing completion of an approximate 780 acre master planned community, which is anticipated to be fully developed by 2015. DREAM expects that Dundee Realty will develop three new master planned communities totalling 2,595 acres. Regina had 3,093 housing starts in 2012, of which Dundee Realty has sold over 1,200 lots and multi-family housing units. At this rate, based on current land holdings, Dundee Realty's supply of land in Regina will last more than 16 years.

Dundee Realty is currently developing Harbour Landing in Regina, an approximately 780 acre master planned community started in 2007 comprising 3,000 housing lots and 2,500 multi-family units, as well as 85 acres of commercial development. To date, approximately 1,200 housing lots, 1,300 multi-family units and 55 acres of commercial development have been developed. The balance is expected to be completed in the next couple of years.

Future lands to be developed are owned by Dundee Realty in three general areas; about 907 acres in the vicinity of Harbour Landing, 1,094 acres in the northwest and 594 acres east of the city. Dundee Realty is in the approval process for all three areas, although it is too early to know when each will be approved for development.

Calgary, Alberta

Dundee Realty owns or has under contract approximately 2,399 acres of land in Calgary and the surrounding area. These lands will form some of the most desirable master planned community sites within the City of Calgary. DREAM expects that more than 17,600 lots and multi-family units will be developed on these sites once land use approval is received, thus making it one of the larger residential developers in Calgary. Dundee Realty has developed and sold over 77% of the 163 acres in EvansRidge that it acquired in 2010 and is currently developing the balance. Dundee Realty is also developing 213 acres of land in Montrose, High River, South of Calgary, which is highlighted by a good mix of housing sites and retail/commercial parcels in a prime location in this prosperous southern Alberta town.

In Calgary, Dundee Realty has historically acquired or assembled sites ranging in size from five acres to sixty acres that are often developed as a single project, but currently has a larger development in North Calgary and a master-planned development in High River (one-half hour South of Calgary) that are being developed over a number of years. Dundee Realty has been creating land assemblies in two areas in Calgary and now owns approximately 1,700 acres of land within the city limits in south Calgary and approximately 460 acres in the north of Calgary. Once these developments are approved, Dundee Realty will have large scale master planned communities in Calgary.

Edmonton, Alberta

In Edmonton and surrounding areas, Dundee Realty owns or has under contract approximately 740 acres of land, which it expects will translate into more than 6,300 lots and multi-family units and more than 430,000 square feet of commercial space. In 2012, Dundee Realty sold 300 lots and 7 acres for multi-family development.

In Edmonton, Dundee Realty's historic development has been on the 665 acre development in the southeast, referred to as The Meadows, that it acquired with Lehndorff in 1998. In the early 2000's, Dundee Realty acquired an adjoining 764 acres. The Meadows is approximately 3,500 acres in size and consists of 7 planned neighbourhoods. Upon full development, The Meadows will be home to a

population in excess of 60,000 people. Dundee Realty and its predecessor have been responsible for the orderly build out of over 7,000 single family lots, in excess of 80 acres of commercial land and approximately 90 acres of multi-family land, all on about 1,400 acres. Going forward, and subject to land use approvals, Dundee Realty will likely develop approximately 2,000 lots, 30 acres of commercial land and approximately 40 acres of multi-family land on the remaining undeveloped land. Dundee Realty is beginning to develop its first commercial project on its own lands on 9 acres of land in The Meadows.

In addition, Dundee Realty owns over 350 acres of land in the Edmonton surrounding area.

Risk Management

Risk will be managed at each stage of the land development and homebuilding process. Development approval risk is expected to continue to be mitigated by conducting significant due diligence before land acquisitions are completed. Lots and parcels will be sold when ready for building and there is demand.

When building homes in the future, DREAM intends to ensure client satisfaction and limit product liability risk by carefully selecting sub-contractors and building materials, ensuring a high standard of quality and workmanship and providing on-site quality control.

DREAM will seek to limit its exposure to the risk of overbuilding by attempting to ensure that construction starts and sales rates are aligned. Marketing and sales will not begin until there is demand and a significant portion of the homes' construction costs has been established.

Given the diversified business structure, DREAM's interest in land development and housing will be, to some extent, hedged against other stable businesses such as Dundee Realty's asset management business, which has stable and growing cash flow, revenue properties and renewable power business, each of which has long-term contracts.

Strategy/Growth

DREAM plans to selectively pursue high growth opportunities in the markets in which Dundee Realty operates. By preserving and increasing its market share in expected high growth markets, such as Saskatchewan and Alberta, the number of new housing starts on Dundee Realty's lands is expected to increase as the markets grow. DREAM intends to increase such land holdings by continuing to re-invest a significant portion of the profits from residential development in Western Canada.

Dundee Realty is currently at various stages of having seven large master planned communities approved in western Canada. These communities account for approximately 7,500 acres of land and, when approved, will supply lots for between 10 and 25 years. Dundee Realty is currently using over 360 acres annually, or approximately 4% of the 8,987 acres that it owns or has under contract, to generate land margin. DREAM plans to leverage its expertise to develop phased, master planned communities. By increasing the proportion of land used for residential retail and commercial development activities to generate margin, the margin will also increase.

As asset manager for the largest office REIT (Dundee REIT) and the largest industrial REIT in Canada (Dundee Industrial REIT), Dundee Realty is on the front line and well positioned to observe, in real time, the impact of economic trends on the drivers for demand of real property, such as demand for space, urbanization trends and employment levels in each of the markets in which it operates its land development business. This access to real-time economic data may provide DREAM with a competitive advantage over others in the land development business.

Housing Business

Dundee Realty currently builds homes in Saskatoon and Regina, and condominiums in Toronto. Dundee Realty builds about 250 single family homes annually in Saskatchewan, or about 10% of the land it develops, and anticipates that it can increase annual capacity to 500 homes within three years. The vast majority of the homes Dundee Realty builds are on land that it develops. Building on its own lands helps Dundee Realty sell land, influence the development of the communities in which it operates and generate

profits. Annual margins on Dundee Realty's Western Canada home building business have ranged from 13% to 19% over the past five years. Margins on Dundee Realty's Toronto condominium projects have ranged from 12% to 17% over the past five years.

In Saskatchewan, Dundee Realty builds many of its residential units in master planned communities. Construction in a master planned community allows Dundee Realty to maintain an efficient production process. Each master planned community is meticulously planned and scheduled. This process seeks to minimize working capital needs, reduce exposure in the event of a market slowdown and allow for trade scheduling efficiencies. Dundee Realty acts as the general contractor for the construction of its projects. Trade sub-contractors are sourced through historical relationships and are generally retained on a fixed-price basis after a competitive bidding process. Dundee Realty has building representatives that are responsible for supervising on-site construction, including scheduling, ensuring compliance with plans and specifications and resolving construction problems.

Construction time for a residential home depends on a number of factors, including the availability of labour, materials and supplies, weather and the type and size of the home. The construction of a single-family home is typically completed within four to six months following commencement of construction.

In Toronto, Dundee Realty develops mid and high rise condominiums. Dundee Realty has looked to acquire land for development that is well located and undervalued, and is focused on the mid-market to appeal to a broad array of purchasers. Dundee Realty generally develops condominiums with partners to capitalize on their expertise and to mitigate development risk. Dundee Realty currently has 3,134 residential units under construction in Toronto that it expects to complete between 2013 and 2016. Approximately 1,000 of these are market condominium units in five projects that are over 95% sold. The balance of the units are part of the Pan/Parapan American Games Athletes' Village, the development of which will not commence until after the 2015 summer games as well as two condominium buildings and civic works. On a total dollar basis, over 75% of the project proceeds has been sold to third parties and contracted with the provincial government.

In addition, Dundee Realty has two other projects in the pre-construction stage, anticipated to produce approximately 717 units of which over 75% have been sold. It is expected that debt financing will be finalized prior to commencing construction. In order to minimize development risk, construction is not commenced until sufficient pre-sales have been arranged to at least repay the construction financing associated with the project.

Dundee Realty also has interests in six condominium development projects in the GTA that are expected to be developed into approximately 2,500 units. Approximately 1,100 of the units are part of the second phase of the Pan/Parapan American Games Athletes' Village. The remaining 1,400 units are in the Distillery Historic District and a parcel of land located in Vaughan. Existing debt associated with future development projects is \$1.3 million.

Sales and Marketing

Dundee Realty uses a variety of advertising and marketing methods to sell its homes and condominiums, including posting advertisements in local newspapers and magazines as well as direct mailings, special promotional events, illustrated brochures, websites and model homes and condo units. In selling its homes, Dundee Realty uses its own sales representatives as well as independent real estate brokers.

Other Development

Typically, about 5% to 10% of the land in a master planned community is allocated for non-residential purposes. Historically, Dundee Realty has sold these lands to third party builders. In order to capture more value on its land, Dundee Realty has begun to develop retail projects on its land and will hold or sell the properties once completed.

It is also expected that Dundee Realty will build office and industrial properties on its land where appropriate and will provide Dundee REIT and Dundee Industrial REIT with the right to acquire these properties at fair market value on completion. The development of Dundee Realty's land for the Public

REITs provides the Public REITs with a proprietary source of growth and provides Dundee Realty with a ready market for its properties.

Strategy/Growth

Dundee Realty is in the process of increasing its development capabilities to enable it to participate in more of the value created in the land development process and is increasing its capacity to build more single homes per year. In addition, Dundee Realty's urban development group in Toronto is working with its western Canada land and housing team to leverage its expertise to build multi-family units in western Canada. DREAM plans to apply its existing know-how to build office and industrial projects on its lands and has also added additional capacity and know-how to develop retail sites on Dundee Realty's lands.

DREAM has identified the opportunity to increase profitability by increasing the amount of land it develops itself. Historically, Dundee Realty has sold all multi-family sites, retail sites and commercial sites to third parties and has only built single-family homes in Saskatoon and Regina. Over the years, the development approval process has become increasingly difficult, making approved land more scarce. In addition, the land development industry has generally expanded its building business to increase profitability at a relatively low risk given the scarcity of approved land. Dundee Realty, for a variety of reasons, has been slow to adapt to these trends. In 2012, Dundee Realty determined that it was going to expand its development on its own lands. Firstly, home building capacity in Saskatoon and Regina will be increased enabling the building of more houses on Dundee Realty's lands. Dundee Realty is working to increase the number of lots that it produces in each of these markets so that it may maintain or increase its market share. Secondly, Dundee Realty has a large and experienced multi-family development group in Toronto that has begun to work with Dundee Realty's Saskatoon and Regina housing team to jointly develop multi-family housing in Saskatchewan. Thirdly, Dundee Realty is beginning to develop retail properties on Dundee Realty's lands as in many cases the construction is simple and the demand for the retail is being created by Dundee Realty's residential development. There are basic retail services that are required as master planned communities are developed, and the potential tenants providing the basic services are well known. As a result, Dundee Realty has begun developing retail in its communities and it has hired experienced people to head up this area. DREAM intends to begin the development of office and industrial buildings on Dundee Realty's lands as opportunities arise.

It will take time to see the results from these initiatives because it takes longer to achieve results from building on owned land than selling and because it will take DREAM time to ramp up as it can only develop as the land is ready. Nevertheless, DREAM expects that, in a few years, it will generate significant returns from developing on Dundee Realty's own land.

Advisory Activities

Overview

Dundee Realty's asset management team consists of over 150 real estate professionals with backgrounds in property management, architecture, engineering, construction, finance, accounting and law. The team brings experience from virtually all of the major real estate organizations in Canada and has expertise in capital markets, structured finance, real estate investments and management across a broad spectrum of property types in diverse geographic markets. It carries out its own research and analysis, financial modeling, due diligence, and financial planning. Dundee Realty has completed over \$15 billion of commercial real estate transactions over the past 19 years.

Dundee Realty provides asset management services to the Public REITs.

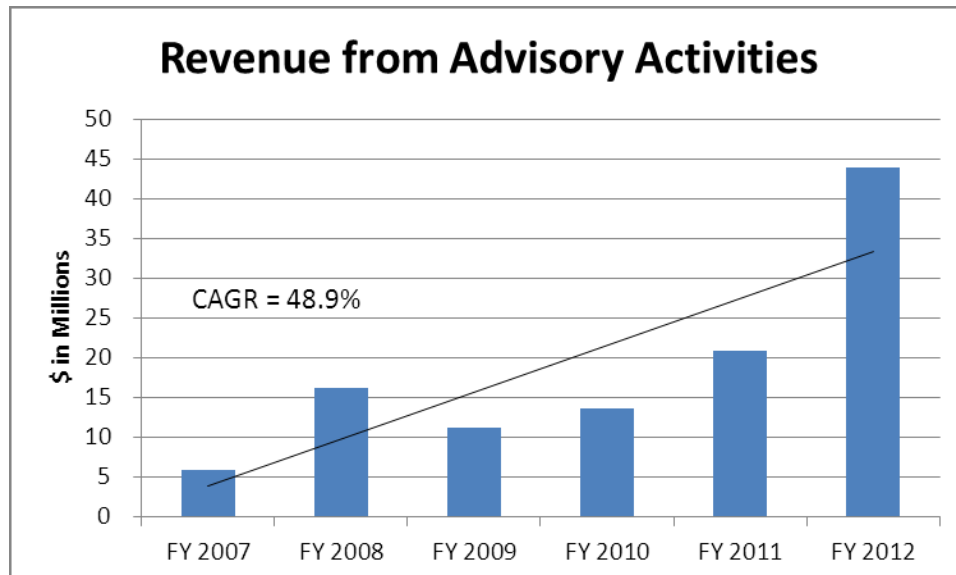
Each of the Public REITs was formed by Dundee and Dundee Realty's management and provides a solid platform for capital appreciation and reliable income generation for its unitholders. Based on information available as at March 31, 2013, DREAM, Dundee and Mr. Michael Cooper will have a combined investment in these entities in excess of \$400 million. Combined and as at March 31, 2013, the Public REITs own approximately \$9.6 billion of assets and consist of approximately 50 million square feet of GLA. They are focused on both capital appreciation and income generation. The unitholders of each of the Public REITs have been able to enjoy returns well in excess of Canadian government bonds for the

life of each of each of the Public REITs as well as an increase in the value of their units. In 2013, the Public REITs are expected to distribute over \$340 million in monthly payments to their unit holders.

Dundee Realty generates fee income providing the following services:

- Base Management fee of 0.25% (0.35% for Dundee International REIT).
- Acquisition fee equal to: (a) 1.0% of the purchase price of a property, on the first \$100 million of properties in each fiscal year; (b) 0.75% of the purchase price of a property on the next \$100 million of properties acquired in each fiscal year; and (c) 0.50% of the purchase price on properties in excess of \$200 million in each fiscal year.
- Financing fee equal to 0.25% of the debt and equity of all financing transactions completed, subject to adjustment on an annual basis equal to the amount of actual expenses incurred by Dundee Realty in supplying services relating to financing transactions.
- Capital expenditure fees equal to 5% of all hard construction costs incurred on each capital project with costs in excess of \$1.0 million, excluding work done on behalf of tenants or any maintenance capital expenditures.
- Incentive fees of 15% of AFFO (adjusted funds from operations) earned above a benchmark. The benchmarks vary by the companies and increase by 50% of the increase in the relevant consumer price index for Dundee International REIT and Dundee Industrial REIT (no increase for Dundee REIT).

Dundee Realty's asset management business has been successful since its formation in 2007. Revenues from Dundee Realty's advisory activities have grown over 40% since its formation and margins in 2012 were 61.6%.

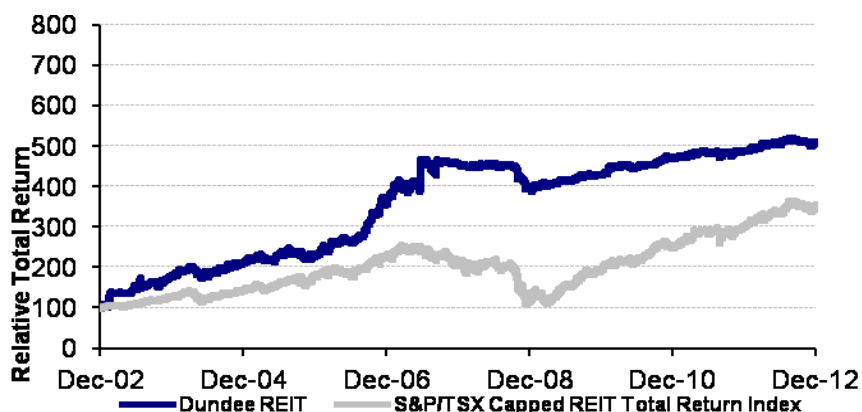


Management of Dundee Realty is constantly looking for opportunities to make its funds better through creative and skillful management of the properties, new acquisitions and selective sales. Dundee Realty has been a very active participant in the private acquisition market and has been able to source and execute many desirable opportunities that have helped grow the value of the businesses. The unit holders of each of the Public REITs have experienced returns well in excess of bonds for the life of each of the Public REITs and have experienced increase in value of the funds.

Dundee REIT

Dundee Realty is the asset manager for Dundee REIT, which was created in 2003 when the commercial properties of Dundee Realty were spun out into Dundee REIT to surface shareholder value. Dundee REIT had an original trading value of \$20.40 per unit and held \$800 million of assets. Over the first four years, Dundee REIT expanded rapidly until it had an enterprise value of approximately \$3.1 billion in 2007. In 2007, Dundee REIT sold approximately two-thirds of its assets and returned approximately \$1.6 billion of the cash proceeds to unitholders at a price equivalent to \$47.50 per unit. After the sale of the assets and passing through the recession, Dundee REIT began expanding again, acquiring properties at more attractive levels than pre-recession pricing. Dundee REIT grew to become the largest office REIT in Canada and continues to grow its business and its value on a per unit basis.

Dundee REIT has averaged over 17% annual return since inception. The following graph illustrates the total return for Dundee REIT from December 2002 to December 2012:



Dundee International REIT

In 2011, management of Dundee Realty believed that opportunities in real estate in Europe were offering attractive valuations, especially when compared to the historic relative values between Canadian and European real estate. In addition, there were many Canadian pension funds diversifying their real estate investments globally on the basis that the overall retirement needs of their pensioners would be met with global real estate diversification. However, there were few, if any, opportunities for individuals to plan for their retirement by diversifying their real estate investments outside of North America. Based on these two observations, Dundee Realty and Mr. Michael Cooper invested \$120 million into Dundee International REIT, raised \$310 million from institutional and retail investors and acquired a portfolio of commercial properties in Germany for €736 million. Since the creation of Dundee International REIT, Dundee Realty has increased the size of Dundee International REIT by 50% through the addition of high quality office properties in some of Germany's largest cities. Management of Dundee Realty intends to grow the portfolio in Germany with office properties as it believes that the pricing is reasonable for desirable buildings and debt is available at very low interest rates. DREAM believes that the European financial crisis has provided an opportunity to build a competitive business in Europe.

Dundee International REIT has provided unitholders with a 22.4% total return since inception.

Dundee Industrial REIT

Dundee Industrial REIT was created from the spin out of Dundee REIT's industrial properties and the acquisition of a co-owners' interest in a number of those properties. The \$178 million initial public offering was very well received, with it being oversubscribed, the proceeds of which, together with a concurrent \$25 million investment by Dundee and Mr. Michael Cooper, were used to acquire the initial portfolio for \$575.9 million. Since its creation in October 2012, Dundee Industrial REIT has sourced over \$500 million of acquisitions, financed by the assumption of new and existing mortgage debt and issuing \$100 million of convertible debt and \$150 million of new equity, including a concurrent private placement to the vendor.

The industrial market in Canada is fragmented and industrial properties trade at cap rates that are higher than all of the other major real estate sectors. Interest rates are low for industrial properties, which provides an opportunity to grow Dundee Industrial REIT with acquisitions that add value on a per unit basis. As Dundee Industrial REIT grows, it will have additional value due to its diversification and increased liquidity. Dundee Industrial REIT is Canada's largest industrial REIT and produced an approximate 12% return since its inception.

Strategy/Growth

DREAM expects to grow its asset management business by providing value to the investors in the Public REITs and growing each to increase the value per unit for their investors. DREAM will also seek out other opportunities to create new unique investment vehicles that provide the potential for capital appreciation and provide retirement income for investors. The growth of assets under management will grow DREAM's profitability.

Renewable Power

Dundee Realty's Renewable Power Business

Dundee Realty is the co-manager of Firelight Infrastructure Partners L.P. ("**Firelight**"). Firelight invests in and manages Canadian renewable power projects with a focus on wind, solar and hydro. Through Dundee Realty and its partner, Firelight has \$300 million of equity available to invest, of which most has been committed to an operational portfolio and a number of additional projects in development.

Initially, Firelight invested in development projects prior to construction and participated in the risk and return of the early investment. Firelight continues to make early development investments; however, recently Firelight has identified later stage opportunities or development opportunities where Firelight's capital is committed and not drawn down until the projects are operational or are drawn down on a staged basis. While these projects continue to provide attractive returns, the development risk is reduced.

One of the strategies of the business is to partner with strong technical developers who have good project expertise but face a shortage of capital due to the high up-front costs associated with renewable energy development and construction.

Firelight's projects include wind projects in Ontario and Nova Scotia, ground-mount solar projects in Ontario and rooftop solar projects on industrial and retail properties in Ontario. Firelight is also a partner in Xeneca which has over 50 MW of hydro power in development in Ontario.

Firelight Project	Energy Source	Location	Status	MW⁽¹⁾
Dalhousie Mountain	Wind	NS	Operational	51.0
Amherst	Wind	NS	Operational	15.4
Erie Ridge	Ground-mount Solar	ON	Operational	4.3
Sandhurst	Ground-mount Solar	ON	Operational	10.0
Norfolk Bloombeg	Ground-mount Solar	ON	Operational	10.0
Rutley	Ground-mount Solar	ON	Operational	10.0
Firelight Solar (rooftop)	Rooftop Solar	ON	Operational/Development	25.0
Xeneca Power	Hydro	ON	In Development	25.0
Ontario Wind	Wind	ON	In Development	21.3
Ontario Solar	Ground-mount Solar	ON	In Development	70.0
TOTAL				242.0

Note:

⁽¹⁾ Adjusted to reflect Firelight's beneficial ownership.

Firelight is currently exploring expanding its existing solar portfolio to acquire additional Ontario rooftop and ground-mount solar projects that have secured long-term power contracts through the Feed-in Tariff ("FIT") program. Firelight is also leveraging its relationship with several of its existing partners to acquire additional Canadian wind projects that are still in the development process, but also have long-term contracts in place. Given the attractiveness of the original FIT pricing and the current oversupply of wind turbines and solar panels (and therefore reduced equipment pricing), existing FIT projects are yielding very attractive returns.

Strategy/Growth

DREAM continues to foresee a strong demand for capital and interest in renewable power. Prices for renewable power projects have fallen drastically in recent years, putting projects on course to compete with traditional power sources in many jurisdictions. As a result of the demand for new power projects over the next 20 years and the increased competitiveness of renewable power, DREAM believes that it has an opportunity to capitalize on its knowledge and experience in this industry. DREAM anticipates growing the renewable power business into another dedicated fund once Firelight's mandate is completed.

Other**Overview**

Through Dundee Realty, DREAM will have a variety of other investments and intends to continue expanding its investment portfolio. DREAM's investment decisions will be made based on one-time opportunities that are very attractive. In addition, DREAM intends to make small investments in areas where it believes that, by developing its knowledge and talent in an industry, it can grow that portion of its business into a larger and profitable area of expertise.

Dundee Realty has ownership interests in income producing properties, including the following:

- the Distillery Historic District, a 13 acre historic precinct in downtown Toronto of which DREAM owns a 50% interest. The Distillery Historic District currently consists of approximately 358,900 square feet of leasable office and retail space with an opportunity to develop two additional mixed use residential projects.
- the King Edward Hotel, a historic landmark hotel in Toronto which is nearing the completion of the development and sale of approximately 150 condominium units. Dundee Realty owns a 17% interest in the development and ongoing hotel operations.

Dundee Realty also co-manages a private equity fund that has invested approximately \$25 million in residential development real estate projects in markets where Dundee Realty has expertise through mezzanine financing or equity investment with other project developers.

Dundee Realty previously developed vacation properties in resort ski areas in the United States. It currently owns Arapahoe Basin in Colorado and the remaining 12 units in its last condo development in Colorado. In addition, Dundee Realty owns a one-third interest in a ski area and development in California.

Employees

Based on information available as of February 28, 2013, DREAM's business will have 156 employees.

SELECTED PRO FORMA FINANCIAL INFORMATION

Appendix “G” attached to the Management Information Circular contains unaudited pro forma financial information for DREAM based upon the completion of the Arrangement. The unaudited pro forma financial statements for DREAM for the year ended December 31, 2012 have been prepared on the basis that the Arrangement occurred on the dates set out in the notes to the unaudited pro forma financial statements contained in Appendix “G”. The pro forma adjustments are based on the assumptions described in the notes to the unaudited pro forma financial statements contained in Appendix “G”. The unaudited pro forma financial statements are presented for illustrative purposes only and are not necessarily indicative of the operating or financial results that would have occurred had the Arrangement actually occurred on December 31, 2012 or of the results expected in future periods. The unaudited pro forma financial information contained in the Management Information Circular and this Appendix “E” should be read in conjunction with the audited annual financial statements of Dundee Realty for the year ended December 31, 2012, a copy of which is contained in Appendix “F” to the Management Information Circular.

The following tables present unaudited pro forma financial information for DREAM for the year ended December 31, 2012.

<i>(expressed in thousands of Canadian dollars)</i>	December 31, 2012 (Unaudited)
	\$
ASSETS	
Cash and cash equivalents	18,466
Accounts receivable	212,691
Financial assets	81,979
Housing and condominiums inventory	138,527
Land inventory	359,187
Investment properties	51,008
Recreational properties	21,709
Equity accounted investments	65,204
Capital and other operating assets	42,250
TOTAL ASSETS	991,021
LIABILITIES	629,614
SHAREHOLDERS' EQUITY	240,889
NON-CONTROLLING INTEREST	120,518
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	991,021

<i>(expressed in thousands of Canadian dollars)</i>	For the year ended December 31, 2012 (Unaudited)
	\$
REVENUES	481,574
OTHER ITEMS IN NET EARNINGS	
Direct operating costs	(338,535)
Management and administrative expenses	(16,905)
Fair value changes in investment properties	9,705
Share of earnings from equity accounted investments	(124)
Investment income	11,296
Interest expense	(12,429)
NET EARNINGS BEFORE INCOME TAXES	134,582
Income taxes	(36,614)
NET EARNINGS FOR THE YEAR	97,968

(expressed in thousands of Canadian dollars)

For the year ended
December 31, 2012
(Unaudited)

NET EARNINGS ATTRIBUTABLE TO:	
Owners of the parent	68,033
Non-controlling interest	29,935
	97,968
Basic and diluted earnings per share	0.88

DIRECTORS AND EXECUTIVE OFFICERS

As of the date hereof, the sole director of DREAM is Lucie Presot. Upon completion of the Arrangement, the board of directors of DREAM will consist of seven directors. The following table sets forth information regarding the proposed directors and executive officers of DREAM whose appointments will be effective upon, or as soon as practicable following, the completion of the Arrangement.

Name and Province and Country of Residence	Position/Title	Independent	Committees	Principal Occupation
Mario Barrafato, Ontario, Canada	Chief Financial Officer	–	–	Principal, Dundee Real Estate Asset Management
Michael Cooper, Ontario, Canada	Chief Executive Officer, Director	No	Member of the Executive Committee	Managing Partner, Dundee Real Estate Asset Management
Brydon Cruise, Ontario, Canada	Director	Yes	Member of the Executive Committee, Governance and Environmental Committee and Compensation Committee	President and Managing Partner, Brookfield Financial
Richard N. Gateman, Calgary, Canada	Director	Yes	Member of the Governance and Environmental Committee and Compensation Committee	Vice President, Major Projects Business Development, TransCanada PipeLines Limited
P. Jane Gavan, Ontario, Canada	Executive Vice President	–	–	Principal, Dundee Real Estate Asset Management
Ned Goodman, Ontario, Canada	Chair, Director	No	Member of the Executive Committee and Compensation Committee	President and Chief Executive Officer, Dundee and Goodman Investment Counsel Inc.
Rene Gulliver, Ontario, Canada	Senior Vice President	–	–	Chief Financial Officer, Dundee International REIT
André Kuzmicki, Ontario, Canada	Director	Yes	Member of the Audit Committee and Governance and Environmental Committee	Executive Director, Program in Real Estate and Infrastructure, York University

Name and Province and Country of Residence	Position/Title	Independent	Committees	Principal Occupation
Vincenza Sera, Ontario, Canada	Director	Yes	Member of the Executive Committee and Audit Committee	Chair, Ontario Pension Board
Bruce Traversy, Ontario, Canada	Senior Vice President	–	–	Principal, Dundee Real Estate Asset Management
Sheldon Wiseman, Ontario, Canada	Director	Yes	Member of the Audit Committee	President and Chief Executive Officer, Gistex Inc.

The directors of DREAM will be elected by shareholders at each annual meeting of shareholders, and all directors will hold office for a term expiring at the close of the next annual meeting or until their respective successors are elected or appointed and will be eligible for re-election or re-appointment. The nominees for election as directors will be determined by the Governance and Environmental Committee in accordance with the charter of the Governance and Environmental Committee and will be included in the proxy-related materials to be sent to shareholders prior to each annual meeting.

The directors and executive officers of DREAM, as a group, are expected to beneficially own, or control or direct, directly or indirectly, 2,435,292 DREAM Subordinate Voting Shares, 3,086,583 DREAM Common Shares and Nil DREAM Series 1 Preference Shares, representing approximately 3.36% of the expected number of outstanding DREAM Subordinate Voting Shares, approximately 99.05% of the expected number of outstanding DREAM Common Shares and Nil% of the expected number of outstanding DREAM Series 1 Preference Shares, respectively, upon completion of the Arrangement (assuming that no Dissent Rights are exercised in connection with the Arrangement).

Biographical Information Regarding the Directors and Executive Officers of DREAM

Mario Barrafato

Mr. Mario Barrafato is a Principal of Dundee Real Estate Asset Management and has more than 20 years of finance experience in areas of public company reporting, taxation, corporate finance and capital markets. In this capacity, Mr. Barrafato is the Chief Financial Officer of Dundee Real Estate Asset Management and the Chief Financial Officer of Dundee REIT, Canada's largest office REIT, and Dundee Industrial REIT, Canada's largest industrial REIT. Since joining Dundee in 2001, Mr. Barrafato has played a key role in numerous transactions including the 2003 business restructuring that resulted in the creation of Dundee REIT, Dundee REIT's \$2.3 billion portfolio sale to GE Real Estate, and the initial public offerings of Dundee International REIT and Dundee Industrial REIT. Prior to joining Dundee, he held senior positions with KPMG and Molson Inc. Mr. Barrafato earned an Honours Bachelor of Commerce degree from McMaster University and received his Chartered Accountant designation in 1991.

Michael Cooper

Mr. Michael Cooper is the Managing Partner and founder of Dundee Real Estate Asset Management and has an extensive track record in the real estate industry dating back to 1986. He helped found Dundee Realty in 1996 and continues to hold the office of Chief Executive Officer. Under his leadership, the business has grown to more than \$12 billion of commercial real estate, residential development and renewable energy infrastructure assets under management. Among his accomplishments, Mr. Cooper is responsible for the formation of three TSX-listed real estate investment trusts: Dundee REIT, Canada's largest office REIT; Dundee International REIT, a Canadian REIT investing in commercial real estate assets exclusively outside of Canada; and, most recently, Dundee Industrial REIT, the largest pure-play industrial REIT in Canada. He earned a Bachelor of Laws degree from the University of Western Ontario and an MBA from York University. Mr. Cooper currently sits on the Board of Directors of Atrium Mortgage Investment Corporation and United Corporations Ltd.

Brydon Cruise

Mr. Brydon Cruise is President and Managing Partner of Brookfield Financial, a global real estate and infrastructure investment bank. Mr. Cruise has more than 23 years of experience in real estate investment banking. He is responsible for originating and executing real estate mergers and acquisitions, and debt and equity capital markets transactions for Brookfield Financial. Mr. Cruise previously worked as a Managing Director at RBC Capital Markets and on the principal side for two prominent United States based real estate finance investment companies, Fortress Investment Group LLC, as a Managing Partner, and Lone Star Opportunity Fund. Prior to that, Mr. Cruise worked in the real estate investment banking group at Citigroup, Inc. He is currently a director of Dundee International REIT and MCAN Mortgage Corporation and is a member of the Risk Committee and the Conduct Review, Corporate Governance and Human Resources Committee. Mr. Cruise also serves as Vice Chairman on the board of the YMCA of Greater Toronto. Mr. Cruise holds a business degree from Wilfrid Laurier University.

Richard N. Gateman

Mr. Richard N. Gateman is Vice President, Major Projects Business Development with TransCanada PipeLines Limited. He has 28 years of oil and gas, midstream gas processing and pipeline project experience in the areas of corporate law, transactions, stakeholder relations and business development. Mr. Gateman is also the President of Coastal GasLink Pipeline Ltd., a TransCanada subsidiary which is developing an estimated \$4-billion pipeline project in the province of British Columbia. Prior to this role, Mr. Gateman was Vice President, Northern Development for TransCanada, where he was responsible for TransCanada's involvement in the Mackenzie Gas Project and for the origination and advancement of new Canadian business development projects. Mr. Gateman currently sits on the board of directors of a private oil and gas exploration and development company and has held past executive and board positions in a number of charitable organizations and international business entities. Mr. Gateman holds a Bachelor of Arts degree from the University of Calgary and a Law degree from the University of Western Ontario.

P. Jane Gavan

Ms. Jane Gavan is a Principal of Dundee Real Estate Asset Management and has more than 20 years of experience in the real estate industry. Ms. Gavan is primarily responsible for international real estate investments and serves as Chief Executive Officer of Dundee International REIT, a Canadian REIT that invests in commercial real estate assets exclusively outside of Canada. Since joining Dundee in 1998, Ms. Gavan has played a key role in numerous transactions including Dundee's acquisition of Lehndorff Properties, the 2003 business restructuring that resulted in the creation of Dundee REIT, Dundee REIT's \$2.3 billion portfolio sale to GE Real Estate, and the initial public offering of Dundee International REIT. Prior to joining Dundee, Ms. Gavan served as legal counsel for numerous companies including Oxford Properties Group, and Denison Mines Corp., and began her career in private law practice with Blake, Cassels & Graydon LLP, specializing in real estate and corporate finance. She earned an Honours Bachelor of Commerce degree from Carleton University and a Bachelor of Laws degree from Osgoode Hall, York University.

Ned Goodman

Mr. Ned Goodman is the President and Chief Executive Officer of Dundee and Goodman Investment Counsel Inc. Mr. Goodman's investment experience spans more than 40 years as a securities analyst, portfolio manager and senior executive, and he has an established reputation as one of Canada's most successful investment counsellors. Among his accomplishments, Mr. Goodman is also the founder and benefactor of the Goodman Institute of Investment Management, a graduate school for investment management at Concordia University, Chancellor of Brock University and Chairman Emeritus of the Canadian Centre for Diversity. Mr. Goodman completed his undergraduate studies in science at McGill University and graduate studies in Business Administration at the University of Toronto. He achieved a Chartered Financial Analyst degree from the University of Virginia in 1967. A doctorate of laws, *honoris causa*, was conferred upon him by Concordia University in 1997. Mr. Goodman also sits on the board of directors of multiple companies, including Dundee, Dundee Energy Limited, Dundee REIT, Dundee

International REIT, Eurogas International Inc., Ryan Gold Corp., Woulfe Mining Corp., Corona Gold Corporation and 360 VOX Corporation.

Rene Gulliver

Mr. Rene Gulliver is the Chief Financial Officer of Dundee International REIT and has over 30 years of experience in corporate finance, financial planning and reporting, business development and operations. Mr. Gulliver is responsible for all financial matters related to Dundee International REIT. Prior to joining Dundee, Mr. Gulliver held senior positions at Cushman & Wakefield Inc., including the position of Chief Financial Officer, Americas from January 2010 to December 2012, in which capacity he was responsible for financial oversight for the United States, Mexico, South America as well as Canada. Prior to joining Cushman, Mr. Gulliver held positions as the Chief Executive Officer at Intercon Security and the Chief Financial Officer of Royal LePage Limited. Mr. Gulliver started his career at PWC, specializing in international mergers and acquisitions and financings. He is a Chartered Accountant and earned an Honours Business Administration degree from the University of Western Ontario.

André Kuzmicki

Mr. André Kuzmicki is the Executive Director of the Program in Real Estate and Infrastructure at the Schulich School of Business, York University in Toronto. He is also an Adjunct Professor of Real Estate Development at the Graduate School of Architecture, Planning and Preservation, Columbia University in New York. He has been involved with the real estate investment industry for nearly four decades. Prior to launching his teaching career in 1998, he managed the real estate investment portfolio for the Canadian arm of the Prudential Insurance Company of America. Mr. Kuzmicki serves on the boards of Chartwell Retirement Residences, Dorsay Development Corporation and RealNet Canada Inc. He is a NAIOP Distinguished Fellow and a member of the Urban Land Institute and the Pension Real Estate Association. He holds a BA and an MBA from McGill University.

Vincenza Sera

Ms. Vincenza Sera is Chair of the Ontario Pension Board, which administers and invests approximately \$18 billion in assets. Previously, Ms. Sera was an investment banker with 25 years experience in capital markets, corporate finance and corporate governance. She has held senior positions with major Canadian firms, including First Marathon Securities and two Schedule I Canadian chartered banks. Ms. Sera is an active corporate director and currently sits on the boards of Dundee Industrial REIT, Fallbrook Technologies Inc. and the Ontario Financing Authority. Ms. Sera holds a Masters in Business Administration degree from the University of Toronto and is a graduate of the Rotman Directors Education Program.

Bruce Traversy

Mr. Bruce Traversy is a Principal of Dundee Real Estate Asset Management and has 25 years of experience in the real estate industry. Bruce is primarily responsible for commercial property investments in both Canada and internationally as well as asset management on behalf of overseas clients. Since joining Dundee in 1997, Mr. Traversy has had functional responsibilities including research and analysis, investor relations and asset management. Since 2003, Mr. Traversy has played a key role in property acquisitions and dispositions on behalf of clients including Dundee REIT, Dundee Industrial REIT and Dundee International REIT, totalling approximately \$10 billion. Prior to joining Dundee, Mr. Traversy was a senior consultant with an international property advisory firm. Mr. Traversy earned an Honours Bachelors of Arts degree in urban development from the University of Western Ontario.

Sheldon Wiseman

Mr. Sheldon Wiseman, CA, B. Comm., has since 1996 been the President and Chief Executive Officer of Gistex Inc., a diversified, medium-sized real estate private equity company. From 2006 to 2009, Mr. Wiseman served as a Trustee of InterRent Real Estate Investment Trust, a publicly traded Trust owning and managing rental apartments in Ontario. From 1996 to 1997, Mr. Wiseman was President of Dundee Realty, involved in its start up and initial public offering. From 1985 to 1996, he was the Vice President of

Gistex Inc. From 1983 to 1985, he was a member of an audit team at PWC, auditing real estate, manufacturing, finance and non-profit companies. He is a 1983 Bachelor of Commerce graduate of the University of Toronto and received his Chartered Accountant designation in 1985.

Conflicts of Interest

Certain of the proposed executive officers and directors of DREAM are officers and directors of, or are associated with, other public and private companies. Such associations may give rise to conflicts of interest with DREAM from time to time. The OBCA requires, among other things, that the executive officers and directors of DREAM act honestly and in good faith with a view to the best interest of DREAM, to disclose any personal interest which they may have in any material contract or transaction which is proposed to be entered into with DREAM and, in the case of directors, to abstain from voting as a director for the approval of any such contract or transaction. See also “*Governance and the DREAM Board*” in this Appendix “E”.

SHARE CAPITAL

DREAM will be authorized to issue an unlimited number of DREAM Subordinate Voting Shares, an unlimited number of DREAM Common Shares and an unlimited number of first preference shares, issuable in series (“**DREAM First Preference Shares**”), of which the first series will be designated as “first preference shares, series 1” (being the DREAM Series 1 Preference Shares). As of the date hereof, no DREAM Subordinate Voting Shares, DREAM Common Shares or DREAM First Preference Shares (including the DREAM Series 1 Preference Shares) have been issued. Upon completion of the Arrangement, based on the number of Dundee Subordinate Voting Shares, Dundee Common Shares and Dundee Series 1 Preference Shares outstanding as of April 10, 2013 (and assuming that no Dissent Rights are exercised in connection with the Arrangement), there will be 72,571,543 DREAM Subordinate Voting Shares, 3,116,332 DREAM Common Shares and 6,000,000 DREAM Series 1 Preference Shares outstanding.

DREAM Subordinate Voting Shares and DREAM Common Shares

Holders of DREAM Subordinate Voting Shares and DREAM Common Shares will be entitled to one vote and 100 votes, respectively, for each such share held on all votes taken at meetings of the shareholders of DREAM. Subject to the rights of holders of DREAM Series 1 Preference Shares and other shares of DREAM ranking prior to the DREAM Subordinate Voting Shares and DREAM Common Shares, the DREAM Subordinate Voting Shares and DREAM Common Shares will participate equally, share for share, as to dividends. The DREAM Common Shares will be convertible into DREAM Subordinate Voting Shares on a one-for-one basis at any time, subject to adjustment.

In order to ensure that the holders of the DREAM Subordinate Voting Shares can participate in any offer which is made to the holders of the DREAM Common Shares (but is not made to the holders of DREAM Subordinate Voting Shares on the same terms in terms of price per share, percentage of shares to be taken up and other essential terms), which offer, by reason of applicable securities legislation or the requirements of a stock exchange on which the DREAM Subordinate Voting Shares may then be listed, would have been required to be made to all or substantially all the holders of DREAM Subordinate Voting Shares who are in any province of Canada to which the requirement applies if the DREAM Common Shares were DREAM Subordinate Voting Shares (an “**Exclusionary Offer**”), each holder of DREAM Subordinate Voting Shares will, for the purposes of the Exclusionary Offer only, be permitted to convert all or part of the DREAM Subordinate Voting Shares held into an equivalent number of DREAM Common Shares during the applicable conversion period. In certain circumstances (namely, the delivery of certificates, at specified times, by holders of 50 per cent or more of the issued and outstanding DREAM Common Shares to the effect that they will not, among other things, tender to such Exclusionary Offer or make an Exclusionary Offer), these conversion rights will not come into effect.

Subject to the rights of holders of DREAM Series 1 Preference Shares and other shares of DREAM ranking prior to the DREAM Subordinate Voting Shares and DREAM Common Shares, holders of DREAM Subordinate Voting Shares and DREAM Common Shares will be entitled to participate equally in

the property and assets of DREAM available to such holders in the event of the liquidation, dissolution or winding-up of DREAM.

It is expected that the listing agreement to be entered into between DREAM and the TSX will provide that, prior to the issue from treasury of any DREAM Common Shares, the separate approval of holders of DREAM Subordinate Voting Shares is required in addition to any shareholder approvals which might otherwise be required by the TSX or any other exchange on which such shares may then be listed. This restriction will not apply to the issue of DREAM Common Shares upon conversion of DREAM Subordinate Voting Shares in accordance with the rights thereof or pursuant to the declaration of stock dividends on the DREAM Common Shares payable in DREAM Common Shares provided that such stock dividends do not result in the issue in any calendar year of more than 5% of the DREAM Common Shares issued and outstanding as at the last day of the immediately preceding calendar year.

DREAM First Preference Shares

Each series of DREAM First Preference Shares, with respect to the payment of dividends and the distribution of assets in the event of the liquidation, dissolution or winding-up of DREAM, will rank on a parity with the DREAM First Preference Shares of every other series and senior to the DREAM Subordinate Voting Shares and DREAM Common Shares.

Except in accordance with any voting rights which may be attached to any series of DREAM First Preference Shares or as otherwise provided by law, the holders of DREAM First Preference Shares will not be entitled, as such, to receive notice of, or to attend, any meeting of shareholders of DREAM, nor will they be entitled to vote at any such meeting; provided that such holders shall be entitled to receive notice of any meetings of shareholders of DREAM called for the purpose of authorizing the dissolution of DREAM or the sale, lease or exchange of all or substantially all of its property. The approval of holders of DREAM First Preference Shares as a class to any matters which, by law, require such approval, may be given by the affirmative vote of holders of not less than two-thirds of the DREAM First Preference Shares represented and voted at a meeting called and held for such purpose.

DREAM Series 1 Preference Shares

Voting Rights

Holders of DREAM Series 1 Preference Shares will not be entitled to any voting rights (except as otherwise provided by law or in the conditions attaching to the DREAM First Preference Shares as a class). However, if at any time DREAM is in arrears for eight quarterly dividends in respect of the DREAM Series 1 Preference Shares, whether or not consecutive or declared, and whether or not there are any monies of DREAM properly applicable for the payment of such dividends, the holders of DREAM Series 1 Preference Shares shall be entitled, together with all other shares of DREAM, to receive notice of all meetings of shareholders of DREAM and thereat to vote one vote for each share held, except for meetings at which only holders of another class or series are entitled to vote, until such arrears for such dividends shall have been paid.

Redemption Rights

The DREAM Series 1 Preference Shares will be redeemable at the option of DREAM for a cash redemption price determined with reference to the liquidation amount of such shares. For illustrative purposes, if the liquidation amount is \$6.33, the redemption price will be:

- \$6.52 per DREAM Series 1 Preference Share, if redeemed prior to June 30, 2013;
- \$6.46 per DREAM Series 1 Preference Share, if redeemed on or after June 30, 2013 and prior to June 30, 2014;
- \$6.39 per DREAM Series 1 Preference Share, if redeemed on or after June 30, 2014 and prior to June 30, 2015; and

- \$6.33 per DREAM Series 1 Preference Share, if redeemed at any time on or after June 30, 2015, together with all accrued and unpaid dividends thereon.

Prior to June 30, 2016, a holder of DREAM Series 1 Preference Shares will not be able to require DREAM to redeem any DREAM Series 1 Preference Shares. On or after June 30, 2016, a holder of DREAM Series 1 Preference Shares will be able to require DREAM to redeem such shares for a cash price equal to the redemption price applicable on or after June 30, 2015, together with all accrued and unpaid dividends thereon.

Conversion Rights

Subject to compliance with all applicable laws, including receipt of all necessary regulatory approvals, the DREAM Series 1 Preference Shares will be convertible, at the option of DREAM, into DREAM Subordinate Voting Shares at any time prior to June 30, 2016.

The number of DREAM Subordinate Voting Shares into which each DREAM Series 1 Preference Share may be so converted will be determined by dividing the then applicable redemption price per DREAM Series 1 Preference Share, together with all accrued and unpaid dividends up to but excluding the date fixed for conversion, by the greater of: (i) \$2.00; and (ii) 95% of the weighted average trading price of the DREAM Subordinate Voting Shares on the TSX for the 20 consecutive trading days ending on the fourth day prior to the date specified for conversion or, if such fourth day is not a trading day, the immediately preceding trading day.

Repurchase Rights

DREAM may purchase for cancellation all or any part of the then outstanding DREAM Series 1 Preference Shares on the open market, by private agreement or otherwise.

Dividends

The holders of DREAM Series 1 Preference Shares will be entitled to receive quarterly fixed cumulative preferential cash dividends, if, as and when declared by the DREAM Board, in an amount expected to be equal to \$0.34816 per share per annum (less any tax required to be deducted and withheld by DREAM from payments to non-residents) to accrue daily from and including the original date of issue, payable on the last day of March, June, September and December in each year.

Winding Up, Dissolution

In the event of the liquidation, dissolution or winding up of DREAM, holders of DREAM Series 1 Preference Shares will be entitled to receive from the assets of DREAM an amount expected to be equal to \$6.33 per DREAM Series 1 Preference Share, together with an amount equal to all accrued but unpaid dividends thereon, before any amount shall be paid by DREAM to holders of any shares ranking junior as to capital to the DREAM Series 1 Preference Shares.

Dundee intends to confirm the liquidation amount, redemption prices and dividend amount of the DREAM Series 1 Preference Shares by way of a press release to be issued on the date that the Arrangement is completed.

DIVIDENDS

Following completion of the Arrangement, the declaration of dividends will be at the sole discretion of the DREAM Board and no dividend policy has yet been adopted by the DREAM Board. Other than in respect of DREAM Series 1 Preference Shares (as discussed above), DREAM is not expected to have any intention of paying dividends on its shares in the immediate future. The payment of dividends in the future will depend on the earnings, cash flow, cash requirements and financial condition of DREAM and such other factors as the DREAM Board considers appropriate.

PRO FORMA CONSOLIDATED CAPITALIZATION

The following table and the notes thereto set forth the share and loan capital of DREAM as at the dates specified therein. The following table should be read in conjunction with, and is qualified by reference to, DREAM's pro forma consolidated financial statements included in Appendix "G" to the Management Information Circular.

Designation of Security	Authorized	Amount Outstanding as of date of Incorporation of DREAM ⁽¹⁾	Pro Forma Amount Outstanding after giving effect to the Arrangement ⁽²⁾ (\$000's)
Equity			
DREAM Subordinate Voting Shares	Unlimited	Nil	743,691
DREAM Common Shares	Unlimited	Nil	31,163
Retained earnings	N/A	N/A	206,847
Reorganization adjustment	N/A	N/A	(763,584)
Accumulated other comprehensive income	N/A	N/A	22,772
Debt			
DREAM Series 1 Preference Shares	N/A	N/A	39,246
Amounts due to Dundee Corporation	N/A	N/A	69,938
Mortgage and term debt	N/A	N/A	93,200
Operating line	N/A	N/A	45,000

Notes:

(1) As of April 9, 2013. All figures are unaudited.

(2) Information has been included on the basis that the Arrangement occurred on the dates set out in the notes to the unaudited pro forma financial statements for DREAM contained in Appendix "G" to the Management Information Circular. All figures are unaudited.

Other than in the normal course of business, there has been no material change in the equity and debt capital of DREAM, on a consolidated basis, since the date of the unaudited pro forma financial statements for DREAM contained in Appendix "G" to the Management Information Circular.

OPTIONS TO PURCHASE SECURITIES

No DREAM Options or DREAM DSUs have been granted to date. See "*Executive Compensation – Compensation Discussion and Analysis – Long Term Equity Incentives*" of this Appendix "E".

PRIOR SALES

No shares of DREAM have been issued, or will be issued, prior to the Arrangement.

PRINCIPAL SHAREHOLDERS

Following completion of the Arrangement, based on the number of Dundee Subordinate Voting Shares, Dundee Common Shares and Dundee Series 1 Preference Shares outstanding as of April 10, 2013 (assuming that no Dissent Rights are exercised in connection with the Arrangement):

- Mr. Ned Goodman, the President and Chief Executive Officer of the Company, will own in aggregate, directly and indirectly, 2,426,330 DREAM Subordinate Voting Shares and 3,086,583 DREAM Common Shares. These holdings will represent 3.34% of the DREAM Subordinate Voting Shares and 99.05% of the DREAM Common Shares, respectively, and collectively a 80.97% voting interest in the total votes represented by the expected number of outstanding DREAM Subordinate Voting Shares and DREAM Common Shares, taken together, as at the Effective Date.
- Dundee will own, directly or indirectly, DREAM Subordinate Voting Shares representing approximately 28.57% of the total number of outstanding DREAM Subordinate Voting Shares and DREAM Common Shares as at the Effective Date (and thereby a 5.63% voting interest in the total

votes represented by the expected number of outstanding DREAM Subordinate Voting Shares and DREAM Common Shares, taken together, as at the Effective Date).

- Harbour Advisors, a business unit of CI Investments Inc., will hold an aggregate of 12,024,400 DREAM Subordinate Voting Shares, representing 16.57% of the DREAM Subordinate Voting Shares and a 3.13% voting interest in the total votes represented by the expected number of outstanding DREAM Subordinate Voting Shares and DREAM Common Shares, taken together, as at the Effective Date.

To the knowledge of DREAM, other than as set out above, there are no persons who will, immediately following the Arrangement becoming effective, beneficially own, or control or direct, directly or indirectly, voting securities of DREAM carrying 10 percent or more of the voting rights attached to any class of voting securities of DREAM.

GOVERNANCE AND THE DREAM BOARD

Unless otherwise indicated, the following disclosure is based on the present expectations for DREAM's corporate governance practices and the assumption that the formal establishment of the committees of the DREAM Board described below (without changes to the proposed composition) and the ratification and adoption of the mandates of the DREAM Board and its committees (without any material modifications) will occur following completion of the Arrangement.

The DREAM Board will be responsible for oversight of the business and affairs of DREAM, including DREAM's strategic planning and direction, identifying the principal risks of DREAM's business and ensuring the implementation of systems to manage risk, succession planning and creating a culture of integrity throughout DREAM. The DREAM Board will discharge its responsibilities directly and through the committees of the DREAM Board: the Audit Committee, the Governance and Environmental Committee, the Compensation Committee and the Executive Committee. Each committee will operate under a formal charter or mandate which will be reviewed and, if necessary, updated on an annual basis. In fulfilling its responsibilities, the DREAM Board will delegate day-to-day authority to management of DREAM, while reserving the ability to review management decisions and exercise final judgment on any matter. In addition, in accordance with applicable legal requirements, all matters of a material nature will be presented by management to the DREAM Board for approval.

The DREAM Board will consist of seven DREAM Directors. Upon completion of the Arrangement, five of the seven DREAM Directors will be independent (each, an "**Independent DREAM Director**") within the meaning of NI 58-101. Pursuant to NI 58-101, an Independent DREAM Director is one who is not an employee or executive officer of DREAM and free from any direct or indirect relationship which could, in the view of the DREAM Board, be reasonably expected to interfere with that DREAM Director's independent judgment. All of the directors will be Independent DREAM Directors, except: (i) Mr. Michael Cooper, who will not be an Independent DREAM Director by virtue of his position as Chief Executive Officer of DREAM, and (ii) Mr. Ned Goodman, who will not be an Independent DREAM Director because he will control DREAM through his ownership of DREAM Subordinate Voting Shares and DREAM Common Shares.

The mandate of the DREAM Board will be one of stewardship and oversight of DREAM and its investments. In fulfilling its mandate, the DREAM Board will adopt a written charter setting out its responsibilities. The proposed mandate of the DREAM Board is set out in Schedule "A" to this Appendix "E". Among other things, the DREAM Board will be responsible for: (a) participating in the development of and approving a strategic plan for DREAM; (b) supervising DREAM's activities and managing DREAM's investments and affairs; (c) approving major decisions regarding DREAM; (d) defining the roles and responsibilities of management and determining compensation upon the recommendation of the Compensation Committee; (e) reviewing and approving the business and investment objectives to be met by management; (f) assessing the performance of and overseeing management; (g) reviewing DREAM's debt strategy; (h) identifying and managing risk exposure; (i) ensuring the integrity and adequacy of DREAM's internal controls and management information systems; (j) succession planning; (k) establishing committees of the DREAM Board, where required or prudent, and defining their mandates; (l) maintaining records and providing reports to shareholders; (m) ensuring

effective and adequate communication with shareholders, other stakeholders and the public; (n) determining the amount and timing of dividends to shareholders; and (o) acting for DREAM, voting on DREAM's behalf and representing DREAM as a holder of securities of DREAM's subsidiaries. The proposed mandate of the DREAM Board, in substantially the form included in Schedule "A" to this Appendix "E", is expected to be formally ratified and adopted by the DREAM Board following completion of the Arrangement.

The DREAM Board will adopt a written position description for the Chair of the DREAM Board which will set out the Chair's key responsibilities, including duties relating to setting meeting agendas of the DREAM Board, chairing meetings of shareholders, DREAM Director development and communicating with shareholders and regulators. DREAM's Chair, Mr. Ned Goodman, will not be an Independent DREAM Director, as discussed above. In order to ensure that the DREAM Board successfully carries out its duties and responsibilities, the DREAM Board will appoint an independent lead director of the DREAM Board. The lead director's duties will include representing the Independent DREAM Directors in discussions with senior management on corporate governance issues and other matters, assisting in ensuring that the DREAM Board functions independently of its controlling shareholder and performing such other duties and responsibilities as are delegated by the DREAM Board from time to time. The DREAM Board will also adopt a written position description for each of the chairs of the committees of the DREAM Board which will set out each such chair's key responsibilities, including duties relating to setting committee meeting agendas, chairing committee meetings and working with the respective committee and management to ensure, to the greatest extent possible, the effective functioning of each committee. The DREAM Board will also adopt a written position description for the Chief Executive Officer. The corporate objectives for which the Chief Executive Officer will be responsible will be determined by strategic and financial plans initiated by the Chief Executive Officer, and developed with input from senior management and the DREAM Board. These descriptions will be considered by the DREAM Board for approval annually.

DREAM will adopt a written code of conduct (the "**Code of Conduct**") that will apply to all of DREAM's officers, employees and DREAM Directors. The objective of the Code of Conduct will be to provide guidelines for maintaining DREAM's integrity, reputation, honesty, objectivity and impartiality. The Code of Conduct will address conflicts of interest, the protection of DREAM's assets, confidentiality, fair dealing with security holders, competitors and employees, insider trading, compliance with laws and the reporting of any illegal or unethical behaviour. As part of the Code of Conduct, any person subject to the Code of Conduct will be required to avoid or fully disclose interests or relationships that are harmful or detrimental to DREAM's best interests or that may give rise to real, potential or the appearance of conflicts of interest. Certain of the proposed DREAM Directors and executive officers of DREAM may have conflicts of interest as a result of their current full-time positions and these conflicts will be expressly acknowledged. The DREAM Board will monitor compliance with the Code of Conduct through its Audit Committee.

The DREAM Board will have the ultimate responsibility for the stewardship of the Code of Conduct. The Code of Conduct will be available following the completion of the Arrangement on SEDAR at www.sedar.com.

Committees of DREAM Directors

The DREAM Board will establish four committees: the Audit Committee, the Governance and Environmental Committee, the Compensation Committee and the Executive Committee.

Audit Committee

NI 52-110 requires the DREAM Board to have an Audit Committee consisting of at least three DREAM Directors, all of whom must be Independent DREAM Directors. The DREAM Board will adopt a written charter for the Audit Committee, which will provide that the Audit Committee will assist the DREAM Board in fulfilling its oversight responsibilities with respect to financial reporting, including: (a) reviewing DREAM's procedures for internal control with DREAM's auditors and Chief Financial Officer; (b) reviewing and approving the engagement of the auditors; (c) reviewing annual and quarterly financial statements and all other material continuous disclosure documents, including DREAM's annual information form and management's discussion and analysis; (d) assessing DREAM's financial and accounting personnel; (e) assessing DREAM's accounting policies; (f) reviewing DREAM's risk management procedures; and (g)

reviewing any significant transactions outside DREAM's ordinary course of business and any pending litigation involving DREAM. The proposed mandate of the Audit Committee is set out in Schedule "B" to this Appendix "E" and is expected to be formally ratified and adopted by the DREAM Board following completion of the Arrangement.

The Audit Committee will have direct communication channels with DREAM's Chief Financial Officer and DREAM's external auditors to discuss and review such issues as the Audit Committee may deem appropriate.

The Audit Committee will initially be comprised of Mr. André Kuzmicki, Ms. Vincenza Sera and Mr. Sheldon Wiseman, with Mr. Wiseman as Chair. Each of these individuals will be an Independent DREAM Director and "financially literate" within the meaning of NI 52-110. Each of the proposed initial members of the Audit Committee possesses considerable education and experience relevant to the performance of his or her responsibilities as an Audit Committee member. See "*Biographical Information Regarding the Directors and Executive Officers of DREAM*" of this Appendix "E".

Governance and Environmental Committee

The DREAM Board will have a Governance and Environmental Committee consisting of at least three DREAM Directors, all of whom must be Independent DREAM Directors. The Governance and Environmental Committee will be charged with reviewing, overseeing and evaluating DREAM's governance and environmental policies. The DREAM Board will adopt a written charter for the Governance and Environmental Committee setting out its responsibilities for: (a) assessing the effectiveness of the DREAM Board, each of its committees and individual DREAM Directors; (b) overseeing the recruitment and selection of candidates as DREAM Directors; (c) organizing an orientation and education program for new DREAM Directors; (d) organizing continuous education programs for existing DREAM Directors; (e) considering and approving proposals by the DREAM Directors to engage outside advisors on behalf of the DREAM Board as a whole or on behalf of the Independent DREAM Directors; (f) reviewing and making recommendations to the DREAM Board concerning any change in the number of DREAM Directors comprising the DREAM Board; (g) reviewing the environmental state of any real property owned by DREAM; and (h) establishing formal policies and procedures to review and monitor DREAM's environmental exposure. The Governance and Environmental Committee will establish formal policies and procedures to review and monitor the environmental state of any real property owned by DREAM which will take into account CSA Staff Notice 51-533 – *Environmental Reporting Guidance*. Monitoring and review of the environmental state of DREAM's real properties may include: (a) review of environmental liability risk assessments; (b) review of environmental incident reports; (c) inspection and monitoring of any ongoing environmental control measures; (d) review of compliance with local jurisdictional regulations and orders; and (e) preparation of a hazardous materials management plan.

The Governance and Environmental Committee will initially be comprised of Messrs. Brydon Cruise, Richard N. Gateman and André Kuzmicki, with Mr. Kuzmicki as Chair. Each of these Individuals will be an Independent DREAM Director.

Compensation Committee

The DREAM Board will have a Compensation Committee consisting of at least three DREAM Directors.

The Compensation Committee will be charged with reviewing, overseeing and evaluating DREAM's compensation policies. In addition, the DREAM Board will adopt a written charter for the Compensation Committee setting out its responsibilities for: (a) considering questions of management succession; (b) administering the DREAM Stock Option Plan, DREAM Deferred Share Incentive Plan and any other compensation incentive programs; (c) assessing the performance of management of DREAM; (d) reviewing and approving the compensation paid by DREAM, if any, to DREAM's officers, advisors and consultants; and (e) reviewing and making recommendations to the DREAM Board concerning the level and nature of the compensation payable to the DREAM Directors and officers of DREAM.

The Compensation Committee will initially be comprised of Messrs. Brydon Cruise, Richard N. Gateman and Ned Goodman, with Mr. Goodman as Chair. Messrs. Cruise and Gateman will be Independent

DREAM Directors. Each of the proposed initial members of the Compensation Committee possesses considerable education and experience relevant to the performance of his or her responsibilities as a Compensation Committee member. See “*Biographical Information Regarding the Directors and Executive Officers of DREAM*” of this Appendix “E”.

Executive Committee

In addition to the committees described above, DREAM will have an Executive Committee consisting of at least four members, each of whom may be either a DREAM Director or an executive officer of DREAM. The Executive Committee will meet on an “as needed” basis and have the authority to exercise all of the powers and discretions in the management and direction of DREAM’s activities delegated to it by the DREAM Board in accordance with its mandate and applicable law, including authority to: (a) approve or reject proposed investments by DREAM, in each case, of up to \$50 million (by way of debt or equity); (b) approve the assumption or granting of any mortgage of up to \$50 million (or such other amount provided the terms thereof have been reflected in DREAM’s operating budget approved by the DREAM Board for the applicable year); (c) develop DREAM’s strategy, risk management and staffing requirements for review and approval by the DREAM Board; and (d) approve the assumption or incurrence of any debt obligations of up to \$50 million (or such other amount provided the terms thereof have been reflected in DREAM’s operating budget approved by the DREAM Board for the applicable year). Although the Executive Committee will be delegated authority in respect of many aspects of DREAM’s business, in accordance with the proposed mandate of the DREAM Board, all material investments and transactions outside DREAM’s ordinary course of business must be reviewed by, and will be subject to the prior approval of, the DREAM Board.

The Executive Committee will initially be comprised of Ms. Vincenza Sera and Messrs. Michael Cooper, Brydon Cruise and Ned Goodman, with Mr. Cooper as Chair. Mr. Cruise and Ms. Sera will be Independent DREAM Directors.

Executive Officers

The responsibilities of DREAM’s senior management will include: (a) leading DREAM’s management and implementing the resolutions and policies of the DREAM Board; (b) providing the DREAM Board with information and advice relating to the operation of DREAM’s properties, acquisitions and financings; (c) establishing, at least on an annual basis, investment and operating plans for the ensuing period; (d) conducting and supervising the due diligence required in connection with proposed acquisitions and completing any acquisitions or dispositions; (e) maintaining DREAM’s books and financial records; (f) determining and preparing designations, elections and determinations to be made in connection with income and capital gains for tax and accounting purposes; (g) preparing reports and other information required to be sent to shareholders and other disclosure documents; (h) calculating all dividends; (i) communicating with shareholders and other persons, including investment dealers, lenders and professionals; and (j) administering or supervising the administration, on behalf of the DREAM Board, of the payment of cash dividends and other dividends.

DREAM Directors’ and Officers’ Liability Insurance

DREAM intends to carry directors’ and officers’ liability insurance. Under this insurance coverage, DREAM will be reimbursed for insured claims where payments have been made under indemnity provisions on behalf of the DREAM Directors and officers of DREAM contained in the OBCA and the by-laws of DREAM, subject to a deductible for each loss, which will be paid by DREAM. Individual DREAM Directors and officers of DREAM will also be reimbursed for insured claims arising during the performance of their duties for which they are not indemnified by DREAM. Excluded from insurance coverage will be illegal acts, acts which result in personal profit and certain other acts. In addition, DREAM will enter into indemnity agreements with each of the DREAM Directors and officers of DREAM.

Cease Trade Orders, Bankruptcies, Penalties and Sanctions

Corporate Cease Trade Orders and Bankruptcies

None of the proposed DREAM Directors or executive officers are, and to the best of DREAM's knowledge, no shareholder expected to hold a sufficient number of DREAM's securities to affect materially the control of DREAM following the completion of the Arrangement is, as at the date of the Management Information Circular, or have been within the 10 years before such date, (a) a director, chief executive officer or chief financial officer of any company that (i) was subject to an order that was issued while the proposed DREAM Director or executive officer or shareholder was acting in the capacity as director, chief executive officer or chief financial officer, or (ii) was subject to an order that was issued after the proposed DREAM Director or executive officer or shareholder ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer, or (b) a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets. For the purposes of this paragraph, "order" means a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, in each case, that was in effect for a period of more than 30 consecutive days.

Individual Bankruptcies

None of the proposed DREAM Directors or executive officers, and to the best of DREAM's knowledge, no shareholder expected to hold a sufficient number of DREAM's securities to affect materially the control of DREAM following the completion of the Arrangement, have, within the 10 years prior to the date of the Management Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold their assets.

Penalties or Sanctions

None of the proposed DREAM Directors or executive officers, and to the best of DREAM's knowledge, no shareholder expected to hold a sufficient number of DREAM's securities to affect materially the control of DREAM following the completion of the Arrangement, have been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or have entered into a settlement agreement with a securities regulatory authority or been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor making an investment decision.

Other Reporting Issuer Experience

The following table sets out the proposed DREAM Directors that are directors of other reporting issuers (or the equivalent) in Canada or a foreign jurisdiction:

Name of Director	Name of Reporting Issuer
Brydon Cruise	Dundee International REIT MCAN Mortgage Corp.
Michael Cooper	Atrium Mortgage Investment Corporation Dundee Corporation Dundee Industrial REIT Dundee International REIT Dundee REIT United Corporations Limited
Ned Goodman	360 VOX Corporation Corona Gold Corporation Dundee Corporation Dundee Energy Limited Dundee International REIT Dundee REIT Eurogas International Inc. Ryan Gold Corp. Woulfe Mining Corp.
André Kuzmicki	Chartwell Retirement Residences
Vincenza Sera	Dundee Industrial REIT

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

No compensation has been paid by DREAM to its proposed executive officers or the proposed DREAM Directors and none will be paid by DREAM until after the Arrangement is completed. This compensation discussion and analysis describes and explains the executive compensation principles, policies and programs that DREAM will implement following completion of the Arrangement, including the compensation of its proposed “named executive officers”, being its proposed Chief Executive Officer, Mr. Michael Cooper, proposed Chief Financial Officer, Mr. Mario Barrafato, and the three proposed executive officers that are expected to be most highly compensated other than the Chief Executive Officer and Chief Financial Officer (collectively, with the Chief Executive Officer and the Chief Financial Officer, the “**DREAM NEOs**”), Ms. P. Jane Gavan, proposed Executive Vice President of DREAM, Mr. Bruce Traversy, proposed Senior Vice President of DREAM and Mr. Rene Gulliver, proposed Senior Vice President of DREAM. Except for the anticipated grant of DREAM Options, such executive compensation is a continuation of the compensation to which such individuals are entitled in their current positions as officers of Dundee Realty.

Principal Elements of Compensation

The compensation of the DREAM NEOs will include three principal elements: (a) base salary; (b) an annual cash bonus; and (c) long-term equity incentives, consisting of DREAM Options and DREAM DSUs. DREAM's process for determining executive compensation will involve DREAM Board discussions with input from senior management. There is no specific formula expected for determining the amount of each element, nor is there expected to be a formal approach applied for determining how one element of compensation fits into the overall compensation objectives in respect of DREAM's activities. Objectives and performance measures may vary from year to year as determined to be appropriate by the DREAM Board, with input from the Compensation Committee.

The DREAM NEOs will not benefit from medium term incentives or pension plan participation. Perquisites and personal benefits will not be a significant element of compensation of the DREAM NEOs.

The three principal elements of compensation are described below.

Base Salaries

Base salaries will be intended to provide an appropriate level of fixed compensation that will assist in employee retention and recruitment. Base salaries will be determined on an individual basis, taking into consideration the past, current and potential contribution to DREAM's success, the position and responsibilities of the DREAM NEOs and competitive industry pay practices, thereby enabling DREAM to compete for and retain executives critical to DREAM's long term success. Increases in base salary will be at the sole discretion of the DREAM Board, with input from the Compensation Committee.

Annual Cash Bonuses

Annual cash bonuses will be discretionary and not awarded pursuant to a formal incentive plan. Annual cash bonuses will be awarded based on qualitative and quantitative performance standards, and reward DREAM's performance or the DREAM NEO individually. The determination of DREAM's performance may vary from year to year depending on economic conditions and conditions in the real estate industry, and may be based on measures such as share price performance, the meeting of financial targets against budget, the meeting of acquisition objectives and balance sheet performance.

Individual performance factors may vary, and may include completion of specific projects or transactions and the execution of day-to-day management responsibilities.

Long Term Equity Incentives

DREAM Stock Option Plan

DREAM Options will be granted under the DREAM Stock Option Plan. Subject to regulatory requirements, the terms, conditions and limitations of DREAM Options granted under the DREAM Stock Option Plan will be determined by the Compensation Committee and set out in an option agreement to be entered into effective as at the time of the grant.

The following are some key terms of the DREAM Stock Option Plan which will apply to all grants of DREAM Options:

Eligibility	Employees of DREAM and its subsidiaries and individuals who provide consulting, management or other services to DREAM or a subsidiary and who spend or will devote a significant amount of time or attention on the affairs and business of one or more of DREAM and its subsidiaries pursuant to a contract with such individuals or the individual's employer will be eligible. Non-employee DREAM Directors will not be eligible to participate in this plan.
Vesting	DREAM Options will become exercisable on a five year vesting schedule, with one-fifth vesting on each anniversary of the date of grant for a period of five years and, in certain cases, subject to the satisfaction of certain performance conditions as approved by the Compensation Committee. The Compensation Committee will reserve the right to determine when within the term of the participant's DREAM Options shall become exercisable.
Expiry	DREAM Options will expire after ten years. However, for DREAM Options which are scheduled to expire during a corporate blackout trading period, the term of the DREAM Option will not expire until the 10th business day following the expiry of the blackout period applicable to the particular option holder.

Exercise Price	The exercise price for each DREAM Option will be determined by the Compensation Committee, but will not be less than the closing price of the DREAM Subordinate Voting Shares on the TSX on the last trading day immediately preceding the day on which the DREAM Option is granted.
Retirement	DREAM Options will continue to vest and become exercisable in accordance with the terms of the award (i.e., the retiree continues to participate in the DREAM Stock Option Plan as if he or she was still employed).
Termination of Employment for Cause or Resignation	DREAM Options will be forfeited.
Termination of Employment Without Cause	DREAM Options which have not vested on or before the date of termination of employment will be forfeited. DREAM Options which have vested on or before the date of termination of employment will be exercisable for 90 days following such date, following which they will be forfeited.
Death	DREAM Options which have not vested on or before the date of death will be forfeited. DREAM Options which have vested on or before the date of death will be exercisable by the participant's estate for 180 days following such date, following which they will be forfeited.
Assignment	DREAM Options will not be assignable.
Adjustments	Adjustments will be made to the exercise price of a DREAM Option, the number of DREAM Subordinate Voting Shares delivered to an optionholder upon exercise of a DREAM Option and the maximum number of DREAM Subordinate Voting Shares that may at any time be reserved for issuance pursuant to DREAM Options in certain circumstances, such as a stock dividend, stock split, recapitalization, merger, consolidation, amalgamation, combination or exchange of DREAM Subordinate Voting Shares or other similar corporate change.
Change of Control	Vesting of DREAM Options held by an employee is accelerated and such DREAM Options become fully vested if such employee is terminated without cause within 12 months following the completion of a change of control. Change of control includes, among other things: (i) any transaction at any time and by whatever means pursuant to which any person or any group of two or more persons acting jointly or in concert (other than DREAM, a wholly-owned subsidiary of DREAM, Mr. Ned Goodman or Mr. Michael Cooper) hereafter acquires the direct or indirect "beneficial ownership" (as defined in the <i>Canada Business Corporations Act</i>) of, or acquires the right to exercise control or direction over, securities of DREAM representing 50% or more of the then issued and outstanding voting securities of DREAM in any manner whatsoever, including, without limitation, as a result of a take-over bid, an exchange of securities, an amalgamation of DREAM with any other entity, an arrangement, a capital reorganization or any other business combination or

	<p>reorganization;</p> <ul style="list-style-type: none"> (ii) the sale, assignment or other transfer of all or substantially all of the assets of DREAM to a person other than a wholly-owned subsidiary of DREAM; (iii) the dissolution or liquidation of DREAM, except in connection with the distribution of assets of DREAM to one or more persons which were wholly-owned subsidiaries of DREAM prior to such event; (iv) the occurrence of a transaction requiring approval of DREAM's shareholders whereby DREAM is acquired through consolidation, merger, exchange of securities, purchase of assets, amalgamation, statutory arrangement or otherwise by any other person (other than a short form amalgamation or exchange of securities with a wholly-owned subsidiary of DREAM); (v) a determination by the DREAM Board that a change of control has been deemed to have occurred in such circumstances as the DREAM Board determines; or (vi) the circumstance that individuals comprising the DREAM Board as of the last annual meeting of shareholders of DREAM for any reason cease to constitute at least a majority of the members of the DREAM Board.
<p>Amendments</p>	<p>Under the terms of the DREAM Stock Option Plan, shareholder approval will be required for any amendment, modification or change that:</p> <ul style="list-style-type: none"> (i) increases the number of DREAM Subordinate Voting Shares reserved for issuance except pursuant to the adjustment provisions in the plan; (ii) reduces the exercise price of a DREAM Option except pursuant to the provisions in the plan which permit the Compensation Committee to make equitable adjustments in the event of transactions affecting DREAM or its capital; (iii) extends the term of a DREAM Option beyond the original expiry date, or permits the expiry of an option to be beyond ten years from the date of grant; (iv) extends eligibility to participate to non-employee DREAM Directors; (v) permits DREAM Options to be transferred other than for normal estate settlement purposes; (vi) permits awards, other than DREAM Options, to be made under the DREAM Stock Option Plan; or (vii) deletes or reduces the range of amendments which require shareholder approval. <p>In addition, under the requirements of the TSX, shareholder approval will be required for any amendment, modification or change to remove or exceed the 10% limit on the number of DREAM Subordinate Voting Shares authorized for issuance to insiders, or issued to insiders, as a group.</p> <p>Amendments which may be made without shareholder approval will include amendments of a housekeeping nature, adjustments to</p>

	outstanding DREAM Options in the event of certain corporate transactions, specifying practices with respect to applicable tax withholdings, the addition of covenants for the protection of participants, changes to vesting provisions, and a change to the termination provisions of a DREAM Option which does not involve an extension of the term of a DREAM Option beyond its original expiry date.
Number of DREAM Options under the DREAM Stock Option Plan	The aggregate number of DREAM Subordinate Voting Shares which may at any time be issued or reserved for issuance under the DREAM Stock Option Plan shall not exceed 6,900,000 DREAM Subordinate Voting Shares, being approximately 9.5% of the estimated issued and outstanding DREAM Subordinate Voting Shares on the Effective Date, based upon the number of Dundee Subordinate Voting Shares outstanding as of the date of the Management Information Circular and assuming that no Dissent Rights are exercised in connection with the Arrangement. Any DREAM Subordinate Voting Shares subject to a DREAM Option that expires or terminates without having been fully exercised may be made the subject of a further option.

DREAM Deferred Share Incentive Plan

The DREAM NEOs will be eligible to receive grants of DREAM DSUs under the DREAM Deferred Share Incentive Plan. The DREAM Board may designate individuals eligible to receive grants of DREAM DSUs. In determining grants of DREAM DSUs, an individual's performance and contributions to DREAM's success, relative position, tenure and past grants will be taken into consideration.

Eligible Participants may participate in the DREAM Deferred Share Incentive Plan. "Eligible Participants" under the DREAM Deferred Share Incentive Plan will consist of: (a) the directors and officers of DREAM; (b) employees of DREAM or any of its affiliates; and (c) employees of certain service providers who spend a significant amount of time and attention on the affairs and business of one or more of DREAM and its affiliates. The DREAM Deferred Share Incentive Plan will provide for the grant to Eligible Participants of DREAM DSUs and Income DSUs. Income DSUs will be credited to holders of DREAM DSUs and Income DSUs based on ordinary course dividends paid by DREAM on the DREAM Subordinate Voting Shares.

Up to a maximum of 500,000 DREAM Subordinate Voting Shares will be issuable under the DREAM Deferred Share Incentive Plan, representing approximately 0.7% of the expected number of outstanding DREAM Subordinate Voting Shares upon completion of the Arrangement. The aggregate of the DREAM Subordinate Voting Shares (a) issued to insiders of DREAM, within any one year period, and (b) issuable to insiders of DREAM, at any time, under the plan, when combined with all of DREAM's other security based compensation arrangements, shall not exceed 10% of the total issued and outstanding DREAM Subordinate Voting Shares.

Under the DREAM Deferred Share Incentive Plan, DREAM DSUs may be granted from time to time to Eligible Participants at the discretion of the DREAM Board. The number of Income DSUs credited to a holder of DREAM DSUs and/or Income DSUs will be calculated by multiplying the aggregate number of DREAM DSUs and Income DSUs held on the relevant dividend record date by the amount of dividends declared and paid by DREAM on each DREAM Subordinate Voting Share, and dividing the result by the market value of the DREAM Subordinate Voting Shares on the dividend payment date. Market value for this purpose is the volume weighted average closing price of the DREAM Subordinate Voting Shares on the TSX for the five trading days immediately preceding the relevant dividend payment date.

Except as provided below, DREAM DSUs will vest on either a five year or a three year vesting schedule. DREAM DSUs granted to an Eligible Participant who is an officer of DREAM or a DREAM Director, a grantee, will vest on a five year vesting schedule, pursuant to which one-fifth of the DREAM DSUs granted to such individual will vest on each anniversary of the grant date for a period of five years. DREAM DSUs granted to employees of DREAM, its affiliates or service providers will vest on a three year

vesting schedule, pursuant to which one-third of the DREAM DSUs granted to such individual will vest on each anniversary of the grant date for a period of three years. Income DSUs credited to participants in the DREAM Deferred Share Incentive Plan vest on the same five or three year schedule as their corresponding DREAM DSUs and are issued on the same date as the DREAM DSUs or Income DSUs in respect of which they were credited.

Upon the vesting of DREAM DSUs and Income DSUs, DREAM will issue DREAM Subordinate Voting Shares to Eligible Participants on the basis of one DREAM Subordinate Voting Shares for each DREAM DSU and Income DSU that has vested. DREAM Subordinate Voting Shares will be issued by DREAM at no cost to Eligible Participants. Grantees have the ability to elect to defer the issuance of DREAM Subordinate Voting Shares to them on the vesting of their DREAM DSUs and Income DSUs in respect of any vesting date. The issuance of DREAM Subordinate Voting Shares to grantees may be deferred indefinitely, unless the grantee's employment or term of office is terminated, in which case DREAM Subordinate Voting Shares will be issued on the relevant date of termination of employment or term of office.

Vesting of DREAM DSUs granted to a DREAM Director in payment of such DREAM Director's annual retainer and related Income DSUs will be accelerated and such DREAM DSUs and Income DSUs will become fully vested if such Eligible Participant ceases to be a DREAM Director. Any unvested DREAM DSUs or Income DSUs held by an Eligible Participant other than DREAM DSUs (and related Income DSUs) granted to a DREAM Director in payment of his or her annual retainer 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 DREAM Deferred Share Incentive Plan, the Compensation Committee may, in its discretion if the circumstances warrant, accelerate the vesting of such DREAM DSUs or Income DSUs held by an individual whose employment or term of office is terminated. In these circumstances, any unvested DREAM DSUs or Income DSUs will vest effective upon the termination date of the individual, or on such later date or dates determined by the Compensation Committee in its discretion.

DREAM DSUs and Income DSUs are non-transferable, except to an Eligible Participant's estate, and the rights of Eligible Participants under the DREAM Deferred Share Incentive Plan are not assignable, except as required by law.

The Compensation Committee of the DREAM Board may review and confirm the terms of the DREAM Deferred Share Incentive Plan from time to time and may, subject to applicable stock exchange rules, amend or suspend the DREAM Deferred Share Incentive Plan in whole or in part as well as terminate the DREAM Deferred Share Incentive Plan without prior notice as it deems appropriate; provided, however, that any amendment to the DREAM Deferred Share Incentive Plan that would, among other things, result in any increase in the number of DREAM DSUs and Income DSUs issuable under the DREAM Deferred Share Incentive Plan or permit DREAM DSUs or Income DSUs granted under the plan to be transferable or assignable other than for normal estate settlement purposes will be subject to the approval of DREAM shareholders. Without limitation, the Compensation Committee may, without obtaining the approval of DREAM shareholders, make changes: (a) to correct errors, immaterial inconsistencies or ambiguities in the DREAM Deferred Share Incentive Plan; (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 DREAM DSUs and Income DSUs. However, subject to the terms of the DREAM Deferred Share Incentive Plan, no amendment may materially adversely affect the DREAM DSUs or Income DSUs previously granted under the DREAM Deferred Share Incentive Plan without the consent of the affected Eligible Participant.

Compensation Risk

The Compensation Committee will consider the implications of the risks associated with DREAM's compensation policies and practices in the course of reviewing and recommending to the DREAM Board the compensation packages for the executive officers of DREAM. DREAM's compensation policies and practices will incorporate features designed to mitigate risk without diminishing the incentive nature of the compensation, and to encourage and reward prudent business judgement and appropriate risk taking over the long term. Accordingly, the Compensation Committee's role in this respect will include the review

of an executive's compensation to ensure that there is a balance between long term and short term incentives as well as adequate policies and procedures in place to mitigate excessive risk taking including the use of long term incentives.

Hedging

Following completion of the Arrangement, DREAM intends to adopt a policy formally prohibiting the executive officers of DREAM and DREAM Directors from purchasing financial instruments designated to hedge or offset a decrease in the market value of the DREAM Subordinate Voting Shares, including DREAM Subordinate Voting Shares underlying share based compensation or otherwise held directly or indirectly by an executive officer or director of DREAM.

Summary Compensation Table

The following table provides a summary of the significant elements of compensation anticipated to be paid to each of the DREAM NEOs following completion of the Arrangement.

Name and principal position	Year	Salary	Share-Based Awards ⁽¹¹⁾	Non-Equity Incentive Plan Compensation (Bonus)	All other Compensation	Total Compensation ⁽¹²⁾
Michael Cooper President and Chief Executive Officer	2013	\$687,411 ⁽¹⁾	-	\$1,767,123 ⁽²⁾	-	\$2,454,534
Mario Barrafato Chief Financial Officer	2013	\$235,616 ⁽³⁾	-	\$235,616 ⁽⁴⁾	-	\$471,232
P. Jane Gavan..... Executive Vice President	2013	\$235,616 ⁽⁵⁾	-	\$235,616 ⁽⁶⁾	-	\$471,232
Bruce Traversy Senior Vice President	2013	\$161,986 ⁽⁷⁾	-	\$161,986 ⁽⁸⁾	-	\$323,972
Rene Gulliver..... Senior Vice President	2013	\$191,438 ⁽⁹⁾	-	\$103,082 ⁽¹⁰⁾	-	\$294,520

Notes:

- (1) Assuming completion of the Arrangement on May 30, 2013 and based on an annualized base salary of \$1,167,000.
- (2) Assuming completion of the Arrangement on May 30, 2013 and based on an annualized bonus of \$3,000,000.
- (3) Assuming completion of the Arrangement on May 30, 2013 and based on an annualized base salary of \$400,000.
- (4) Assuming completion of the Arrangement on May 30, 2013 and based on an annualized bonus of \$400,000.
- (5) Assuming completion of the Arrangement on May 30, 2013 and based on an annualized base salary of \$400,000.
- (6) Assuming completion of the Arrangement on May 30, 2013 and based on an annualized bonus of \$400,000.
- (7) Assuming completion of the Arrangement on May 30, 2013 and based on an annualized base salary of \$275,000.
- (8) Assuming completion of the Arrangement on May 30, 2013 and based on an annualized bonus of \$275,000.
- (9) Assuming completion of the Arrangement on May 30, 2013 and based on an annualized base salary of \$325,000.
- (10) Assuming completion of the Arrangement on May 30, 2013 and based on an annualized bonus of \$175,000.
- (11) The number of DREAM Options to be granted to the executive officers of DREAM will be determined following completion of the Arrangement. It is not currently expected that DREAM DSUs will be awarded to its executive officers.
- (12) Not including share-based awards. See Note (11) above.

Compensation on Termination of Employment or Change of Control

As at the date of the Management Information Circular, the terms of any arrangements with DREAM for compensation of the executive officers of DREAM in the event of termination of employment or a change in responsibilities following a change of control of DREAM have not yet been determined.

REMUNERATION OF DREAM DIRECTORS

DREAM Directors' Compensation

The DREAM Directors' compensation program is designed to attract and retain the most qualified individuals to serve on the DREAM Board. In consideration for serving on the DREAM Board for 2013, each DREAM Director that is not an employee of DREAM or one of its affiliates will be compensated as indicated below:

Type of Fee	Amount
DREAM Director Annual Retainer ⁽¹⁾	\$35,000/year
DREAM Board Chair Annual Retainer ⁽²⁾	\$500,000/year
Audit Committee Chair Annual Retainer	\$20,000/year
Other Committee Chair Annual Retainer	\$5,000/year
Audit Committee Member Annual Retainer.....	\$5,000/year
DREAM Board Meeting Attendance Fee	\$1,500/meeting
Other Committee Meeting Attendance Fee.	\$1,500/meeting

Notes:

- (1) DREAM Directors may elect to be paid the board retainer in cash or in an equivalent value of DREAM DSUs.
- (2) The Chair of the DREAM Board will receive such amount if he or she is not an employee of DREAM or one of its subsidiaries, but will not receive any other fees for board or committee meetings attended.

DREAM Directors will also be reimbursed for their out-of-pocket expenses incurred in acting as DREAM Directors. In addition, DREAM Directors will be entitled to receive remuneration for services rendered to DREAM in any other capacity, except in respect of their service as directors or trustees of any subsidiary of DREAM. DREAM Directors who are employees of and who receive salary from DREAM or one of its subsidiaries will not be entitled to receive any remuneration for his or her services in acting as DREAM Directors, but will be entitled to reimbursement of their out-of-pocket expenses incurred in acting as DREAM Directors.

DREAM Directors may participate in the DREAM Deferred Share Incentive Plan. Non-employee DREAM Directors may elect to receive their annual retainer in DREAM DSUs under the DREAM Deferred Share Incentive Plan. If so elected, DREAM will credit to the DREAM Director's account such number of DREAM DSUs equal to the amount of the retainer deferred, divided by the fair market value of the DREAM Subordinate Voting Shares as determined in accordance with the DREAM Deferred Share Incentive Plan on the date of the award. In addition, DREAM Directors are eligible to receive awards of DREAM DSUs as designated by the DREAM Board. See "*Executive Compensation – Compensation Discussion and Analysis – Long Term Equity Incentives – DREAM Deferred Share Incentive Plan*" of this Appendix "E" for a discussion of the terms of the DREAM Deferred Share Incentive Plan.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

There are no material legal proceedings to which DREAM or any of its expected subsidiaries is a party to, or that any of their property is the subject of, and, to the best of DREAM's knowledge, there are no such proceedings currently contemplated.

Since incorporation, there have not been any penalties or sanctions imposed against DREAM by a court relating to provincial and territorial securities legislation or by a securities regulatory authority, nor have there been any other penalties or sanctions imposed by a court or regulatory body against DREAM, and DREAM has not entered into any settlement agreements before a court relating to provincial and territorial securities legislation or with a securities regulatory authority.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as described elsewhere in the Management Information Circular, none of the proposed DREAM Directors or proposed officers of DREAM, or person or company that is expected to beneficially own, or control or direct more than 10% of any class or series of shares of DREAM, or any associate or affiliate of any of the foregoing persons, has or has had any material interest in any past transaction within the three years before the date of the Management Information Circular, or any proposed transaction, that has materially affected or would materially affect DREAM or any of its expected subsidiaries.

INTERESTS OF EXPERTS

PWC, at its offices in Toronto, Ontario, are the auditors of Dundee Realty and are expected to be the auditors of DREAM. Such firm is independent of each of Dundee Realty and DREAM in accordance with the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The auditors of DREAM are expected to be PWC, at its offices in Toronto, Ontario.

The transfer agent and registrar of the shares of DREAM is Computershare Investor Services Inc. at its principal offices in Toronto, Ontario.

MATERIAL CONTRACTS

Following the completion of the Arrangement, the following will be the material contracts of DREAM, other than contracts entered into in the ordinary course of business:

- the Arrangement Agreement. See “*The Arrangement – Arrangement Agreement*” in the Management Information Circular for particulars of the Arrangement Agreement;
- the Shareholders Agreement. See “*The Arrangement – Shareholders Agreement*” in the Management Information Circular for particulars of the Shareholders Agreement;
- the Permitted Sales Agreement. See “*The Arrangement – Permitted Sales Agreement*” in the Management Information Circular for particulars of the Permitted Sales Agreement;
- the Exchange Agreement. See “*The Arrangement – Exchange Agreement*” in the Management Information Circular for particulars of the Exchange Agreement;
- the non-competition agreement dated October 4, 2012 between Dundee Realty and Dundee Industrial REIT (the “**Dundee Industrial REIT Non-Competition Agreement**”), as described below;
- the non-competition agreement dated August 3, 2011 between Dundee Realty and Dundee International REIT (the “**Dundee International REIT Non-Competition Agreement**”), as described below; and
- the non-competition agreement dated June 30, 2003 between Dundee Realty, Dundee REIT and Dundee Properties LP (the “**Dundee REIT Non-Competition Agreement**”), as described below.

Copies of the above material contracts will be available following the completion of the Arrangement on DREAM’s SEDAR profile at www.sedar.com.

Dundee Industrial REIT Non-Competition Agreement

The Dundee Industrial REIT Non-Competition Agreement prohibits Dundee Realty and its affiliates (excluding affiliates which are public entities as described below) from directly or indirectly acquiring an ownership interest, on its own behalf, in any industrial revenue producing real property which meets the

investment criteria of Dundee Industrial REIT, unless such investment opportunity has first been offered to Dundee Industrial REIT in accordance with the terms of the Dundee Industrial REIT Non-Competition Agreement.

The above investment restriction does not apply to investments in vacant land, residential housing, multiresidential housing units, hotels, resorts, residential condominium units, nursing homes or retirement homes. This investment restriction also does not apply to: (a) passive real estate investments made by Dundee Realty or any of its affiliates which are each less than \$25 million and represent less than a 25% interest in the real property; (b) investments in properties that do not meet the investment criteria of Dundee Industrial REIT; (c) investments in any property that will be used as office or industrial space by Dundee Realty or any affiliates; (d) investments made on behalf of fiduciary, managed or client accounts; (e) investments that result from the realization of a loan secured by the property; and (f) investments made by any affiliate of Dundee Realty that is a public company or any subsidiaries or affiliates of such public companies (other than Dundee Realty and its direct subsidiaries).

With respect to industrial revenue producing properties owned, rezoned or developed by Dundee Realty, Dundee Realty will provide Dundee Industrial REIT with a first opportunity to acquire such properties, but Dundee Realty will be free to offer such properties to other parties in the event that Dundee Industrial REIT and Dundee Realty are not able to agree on price or other terms for the acquisition.

The Dundee Industrial REIT Non-Competition Agreement provides that Dundee Realty and its affiliates are no longer bound by the terms of the Dundee Industrial REIT Non-Competition Agreement when Dundee Realty is no longer Dundee Industrial REIT's asset manager or, in the case of any affiliate, when such entity has ceased to be an affiliate of Dundee Realty.

Dundee International REIT Non-Competition Agreement

The Dundee International REIT Non-Competition Agreement prohibits Dundee Realty and its affiliates (excluding affiliates which are public companies as described below) from directly or indirectly acquiring an ownership interest, on its own behalf, in any real property which meets the investment criteria of Dundee International REIT, unless such investment opportunity has first been offered to Dundee International REIT in accordance with the terms of the Dundee International REIT Non-Competition Agreement.

The above investment restriction applies to real properties located outside Canada and does not apply to investments in vacant land, residential housing, multi-residential housing units, resorts, residential condominium units, nursing homes or retirement homes. This investment restriction also does not apply to: (a) passive real estate investments made by Dundee Realty or any of its affiliates which are each less than \$10 million and represent less than a 25% interest in the real property; (b) investments in properties that do not meet the investment criteria of Dundee International REIT; (c) investments in any property that will be used as office space by Dundee Realty or any affiliates; (d) investments made on behalf of fiduciary, managed or client accounts; (e) investments that result from the realization of a loan secured by the property; and (f) investments made by any affiliate of Dundee Realty that is a public company or any subsidiaries or affiliates of such public companies (other than Dundee Realty and its direct subsidiaries).

The Dundee International REIT Non-Competition Agreement provides that Dundee Realty and its affiliates are no longer bound by the terms of the Dundee International REIT Non-Competition Agreement when Dundee Realty is no longer Dundee International REIT's asset manager or, in the case of any affiliate, when such entity has ceased to be an affiliate of Dundee Realty.

Dundee REIT Non-Competition Agreement

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

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

The Dundee REIT Non-Competition Agreement provides that Dundee Realty and its affiliates will no longer be bound by the terms of the Dundee REIT Non-Competition Agreement when Dundee Realty and all of its affiliates no longer own any interest in Dundee REIT or in Dundee Properties LP or, in the case of an affiliate of Dundee Realty, when such person is no longer an affiliate of Dundee Realty.

SCHEDULE “A” – BOARD OF DIRECTORS MANDATE

DREAM UNLIMITED CORP. (the “Company”)

MANDATE FOR THE BOARD OF DIRECTORS

Pursuant to the articles of incorporation of the Company, the Company may have a board of directors (the “**Board**”) consisting of between one and ten directors at any given time. The directors are elected by the holders of the Class A subordinate voting shares of the Company and the Class B common shares of the Company (the “**Voting Shareholders**”). Although directors may be elected by the Voting Shareholders 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 Company must be paramount at all times.

DUTIES OF DIRECTORS

The Board is responsible for the stewardship of the activities and affairs of the Company. The Board seeks to discharge such responsibility by reviewing, discussing and approving the Company’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 Company and the underlying value of the Company.

The Board discharges its responsibility for overseeing the management of the Company’s activities and affairs by delegating to the Company’s senior officers the responsibility for day-to-day activities of the Company. The Board discharges its responsibilities both directly and through its committees, the Audit Committee, the Governance and Environmental Committee, the Executive 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 Company’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.
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, 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, the selection of the lead director of the Board, if applicable, candidates nominated for election to the Board, committee and committee chair appointments, committee charters and director compensation.
5. The Board may establish committees of the Board, where required or prudent, and define their mandate. 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 developing, reviewing, questioning and approving the mission of the Company and its objectives and goals.
7. The Board is responsible for participating in the development of, and reviewing and approving, the business, financial and strategic plans by which it is proposed that the Company may reach those goals.
8. The Board is responsible for supervising the activities, managing the investments and affairs and approving major decisions of the Company.
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 shareholders.
10. The Board is responsible for reviewing the debt strategy of the Company.

Monitoring of Financial Performance and Other Financial Reporting Matters

11. The Board is responsible for enhancing congruence between shareholder expectations, Company plans and management performance.
12. The Board is responsible for adopting processes for monitoring the Company's progress toward its strategic and other goals, and to revise and alter its direction to management in light of changing circumstances affecting the Company.
13. 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.
14. 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 articles of incorporation, by-laws and other governing documents of the Company, including the payment of dividends, purchase and redemptions of securities, acquisitions and dispositions.

Risk Management

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

Policies and Procedures

16. The Board is responsible for:
 - (a) approving and assessing compliance with all significant policies and procedures by which the Company is operated; and
 - (b) approving policies and procedures designed to ensure that the Company operates at all times within applicable laws and regulations and in accordance with ethical and moral standards.

17. The Board shall enforce its policy respecting confidential treatment of the Company's proprietary information and the confidentiality of Board deliberations.

Communications and Reporting

18. The Board has approved and will revise from time to time as circumstances warrant a disclosure policy to address communications with shareholders, employees, financial analysts, governments and regulatory authorities, the media and the Canadian and international communities.

Miscellaneous

19. **The Board is responsible for:**

- (a) overseeing the accurate reporting of the financial performance of the Company to shareholders, other securityholders and regulators on a timely and regular basis;
- (b) overseeing that the financial results are reported fairly and in accordance with International Financial Reporting 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 Company;
- (d) ensuring effective and adequate communication with shareholders, other stakeholders and the public, including reporting annually to shareholders on its stewardship for the preceding year;
- (e) overseeing the Company's implementation of systems which accommodate feedback from shareholders;
- (f) ensuring the integrity and adequacy of internal controls and management information systems;
- (g) maintaining records and providing reports to shareholders; and
- (h) determining the amount and timing of dividends to shareholders.

SCHEDULE “B” – AUDIT COMMITTEE MANDATE

DREAM UNLIMITED CORP. (The “Company”)

AUDIT COMMITTEE CHARTER (The “Charter”)

PURPOSE

The Audit Committee (the “Committee”) is a standing committee appointed by the board of directors of the Company (the “Board”). The Committee is established to fulfil applicable securities law obligations respecting audit committees and to assist the Board in fulfilling its oversight responsibilities with respect to financial reporting, including to:

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

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

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

PROCEDURES, POWERS AND DUTIES

The Committee shall have the following procedures, powers and duties:

General

- (a) *Composition* – The Committee shall consist of at least three members, all of whom shall be independent within the meaning of National Instrument 52-110 – *Audit Committees* and a majority

of whom shall be resident Canadians. All members of the Committee must have the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

- (b) *Separate Executive Meetings* – The Committee shall meet periodically with the chief financial officer, the head of the internal audit function (if other than the chief financial officer) and the external auditors in separate executive sessions to discuss any matters that the Committee or each of these groups believes should be discussed privately and such persons shall have access to the Committee to bring forward matters requiring its attention. However, the Committee shall also meet periodically without management present.
- (c) *Professional Assistance* – The Committee may require the external auditors and internal auditors to perform such supplemental reviews or audits as the Committee may deem desirable. In addition, the Committee may retain such special legal, accounting, financial or other consultants as the Committee may determine to be necessary to carry out the Committee's duties at the Company's expense.
- (d) *Reliance* – Absent actual knowledge to the contrary (which shall be promptly reported to the Board), each member of the Committee shall be entitled to rely on (i) the integrity of those persons or organizations within and outside the Company from which it receives information, (ii) the accuracy of the financial and other information provided to the Committee by such persons or organizations and (iii) representations made by management and the external auditors as to any information technology, internal audit and other non-audit services provided by the external auditors to the Company and its subsidiaries.
- (e) *Reporting to the Board* – The Committee will report through the chair of the Committee to the Board following meetings of the Committee on matters considered by the Committee, its activities and compliance with this Charter.
- (f) *Procedure* – The Committee meetings shall be conducted as follows: (i) questions arising at any meeting shall be decided by a majority of the votes cast; (ii) decisions may be taken by written consent signed by all members of the Committee; and (iii) meetings may be called by the external auditors of the Company or any member of the Committee upon not less than 48 hours notice. The external auditors of the Company are entitled to receive notice of every meeting of the Committee and, at the expense of the Company, to attend and be heard thereat and, if so requested by a member of the Committee, shall attend any meeting of the Committee held during the term of office of the external auditors.

AUDIT RESPONSIBILITIES OF THE COMMITTEE

Selection and Oversight of the External Auditors

1. The external auditors are ultimately accountable to the Committee and the Board as the representatives of the shareholders of the Company and the Committee shall so instruct the external auditors. The Committee shall evaluate the performance of the external auditors and make recommendations to the Board on the reappointment or appointment of the external auditors of the Company to be proposed in the Company's management information circular for approval of the shareholders of the Company and the compensation to be paid by the Company to the external auditors. If a change in external auditors is proposed, the Committee shall review the reasons for the change and any other significant issues related to the change, including the response of the incumbent auditors, and enquire on the qualifications of the proposed auditors before making its recommendation to the Board.
2. The Committee shall approve in advance the terms of engagement of the external auditors with respect to the conduct of the annual audit. The Committee may approve policies and procedures for the pre-approval of services to be rendered by the external auditors, which policies and procedures shall include reasonable detail with respect to the services covered. All non-audit

services to be provided to the Company or any of its subsidiaries by the external auditors or any of their affiliates which are not covered by pre-approval policies and procedures approved by the Committee shall be subject to pre-approval by the Committee.

3. The Committee shall review the independence of the external auditors and shall make recommendations to the Board on appropriate actions to be taken which the Committee deems necessary to protect and enhance the independence of the external auditors. In connection with such review, the Committee shall:
 - (a) actively engage in a dialogue with the external auditors about all relationships or services that may impact the objectivity and independence of the external auditors;
 - (b) require that the external auditors submit to it on a periodic basis, and at least annually, a formal written statement delineating all relationships between the Company and its subsidiaries, on the one hand, and the external auditors and their affiliates on the other hand;
 - (c) consider whether there should be a regular rotation of the external audit firm itself; and
 - (d) consider the auditor independence standards promulgated by applicable auditing regulatory and professional bodies.
4. The Committee shall prohibit the external auditor and its affiliates from providing certain non-audit services to the Company and its subsidiaries.
5. The Committee shall establish and monitor clear policies for the hiring by the Company of employees or former employees of the external auditors.
6. The Committee shall require the external auditors to provide to the Committee, and the Committee shall review and discuss with the external auditors, all reports which the external auditors are required to provide to the Committee or the Board under rules, policies or practices of professional or regulatory bodies applicable to the external auditors, and any other reports which the Committee may require.
7. The Committee is responsible for resolving disagreements between management and the external auditors regarding financial reporting.

Appointment and Oversight of Internal Auditors

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

Oversight and Monitoring of Audits

12. The Committee shall review with the external auditors, the internal auditors and management the audit function generally, the objectives, staffing, locations, co-ordination, reliance upon management and internal audit and general audit approach and scope of proposed audits of the financial statements of the Company and its subsidiaries, the overall audit plans, the responsibilities of management, the internal auditors and the external auditors, the audit procedures to be used and the timing and estimated budgets of the audits.
13. The Committee shall meet periodically with the internal auditors to discuss the progress of their activities and any significant findings stemming from internal audits and any difficulties or disputes that arise with management and the adequacy of management's responses in correcting audit-related deficiencies.
14. The Committee shall discuss with the external auditors any difficulties or disputes that arose with management or the internal auditors during the course of the audit and the adequacy of management's responses in correcting audit-related deficiencies.
15. The Committee shall review with management the results of internal and external audits.
16. The Committee shall take such other reasonable steps as it may deem necessary to satisfy itself that the audit was conducted in a manner consistent with all applicable legal requirements and auditing standards of applicable professional or regulatory bodies.

Oversight and Review of Accounting Principles and Practices

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

Oversight and Monitoring of Internal Controls

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

Communications with Others

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

Oversight and Monitoring of the Company's Financial Disclosures

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

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

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

Oversight of Finance Matters

24. Appointments of the key financial executives involved in the financial reporting process of the Company, including the chief financial officer, shall require the prior review of the Committee.
25. The Committee shall receive and review:

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

Additional Responsibilities

29. The Committee shall review any significant transactions outside the Company's ordinary activities and all pending litigation involving the Company.
30. The Committee shall review and make recommendations to the Board concerning the financial structure, condition and strategy of the Company and its subsidiaries, including with respect to annual budgets, long-term financial plans, corporate borrowings, investments, capital expenditures, long term commitments and the issuance and/or repurchase of securities.
31. The Committee shall review and/or approve any other matter specifically delegated to the Committee by the Board and undertake on behalf of the Board such other activities as may be necessary or desirable to assist the Board in fulfilling its oversight responsibilities with respect to financial reporting.

AUDIT COMMITTEE CHARTER

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

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

**APPENDIX “F” – DUNDEE REALTY FINANCIAL STATEMENTS AND
MANAGEMENT’S DISCUSSION AND ANALYSIS THEREON**

- Financial statements for the years ended December 31, 2012 and 2011
 - Consolidated Statements of Financial Position as at December 31, 2012 and 2011
 - Consolidated Statements of Operations and Consolidated Statements of Comprehensive Income for the years ended December 31, 2012 and December 31, 2011
 - Consolidated Statements of Changes in Shareholders’ Equity for the years ended December 31, 2012 and December 31, 2011
 - Consolidated Statements of Cash Flows for the years ended December 31, 2012 and December 31, 2011
- Management’s Discussion and Analysis of Financial Condition for the year ended December 31, 2012
- Financial statements for the years ended December 31, 2011 and 2010
 - Consolidated Statements of Financial Position as at December 31, 2011, December 31, 2010 and January 1, 2010
 - Consolidated Statements of Operations and Consolidated Statements of Comprehensive Income for the years ended December 31, 2011 and December 31, 2010
 - Consolidated Statements of Changes in Shareholders’ Equity for the years ended December 31, 2011 and December 31, 2010
 - Consolidated Statements of Cash Flows for the years ended December 31, 2011 and December 31, 2010
- Management’s Discussion and Analysis of Financial Condition for the year ended December 31, 2011

DUNDEE REALTY CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

Independent Auditor's Report

To the Shareholders and Directors of Dundee Realty Corporation

We have audited the accompanying consolidated financial statements of Dundee Realty Corporation and its subsidiaries, which comprise the consolidated statements of financial position as at December 31, 2012 and December 31, 2011 and the consolidated statements of operations, comprehensive income, changes in shareholders' equity and cash flow for the years ended December 31, 2012 and December 31, 2011, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Dundee Realty Corporation and its subsidiaries as at December 31, 2012 and December 31, 2011 and their financial performance and their cash flows for the years ended December 31, 2012 and December 31, 2011 in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers LLP

Chartered Accountants, Licensed Public Accountants

Toronto, Canada

March 14, 2013

DUNDEE REALTY CORPORATION CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(expressed in thousands of Canadian dollars)

	<i>Note</i>	December 31, 2012	December 31, 2011
ASSETS			
Cash and cash equivalents	4	\$ 18,466	\$ 6,750
Accounts receivable	5	212,691	217,421
Financial assets	6	80,733	74,651
Housing and condominiums inventory	7	138,527	139,362
Land inventory	8	359,187	240,706
Investment properties	9	51,008	39,876
Recreational properties	10	21,709	22,250
Equity accounted investments	11	65,204	47,917
Capital and other operating assets	12	42,250	33,090
TOTAL ASSETS		\$ 989,775	\$ 822,023
LIABILITIES			
Accounts payable and other liabilities	13	\$ 78,324	\$ 46,755
Income and other taxes payable	20	54,622	35,958
Provision for real estate development costs	14	61,762	58,052
Customer deposits	15	39,238	35,168
Construction loans	16	95,372	78,416
Operating line	17	45,000	88,000
Mortgages and term debt	18	93,200	44,042
Due to parent company	19	69,938	67,143
Deferred tax liabilities	20	49,978	39,187
TOTAL LIABILITIES		587,434	492,721
SHAREHOLDERS' EQUITY			
Share capital			
Common shares	21	13,782	13,782
Contributed surplus		3,370	3,553
Retained earnings		350,787	285,851
Accumulated other comprehensive income	22	34,402	26,116
TOTAL SHAREHOLDERS' EQUITY		402,341	329,302
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 989,775	\$ 822,023

The accompanying notes are an integral part of these consolidated financial statements.

Commitments and contingencies (note 29)

Approved by the Board:

Michael J. Cooper
Director

Ned Goodman
Chairman

DUNDEE REALTY CORPORATION CONSOLIDATED STATEMENTS OF OPERATIONS

For the years ended December 31, 2012 and 2011

(expressed in thousands of Canadian dollars)

	<i>Note</i>		2012		2011
REVENUES	23	\$	481,574	\$	343,394
OTHER ITEMS IN NET EARNINGS:					
Direct operating costs	24		(338,535)		(243,438)
Management and administrative expenses	25		(16,905)		(20,513)
Fair value changes in investment properties	9		9,705		3,813
Share of (losses) earnings from equity accounted investments	11		(124)		1,675
Investment income			11,296		8,602
Interest expense	26		(10,461)		(11,065)
NET EARNINGS BEFORE INCOME TAXES			136,550		82,468
Income taxes	20		(36,614)		(20,330)
NET EARNINGS FOR THE YEAR		\$	99,936	\$	62,138

The accompanying notes are an integral part of these consolidated financial statements.

DUNDEE REALTY CORPORATION CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31, 2012 and 2011

(expressed in thousands of Canadian dollars)

		2012		2011
NET EARNINGS FOR THE YEAR	\$	99,936	\$	62,138
Other comprehensive income:				
Unrealized gains on financial assets designated as available-for-sale, net of associated taxes		10,481		12,284
Unrealized gains (loss) from foreign currency translation		(1,498)		(1,597)
Total other comprehensive income		(697)		504
COMPREHENSIVE INCOME FOR THE YEAR	\$	8,286	\$	11,191
		108,222	\$	73,329

The accompanying notes are an integral part of these consolidated financial statements.

DUNDEE REALTY CORPORATION

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

*For the years ended December 31, 2012 and 2011
(expressed in thousands of Canadian dollars)*

	Common Shares	Contributed Surplus	Retained Earnings	Accumulated Other Comprehensive Income	Total
Balance, January 1, 2011	\$ 13,782	\$ 3,659	\$ 223,713	\$ 14,925	\$ 256,079
During the year ended December 31, 2011					
Net earnings	-	-	62,138	-	62,138
Other comprehensive income	-	-	-	11,191	11,191
Other	-	(106)	-	-	(106)
Balance, December 31, 2011	13,782	3,553	285,851	26,116	329,302
During the year ended December 31, 2011					
Net earnings	-	-	99,936	-	99,936
Other comprehensive income	-	-	-	8,286	8,286
Dividends	-	-	(35,000)	-	(35,000)
Other	-	(183)	-	-	(183)
Balance, December 31, 2012	\$ 13,782	\$ 3,370	\$ 350,787	\$ 34,402	\$ 402,341

The accompanying notes are an integral part of these consolidated financial statements.

DUNDEE REALTY CORPORATION CONSOLIDATED STATEMENTS OF CASH FLOW

*For the years ended December 31, 2012 and 2011
(expressed in thousands of Canadian dollars)*

	<i>Note</i>	2012	2011
OPERATING ACTIVITIES			
Net earnings for the year		\$ 99,936	\$ 62,138
Other items affecting cash flow from operations			
Depreciation		2,599	2,136
Fair value changes in investment properties	9	(9,705)	(3,813)
Share of losses (earnings) from equity accounted investments	11	124	(1,675)
Deferred income taxes	20	9,146	4,139
Other		712	6,033
		102,812	68,958
Changes in non-cash working capital	31	99,770	(19,004)
Acquisition of housing and condominiums inventory		(11,570)	(12,049)
Development of housing and condominiums inventory		9,279	(31,744)
Acquisition of land inventory		(122,640)	(1,000)
Development of land inventory		(22,318)	13,086
CASH PROVIDED FROM OPERATING ACTIVITIES		55,333	18,247
INVESTING ACTIVITIES			
Additions to recreational properties		(2,128)	(1,386)
Acquisitions of investment properties		-	(1,538)
Additions to investment properties		(665)	(254)
Contributions to equity accounted investments		(18,877)	(29,574)
Distributions from equity accounted investments		1,167	4,228
Acquisitions of financial assets	6	(333)	(23,899)
Proceeds from financial assets		6,567	4,889
CASH USED IN INVESTING ACTIVITIES		(14,269)	(47,534)
FINANCING ACTIVITIES			
Borrowings pursuant to mortgage and term debt facilities		71,594	19,192
Repayments pursuant to mortgage and term debt facilities		(22,942)	(11,623)
Advances from (repayments of) operating line, net		(43,000)	2,000
Dividends paid	21	(35,000)	-
CASH (USED IN) PROVIDED FROM FINANCING ACTIVITIES		(29,348)	9,569
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS DURING THE YEAR		11,716	(19,718)
Cash and cash equivalents, beginning of year		6,750	26,468
CASH AND CASH EQUIVALENTS, END OF YEAR		\$ 18,466	\$ 6,750

The accompanying notes are an integral part of these consolidated financial statements.

DUNDEE REALTY CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2012 and December 31, 2011 All dollar amounts in thousands of Canadian dollars
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1. NATURE OF OPERATIONS

Dundee Realty Corporation (“Dundee Realty” or the “Corporation”) is a privately owned real estate company, engaged in the acquisition, development and sale of commercial and residential real estate in locations across Canada and the United States. Dundee Realty also provides real estate management and advisory services encompassing commercial real estate and real estate developments, as well as investments in Canadian renewable energy infrastructure assets.

Dundee Realty is a 70% owned subsidiary of Dundee Corporation, an independent publicly traded Canadian asset management company listed on the Toronto Stock Exchange under the symbol DC.A.

In December 2012, Dundee Corporation announced that its Board of Directors had approved, in principle only, to proceed with a corporate restructuring through a tax efficient plan of arrangement that will distribute to shareholders of Dundee Corporation a 50% interest in Dundee Realty. The transaction is expected to result in the establishment of a new public company with a capital structure that emulates that of Dundee Corporation. At December 31, 2012, the transaction was subject to a number of uncertainties, including determination of the form of the transaction, the terms of arrangements with the non-controlling shareholder of Dundee Realty, and receipt of the necessary regulatory, court and Dundee Corporation shareholder approvals, as well as the listing of the new public company’s shares on the Toronto Stock Exchange

Dundee Realty is incorporated under the Business Corporations Act of British Columbia, Canada and is domiciled in Canada. The Corporation’s head office is located at 30 Adelaide Street East, Suite 1600, Toronto, Ontario, Canada M5C 3H1.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted by the Corporation in the preparation of its consolidated financial statements are set out below. The Corporation has consistently applied these accounting policies throughout all periods presented in these consolidated financial statements.

Basis of Presentation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

These consolidated financial statements were approved by the Board of Directors for issue on March 14, 2013.

Basis of Measurement

The consolidated financial statements have been prepared under the historical cost convention, except for investment properties and available-for-sale equity securities, which are measured at fair value as determined at each reporting date.

Principles of Consolidation

These consolidated financial statements include the accounts of the Corporation and its subsidiaries. All intercompany transactions have been eliminated in these consolidated financial statements.

Subsidiaries are those entities that the Corporation controls by having the power to govern the financial and operating policies of the entity. The existence and effect of potential voting rights that are currently exercisable are considered when assessing whether the Corporation controls another entity. Subsidiaries are fully consolidated from the date on which control is obtained by the Corporation and are subsequently deconsolidated from the consolidated financial statements on the date that control ceases.

Segmented Reporting

Operating segments are reported in a manner consistent with internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the chief executive officer of the Corporation.

Equity Accounted Investments and Joint Operations

The Corporation accounts for its investments in associates and its investments in joint ventures using the equity method of accounting whereby the Corporation recognizes its share of earnings or losses and of other comprehensive income ("OCI") of the equity accounted investment in its own earnings or OCI, as applicable. Dilution gains and losses arising from changes in the Corporation's interest in equity accounted investments are recognized in earnings. If the Corporation's investment is reduced to zero, additional losses are not provided for, and a liability is not recognized, unless the Corporation has incurred legal or constructive obligations, or made payments on behalf of the equity accounted investment.

Investments in Associates

Investments in associates are comprised of those investments over which the Corporation has significant influence, but not control. Generally, the Corporation is considered to exert significant influence when it holds more than a 20% interest in an entity. However, determining significant influence is a matter of judgment and specific circumstances and, from time to time, the Corporation may hold an interest of more than 20% in an entity without exerting significant influence. Conversely, the Corporation may hold an interest of less than 20% and exert significant influence through representation on the board of directors, direction of management or through contractual agreements. The Corporation does not have any associates at December 31, 2012.

The Corporation's investments in joint ventures are as follows:

Name of Joint Venture	Nature of Business	Ownership Interest as at:	
		December 31, 2012	December 31, 2011
Bear Valley Mountain Resort, California	Ski facilities	33%	33%
Corktown Commercial Inc., Toronto	Investment properties	50%	N/A
Distillery Restaurants Limited Partnership, Toronto	Restaurant	50%	50%
DREAM CMCC Capital Fund LP, Toronto (previously stated as CMCC Equity Fund)	Investment properties	18%	18%
Dundee Kilmer Developments Limited, Toronto	Project development	50%	50%
Dundee Kilmer Developments LP, Toronto	Condominiums	50%	50%
Dundee PAAV LP, Toronto	Project development	50%	50%
Firelight Infrastructure Partners LP, Toronto	Renewable energy	20%	20%
Firelight Infrastructure Partners Management LP, Toronto	Renewable energy	50%	50%
King Edward Private Residence LP, Toronto	Project development	17%	N/A
Pauls-Dundee Arrowhead LLC, Toronto	Condominiums	50%	50%
S/D Commercial Corporation, Toronto	Investment properties	50%	50%
Westland Properties Ltd., Western Canada	Land	78%	78%

Impairment of Equity Accounted Investments

The Corporation assesses, at each reporting date, whether there is objective evidence that its interest in an equity accounted investment is impaired. If impaired, the carrying value of the Corporation's share of the underlying assets of the equity accounted investment is written down to its estimated recoverable amount, with any difference charged to the consolidated statements of operations.

Investment in Joint Ventures

A joint venture is a contractual arrangement, pursuant to which, Dundee Realty and other parties undertake an economic activity that is subject to joint control, whereby the strategic financial and operating policy decisions relating to the activities of the joint venture require the unanimous consent of the parties sharing control.

Joint venture arrangements that involve the establishment of a separate entity in which each venturer has an interest are accounted for using the equity method as outlined above. Where the Corporation undertakes its activities under joint operation arrangements through a direct interest in the joint operation's assets, rather than through the establishment of a separate entity, the Corporation's proportionate share of the joint operation's assets, liabilities, revenues, expenses and cash flow are recognized in the consolidated financial statements and classified according to their nature.

The following summarizes joint operation arrangements in which the Corporation participates and for which it recognizes its proportionate interest in the underlying assets, liabilities, revenues, expenses and cash flow using the proportionate consolidation method.

Name of Joint Operation and Location	Nature of Business	Ownership Interest as at:	
		December 31, 2012	December 31, 2011
Arbor Creek, Saskatoon	Land and housing	78%	78%
Derry Road, Toronto	Commercial property	0%	45%
Distillery District, Toronto	Historic heritage district	50%	50%
Distillery Market, Toronto	Grocery market	50%	50%
King Edward, Toronto	Hotel management	17%	17%
Millwoods Robertson, Edmonton	Land and housing	70%	70%
Rutherford Contwo, Toronto	Land and housing	32%	32%
Streetcar, Toronto	Condominiums	50%	50%
Thornhill Woods, Toronto	Housing	30%	30%
Wascana View, Regina	Land and housing	85%	85%

Business Combinations

The Corporation uses the acquisition method to account for business combinations. The consideration transferred for the acquisition is measured as the aggregate of the fair values of assets transferred, liabilities incurred or assumed, and any equity instruments of the Corporation issued in exchange for control of the acquiree. Acquisition costs are recorded as an expense in net earnings as incurred. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3, "*Business Combinations*" ("IFRS 3") are recognized at their fair values at the acquisition date.

The interest of non-controlling shareholders in the acquiree, if any, is initially measured at the non-controlling shareholders' share of the net assets of the acquiree. To the extent that the fair value of consideration paid exceeds the fair value of the net identifiable tangible and intangible assets acquired, the excess is recorded as goodwill. If the consideration transferred is less than the fair value of net identifiable tangible and intangible assets, the excess is recognized in net earnings.

Where a business combination is achieved in stages, previously held interests in the acquired entity are remeasured to fair value at the acquisition date, which is the date control is obtained, and the resulting gain or loss, if any, is recognized in net earnings. Amounts arising from interests in the acquiree prior to the date of acquisition of control that have previously been recognized in OCI are reclassified to net earnings. Changes in the Corporation's ownership interest of a subsidiary that do not result in a loss of control are accounted for as equity transactions and are recorded as a component of equity.

Foreign Currency Translation

Functional and Presentation Currency

These consolidated financial statements are presented in Canadian dollars, which is the Corporation's functional currency.

Functional Currency of Subsidiaries and Equity Accounted Investments

The financial statements of consolidated subsidiaries and equity accounted investments that have a functional currency that is different from that of the Corporation are translated into Canadian dollars using average rates for the period for items included in the consolidated statements of operations and OCI and the rates in effect at the dates of the consolidated statements of financial position for assets and liabilities. All resulting changes are recognized in OCI as cumulative translation adjustments.

If the Corporation's interest in the foreign operations of a subsidiary or an equity accounted investment is diluted, but the foreign operations remain a subsidiary or an equity accounted investment, a pro-rata portion of the cumulative translation adjustment related to those foreign operations is reallocated between controlling and non-controlling interest in the case of a subsidiary, or is recognized as a dilution gain or loss in the case of an equity accounted investment. When the Corporation disposes of its entire interest in the foreign operations, or when it loses control, joint control, or significant influence, the cumulative translation adjustment included in accumulated other comprehensive income ("AOCI") related to the foreign operations is recognized in the consolidated statements of operations on a pro-rata basis.

Foreign Currency Transactions

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions. Generally, foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in currencies other than an entity's functional currency at each period-end date, are recognized in the consolidated statements of operations, except when deferred in OCI as qualifying cash flow hedges and qualifying net investment hedges.

Financial Instruments

The Corporation's financial instruments include cash and cash equivalents, accounts receivable, financial assets, accounts payable and other liabilities, customer deposits, construction loans, amounts borrowed pursuant to the Corporation's operating line, mortgages and term debt, amounts due to parent company, and deposits and restricted cash which have been included in these consolidated financial statements as "*capital and other operating assets*".

Financial assets and liabilities are recognized when the Corporation becomes a party to the contractual provisions of the instrument. Financial assets are no longer recognized when the rights to receive cash flows from the assets have expired or are assigned and the Corporation has transferred substantially all risks and rewards of ownership in respect of an asset to a third party. Financial liabilities are no longer recognized when the related obligation is discharged, cancelled or expires.

Classification of financial instruments in the Corporation's consolidated financial statements depends on the purpose for which the financial instruments were acquired or incurred. Management determined the classification of financial instruments at initial recognition.

Available-for-Sale Securities

Available-for-sale ("AFS") securities are non-derivative financial instruments that are either specifically designated as available for sale, or which have not been classified in any other financial instrument category. AFS securities are initially recognized at the cost of acquisition, including directly attributable transaction costs, and are subsequently carried at their fair value. Certain investments included as "*Financial assets*" in the Corporation's consolidated statements of financial position, including the Corporation's investments in Dundee Real Estate Investment Trust ("Dundee REIT") and Dundee International Real Estate Investment Trust ("Dundee International REIT") (note 6), have been included in this category.

Changes in the fair values of AFS securities are reported in OCI until the financial asset is sold or becomes impaired, at which time the accumulated gain or loss is removed from AOCI and recognized in net earnings.

Also included as AFS securities are deferred trust units ("DTUs") of Dundee International REIT, which the Corporation receives in compensation for services provided pursuant to a management and advisory services agreement (note 30). The DTUs earned by the Corporation vest annually over five years, commencing on the fifth anniversary of the grant date. The DTUs and the corresponding management and advisory services revenue, are recognized at fair value, determined by applying a discount to the trading value of the underlying units of Dundee International REIT to reflect the vesting period. Subsequent to initial recognition, the DTUs are carried at fair value, with changes in fair value recognized in AOCI.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Financial instruments classified in this category include cash and cash equivalents, accounts receivable, loans receivable included in the Corporation's portfolio of financial assets, and deposits and restricted cash. Financial instruments designated as loans and receivables are initially recognized in the amount expected to be received less, when material, a discount to reduce the loans and receivables to fair value. Subsequently, loans and receivables are measured at amortized cost using the effective interest method, less a provision for impairment.

Financial Liabilities at Amortized Cost

Financial liabilities at amortized cost include accounts payable and other liabilities, customer deposits, construction loans, amounts borrowed pursuant to the Corporation's operating line, mortgages and term debt, amounts due to Dundee Corporation, and the Corporation's Class F preferred shares. These amounts are initially measured at the amount required to be paid, less, when material, a discount to reduce the liabilities to fair value. Subsequently, these financial liabilities are measured at amortized cost using the effective interest method.

Impairment of Financial Assets

At each reporting date, the Corporation assesses whether there is objective evidence that financial assets are impaired. Objective evidence may include a significant or prolonged decline in the trading value of an equity security below its cost, significant financial difficulty of the obligor, or delinquencies in interest and principal payments. If such evidence exists, the Corporation recognizes an impairment loss equal to the difference between the carrying value of the financial asset and the present value of the estimated future cash flows, discounted using the instrument's original effective interest rate for financial assets carried at amortized cost, and the difference between the original cost of the asset and the fair value at the measurement date, less any previously recognized impairment loss, for financial assets designated as AFS securities.

Real Estate Inventory

Housing and Condominiums

Housing and condominiums inventory, which may, from time to time, include commercial property, is acquired or constructed for sale in the ordinary course of business and is held as inventory and measured at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, based on prevailing market prices at the dates of the consolidated statements of financial position and discounted for the time value of money, if material, less estimated costs of completion and estimated selling costs.

Land

Land inventory includes land held for development and land under development. Similar to housing and condominiums inventory, land is measured at the lower of cost and net realizable value.

Capitalized Costs

Capitalized costs include all expenditures incurred in connection with the acquisition of property, direct development and construction costs, certain borrowing costs and property taxes.

Provision for Real Estate Development Costs

The provision for real estate development costs reflects management's estimate of costs to complete land, housing and condominium projects for which revenue has been recognized.

Investment Properties

Investment properties include properties held to earn rentals, or capital appreciation, or both. Investment properties are measured initially at cost, which includes all expenditures incurred in connection with the acquisition of property, direct development and construction costs, borrowing costs and property taxes. Subsequent to initial recognition, investment properties are measured at their fair value at each reporting date. Gains or losses arising from changes in fair value are recorded in net earnings in the period in which they arise.

Fair value of investment properties is estimated internally by the Corporation at the end of each reporting date. In addition to these internal property valuations, the Corporation will review the fair value of material investment properties using an independent third-party appraiser on a rolling basis over a period of three years or less, as determined by management. The internal property valuations prepared by the Corporation are based primarily on a Discounted Cash-Flow (“DCF”) model, which estimates fair value based on the present value of the properties’ estimated future cash flows.

Estimated fair values are determined on a property-by-property basis. The DCF model is based on an investment horizon of 10 years, within which the relevant real estate cash flow components are forecasted. After the detailed planning period of 10 years, a net present value is calculated for the remaining useful life based on the estimated cash flow in the final year of the detailed planning period. Where relevant, the DCF model uses market-oriented figures including appropriate discount rates, market rental growth rates, vacancy rates and inflation rates.

Recreational Properties

Recreational properties are owner-occupied properties used in the production or supply of goods or services. Recreational properties are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Costs of recreational properties include all expenditures incurred in connection with the acquisition of the property, direct development and construction costs, borrowing costs and property taxes. The Corporation uses the straight-line method of depreciation for recreational properties including major expansions and renovations. The estimated useful life of the properties is between five and 50 years.

Real Estate Borrowing Costs

Real estate borrowing costs include interest and other costs incurred in connection with the borrowing of funds for operations. Borrowing costs directly attributable to the acquisition, development or construction of qualifying real estate assets that necessarily take a substantial period of time to prepare for their intended use or sale are capitalized as part of the cost of the respective real estate asset. For real estate construction and development projects, the Corporation considers a substantial period of time to be a period longer than one year to complete. All other borrowing costs are expensed in the period in which they occur.

Borrowing costs that are directly attributable to investment properties under development or to the development of condominiums and commercial properties are capitalized. Borrowing costs related to land or housing developments are recognized in net earnings as incurred. Where borrowing costs are specific to a qualifying asset, the amount is directly capitalized to that asset. Otherwise, borrowing costs are aggregated and pro-rated to other qualifying assets using the Corporation’s weighted average cost of borrowing. Borrowing costs are capitalized during periods of active development and construction, starting from the commencement of the development work until the date all the activities necessary to prepare the real estate asset for its intended use or sale are complete. Thereafter, borrowing costs are charged to net earnings.

Capital and Other Operating Assets

Capital assets are recorded at cost, net of accumulated depreciation and impairment, if any, and are depreciated on a straight line basis. Annual depreciation rates estimated by the Corporation range from two years to 40 years. The Corporation reviews the depreciation method, residual values and estimates of the useful life of its capital assets at least annually. On sale or retirement, the capital asset and its related accumulated depreciation is removed from the consolidated financial statements and any related gain or loss is reflected in net earnings.

Other operating assets consist of: prepaid amounts, which are generally amortized to net earnings over the expected service period; deposits made in connection with potential future land acquisitions which are subsequently allocated to specific land inventory on completion of the acquisition; and restricted cash amounts which are comprised of cash securing letters of credit provided to various government agencies to support development activities, certain customer deposits and amounts held as security against accounts receivable.

Impairment of Non-Financial Assets

Non-financial assets are assessed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment loss, if any, is recognized for the amount by which the asset's carrying value exceeds its recoverable amount. The recoverable amount of an asset is the greater of an asset's fair value less costs to sell and its value in use. For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows ("cash generating units" or "CGUs"). If their carrying value is assessed not to be recoverable, an impairment loss is recognized.

An assessment is made, at each reporting date, as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Corporation makes an estimate of the recoverable amount and, if appropriate, reverses all or part of the impairment. If the impairment is reversed, the carrying amount of the asset is increased to the newly estimated recoverable amount. This increased carrying amount may not exceed the carrying amount that would have resulted after taking into account depreciation if no impairment loss had been recognized in prior periods. The amount of any impairment reversal is recorded immediately in net earnings for the period.

Preferred Shares

The Corporation classifies its Class F preferred shares as financial liabilities for reporting purposes given that these shares may be redeemed by the holder for a fixed, determinable amount.

Revenue Recognition

Revenue from sales of real estate inventory is generally recognized when the earnings process is virtually complete, the significant risks and rewards of ownership are transferred to the buyer, collectability is reasonably assured, and the Corporation does not have a substantial continuing involvement with the asset to the degree normally associated with ownership.

Revenue relating to sales of land held for development, land under development and condominiums is recognized provided that: the related agreement of purchase and sale is unconditional; in the case of a condominium unit, the buyer occupies the unit; at least 15% of the sale proceeds have been received; collectability of the remaining proceeds is reasonably assured; and, the Corporation can reliably measure the necessary costs to complete the development of the asset. Until these criteria are met, any proceeds received are accounted for as "*customer deposits*." Revenue from sales of housing projects or commercial property is recognized on the transfer of title of the property, provided collectability of the proceeds is reasonably assured.

Revenue from investment properties includes base rents, recoveries of operating expenses including property taxes, percentage participation rents, lease cancellation fees, parking income and other incidental income. The Corporation uses the straight-line method of rental revenue recognition on investment properties, whereby any contractual rent increases over the term of a lease are recognized in earnings evenly over the lease term.

Initial direct leasing costs incurred in negotiating and arranging tenant leases are added to the carrying amount of the investment properties and are amortized over the term of the lease. Lease incentives, which include costs incurred to make leasehold improvements to tenants' space and cash allowances provided to tenants, are added to the carrying amount of investment properties and are amortized on a straight-line basis over the term of the lease as a reduction in revenue from investment properties.

Amounts received for the sale of annual season passes to recreational properties are deferred and amortized on a straight-line basis over the term of the season. Other amounts received from the use of recreational properties are recognized as revenue when earned.

Revenue from real estate management and advisory services is calculated based on a fee formula specific to each advisory client and may include fee revenue calculated as a percentage of the capital managed, capital expenditures incurred, the purchase price of properties acquired, and the value of financing transactions completed. These fees are recognized on an accrual basis over the period during which the related service is rendered. Management and advisory services fee arrangements may also provide the Corporation with an incentive fee when the investment performance of the underlying assets exceeds established benchmarks. Incentive fees are not recognized in earnings until the amounts can be established with certainty and are no longer dependent on future events.

Direct Operating Costs

Inventory costs associated with land held for development or land under development, including the estimated costs to complete the development of the asset, are allocated to direct operating costs on a per lot basis, pro-rated based on street frontage of each lot. Inventory costs associated with the development of condominiums are allocated to direct operating costs on a per unit basis, pro-rated based on the sales value of the unit relative to the sales value of all units in a condominium project. Direct operating costs associated with the construction of housing inventory are specific to each project.

Direct operating costs also include property management costs and operating expenses directly related to specific investment or recreational properties, as well as management and administrative expenses, and are recorded on an accrual basis.

Income Taxes

The Corporation follows the balance sheet liability method to provide for income taxes on all transactions recorded in its consolidated financial statements. The balance sheet liability method requires that income taxes reflect the expected future tax consequences of temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred income tax assets and liabilities are determined for each temporary difference and for unused tax losses and unused tax credits, as applicable, at rates expected to be in effect when the asset is realized or the liability is settled.

The effect on deferred income tax assets and liabilities of a change in tax rates is recognized in earnings in the period that includes the substantive enactment date. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered.

Accounting Standards, Interpretations and Amendments to Existing Standards not yet Effective*IFRS 9, "Financial Instruments" ("IFRS 9")*

In November 2009, the IASB issued IFRS 9, "Financial Instruments", replacing IAS 39, "Financial Instruments: Recognition and Measurement" ("IAS 39"). IFRS 9 will be issued in three phases. The first phase, which has already been issued, addresses the accounting for financial assets and financial liabilities. The second phase will address impairment of financial instruments, while the third phase will address hedge accounting.

IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, and replaces the multiple category and measurement models in IAS 39. The approach in IFRS 9 focuses on how an entity manages its financial instruments in the context of its business model, as well as the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods currently provided in IAS 39.

Requirements for financial liabilities were added to IFRS 9 in October 2010. Although the classification criteria for financial liabilities will not change under IFRS 9, the fair value option may require different accounting for changes to the fair value of a financial liability resulting from changes to an entity's own credit risk.

In December 2011, the IASB issued amendments to IFRS 9, extending the mandatory effective date for implementation of IFRS 9, which is now effective for annual periods beginning on or after January 1, 2015, although early adoption is permitted, with varying transitional arrangements dependent on the date of initial application. The Corporation is currently evaluating the impact of IFRS 9 on the consolidated financial statements.

IFRS 10, "Consolidated Financial Statements" ("IFRS 10")

IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12, "Consolidation—Special Purpose Entities" and parts of IAS 27, "Consolidated and Separate Financial Statements" ("IAS 27"). The Corporation will start the application of IFRS 10 in the consolidated financial statements effective January 1, 2013, and is currently evaluating the impact on the consolidated financial statements.

IFRS 11, "Joint Arrangements" ("IFRS 11")

IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas, for a joint operation, the venturer will recognize its share of the assets, liabilities, revenues and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31, "Interests in Joint Ventures", and SIC-13, "Jointly Controlled Entities—Non-monetary Contributions by Venturers". The Corporation will start the application of IFRS 11 in the consolidated financial statements effective January 1, 2013, and is currently evaluating the impact on the consolidated financial statements.

IFRS 12, "Disclosure of Interests in Other Entities" ("IFRS 12")

IFRS 12 establishes disclosure requirements for interests in other entities, such as joint arrangements, equity accounted investments, special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities. The Corporation will start the application of IFRS 12 in the consolidated financial statements effective January 1, 2013, and is currently evaluating the impact on the consolidated financial statements.

IFRS 13, "Fair Value Measurement" ("IFRS 13")

IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures. The Corporation will start the application of IFRS 13 in the consolidated financial statements effective January 1, 2013, and is currently evaluating the impact on the consolidated financial statements.

Amendments to Other Standards

In addition to the issuance of new standards as detailed above, there have also been amendments to existing standards, including IAS 1, "Presentation of Financial Statements" ("IAS 1"), IAS 16, "Property, Plant and Equipment" ("IAS 16"), IAS 19, "Employee Benefits" ("IAS 19"), IAS 27, "Consolidated and Separate Financial Statements", IAS 28, "Investments in Associates and Joint Ventures" ("IAS 28"), IFRS 7, "Financial Instruments: Disclosures" ("IFRS 7"), IAS 32 "Financial Instruments: Presentation" ("IAS 32") and IAS 34, "Interim Financial Reporting" ("IAS 34").

The amendments to IAS 1 will require that entities group items presented in OCI based on an assessment of whether such items may or may not be reclassified to earnings at a subsequent date. Amendments to IAS 1 are applicable to annual periods beginning on or after July 1, 2012, with early adoption permitted. In May 2012, IAS 1 was further amended to require the presentation of an additional opening statement of financial position when an entity applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification and to clarify the disclosure requirements such that certain comparative information is only required if it has a material effect upon the information that is presented in the statement of financial position. This additional amendment is effective for annual periods beginning on or after January 1, 2013, with early adoption permitted.

IAS 16 was amended in May 2012 to provide further clarity on accounting for spare parts and servicing equipment. Before the amendment, IFRS required the classification of spare parts and servicing equipment as inventory. The amendment clarifies that these items should be classified as property, plant and equipment if they meet the definition pursuant to IAS 16. Amendments to IAS 16 are effective for annual periods beginning on or after January 1, 2013, with early adoption permitted.

Amendments to IAS 19 eliminate an entity's option to defer the recognition of certain gains and losses related to post-employment benefits and require remeasurement of associated assets and liabilities in OCI. Amendments to IAS 19 are applicable on a modified retrospective basis to annual periods beginning on or after January 1, 2013, with early adoption permitted.

The amended IAS 27 addresses accounting for subsidiaries, jointly controlled entities and associates in non-consolidated financial statements. IAS 28 has been amended to include joint ventures in its scope and to address the changes in IFRS 10 through 13 as outlined above. Amendments to IAS 27 and IAS 28 are applicable to annual periods beginning on or after January 1, 2013, with early adoption permitted.

Amendments to IFRS 7 require the disclosure of information that will enable users of an entity's financial statements to evaluate the effect, or potential effect, of offsetting financial assets and financial liabilities, to the entity's financial position. Amendments to IFRS 7 are applicable to annual periods beginning on or after January 1, 2013, with retrospective application required.

The amendments to IAS 32 clarify the criteria that should be considered in determining whether an entity has a legally enforceable right of set off in respect of its financial instruments. Amendments to IAS 32 are applicable to annual periods beginning on or after January 1, 2014, with retrospective application required. Early adoption is permitted. In May 2012, IAS 32 was further amended to clarify the treatment of income taxes relating to distributions and transaction costs. This additional amendment is effective for annual periods beginning on or after January 1, 2013, with early adoption permitted.

IAS 34 was amended in May 2012 to align the disclosure requirements for segmented assets and segmented liabilities in interim financial reports with those of IFRS 8, "*Operating Segments*". Under the amendment, IAS 34 requires a measure of total assets and liabilities for an operating segment in interim financial statements if such information is regularly provided to the chief operating decision maker and there has been a material change in those measures since the last annual financial statements. This additional amendment is effective for annual periods beginning on or after January 1, 2013, with early adoption permitted.

The Corporation will start the application of these amendments effective January 1, 2013 and is currently evaluating the impact on the consolidated financial statements.

3. CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of these consolidated financial statements in accordance with IFRS requires the Corporation to make judgments in applying its accounting policies and estimates and assumptions about the future. These judgments, estimates, and assumptions affect the reported amounts of assets, liabilities, revenues and expenses, and the related disclosure of contingent assets and liabilities included in the Corporation's consolidated financial statements. The Corporation evaluates its estimates on an ongoing basis. Such estimates are based on historical experience and on various other assumptions that the Corporation believes are reasonable under the circumstances, and these estimates form the basis for making judgments about the carrying value of assets and liabilities and the reported amount of revenues and expenses that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. The following discusses the most significant accounting judgments, estimates and assumptions that the Corporation has made in the preparation of its consolidated financial statements.

Equity Accounted Investments

The Corporation holds direct investments in various assets, and its ownership interest in these investments is established through diverse structures. Significant judgment is applied in assessing whether the investment structure results in control, joint control or significant influence over the operations of the investment, or whether the Corporation's investment is passive in nature. The assessment of whether the Corporation exerts control, joint control or significant influence over an investment will determine the accounting treatment for the investment.

Business Combinations

The Corporation uses significant judgment to conclude whether an acquired set of activities and assets is a business, and such judgment can lead to significantly different accounting results. The acquisition of a business is accounted for as a business combination. If an acquired set of activities and assets does not meet the definition of a business, the transaction is accounted for as an asset acquisition.

There are many differences in accounting for a business combination versus an asset acquisition including the recognition of goodwill and deferred tax amounts, the initial measurement of assets and accounting for transaction costs. These differences not only affect the accounting as at the acquisition date, but will also affect future depreciation and possible impairment analysis. Accordingly, the conclusion as to whether a business has been acquired can have a significant effect on the Corporation's reported financial position and results of operations.

Management uses the acquisition method of accounting for an acquired set of activities and assets that have been determined to be a business. Significant judgment is required in applying the acquisition method of accounting for business combinations and specifically, in identifying and determining the fair value of assets and liabilities acquired, including intangible assets and residual goodwill, if any.

Net Realizable Value

Land, including land under development and land held for development, as well as housing and condominiums inventory are stated at the lower of cost and net realizable value. In calculating net realizable value, management must estimate the selling price of these assets based on prevailing market prices at the dates of the consolidated statements of financial position, discounted for the time value of money, if material, less estimated costs of completion and estimated selling costs. If estimates are significantly different from actual results, the carrying amounts of these assets may be overstated or understated on the consolidated statements of financial position and accordingly, net earnings in a particular period may be overstated or understated.

Provisions

Provisions are recorded by the Corporation when it has determined that it has a present obligation, whether legal or constructive, and that it is probable that an outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation. Management must use judgment in assessing the magnitude of the potential economic exposure and the likelihood of a future event occurring. Actual results may differ significantly from these estimates. The consolidated financial statements include a significant provision for costs to complete land, housing and condominium projects. The stage of completion of any development project, and remaining costs to be incurred, are determined by management, considering relevant available information at each reporting date. In making such determination, management makes significant judgments about milestones, actual work performed and the estimates of costs to complete the work.

Capitalization of Borrowing Costs

IFRS requires the capitalization of borrowing costs to qualifying assets. IFRS also requires the determination of whether the borrowings are specific to a project or general in calculation of the capitalized borrowing costs. Judgment is involved in this determination. Borrowing costs are capitalized to qualifying real estate assets that necessarily take a substantial period of time to prepare for their intended use or sale. The Corporation considers a substantial period of time to be a period longer than one year to complete.

Fair Value of Investment Properties

Critical judgments are made in respect of the fair values of investment properties and the investment properties held in equity accounted investments. Critical assumptions relating to the estimates of fair values of investment properties include the receipt of contractual rents, expected future market rents, renewal rates, maintenance requirements, discount rates that reflect current market uncertainties, capitalization rates and current and recent investment property prices. If there is any change in these assumptions or regional, national or international economic conditions, the fair value of investment properties may change materially.

The fair values of these investment properties are reviewed regularly by management with reference to independent property valuations and market conditions existing at the reporting date, using generally accepted market practices. The independent valuers are experienced, nationally recognized and qualified in the professional valuation of real estate in their respective geographic areas. Judgment is also applied in determining the extent and frequency of independent appraisals. At each annual reporting period, a select number of properties, determined on a rotational basis, will be valued by qualified valuation professionals. For properties not subject to independent appraisals, internal appraisals are prepared by management during each reporting period.

Impairment of Recreational Properties and Capital Assets

Recreational properties and capital assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management uses judgment in performing this impairment test. Imprecision in any of the assumptions and estimates used could affect the valuation of these assets and the assessment of performance.

Leases

In applying its revenue recognition policy for revenue earned from investment properties, the Corporation makes judgments with respect to whether tenant improvements provided in connection with a lease enhance the value of the leased space, which impacts whether such amounts are treated as additions to the investment property or as a lease incentive. Judgments are also made in determining whether certain leases, in particular those with long contractual terms where the lessee is the sole tenant in a property and long-term ground leases where the Corporation is the lessor, are operating or finance leases. The Corporation has determined that all of its leases are operating leases.

Income Taxes

The determination of the Corporation's income and other tax liabilities requires interpretation of complex laws and regulations often involving multiple jurisdictions. Judgment is required in determining whether deferred income tax assets should be recognized on the consolidated statements of financial position. Deferred income tax assets are recognized to the extent that the Corporation believes it is probable that the assets can be recovered. Furthermore, deferred income tax balances are recorded using enacted or substantively enacted future income tax rates. Changes in enacted income tax rates are not within the control of management. However, any such changes in income tax rates may result in actual income tax amounts that may differ significantly from estimates recorded in deferred tax balances.

Fair Value of Financial Instruments

Certain financial instruments are recorded in the Corporation's consolidated statements of financial position at values that are representative of, or approximate fair value. The fair value of a financial instrument that is traded in active markets at each reporting date is determined by reference to its quoted market price or dealer price quotations. Investments in equity instruments whose fair value cannot be reliably measured are carried at cost.

The fair value of certain other financial instruments is determined using valuation techniques. By their nature, these valuation techniques require the use of assumptions. Changes in the underlying assumptions could materially impact the determination of the fair value of a financial instrument. Imprecision in determining fair value using valuation techniques may affect the amount of net earnings recorded in a particular period.

The Corporation assesses, at each reporting date, whether there is any objective evidence that a financial instrument, including equity accounted investments, is impaired. The assessment of impairment of a financial instrument requires significant judgment, where management evaluates, among other factors, the duration and extent to which the carrying value or fair value of an investment is less than its cost, and the financial health of, and short-term business outlook for the investee.

4. CASH AND CASH EQUIVALENTS

Cash equivalents may include short-term financial instruments and investments in money market products, all of which are highly liquid with original maturities of three months or less, and immediately exchangeable into known amounts of cash.

5. ACCOUNTS RECEIVABLE

<i>As at</i>	December 31, 2012	December 31, 2011
Contracted sales of land under development	\$ 165,652	\$ 195,054
Housing and condominiums sales	32,131	11,397
Receivables related to investment and recreational properties	2,850	2,567
Management and advisory services fees	9,941	3,121
Other	2,117	5,282
	<u>\$ 212,691</u>	<u>\$ 217,421</u>

Accounts receivable for contracted sales of land under development, and condominiums sales, are secured by the underlying real estate assets and have various terms of repayment. The carrying value of accounts receivable is net of a provision for impairment of \$769 (2011 - \$1,041).

As at December 31, 2012, trade receivables related to land development operations in Western Canada, of approximately \$4,907 (2011 - \$2,345) were past due but no provision for impairment has been recorded as adequate non-refundable deposits have been received and the ownership of the asset will not be transferred to the purchaser until the full purchase price has been received.

6. FINANCIAL ASSETS

<i>As at</i>	December 31, 2012	December 31, 2011
Dundee REIT	\$ 42,061	\$ 34,499
Dundee International REIT	30,604	28,000
Loans receivable	2,855	9,189
Dundee International REIT, deferred trust units	3,028	845
Investments in equity securities not quoted in an active market	2,185	2,118
	<u>\$ 80,733</u>	<u>\$ 74,651</u>

Dundee REIT

Dundee Realty's interest in Dundee REIT as at December 31, 2012 consists of 374,024 units of Dundee Properties Limited Partnership ("DPLP") (December 31, 2011 - 351,473 units), the limited partnership subsidiary of Dundee REIT that owns all of the properties of Dundee REIT, which includes LP Class B Units, Series 1 of DPLP and associated Special Voting Units of Dundee REIT, and 749,702 REIT Units, Series A of Dundee REIT (December 31, 2011 - 704,506 REIT Units). The LP Class B Units, Series 1, together with the accompanying Special Voting Units, have economic and voting rights equivalent in all material respects to the REIT Units, Series A and REIT Units, Series B. Generally, each LP Class B Unit, Series 1 entitles the holder to a distribution equal to distributions declared on REIT Units, Series B or, if no such distribution is declared, on REIT Units, Series A. LP Class B Units, Series 1 may be surrendered or indirectly exchanged on a one-for-one basis at the option of the holder, generally at any time, subject to certain restrictions, for REIT Units, Series B. REIT Units, Series B are convertible at any time at the option of the holder into REIT Units, Series A on a one-for-one basis.

During the year ended December 31, 2012, the Corporation accrued distributions from Dundee REIT of \$2,495 (2011 - \$2,335), of which \$1,497 (2011 - \$1,723) was considered a return of capital and recorded as a reduction in the carrying value of the investment, with the balance of \$998 (2011 - \$612) recorded as "Investment income" in the consolidated statements of operations. The Corporation elected to reinvest \$2,482 (2011 - \$2,320) of distributions received pursuant to the terms of Dundee REIT's distribution reinvestment plan, and it received 67,747 (2011 - 73,218) Series A Units and LP Class B Units of Dundee REIT in exchange.

Dundee International REIT

During 2011, the Corporation acquired 2,800,000 units of Dundee International REIT at an aggregate cost of \$20,400 including 2,000,000 units acquired pursuant to an initial public offering of Dundee International REIT completed in August 2011. In addition, Dundee Corporation invested a further \$100,000 in Dundee International REIT.

In addition to the Corporation's investment in Dundee International REIT and that of its parent, and in support of Dundee International REIT's execution of a term loan credit facility led by a syndicate of European banks (which together with the proceeds from the initial public offering were used by Dundee International REIT to finance the purchase of certain European properties) (the "International REIT Credit Facility"), the Corporation has agreed that, together with its parent, Dundee Corporation, it will maintain an aggregate of at least \$120,000 of equity in Dundee International REIT for a two-year period following closing of the initial public offering in August 2011, and an aggregate of at least \$48,000 from the end of the two-year period until the end of the term of the International REIT Credit Facility, which has an initial term of five years, and which may be extended for a further two years, subject to the satisfaction by Dundee International REIT of certain conditions precedent at the time of the extension.

During the year ended December 31, 2012, the Corporation accrued distributions from Dundee International REIT of \$2,240 (2011 - \$921) of which \$1,120 (2011 - \$461) was considered a return of capital and recorded as a reduction in the carrying value of the investment, with the balance of \$1,120 (2011 - \$460) recorded as "Investment income" in the consolidated statements of operations.

In addition to its investment in Dundee International REIT, the Corporation also held DTUs as at December 31, 2012 with a fair value of \$3,028 (2011 - \$845) which were received as compensation provided for services pursuant to a management and advisory agreement between the Corporation and Dundee International REIT (note 30).

Loans Receivable

Loans receivable include various mortgages and loans to third parties and to certain executives of the Corporation. These amounts bear interest at rates ranging from 3% to 18% (2011 - 3% to 18%) and have maturity dates between 2013 and 2021.

7. HOUSING AND CONDOMINIUMS INVENTORY

	Housing Inventory	Condominium Inventory	Commercial Property	Total
Balance, January 1, 2011	\$ 24,691	\$ 59,567	\$ 4,949	\$ 89,207
Acquisitions	826	11,223	-	12,049
Development	68,234	45,803	615	114,652
Transfer to direct operating costs	(65,174)	(12,599)	-	(77,773)
Other	1,115	112	-	1,227
Balance, December 31, 2011	29,692	104,106	5,564	139,362
Acquisitions	11,570	-	-	11,570
Development	68,670	51,083	467	120,220
Transfer to direct operating costs	(61,672)	(60,627)	(6,031)	(128,330)
Transfer to equity accounted investments	-	(3,583)	-	(3,583)
Transfer from investment property	-	405	-	405
Writedown	-	(975)	-	(975)
Other	-	(142)	-	(142)
Balance, December 31, 2012	\$ 48,260	\$ 90,267	\$ -	\$ 138,527

8. LAND INVENTORY

	Land Held for Development	Land Under Development	Total
Balance, January 1, 2011	\$ 158,358	\$ 101,940	\$ 260,298
Acquisitions	1,000	-	1,000
Development	8,329	94,663	102,992
Recoverable cost net of recoveries	-	(2,064)	(2,064)
Transfer to land under development	(34,708)	34,708	-
Transfer to direct operating costs	-	(121,516)	(121,516)
Other	(4)	-	(4)
Balance, December 31, 2011	132,975	107,731	240,706
Acquisitions	122,640	-	122,640
Development	16,439	135,740	152,179
Recoverable cost net of recoveries	(4,293)	4,967	674
Transfer to land under development	(37,242)	37,242	-
Transfer to direct operating costs	-	(155,297)	(155,297)
Transfer to investment property	-	(1,179)	(1,179)
Writedown	-	(500)	(500)
Other	(36)	-	(36)
Balance, December 31, 2012	\$ 230,483	\$ 128,704	\$ 359,187

9. INVESTMENT PROPERTIES

	December 31, 2012	December 31, 2011
Balance, January 1	\$ 39,876	\$ 34,280
Acquisitions	-	1,538
Additions	665	254
Fair value changes in investment properties	9,705	3,813
Transfer from land under development	1,179	-
Transfer to condominium inventory	(405)	-
Amortization	(12)	(9)
Balance, December 31	\$ 51,008	\$ 39,876

Dundee Realty measures its investment properties using valuations prepared by management. Dundee Realty determines the fair value of each investment property using a DCF model, generally over an average period of 10 years, and a terminal value based on the estimated cash flow in the final year of the detailed planning period. The DCF model incorporates, among other things, expected rental income from current leases, assumptions about rental income from future leases and implied vacancy rates, general inflation, and projections of required future cash outflows with respect to such leases. To supplement management's assessment of fair value, Dundee Realty obtains valuations of selected investment properties on a rotational basis from qualified external valuation professionals, and considers the results of such valuations in arriving at its own conclusions on values. The key valuation metrics for Dundee Realty's investment properties are set out in the following table. Fair value determination is sensitive to changes in the discount rate and the timing or variability of cash flows.

	December 31, 2012	December 31, 2011
Discount rate	7.00% to 7.75%	7.00% to 8.50%
Terminal capitalization rate	6.25% to 7.00%	6.50% to 7.50%
Investment horizon (years)	10 + 1 years	10 + 1 years

Investment properties of which the Corporation owns 50%, with an aggregate fair value of \$96,400 at December 31, 2012 (2011 - \$77,800) were valued by qualified external valuation professionals and are pledged as security for mortgages.

The Corporation's future minimum rental commitments from non-cancellable tenant operating leases at December 31, 2012 are as follows:

No longer than 1 year	\$	6,667
Between 1 and 5 years		24,476
Longer than 5 years		16,428
	\$	47,571

10. RECREATIONAL PROPERTIES

	December 31, 2012	December 31, 2011
Cost	\$ 30,628	\$ 28,976
Accumulated depreciation	(8,378)	(6,251)
Balance, January 1	\$ 22,250	\$ 22,725
Additions	2,128	1,386
Depreciation	(2,360)	(2,127)
Other	(309)	266
Balance, December 31	\$ 21,709	\$ 22,250
Cost	\$ 32,447	\$ 30,628
Accumulated depreciation	(10,738)	(8,378)
	\$ 21,709	\$ 22,250
Recreational properties include:		
Arapahoe Basin	Ski hill, Colorado	\$ 11,746
King Edward Hotel	Hotel, Toronto	7,121
Willows Golf Course	Golf course, Saskatoon	2,842
		3,111
		\$ 21,709
		\$ 22,250

11. EQUITY ACCOUNTED INVESTMENTS AND JOINT OPERATION ARRANGEMENTS

The Corporation has entered into certain joint venture arrangements in the form of jointly controlled entities and entities subject to significant influence, primarily for the development of investment and recreational properties and for renewable energy project management. These joint venture arrangements are accounted for on an equity basis. At December 31, 2012, the carrying value of these joint venture arrangements was \$65,204 (2011 - \$47,917) and the Corporation reported \$124 as its share of losses (2011 – share of earnings of \$1,675) from these joint venture arrangements.

The following table summarizes financial information about the Corporation's proportionate share of assets, liabilities, revenues and net earnings in equity accounted investments as at and for the years ended December 31, 2012 and 2011.

	As at and for the year ended December 31, 2012	As at and for the year ended December 31, 2011
Assets	\$ 263,661	\$ 123,943
Liabilities	198,457	76,026
Revenues	17,787	16,660
Net earnings	(124)	1,675

The following table summarizes financial information about the Corporation's proportionate share of assets, liabilities, revenues and net earnings in joint operation arrangements which are accounted for using the proportionate consolidation method.

	As at and for the year ended December 31, 2012	As at and for the year ended December 31, 2011
Assets	\$ 187,928	\$ 170,799
Liabilities	143,781	132,564
Revenues	95,400	30,742
Net earnings	26,233	5,006

12. CAPITAL AND OTHER OPERATING ASSETS

<i>As at:</i>	December 31, 2012	December 31, 2011
Deposits	\$ 28,072	\$ 24,041
Restricted cash	9,985	4,813
Revolving term credit facility fee	485	676
Capital assets	2,447	2,411
Prepaid and deferred expenses	512	489
Inventory	749	660
	\$ 42,250	\$ 33,090

Deposits represent amounts paid by the Corporation in order to secure potential future land acquisitions.

Restricted cash represents cash advanced by the Corporation to secure letters of credit provided to various government agencies to support development activity, certain customer deposits on land and housing and condominium sales required for specific statutory requirements before closing and cash held as security for mortgages.

13. ACCOUNTS PAYABLE AND OTHER LIABILITIES

<i>As at:</i>	December 31, 2012	December 31, 2011
Trade payables	\$ 44,439	\$ 28,442
Accrued liabilities	32,503	16,740
Deferred revenue	1,382	1,573
	\$ 78,324	\$ 46,755

14. PROVISION FOR REAL ESTATE DEVELOPMENT COSTS

The provision for real estate development costs consists of estimated costs to complete certain land, housing and condominium development projects for which revenue has been recognized. These amounts have not been discounted as the majority are expected to be utilized within one year.

Balance, January 1, 2011	\$	73,490
Additional provisions		44,113
Utilized during the year		(59,551)
Balance, December 31, 2011		58,052
Additional provisions		66,955
Utilized during the year		(63,245)
Balance, December 31, 2012	\$	61,762

15. CUSTOMER DEPOSITS

Customer deposits represent payments from third parties for sales of land, housing and condominiums inventory, prior to transfer of ownership to the third party and subsequent recognition of sales revenue.

16. CONSTRUCTION LOANS

Construction loans are provided by a variety of lenders and are secured by charges on specific housing and condominiums inventory.

Balance, January 1, 2011	\$	58,615
Borrowings		83,272
Repayments		(60,149)
Reclassification to term debt		(3,400)
Other		78
Balance, December 31, 2011		78,416
Borrowings		98,683
Repayments		(81,565)
Other		(162)
Balance, December 31, 2012	\$	95,372

At December 31, 2012, \$3,500 (2011 - \$2,875) of aggregate construction loans were subject to a fixed, weighted average interest rate of 9.24% (2011 - 9.24%). The remaining balance of construction loans, aggregating \$91,872 (2011 - \$75,541), were subject to a weighted average variable interest rate of 3.47% (2011 - 3.98%). Construction loans are due on demand. The fair value of construction loans as at December 31, 2012 was \$95,345 (2011 - \$77,874).

17. OPERATING LINE

The Corporation has established a revolving term credit facility available up to a formula based maximum not to exceed \$190,000 with a Canadian Schedule I Chartered Bank. The facility bears interest, at the Corporation's option, at a rate per annum equal to either the bank's prime lending rate plus 1.25% or at the bank's then prevailing bankers' acceptance rate plus 2.50%. The facility was renewed on February 1, 2012 and expires on November 30, 2013. The facility is secured by a general security agreement and a first charge against various real estate assets in western Canada.

At December 31, 2012, the Corporation had drawn \$45,000 (2011 - \$88,000) against this facility and it has issued letters of credit of \$94,268 (2011 - \$79,249). At December 31, 2012, available credit under the credit facility was \$50,732.

18. MORTGAGES AND TERM DEBT

Mortgages are secured by specific charges against land, investment properties and recreational properties. Generally, term debt is secured by charges on specific capital equipment.

	Mortgages		Term Debt		Total
Balance, January 1, 2011	\$	22,428	\$	10,024	\$ 32,452
Borrowings		1,105		18,087	19,192
Repayments		(2,654)		(8,969)	(11,623)
Reclassification from construction loans		-		3,400	3,400
Other		512		109	621
Balance, December 31, 2011		21,391		22,651	44,042
Borrowings		53,000		18,594	71,594
Repayments		(1,863)		(21,079)	(22,942)
Other		707		(201)	506
Balance, December 31, 2012	\$	73,235	\$	19,965	\$ 93,200

Mortgages and term debt are provided by a variety of lenders. The weighted average interest rates for the fixed and variable components of mortgage and term debt, and their expected dates of maturity are as follows:

	Maturity Dates		Principal Outstanding		Weighted Average Interest Rates	
			2012	2011	2012	2011
<i>As at December 31,</i>						
FIXED RATE						
Mortgages						
Properties	2014 to 2016	\$ 18,942	\$ 19,822		5.68%	5.74%
Land	2015	53,695	800		5.00%	5.00%
Term Debt	2013 to 2015	10,803	20,422		6.94%	8.99%
		83,440	41,044		5.41%	7.34%
VARIABLE RATE						
Mortgages						
Properties	2017-2018	421	448		3.00%	3.00%
Land	2014	177	320		4.00%	3.56%
Term Debt	on demand to 2018	9,162	2,230		4.56%	4.59%
		9,760	2,998		4.48%	4.24%
		\$ 93,200	\$ 44,042		5.31%	7.13%

The fair value of mortgages and term debt as at December 31, 2012 was \$92,446 (2011 - \$44,653).

19. DUE TO PARENT COMPANY

The Corporation has established a revolving demand credit facility with Dundee Corporation. The facility bears interest at a rate equal to the rate charged under Dundee Corporation's main operating facility (3.0% as at December 31, 2012 and 2011) plus 1% per annum. The amount is secured by a security interest, lien and charge on the property and assets of the Corporation pursuant to a general security agreement, the payment of which has been subordinated to a creditor of the Corporation. At December 31, 2012, the Corporation had drawn \$69,938 (2011 - \$67,143) pursuant to these arrangements. The Corporation incurred interest charges of \$2,695 (2011 - \$2,589) against these arrangements, all of which were capitalized to the amounts borrowed pursuant to the revolving demand credit facility.

Dundee Corporation has advised the Corporation that it does not intend to demand repayment of amounts borrowed pursuant to the revolving demand credit facility within the next twelve months.

20. INCOME TAXES

During the year ended December 31, 2012, the Corporation recognized an income tax expense amount of \$36,614 (2011 - \$20,330), the major components of which include the following items:

<i>For the year ended December 31,</i>	2012	2011
Current income taxes		
Current income taxes with respect to profits in year	\$ 26,112	\$ 16,020
Current tax adjustments in respect of prior years	324	725
Other items affecting current tax expense	1,032	(554)
Current income tax expense	27,468	16,191
Deferred income taxes		
Origination and reversal of temporary differences	8,704	6,569
Benefit arising from previously unrecognized temporary differences	(343)	(1,316)
Impact of changes in income tax rates	785	(1,114)
Deferred income tax expense (recovery)	9,146	4,139
Net income tax expense	\$ 36,614	\$ 20,330

Due to non-coterminous tax years of the Corporation's partnership interests, taxable income of approximately \$56,382 (December 31, 2011 - \$40,776) relating to such partnership interests will be included in computing the Corporation's taxable income for its 2013 taxation year. The income tax expense amount on pre-tax earnings differs from the income tax expense amount that would arise using the combined Canadian federal and provincial statutory tax rate of 27% (2011 - 28%) as illustrated in the table below. Cash paid for income taxes for the year ended December 31, 2012 was \$8,804 (December 31, 2011 - \$24,835).

<i>For the year ended December 31,</i>	2012	2011
Earnings before tax at a statutory rate of 26.7% (2011 - 28.3%)	\$ 36,406	\$ 23,314
Effect on taxes of:		
Adjustment in expected future tax rates	785	(1,114)
Net income tax benefits not previously recognized	(394)	(555)
Non-taxable revenue	(102)	-
Non-taxable portion of capital gains	(443)	-
Other items	362	(1,315)
	\$ 36,614	\$ 20,330

The movement in the deferred income tax assets and liabilities during the years ended December 31, 2012 and 2011, and the net components of the Corporation's net deferred income tax liabilities are illustrated in the following tables.

	Investment and		Non-	Financial	Real	Loss	Total
	Accounts	Recreational	Coterminous		Estate	Carry	
	Receivable	Properties	Tax Year	Assets	Inventory	Forwards	
Balance, January 1, 2011	\$ (5,359)	\$ (3,833)	\$ (8,861)	\$ (26,473)	\$ 6,668	\$ 4,208	\$ (33,650)
(Charged) credited to:							
Net earnings	(2,492)	(1,321)	(1,844)	6	1,464	48	(4,139)
OCI	-	199	-	(1,597)	-	-	(1,398)
Balance, December 31, 2011	(7,851)	(4,955)	(10,705)	(28,064)	8,132	4,256	(39,187)
(Charged) credited to:							
Net earnings	(1,314)	(3,689)	(4,301)	(637)	(245)	1,040	(9,146)
OCI	-	(147)	-	(1,498)	-	-	(1,645)
Balance, December 31, 2012	\$ (9,165)	\$ (8,791)	\$ (15,006)	\$ (30,199)	\$ 7,887	\$ 5,296	\$ (49,978)

The Corporation has tax losses of \$2,989 (2011 - \$10,948) that expire between 2026 and 2032 and federal investment tax credits of \$11,712 (2011 - \$16,439) that expire between 2025 and 2030. Deferred income tax assets have not been recognized in respect of these losses as it is uncertain that the Corporation will be able to utilize all the losses against taxable profits in the future.

21. SHARE CAPITAL

Authorized

The Corporation is authorized to issue an unlimited number of common shares, Class C preferred shares, Class D preferred shares, Class E preferred shares and Class F preferred shares.

Common and Preferred Shares Issued and Outstanding

	Number	Amount
COMMON SHARES		
Outstanding, January 1, 2011 and December 31, 2012 and 2011	947.00	\$ 13,782
PREFERRED SHARES		
Class C		
Outstanding, January 1, 2011 and December 31, 2012 and 2011	947.00	\$ -
Class D		
Outstanding, January 1, 2011 and December 31, 2012 and 2011	512,108.00	\$ -
Class F		
Outstanding, January 1, 2011 and December 31, 2012 and 2011	18,061,333	\$ -

Common Shares

The Corporation's common shares are non-voting and are subordinate to all other classes of shares of the Corporation. During the year, \$35,000 (2011 - \$ nil) of dividends have been declared and paid on the Common shares.

Preferred Shares

Holders of preferred shares of the Corporation rank ahead of the common shareholders in the event of the liquidation, dissolution or winding up of the Corporation. The Corporation's Class D preferred shares rank ahead of all other classes of preferred shares, followed by the Class F preferred shares and the Class C preferred shares. Holders of Class E preferred shares of the Corporation are entitled to receive 0.001 common and 0.001 Class C preferred shares immediately before the effective time of a liquidation, dissolution or winding up of the Corporation.

- *Class D Preferred Shares* – The Class D preferred shares are non-voting and are not entitled to receive dividends from the Corporation. The Class D preferred shares are held by the non-controlling shareholder of the Corporation.

The Class D preferred shares are redeemable by the Corporation, at its sole discretion, for an amount per share equal to the lesser of (i) \$10,447 divided by the aggregate number of Class D preferred shares originally outstanding at the date of grant of the Class D preferred shares; and (ii) an amount obtained by multiplying 512,108 by the closing market price of a Series A unit of Dundee REIT at the time of such redemption, divided by the aggregate number of Class D preferred shares originally outstanding at the date of grant of the Class D preferred shares. In each case, the redemption amount is to be satisfied only to the extent of proceeds of a corresponding redemption of preferred shares owned by the Corporation in a holding company owned by the holder of the Class D preferred shares (the "Holding Company").

The value attributable to the Corporation's investment in the preference shares of the Holding Company has been offset against the Class D preferred shares held by the Holding Company as a result of the right to set off the redemption amounts payable on the respective shares.

- *Class F Preferred Shares* – The Class F preferred shares are non-voting and are entitled to receive dividends of up to 4% of the Class F redemption amount (see below) if, as and when declared by the directors of the Corporation. The Class F shares are held by a subsidiary of Dundee Corporation ("Subco").

The Class F preferred shares are redeemable by the Corporation and are retractable at the option of the holder of the Class F preferred shares at a price of \$10 per share, plus accrued and unpaid dividends.

The Corporation owns preference shares of Subco. The value attributable to the Corporation's investment in the preference shares of Subco has been offset against the Class F preferred shares as a result of the right to set off the redemption amounts payable on the respective shares. The Class F preferred shares have been recognized as a liability with a net carrying value of \$nil. Included in deferred income tax liabilities is \$24,076 (2011 - \$23,480) associated with the Corporation's investment in the preference shares of Subco.

- *Class C Preferred Shares* – The Class C preferred shares are entitled to one vote for each such share held at any meeting of the shareholders of the Corporation. Holders of the Class C preferred shares are not entitled to receive dividends from the Corporation. In the event of the liquidation, dissolution or winding up of the Corporation, the Class C shareholders are entitled to receive \$0.001 per Class C preferred share.
- *Class E Preferred Shares* – The Class E preferred shares, which were initially issued to a member of management of the Corporation, are non-voting. The holder of Class E preferred shares is entitled to receive a dividend equal to any dividend declared and paid on the common shares of the Corporation, which are declared and paid at the discretion of the board of the Corporation. In addition, the Class E preferred shareholder is entitled to receive 0.001 of a common share and 0.001 of a Class C preferred share immediately before the effective time of a liquidation, dissolution or winding up of the Corporation. There were no Class E preferred shares outstanding at January 1, 2011, December 31, 2011 or December 31, 2012.

22. ACCUMULATED OTHER COMPREHENSIVE INCOME

	Net unrealized gains (loss)		
	Foreign Currency Translation	Available- for-Sale Securities	Total
Balance, January 1, 2011	\$ (1,044)	\$ 15,969	\$ 14,925
Other comprehensive income			
during the year ended December 31, 2011	504	10,687	11,191
Balance, December 31, 2011	(540)	26,656	26,116
Other comprehensive income (loss)			
during the year ended December 31, 2012	(697)	8,983	8,286
Balance, December 31, 2012	\$ (1,237)	\$ 35,639	\$ 34,402

23. REVENUES

<i>For the year ended December 31,</i>	2012	2011
Land	\$ 235,579	\$ 192,781
Housing	79,746	80,454
Condominiums	77,519	13,917
Commercial property	8,202	-
Investment and recreational properties	36,576	35,317
Management and advisory services	43,952	20,925
	\$ 481,574	\$ 343,394

24. DIRECT OPERATING COSTS

<i>For the year ended December 31,</i>	2012	2011
Direct costs of real estate inventory	\$ 283,870	\$ 194,888
Salary and other compensation	18,758	18,770
Depreciation	2,587	2,127
Direct cost of operating investment and recreational properties and other	33,320	27,653
	<u>\$ 338,535</u>	<u>\$ 243,438</u>

Direct costs of real estate inventory include amounts paid to subcontractors for the development of real estate assets and are not tracked by labour and raw material categories.

25. MANAGEMENT AND ADMINISTRATIVE EXPENSES

<i>For the year ended December 31,</i>	2012	2011
Salary and other compensation	\$ 20,960	\$ 23,704
Corporate and professional fees	2,722	3,056
General office	4,452	4,033
Other	1,419	1,708
Capitalized expenditures	(12,648)	(11,988)
	<u>\$ 16,905</u>	<u>\$ 20,513</u>

Amounts of management and administrative expenses capitalized to real estate development projects flow through to direct operating costs when the assets are sold.

26. INTEREST EXPENSE

<i>For the year ended December 31,</i>	2012	2011
<i>Interest expense incurred on:</i>		
Project specific and general debt	\$ 10,829	\$ 11,111
Amounts due to parent company	2,695	2,590
Amortization of acquisition date fair value adjustments	-	477
Amortization of deferred financing costs	668	855
Interest capitalized to real estate development projects	(3,731)	(3,968)
	<u>\$ 10,461</u>	<u>\$ 11,065</u>

Amounts of interest capitalized to real estate development projects flow through to direct operating costs when the assets are sold. Cash interest paid for the year ended December 31, 2012 was \$12,973 (2011 - \$13,648).

27. FINANCIAL INSTRUMENTS RISK MANAGEMENT

Measurement Categories

The Corporation's financial instruments have been classified into categories that determine their basis of measurement and, for items at fair value, whether changes in fair value are recognized in the consolidated statements of operations or in OCI. The following table illustrates the carrying values of financial instruments and their classification.

<i>As at:</i>	December 31, 2012	December 31, 2011
Financial Assets		
<i>Available-for-sale</i>		
Financial assets		
Investment in Dundee REIT	\$ 42,061	\$ 34,499
Investment in Dundee International REIT	30,604	28,000
Dundee International REIT - deferred trust units	3,028	845
Investment in equities not quoted in an active market	2,185	2,118
<i>Loans and receivables</i>		
Cash and cash equivalents	18,466	6,750
Accounts receivable	212,691	217,421
Financial assets		
Loans receivable	2,855	9,189
Capital and other operating assets		
Deposits	28,072	24,041
Restricted cash	9,985	4,813
Financial Liabilities		
<i>Amortized cost</i>		
Accounts payable and other liabilities	(78,324)	(46,755)
Customer deposits	(39,238)	(35,168)
Construction loans	(95,372)	(78,416)
Operating line	(45,000)	(88,000)
Mortgages and term debt	(93,200)	(44,042)
Amounts due to parent company	(69,938)	(67,143)

Fair Value of Financial Instruments

At December 31, 2012 and 2011, the carrying value of the Corporation's financial instruments approximated their fair value.

The Corporation classifies the fair value of its financial instruments according to the following hierarchy, which is based on the amount of observable inputs used to value the instrument:

- Level 1 – inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 – inputs to valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The following table classifies financial instruments that are recognized in the Corporation's consolidated statements of financial position at fair value in accordance with the fair value hierarchy described above.

<i>As at:</i>	December 31, 2012	December 31, 2011
Level 1		
Financial assets - investments quoted in active markets		
Dundee REIT	\$ 42,061	\$ 34,499
Dundee International REIT	30,604	28,000
Level 3		
Financial assets - Dundee International REIT - deferred trust units	3,028	845

The table below presents a reconciliation of Level 3 fair value measurements:

<i>As at:</i>	December 31, 2012	December 31, 2011
Beginning of year	845	-
Issuance of deferred trust units	2,003	845
Fair value change	180	-
End of year	\$ 3,028	\$ 845

The Corporation makes estimates and assumptions relating to the fair value measurement of the deferred trust units. The critical assumptions underlying the fair value measurements and disclosures include the market price of Units and the volatility of comparable companies in both the German and Canadian real estate markets.

Risk Management

The Corporation is exposed to financial risks due to the nature of its business and the financial assets and liabilities that it holds. The Corporation's overall risk management strategy seeks to minimize potential adverse effects on the Corporation's financial performance.

Market Risk

Market risk is the risk that a material loss may arise from fluctuations in the fair value of a financial instrument. For purposes of this disclosure, the Corporation segregates market risk into three categories: fair value risk, interest rate risk, and currency risk.

Fair Value Risk

Fair value risk is the risk for a potential loss from adverse movements, excluding movements relating to changes in interest rates and foreign exchange currency rates, because of changes in market prices. The Corporation's investments in Dundee REIT and Dundee International REIT are listed on the Toronto Stock Exchange. A 10% absolute change in the market price of the units in Dundee REIT and Dundee International REIT would increase(decrease) the carrying amount of the investments by \$7,569, before associated taxes, with a corresponding increase(decrease) in OCI.

Interest Rate Risk

Interest rate risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Corporation is exposed to interest rate risk, primarily relating to its variable rate debt obligations. At December 31, 2012, variable rate debt represented 63% (2011 – 79%) of total debt obligations. Interest rate risk is mitigated, in part, by borrowing pursuant to variable rate terms as these terms generally result in lower interest rates incurred and greater flexibility for draws and repayment.

The following table illustrates the effect to net earnings, before associated income taxes, of a 50 basis point absolute change in market interest rate to net earnings and, to the extent that interest on real estate debt is used to finance certain

real estate inventory, to the carrying value of such inventory.

	Effect on Net Earnings		Effect on Real Estate Inventory	
	2012	2011	2012	2011
Financial Assets				
Cash and cash equivalents	\$ 42	4	\$ -	-
Financial assets - loans receivable	4	2	-	-
Financial Liabilities				
Construction loans	142	114	318	250
Operating line	227	440	-	-
Mortgages and term debt	46	13	1	2
Due to parent company	350	336	-	-

Currency Risk

Due to fluctuations in the exchange rate between the Canadian and the U.S. dollars, the Corporation is exposed to foreign exchange risk relating to its U.S. operations. The impact of foreign exchange fluctuations is deferred as a separate component of shareholders' equity until there is a realized reduction in the net investment in the foreign operations. The Corporation currently does not employ hedging activities to manage this financial risk, and the associated currency risk is considered minor.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Credit risk arises from the possibility that builders or other third party purchasers of the Corporation's real estate inventory, or other entities to which the Corporation may have advanced funds, may not fulfill their contractual obligations to repay amounts due to the Corporation. The Corporation mitigates its credit risk by requiring graduated deposits from buyers and withholding real estate titles until final payments are received. Credit risk is also mitigated by dealing only with builders and other third party buyers that the Corporation considers to have secure financial standing, and by diversifying the mix of builders and markets.

Credit risk also arises from the possibility that tenants in rental properties may not fulfill their lease or contractual obligations. The Corporation mitigates this credit risk by attracting tenants of sound financial standing and diversifying its mix of tenants. It also monitors tenant payment patterns and discusses potential tenant issues with property managers on a regular basis.

Liquidity Risk

Liquidity risk is the risk that the Corporation will encounter difficulty in meeting obligations associated with the maturity of financial liabilities. The Corporation manages its liquidity risk primarily through the management of its financial leverage. The Corporation uses various debt and equity ratios to monitor its capital adequacy and debt requirements including interest coverage, minimum net worth, average term to debt maturity and the ratio of variable rate debt to aggregate debt. These ratios assist the Corporation in assessing the debt level maintained by the Corporation in order to ensure adequate cash flows for real estate development. The Corporation manages maturities of outstanding debt by matching them to project closing dates, and monitoring the repayment dates to ensure sufficient capital will be available to cover obligations.

The scheduled principal repayments and debt maturities of mortgages and term debt are as follows:

	Construction Loans	Operating Line	Mortgages	Term Debt	Total
2013	\$ 95,372	\$ 45,000	\$ 18,872	\$ 12,663	\$ 171,907
2014	-	-	22,349	447	22,796
2015	-	-	18,363	2,297	20,660
2016	-	-	13,032	128	13,160
2017	-	-	383	4,503	4,886
2018 and thereafter	-	-	317	45	362
	95,372	45,000	73,316	20,083	233,771
Deferred financing costs	-	-	(81)	(118)	(199)
	\$ 95,372	\$ 45,000	\$ 73,235	\$ 19,965	\$ 233,572

28. CAPITAL MANAGEMENT

The Corporation's capital consists of debt and shareholders' equity. The Corporation's objectives in managing capital are to: (i) ensure adequate operating funds are available to fund the development of real estate inventory; (ii) ensure that the Corporation is able to meet its lease and capital expenditure obligations relating to its investment and recreational properties; (iii) ensure that the Corporation has adequate resources available to benefit from acquisition opportunities, should they arise; and (iv) generate a targeted rate of return on its investments.

The Corporation continuously monitors its debt structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying real estate industry.

29. COMMITMENTS AND CONTINGENCIES

Leases

The Corporation and its subsidiaries have operating lease commitments pursuant to which future minimum annual lease payments, exclusive of operating costs and realty taxes, are as follows:

2013	\$ 1,777
2014	1,651
2015	1,404
2016	1,340
2017	1,296
2018 and thereafter	9,338
	\$ 16,806

Land and Other Purchase Agreements

At December 31, 2012, the Corporation had commitments under land purchase agreements totalling \$46,851 (2011 - \$55,358) which will become payable in future periods upon the satisfaction of certain conditions pursuant to these arrangements. The Corporation currently anticipates that the conditions in respect of approximately 91% of land purchase agreements will be met in 2013, with the balance anticipated for 2014 and 2015.

In addition, the Corporation has a contingent payment of \$1,900 for an investment, to be paid in four equal annual instalments between 2015 and 2018, should certain criteria be met.

Letters of Credit and Surety Bonds

The Corporation is contingently liable for letters of credit and surety bonds that have been provided to support land developments in the amount of \$78,165 (2011 - \$60,520). Included in "Capital and other operating assets" are deposits (note 12) of \$26,727 (2011 - \$20,519) that may be applied to reduce the Corporation's obligations pursuant to these arrangements.

The Corporation is committed to pay levies in the future of up to \$10,856 (2011 - \$3,295) relating to signed municipal agreements upon the commencement of development of certain real estate assets. Additional development costs may also be required to satisfy the requirements of such municipal agreements, which amounts cannot be reliably estimated at this time.

Joint Ventures and Co-ownerships

The Corporation may conduct its real estate activities from time to time through joint ventures and with third party partners. The Corporation was contingently liable for the obligations of the owners of the unincorporated joint ventures in the amount of \$67,423 at December 31, 2012 (2011 - \$41,800). The Corporation would have available to it the other venturers' share of assets to satisfy any obligations that may arise.

Legal Contingencies

The Corporation and its operating subsidiaries may become liable under guarantees that are issued in the normal course of business and with respect to litigation and claims that arise from time to time. In the opinion of management, any liability that may arise from such contingencies would not have a material adverse effect on the consolidated financial statements of the Corporation.

30. RELATED PARTY TRANSACTIONS

Other than as disclosed elsewhere in these consolidated financial statements, related party transactions and balances as at and for the years ended December 31, 2012 and 2011 are as described below.

Transactions with Dundee REIT, Dundee International REIT and Dundee Industrial REIT

Management and Advisory Services Agreements

The Corporation entered into agreements with each of Dundee REIT; Dundee International REIT and Dundee Industrial REIT pursuant to which the Corporation provides the REITs a broad range of management and advisory services related to their respective real estate holdings. The Corporation receives revenues in respect of these services, determined in accordance with a formula as outlined in the respective agreements and which include:

- A base annual management fee, calculated and paid monthly, equal to 0.25% of gross asset value of properties in the case of Dundee REIT; or, in the case of Dundee International REIT, equal to 0.35% of the historic purchase price of the properties; or, in the case of Dundee Industrial REIT, equal to 0.25% of the purchase price paid by the REIT for the properties;
- An incentive fee of 15% of adjusted funds from operations in excess of \$2.65 per Series A unit in the case of Dundee REIT; 15% of adjusted funds from operations in excess of \$0.93 per unit, increasing annually by 50% of the increase in the weighted average consumer price index of the jurisdictions in which the properties are located, in the case of Dundee International REIT; and 15% of adjusted fund from operations in excess of \$0.80 per unit in the case of Dundee Industrial REIT;
- A capital expenditures fee of 5% of all hard construction costs incurred on capital projects with costs in excess of \$1,000, including work done on behalf of tenants or any maintenance capital expenditures;
- An acquisition fee equal to (i) 1% of the purchase price on the first \$100,000 of properties acquired in a fiscal year; (ii) 0.75% of the purchase price of additional properties acquired in a fiscal year in excess of \$100,000 but not exceeding \$200,000; and 0.50% of the purchase price of additional properties in any fiscal year should such purchases exceed \$200,000; and
- The ability for the Corporation to recover any expenses it may incur for arranging financings in respect of the assets.

The Corporation entered into the management and advisory services agreement with Dundee REIT on August 24, 2007 (amended on December 31, 2007), with Dundee International REIT on August 3, 2011 and with Dundee Industrial REIT on October 4, 2012. Each of these agreements have an initial term of five years and are renewable for further five-year terms. Subject to the termination provisions in the management and advisory services agreements, the Corporation is automatically reappointed at the expiration of each five-year term. The agreement with Dundee REIT was renewed on December 31, 2012.

During the years ended December 31, 2012 and 2011, the Corporation received the following amounts pursuant to these management and advisory services agreements.

<i>For the year ended December 31,</i>	2012	2011
Dundee REIT		
Management fees	\$ 14,946	\$ 9,144
Capital expenditure fees	63	612
Acquisition fees	14,199	7,855
Expense recoveries relating to financing arrangements	735	574
Dundee International REIT		
Management fees	2,181	839
Acquisition fees	2,430	-
Expense recoveries relating to financing arrangements	358	-
Dundee Industrial REIT		
Management fees	439	-
Acquisition fees	3,744	-
Expense recoveries relating to financing arrangements	314	-
	\$ 39,409	\$ 19,024

In the case of Dundee International REIT, the Corporation has irrevocably elected to receive the first \$3,500 of the fees payable to it pursuant to these arrangements in DTUs of Dundee International REIT for the first five years. The DTUs will vest to the Corporation in five equal amounts, beginning in the sixth year following the grant of such DTUs.

Included in accounts receivable at December 31, 2012 is a balance from Dundee REIT of \$4,133 (2011 - \$1,119), a balance from Dundee Industrial REIT of \$3,714 (2011 - \$nil) and a balance from Dundee International REIT of \$1,454 (2011 - \$6) pertaining to these arrangements.

Administrative Services Agreement

The Corporation has entered into a services agreement with a wholly owned subsidiary of Dundee REIT pursuant to which the subsidiary will provide certain administrative and support services to the Corporation. The terms of the agreement provide for a fee sufficient to reimburse the subsidiary for the actual costs incurred by it in carrying out these activities on behalf of the Corporation, and are not intended to have a profit component. This administrative services agreement expires on June 30, 2013, concurrent with the termination of the management and advisory services arrangements between the Corporation and Dundee REIT.

In addition to the administrative services agreement, the Corporation has also entered into operating leases with Dundee REIT for office space. Future commitments for these leases total \$6,043.

During the year ended December 31, 2012, the Corporation paid fees of \$3,951 (2011 - \$3,018) to Dundee REIT pursuant to the administrative services agreement and it paid a further \$12,624 (2011 - \$6,534) pursuant to operating and administrative costs of regional offices. During the year ended December 31, 2012, the Corporation received \$1,415 (2011 - \$ 223) from Dundee REIT pursuant to operating and administrative recoveries.

Included in accounts payable and other liabilities at December 31, 2012 is an amount due to Dundee REIT of \$4,738 (2011 - \$2,019) pertaining to these arrangements.

Transactions with Certain Officers of the Corporation

In 2005, and in accordance with employment arrangements made with a non-executive officer of the Corporation, the Corporation agreed to sell 4% of its interest, net of debt, in an investment property to such officer at its cost of approximately \$365, and it agreed to permit such officer to participate to the extent of 10% in a loan made to certain co-owners of the investment property. The balance of the loan at December 31, 2012 was \$71 (2011 - \$71).

The Corporation has provided a loan to a non-executive officer. At December 31, 2012, the amount outstanding was \$411 (2011 - \$432). The loan bears interest at 3% per annum, is subordinated to a third party lender to the officer and is secured by a deed of trust on a residential property.

Compensation of Key Management

Compensation paid to the Chief Executive Officer is shown in the table below.

<i>For the year ended December 31,</i>	2012	2011
Salaries and benefits	\$ 1,133	\$ 1,100
Bonus	-	4,000
	\$ 1,133	\$ 5,100

31. SUPPLEMENTARY CASH FLOW INFORMATION

Significant components of changes in non-cash working capital include:

<i>For the year ended December 31,</i>	2012	2011
Accounts receivable	\$ 4,694	\$ (7,818)
Accounts payable and other liabilities	31,635	1,235
Income and other taxes payable	18,664	(8,634)
Provision for real estate development costs	32,357	(13,763)
Customer deposits	4,070	912
Construction loans	17,118	23,123
Deposits	(4,031)	(15,066)
Restricted cash	(5,172)	1,149
Other	435	(142)
	\$ 99,770	\$ (19,004)

32. SEGMENTED OPERATING RESULTS

In the schedules of segmented net earnings, segmented gross margin has been calculated for each segment by deducting from revenues of the segment all direct operating costs and administrative costs which can be specifically attributed to the segment. The allocation of other components of net earnings would not assist in the evaluation of the segment's contributions to net earnings.

Segmented Net Earnings

For the year ended December 31, 2012

	Land	Housing and Condominiums	Investment and Recreational Properties	Management and Administrative	Total
Revenues	\$ 235,579	\$ 165,467	\$ 36,576	\$ 43,952	\$ 481,574
Direct operating costs	(162,948)	(140,464)	(35,123)	-	(338,535)
Management and administrative expenses	-	-	-	(16,905)	(16,905)
Segmented gross margin	\$ 72,631	\$ 25,003	\$ 1,453	\$ 27,047	126,134
Fair value changes in investment properties					9,705
Share of losses from equity accounted investments					(124)
Investment income					11,296
Interest expense					(10,461)
Income taxes					(36,614)
NET EARNINGS				\$	99,936

For the year ended December 31, 2011

	Land	Housing and Condominiums	Investment and Recreational Properties	Management and Administrative	Total
Revenues	\$ 192,781	\$ 94,371	\$ 35,317	\$ 20,925	\$ 343,394
Direct operating costs	(128,647)	(84,751)	(30,040)	-	(243,438)
Management and administrative expenses	-	-	-	(20,513)	(20,513)
Segmented gross margin	\$ 64,134	\$ 9,620	\$ 5,277	\$ 412	79,443
Fair value changes in investment properties					3,813
Share of earnings from equity accounted investments					1,675
Investment income					8,602
Interest expense					(11,065)
Income taxes					(20,330)
NET EARNINGS				\$	62,138

Segmented Assets and Liabilities

As at December 31, 2012

		Land	Housing and Condominiums	Investment and Recreational Properties	Management and Administrative	Total
Inventory	\$	359,187	\$ 138,527	\$ -	\$ -	\$ 497,714
Properties		-	-	72,717	-	72,717
Real estate assets	\$	359,187	\$ 138,527	\$ 72,717	\$ -	\$ 570,431
Non-segmented assets						419,344
TOTAL ASSETS						\$ 989,775
Provision for real estate development costs	\$	58,716	\$ 3,046	\$ -	\$ -	\$ 61,762
Customer deposits		3,713	35,052	473	-	39,238
Construction loans		-	95,372	-	-	95,372
Mortgages and term debt		53,872	11,290	28,038	-	93,200
	\$	116,301	\$ 144,760	\$ 28,511	\$ -	\$ 289,572
Non-segmented liabilities						297,862
TOTAL LIABILITIES						\$ 587,434

As at December 31, 2011

		Land	Housing and Condominiums	Investment and Recreational Properties	Management and Administrative	Total
Inventory	\$	240,706	\$ 139,362	\$ -	\$ -	\$ 380,068
Properties		-	-	62,126	-	62,126
Real estate assets	\$	240,706	\$ 139,362	\$ 62,126	\$ -	\$ 442,194
Non-segmented assets						379,829
TOTAL ASSETS						\$ 822,023
Provision for real estate development costs	\$	56,065	\$ 1,987	\$ -	\$ -	\$ 58,052
Customer deposits		2,410	32,315	443	-	35,168
Construction loans		-	78,416	-	-	78,416
Mortgages and term debt		1,120	13,717	29,205	-	44,042
	\$	59,595	\$ 126,435	\$ 29,648	\$ -	\$ 215,678
Non-segmented liabilities						277,043
TOTAL LIABILITIES						\$ 492,721

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2012**

Dundee Realty Corporation ("Dundee Realty" or the "Corporation") is a privately owned real estate company, engaged in the acquisition, development and sale of commercial and residential real estate in locations across Canada and the United States. Dundee Realty also provides real estate management and advisory services encompassing commercial real estate and real estate developments, as well as investments in Canadian renewable energy infrastructure assets.

This Management's Discussion and Analysis ("MD&A") has been prepared with an effective date of March 14, 2013 and should be read in conjunction with the audited annual consolidated financial statements of the Corporation, including the notes thereto, as at and for the year ended December 31, 2012 (the "2012 Financial Statements"). All amounts contained within this MD&A are in Canadian dollars, except tabular amounts, which are in thousands of dollars, unless otherwise specified. The financial statements underlying this MD&A, including 2011 comparative information, have been prepared in accordance with International Financial Reporting standards ("IFRS").

Non-IFRS Measures

"Gross Margin" or "Margin" is an important measure of earnings in each business segment and generally represents revenue less direct operating costs and management and administrative costs. Gross margin may be expressed as an absolute number or as a percentage of revenue.

SEGMENTED RESULTS OF OPERATIONS

Year ended December 31, 2012 compared with the year ended December 31, 2011

Gross Margins

	Year ended December 31, 2012					Year ended December 31, 2011				
	Revenue	Direct Operating Costs	Management and Administrative	Gross Margin		Revenue	Direct Operating Costs	Management and Administrative	Gross Margin	
Land	\$ 235,579	\$ (162,948)	\$ -	\$ 72,631	31%	\$ 192,781	\$ (128,647)	\$ -	\$ 64,134	33%
Housing and condominiums	165,467	(140,464)	-	25,003	15%	94,371	(84,751)	-	9,620	10%
Investment and Recreational Properties	36,576	(35,123)	-	1,453	4%	35,317	(30,040)	-	5,277	15%
Management and administrative	43,952	-	(16,905)	27,047	62%	20,925	-	(20,513)	412	2%
Total	\$ 481,574	\$ (338,535)	\$ (16,905)	\$ 126,134	26%	\$ 343,394	\$ (243,438)	\$ (20,513)	\$ 79,443	23%

Land

Revenue from land sales in the first twelve months of 2012 was \$235.6 million, generating gross margin of \$72.6 million or 31%. This compares with revenues of \$192.8 million generating gross margin of \$64.1 million or 33% in the prior year.

The increase in revenue of \$42.8 million and in gross margin of \$8.5 million is driven by Harbour Landing in Regina and Evansridge in Calgary, partially offset by lower activity in Stonebridge in Saskatoon; the related drop in gross margin as a percentage of revenue is due to the mix of land product sold. Harbour Landing in Regina had higher revenue and gross margin of \$49.5 million and \$16.0 million respectively, Evansridge had higher revenue and gross margin of \$35.4 million and \$11.1 million respectively, Stonebridge had lower revenue and gross margin of \$35.1 million and \$15.8 million respectively.

During fiscal 2012, western Canada operations sold 1,723 lots at an average selling price of \$117,000 compared to 1,502 lots at an average selling price of \$114,000 in fiscal 2011. Dundee Realty sold 63 parcel acres at an average selling price of \$540,000 in fiscal 2012 compared to 37 parcel acres sales at an average selling price of \$495,000 in fiscal 2011.

Housing and Condominiums

Revenue from sales of housing and condominium units increased by \$71.1 million to \$165.5 million in 2012, resulting in a corresponding increase in gross margins of \$15.4 million. This includes the sale of commercial development property in the period which generated revenue and gross margin of \$8.2 million and \$2.2 million, respectively.

Revenues from sales of housing units were consistent with the prior fiscal year, down only \$0.7 million to \$79.7 million by the end of fiscal 2012. The \$7.7 million increase in single family home sales in Regina was almost off set by the \$6.4 million lower revenue in Toronto due to the winding down of operations at Rutherford Contwo.

During the first twelve months of 2012, the western Canada housing operations sold 242 units at an average selling price of \$407,000 per unit translating into a \$10.1 million gross margin compared to \$9.0 million gross margin in the same period in 2011 when 218 units were sold at an average selling price of \$412,000 per unit. The decline in the average selling price is due to the mix of housing product sold. Dundee Realty closed 1 home through its joint venture operations at Rutherford Contwo in fiscal 2012 (only 1 unit remains), compared to 70 home closings in fiscal 2011. Included in land revenue is \$19.7 million of land revenue recognized in conjunction with housing sales to external parties, \$17.5 million in the prior year.

Revenue from sales of condominium units increased by \$63.6 million to \$77.5 million in fiscal 2012, primarily due to the sale and occupancy of 182 condominium units at Corktown Phase Two in 2012, the sale and occupancy of 177 units at Clear Spirit and the sale and occupancy of 80 units at 2 Eastern Ave, all in Toronto. These generated an increase in gross margin of \$6.5 million, \$5.5 million, and \$2.1 million, respectively. The sale and occupancy of 5 units at the Base Camp condominium project in Colorado generated \$1.3 million of revenue and gross margin of (\$1.6) million, compared to 14 sales and occupancies in the same period in 2011 that generated revenue of \$4.4 million and gross margin of (\$1.0) million. The negative gross margins are due to the discounts offered on units in response to the continued challenges in the US real estate market.

Investment and Recreational Properties

Revenue from sales of investment and recreational properties increased by \$1.3 million to \$36.6 million in 2012. However, gross margin declined to \$1.5 million or 4% in 2012 from \$5.3 million or 15% in the prior year.

Revenue from investment properties increased to \$6.4 million in fiscal 2012 from \$6.1 million in fiscal 2011. Gross margins fell \$0.1 million to \$3.1 million with a margin of 47.7% down from 53.1% in the prior year. During fiscal 2012, the value of the investment properties increased by \$9.7 million mainly due to increased rental rates and lower capitalization rates since December 2011.

Revenue from recreational properties increased to \$30.1 million in fiscal 2012 from \$29.3 million in fiscal 2011. However, gross margins declined to (\$1.6) million in fiscal 2012 from \$2.1 million in the prior year. The drop in margin is primarily due to record low levels of snow at Arapahoe Basin in Colorado as well as lower hotel suite rental income generated by our 17% interest in the King Edward Hotel operations as a result of management temporarily limiting the number of units being made available to guests during the period the condominiums are under construction.

Fair Value of Investment Properties

Certain properties held by the Corporation are considered investment properties, as they are held to earn rentals or for capital appreciation or both, rather than for use in the production of supply of goods or services, for administrative purposes, or for sale in the ordinary course of business. The Corporation carries these assets at fair value, with changes in fair value reported in the Corporation's net earnings. During 2012, the Corporation recorded a \$9.7 million (2011 - \$3.8 million) increase in the fair value of investment properties. Fair values were determined using the discounted cash flow method, which discounts the expected future cash flows from the asset, generally over a term of 10 years, and uses discount rates and terminal capitalization rates specific to each property. In some cases, the Corporation has obtained third-party appraisals of investment properties.

Management and Administrative

The Corporation's management and administrative segment is comprised of its management and advisory services encompassing commercial real estate and real estate development, as well as investment in Canadian renewable energy infrastructure assets. At December 31, 2012, the Corporation managed assets with an estimated value of \$10.9 billion (2011 - \$7.0 billion).

During 2012, the Corporation earned \$44.0 million in management and advisory fee revenue, an increase of 110% over management and advisory fee revenue of \$20.9 million earned in the prior year. The increase corresponds to increases in acquisition activities, on which acquisition fees generate a higher gross margin, by Dundee Real Estate Investment Trust ("Dundee REIT"), Dundee International Real Estate Investment Trust ("Dundee International REIT") and Dundee Industrial Real Estate Investment Trust ("Dundee Industrial REIT"), and by the formation of Dundee Industrial REIT as well as a full year of operations of Dundee International REIT, three significant portfolios managed by the Corporation pursuant to management and advisory services agreements. The increase in other fees is due to revenue generated by a development which commenced in fiscal 2012.

<i>For the year ended December 31,</i>	2012	2011
Dundee REIT		
Management fees	\$ 14,946	\$ 9,144
Capital expenditure fees	63	612
Acquisition fees	14,199	7,855
Expense recoveries relating to financing arrangements	735	574
Dundee International REIT		
Management fees	2,181	839
Acquisition fees	2,430	-
Expense recoveries relating to financing arrangements	358	-
Dundee Industrial REIT		
Management fees	439	-
Acquisition fees	3,744	-
Expense recoveries relating to financing arrangements	314	-
Other	4,543	1,901
	\$ 43,952	\$ 20,925

Other Items in Earnings

Investment Income

During 2012, the Corporation earned investment income of \$11.3 million (2011 - \$8.6 million). Included in investment income are distributions received from the Corporation's investments in Dundee REIT and Dundee International REIT aggregating \$2.1 million (2011 - \$1.1 million). The balance of \$9.1 million (2011 - \$7.5 million) represents distributions from other investments, and interest income on cash reserves and amounts receivable. The increase from prior year is due to returns from other investments that were either new or began generating returns in 2011.

Interest Expense

The Corporation incurred interest expense of \$10.5 million in 2011 (2011 - \$11.1 million), related primarily to project specific and general debt. In addition to amounts expensed, the Corporation incurred interest costs of \$3.7 million (2011 - \$4.0 million) that it capitalized to real estate development projects.

Income Tax Expense

The Corporation's effective income tax rate was 26.8% in 2012 (2011 - 24.7%). This effective tax rate is not significantly different than the statutory combined federal and provincial tax rate of 26.7%.

CHANGES IN FINANCIAL CONDITION

Real Estate Assets

	December 31, 2012	December 31, 2011
Real estate inventory		
Land	\$ 359,187	\$ 240,706
Housing and condominiums	138,527	139,362
Investment properties	51,008	39,876
Recreational properties	21,709	22,250
	<u>\$ 570,431</u>	<u>\$ 442,194</u>

Land

At December 31, 2012, the Corporation's land portfolio, including land held for development and land under development, consisted of over 6,500 acres and 1,000 development lots, primarily in Canada.

Land inventory at December 31, 2012 consists of:	Land Held for Development		Land Under Development			Total Cost
	Cost	Acres	Cost	Acres	Number of Lots	
Saskatoon	\$ 53,557	2,448	\$ 31,803	38	336	\$ 85,360
Regina	14,284	900	28,363	110	221	42,647
Calgary	140,414	2,277	40,008	74	212	180,422
Edmonton	20,849	683	27,155	9	282	48,004
Toronto	-	-	1,375	14	1	1,375
USA	1,379	3	-	-	-	1,379
	<u>\$ 230,483</u>	<u>6,312</u>	<u>\$ 128,704</u>	<u>245</u>	<u>1,052</u>	<u>\$ 359,187</u>

Acquisitions of \$122.6 million in the year represent 2,031 acres, of which 1,278 were in Calgary.

The carrying value of the Corporation's land portfolio increased by 49% to \$359.2 million at December 31, 2012 from \$240.7 million at December 31, 2011. Development costs during 2012 were approximately \$152.7 million (2011 - \$103.0 million) and were incurred primarily in western Canada. Funding for future development will be provided from operating cash flow as well as borrowings pursuant to Dundee Realty's borrowing facilities.

Housing and Condominiums

Real estate inventory includes the Corporation's inventory of housing and condominium projects.

Housing and Condominium Projects at December 31, 2012 consist of:	Housing No.		Condominium		Total Cost
	Cost	of Units	Cost	No. of Units	
Western Canada	\$ 48,163	253	\$ -	-	\$ 48,163
Ontario	97	1	85,437	1,416	85,534
United States	-	-	4,830	13	4,830
	<u>\$ 48,260</u>	<u>254</u>	<u>\$ 90,267</u>	<u>1,429</u>	<u>\$ 138,527</u>

The Corporation incurred significant development costs during 2012, including \$68.7 million in housing-related costs, primarily in western Canada and \$51.1 million in condominium-related costs, primarily in Toronto. Acquisitions of \$11.6 million were primarily for lots to be held for future development in Regina.

Condominium Development Projects

Condominium inventory decreased to \$90.3 million as at December 31, 2012 compared with \$104.1 million at December 31, 2011.

Phase II of the Distillery project includes Clear Spirit and Gooderham condos. Clear Spirit is currently being marketed with 343 firm sales (99%) out of 346 units as of December 31, 2012. Construction financing is in place. Construction started in September 2009 with approximately 200 occupancies as of December 31, 2012 and final closing expected in Q2 2013. Gooderham is currently being marketed with 310 firm sales (95%) as of December 31, 2012. Construction is underway. Streetcar Developments and Dundee are also jointly developing several condominium projects in Toronto. SYNC at 630 Queen Street East will be an 8 floor high rise with 98 units. As of December 2012, there were 91 firm sales or 93% sold. Construction commenced in the third quarter of 2011 and occupancies are expected to commence by June 30, 2013 with final close in the same quarter. 8 Gladstone will be an 8 floor high rise located in the Dufferin/Queen area with 89 units. As of December 31, 2012, the project was 83% sold. Construction commenced by March 31, 2012 and occupancies are expected to begin by September 30, 2013, with final closing expected by December 31, 2014. 11 Peel was purchased as retail land and building also in the Dufferin/Queen area, the land is to be used for future condominium development. The sales center for Phase I, The Carnaby, launched in the first quarter of 2012. The project is being marketed with 283 firm sales (67% sold) as at December 31, 2012. King Edward Hotel located in the King/Victoria area, a joint venture in which Dundee Realty Corporation has a 17% interest, is marketed with 145 luxury condominium units. By the third quarter of 2012, there were 145 firm sales (100% sold). Demolition is complete and construction contracts are underway. Occupancies will commence in the first quarter of 2013 and final closing is expected to take place by June 30, 2013. The 64 unit Base Camp project in Granby, Colorado has been completed with 45 closings since 2009, 13 units remain available for sale.

Investment Properties

The Corporation's investment properties are located predominantly in downtown Toronto. The carrying value of these assets increased from \$39.9 million at the end of the prior year to \$51.0 million at the end of 2012, including a fair value increase of \$9.7 million relating primarily to The Distillery Historic District, reflecting increased leasing activity and a decrease in the overall capitalization rate.

Recreational Properties

	Nature of Activities	Location	Carrying Value
Arapahoe Basin	Ski operations	Colorado	\$ 11,746
King Edward Hotel	Hotel operations	Toronto	7,121
Willows Golf course	Golf operations	Saskatoon	2,842
			\$ 21,709

The carrying value of recreational properties decreased by 2.4% to \$21.7 million as at December 31, 2012 compared with \$22.3 million at December 31, 2011, mainly due to depreciation more than offsetting capital additions. Capital expenditures at Araphaoe Basin totalled \$1.1 million in 2012. These expenditures included snow grooming equipment as well as several infrastructure and guest service improvements.

Accounts Receivable

At December 31, 2012, the carrying value of accounts receivable had decreased to \$212.7 million or approximately 2% below accounts receivable of \$217.4 million at December 31, 2011. Approximately 93% (2011 – 95%) of accounts receivable represent amounts receivable under contracted sales of land under development or under housing and condominiums sales contracts. Accounts receivable may fluctuate from period to period, reflecting the cyclical nature of the completion and closing of larger scale real estate projects.

Equity Accounted Investments

The Corporation accounts for its investment in jointly controlled entities using the equity method of accounting. The carrying value of the Corporation's equity accounted investments increased to \$65.2 million at December 31, 2012, compared with \$47.9 million at the end of 2011.

	Firelight Infrastructure Fund	Dundee Kilmer Development LP	Bear Valley Mountain Resort	Other	Total
Balance, December 31, 2011	\$ 21,032	\$ 15,269	\$ 5,298	\$ 6,318	\$ 47,917
Equity income for the year	517	(1,441)	(1,513)	2,313	(124)
Net cash investments	11,734	-	345	6,653	18,732
Other	-	-	(301)	(1,020)	(1,321)
Balance, December 31, 2012	\$ 33,283	\$ 13,828	\$ 3,829	\$ 14,264	\$ 65,204

Firelight Infrastructure Fund

Dundee Realty has a 20% interest in Firelight Infrastructure Partners LP ("Firelight") that has committed \$300 million to fund renewable energy projects.

Firelight is currently invested in RMS, a 51 MW wind farm in Pictou County, Nova Scotia. Dundee Realty has a 19.2% beneficial interest in RMS.

Firelight is also invested in Xeneca LP, a developer of waterpower sites in Ontario, which is expected to begin operations in 2014. Dundee Realty has a 19.1% beneficial interest in Xeneca. Firelight Solar LP ("Firelight Solar") is a wholly owned subsidiary of Firelight established to fund the acquisition of rooftop solar projects in Ontario.

Dundee Realty and its partner plan to acquire \$150 million of rooftop solar projects by 2014, requiring \$45 million of equity (Dundee Realty's share is \$9 million). In fiscal 2012, Firelight Solar acquired 16 rooftop solar projects representing 3.6 MW. Firelight Solar also has 13 rooftop solar projects (3.9 MW) currently being installed, the cost funded with the balance of the cash contribution this quarter as well as a final payment due on project operation. All of the rooftop solar projects have entered into power purchase agreements for renewable energy with Ontario Power Authority to supply energy at a fixed rate of 63.5 to 71.3 cents per kWh for 20 years. In fiscal 2012, Firelight Solar signed an agreement with a large retailer for solar panel installations on 70 of their buildings in Ontario, each with a FIT contract under original pricing (63.5 to 71.3 cents per kWh) and in total have a capacity of 15 MW. This puts Firelight Solar very close to its goal of having 100 rooftops in its portfolio. Also in fiscal 2012, Firelight entered into an agreement to acquire five additional 10 MW ground mount solar projects in Ontario. Deposits totaling \$30.8 million were made against the purchase of the five projects, of which Dundee Realty's equity commitment of \$6.2 million has been fully funded in cash.

Dundee Kilmer Developments Limited

Dundee Kilmer Developments Limited ("Dundee Kilmer") is a partnership between the Corporation and Kilmer Van Nostrand Co. Limited for the purpose of developing the Canary District, the Toronto 2015 Pan/Parapan American Games Athletes' Village project in the West Don Lands. Anchored at Front and Cherry Streets, Canary District will be a visionary community, adjacent to Waterfront Toronto's new 18-acre Don River Park, with lively street retail and dining, inspiring works of public art and sculpture. Being built as a temporary home for the athletes of the 2015 Pan Am Games, Canary District will evolve into the largest urban village in Toronto's history. Net losses for the year relate to marketing expenses which under IFRS cannot be capitalized as part of development costs and are therefore expensed. Construction is approximately 35% complete, and 25% of the condominium units have been sold, on which occupancies are expected to commence in 2016.

Bear Valley Mountain Resort

Bear Valley Mountain Resort ("Bear Valley") consists of ski operations adjacent to which there are 14 acres of land held for development. The planned project originally was to develop 400,000 square feet of condominiums in Alpine County, California.

Revised plans under the existing market conditions are to develop only 179,000 square feet (120 units, down from 200), which resulted in an impairment in the period of \$1.3 million.

Investment in Dundee REIT

Dundee REIT is an unincorporated, real estate investment trust and is a leading provider of high quality, affordable business premises. It is focused on owning, acquiring, leasing and managing mid-sized urban and suburban office properties in Canada. At December 31, 2012, Dundee REIT's portfolio consisted of approximately 23.1 million square feet of gross leasable area across Canada. At December 31, 2012, the Corporation held 1,123,726 units of Dundee REIT with a market value of \$42.1 million (2011 – 1,055,979 units with a market value of \$34.5 million).

Investment in Dundee International REIT

Dundee International REIT is an unincorporated, open-ended real estate investment trust that provides investors with the opportunity to invest in commercial real estate exclusively outside of Canada. At December 31, 2012, Dundee International REIT's portfolio consisted of 293 properties with approximately 13.3 million square feet of gross leasable area, all located in Germany. At December 31, 2012, the Corporation held 2,800,000 units of Dundee International REIT with a market value of \$30.6 million.

Debt

Debt as at December 31, 2012 totalled \$303.5 million (2011 - \$277.6 million).

	Construction Loans	Operating Line	Mortgages and Term Debt	Due to Parent	Total
Balance, December 31, 2010	\$ 58,615	\$ 86,000	\$ 32,452	\$ 64,494	\$ 241,561
Borrowings	83,272	-	19,192	-	102,464
Repayments	(60,149)	-	(11,623)	-	(71,772)
Reclassification to term debt	(3,400)	-	3,400	-	-
Net draws against revolving facilities	-	2,000	-	-	2,000
Other	78	-	621	2,649	3,348
Balance, December 31, 2011	78,416	88,000	44,042	67,143	277,601
Borrowings	98,683	-	71,594	-	170,277
Repayments	(81,565)	-	(22,942)	-	(104,507)
Net draws against revolving facilities	-	(43,000)	-	-	(43,000)
Other	(162)	-	506	2,795	3,139
Balance, December 31, 2012	\$ 95,372	\$ 45,000	\$ 93,200	\$ 69,938	\$ 303,510

The Corporation has established a demand credit facility with its parent. The facility bears interest at a rate equal to the rate charged under the parent's main operating facility (3% at December 31, 2012 and 2011) plus 1% per annum. The amount is secured by a security interest, lien and charge on the properties and assets of the Corporation pursuant to a general security agreement, the payment of which has been subordinated to certain other lenders to the Corporation. The Corporation has received confirmation from its parent that they do not intend to demand payment of amounts borrowed within the next twelve months.

Other than the demand credit facility provided by the Corporation's parent, at December 31, 2012, \$86.9 million (2011 – \$43.9 million) of aggregate debt was subject to a fixed, weighted average interest rate of 5.57% (2011 – 7.46%) and matures between 2013 and 2016. A further \$146.6 million (2011 - \$166.5 million) of real estate debt is subject to a weighted average variable interest rate of 3.61% (2011 – 4.12%) and matures between 2013 and 2018.

The operating line consists of a revolving term credit facility available up to a formula-based maximum not to exceed \$190 million bearing interest at prime rate (3% as at December 31, 2012 and 3% as at December 31, 2011) plus 1.25% or at banker's acceptance rate (1% at December 31, 2012 and 1% at December 31, 2011) plus 2.50%. The facility was renewed on February 1, 2012, expires on November 30, 2013 and is secured by a general security agreement and a first charge against various land lots

and parcels held in Saskatoon, Regina, Calgary and Edmonton. As at December 31, 2012, the maximum amount available under this facility was \$190 million of which \$45 million was drawn and \$94.2 million was utilized in the form of letters of credit. As at December 31, 2012, the amount still available under this facility was \$50.7 million. Interest expense relating to the revolving term credit facility for the period ended December 31, 2012 was \$3.5 million (December 31, 2011 – \$4.1 million).

LIQUIDITY & CAPITAL RESOURCES

The Corporation's capital consists of construction loans, an operating line, mortgages and term debt, shareholder loans and shareholders' equity. The Corporation's objectives in managing capital are to ensure adequate operating funds are available to fund land, housing and condominium development costs, leasing costs and capital expenditures for investment and recreational properties, and to provide for resources needed to acquire new properties and invest in new ventures at reasonable interest costs and to generate a target rate of return on investments.

Various debt and equity ratios are used to monitor capital adequacy and requirements. For debt management, interest coverage ratio and minimum net worth value are the primary ratios used in capital management. Other ratios include weighted average interest rate, average term to debt maturity and variable rate debt as a portion of total debt. These ratios assist the Corporation in assessing that the debt level maintained by the Corporation is sufficient to provide adequate cash flows for land and housing development and other capital expenditures.

Significant Sources and Uses of Cash

Operating Activities

	2012	2011
Operating Activities		
Earnings excluding non-cash items	\$ 104,042	\$ 68,958
Changes in working capital	101,752	(19,004)
Acquisition of real estate inventory	(134,210)	(13,049)
Development of real estate inventory	(16,251)	(18,658)
	\$ 55,333	\$ 18,247

During 2012, the Corporation generated cash flow from operating activities of \$55.3 million compared with cash flow from operating activities of \$18.2 million in the prior year. Due to the longer-term nature of some of the Corporation's real estate projects, operating cash flow may vary from period to period.

Investing Activities

	2012	2011
Investing Activities		
Acquisition of real estate assets	\$ -	\$ (1,538)
Additions to real estate assets	(2,793)	(1,640)
Net contributions to equity accounted investments	(17,710)	(25,346)
Net dispositions (acquisitions) of financial assets	6,234	(19,010)
	\$ (14,269)	\$ (47,534)

The Corporation incurred cash outflows from investing activities of \$14.3 million in 2012 (2011 - \$47.5 million). Included in 2012 cash outflows is \$17.7 million of contributions to equity accounted joint venture arrangements and available for sale investments.

Financing Activities

	2012	2011
Financing Activities		
Net debt transactions	\$ 5,652	\$ 9,569
Dividends paid	(35,000)	-
	\$ (29,348)	\$ 9,569

During 2012, the Corporation borrowed \$5.7 million of debt on a net basis and paid dividends of \$35.0 million to the holders of outstanding non-voting common shares.

Cash Requirements

The nature of the real estate business is such that the Corporation requires capital to fund non-discretionary expenditures with respect to existing assets, as well as growth through acquisitions and developments. In 2012, the Corporation generated \$55.3 million of funds from operations (2011 – \$18.2 million). At year end, the Corporation had \$18.5 million (2011 – \$6.8 million) in cash and cash equivalents and it had \$50.7 million available pursuant to its revolving term credit facility. The Corporation's intention is to meet short-term liquidity requirements through funds from operations, working capital reserves and operating debt facilities. In addition, the Corporation anticipates that revenues will continue to provide the cash necessary to fund operating expenses and debt service requirements. Capital may also be generated through dispositions as the Corporation repositions its portfolio in a manner consistent with its stated strategy to maintain a conservative level of debt, while ensuring that sufficient capital is available to execute the Corporation's business plan at all times.

QUARTERLY SEGMENTED RESULTS OF OPERATIONS

Three months ended December 31, 2012 compared with the three months ended December 31, 2011

Gross Margins

	Three months ended December 31, 2012					Three months ended December 31, 2011				
	Revenue	Direct Operating Costs	Management and Administrative	Gross Margin		Revenue	Direct Operating Costs	Management and Administrative	Gross Margin	
Land	\$ 88,268	\$ (62,143)	\$ -	\$ 26,125	30%	\$ 92,815	\$ (61,334)	\$ -	\$ 31,481	34%
Housing and condominiums	55,159	(45,140)	-	10,019	18%	28,659	(25,393)	-	3,266	11%
Investment and Recreational Properties	10,797	(10,779)	-	18	0%	9,516	(8,465)	-	1,051	11%
Management and administrative	13,108	-	(5,440)	7,668	58%	4,407	-	(3,411)	996	23%
Total	\$ 167,332	\$ (118,062)	\$ (5,440)	\$ 43,830	26%	\$ 135,397	\$ (95,192)	\$ (3,411)	\$ 36,794	27%

During the fourth quarter of 2012, the Corporation generated gross margins of \$43.8 million or 26% on revenue of \$167.3 million. This compares with revenue of \$135.4 million generating gross margins of \$36.8 million or 27% in the same quarter of 2011. Consistent with year-to-date results, gross margins increased by \$7.0 million in the current quarter, reflecting higher condominium occupancies and management revenue compared to the fourth quarter of 2011.

Land

Revenue from land sales in the fourth quarter of 2012 was \$88.3 million, generating gross margins of \$26.1 million or 30%. This compares with revenues of \$92.8 million, generating gross margins of \$31.5 million or 34% in the same quarter of 2011. Gross margins decreased by \$5.4 million, due to the mix of land product sold.

The \$4.5 million drop in revenue was due to lower activity in Stonebridge in Saskatoon of \$35.4 million and Meadows in Edmonton of \$2.1 million partially offset by higher sales of \$16.8 million in each of Harbour Landing in Regina and Evansridge in Calgary. The corresponding drop of \$5.4 million in gross margins was primarily due to activity levels in the same developments: Stonebridge was lower by \$15.1 million, while Harbour Landing was higher by \$4.9 million and Evansridge by \$6.3 million.

During the fourth quarter of 2012, western Canada operations sold 609 lots at an average selling price of \$127,000 per lot compared to 719 lots at an average selling price of \$121,000 per lot in the same quarter of the prior year. Dundee Realty sold 18 parcel acres at an average price of \$634,000 per acre in the fourth quarter of 2012 compared to 9 parcel acres sales at \$659,000 per acre in the same quarter of the prior year.

Housing and Condominiums

Revenue from sales of housing and condominium units increased by \$26.5 million to \$55.2 million in the fourth quarter of 2012 compared with \$28.7 million in the same quarter of the prior year. This resulted in gross margins increasing by \$6.8 million to \$10.0 million in the fourth quarter of 2012 as compared to the same quarter in the prior year.

Revenue from sales of housing units was higher than the same quarter of the prior year, increasing by \$0.9 million to \$20.6 million in the end of the fourth quarter of 2012, primarily attributable to \$1.6 million higher sales of single family homes in Regina, partially offset by lower sales of single family homes in Saskatoon. Gross margins increased by \$0.6 million to \$2.6 million in the fourth quarter of 2012 as compared to the same quarter in the prior year. The Corporation sold 57 homes in western Canada in the fourth quarter at an average selling price of \$426,000 per unit. One home was sold through its joint venture operations in Toronto, its share of revenue totaling \$0.2 million. In the same quarter of the prior year, 61 homes were sold in western Canada at an average selling price of \$396,000 per unit. Two homes were sold through its joint venture operations in Toronto, its share of revenue totaling \$0.3 million. Included in land revenue is \$4.3 million of land revenue recognized in conjunction with housing sales to external parties, \$4.9 million in the same quarter of the prior year.

Revenue from sales of condominium units increased by \$25.6 million to \$34.5 million in the fourth quarter of 2012, resulting in gross margins increasing by \$6.3 million to \$7.5 million in the fourth quarter of 2012 as compared to the same quarter in the prior year. This is primarily due to the sale and occupancy of 177 units at Clear Spirit.

Investment and Recreational Properties

Revenue from activity in investment and recreational properties increased by \$1.3 million to \$10.8 million in the fourth quarter of 2012 as compared to the same quarter of the prior year. However, gross margin declined to nil from \$1.1 million or 11% in the prior year.

Revenue from investment properties was consistent with the fourth quarter of the prior year at \$1.6 million, although gross margin fell to \$0.7 million with a gross margin of 44.9% from \$0.9 million with 52.9% gross margin in the prior year due to higher non-recoverable expenses declined to a loss of \$0.1 million from a gross margin of \$0.6 million.

Revenue from recreational properties increased to \$9.2 million in the fourth quarter of 2012 from \$7.9 million in the same period of the prior year. However, gross margins declined to (\$0.9) million in the fourth quarter of 2012 from breakeven in the same period of the prior year. The drop in margin is primarily due to record low levels of snow at Arapahoe Basin in Colorado as well as lower hotel suite rental income generated by our 17% interest in the King Edward Hotel operations as a result of management temporarily limiting the number of units being made available to guests during the period the condominiums are under construction.

Management and Administrative

During the fourth quarter of 2012, the Corporation earned \$13.1 million in management and advisory fee revenue, almost three times the management and advisory fee revenue of \$4.4 million earned in the fourth quarter of the prior year. This resulted in gross margins increasing by \$7.7 million in the fourth quarter of 2012 to \$8.7 million from the same quarter in the prior year. Consistent with year-to-date results, the increase corresponds to higher levels of acquisition activities by Dundee REIT, Dundee International REIT and Dundee Industrial REIT, on which higher gross margin are generated, as well as higher asset management fees from a full year of operations of Dundee International REIT and the creation of Dundee Industrial REIT.

QUARTERLY BUSINESS TRENDS

	2012				2011			
	31-Dec-12	30-Sep-12	30-Jun-12	31-Mar-12	31-Dec-11	30-Sep-11	30-Jun-11	31-Mar-11
Revenue	\$ 167,332	\$ 124,571	\$ 120,697	\$ 68,974	\$ 135,397	\$ 91,933	\$ 63,066	\$ 52,998
Net income	35,468	23,738	29,115	12,565	30,448	15,978	5,880	9,832

Revenue from real estate activities may fluctuate significantly from period to period, due to the timing of project registrations, the cyclical nature of real estate markets and the mix of assets sold. Real estate operations are project driven. Real estate revenue and associated real estate operating costs are only included in operations in periods when a development project is completed and sold. Otherwise, these costs are deferred as real estate inventory or real estate assets. This may cause significant fluctuations in net earnings from period to period.

The Corporation's share of earnings from equity accounted investments is included in net earnings for each quarter. Earnings from each equity accounted investment may fluctuate significantly from period to period and may depend on market forces or other operating conditions that may not necessarily be under the Corporation's direct control.

OFF-BALANCE SHEET ARRANGEMENTS

The Corporation may conduct its real estate activities from time to time through joint ventures with third party partners. At December 31, 2012, the Corporation was contingently liable for the obligations of the other owners of the unincorporated joint ventures in the amount of \$67.4 million (2011 - \$41.8 million). The Corporation has available to it the other venturers' share of assets to satisfy the obligations, if any, that may arise.

The Corporation and its operating subsidiaries may become liable under guarantees that are issued in the normal course of business and with respect to litigation and claims that arise from time to time. In the opinion of management, any liability that may arise from such contingencies would not have a material adverse effect on the consolidated financial statements of the Corporation.

COMMITMENTS AND CONTINGENCIES

2012 & 2011	2013	2014	2015	2016	2017	Thereafter
Mortgages	\$ 18,872	\$ 22,349	\$ 18,363	\$ 13,032	\$ 383	\$ 317
Revolving credit facility	45,000	-	-	-	-	-
Construction loans	95,372	-	-	-	-	-
Term debt	12,663	447	2,297	128	4,503	45
Amounts due to parent	69,938	-	-	-	-	-
Land commitments	42,384	3,078	1,390	-	-	-
Provisions for completion	61,762	-	-	-	-	-
Leases and other	1,777	1,651	1,404	1,340	1,296	9,338
	\$ 347,768	\$ 27,525	\$ 23,454	\$ 14,500	\$ 6,182	\$ 9,700

The Corporation has commitments under land purchase agreements totalling \$46.9 million as at December 31, 2012 (2011 - \$55.4 million) which will become payable in future periods upon the satisfaction of certain conditions pursuant to such agreement.

Levies relating to signed municipal agreements received by the Corporation at December 31, 2011 may result in future obligations totalling \$10.9 million (2011 - \$3.3 million).

The Corporation is contingently liable for letters of credit and surety bonds that have been provided to support land developments in the amount of \$78.2 million (2011 - \$60.5 million). Offsetting these amounts are deposits of \$26.7 million (2011 - \$20.5 million).

The Corporation has a contingent payment of \$1.9 million that is due in four equal installments in each of 2015, 2016, 2017 and 2018, on satisfaction of certain criteria being met.

TRANSACTIONS WITH RELATED PARTIES

The Corporation has not entered into any transactions with related parties, other than as disclosed in notes 19 and 30 to the 2012 Financial Statements.

ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES

The preparation of the Corporation's consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the related disclosure of contingent assets and liabilities. Critical accounting estimates represent estimates made by management that are, by their very nature, uncertain. The Corporation evaluates its estimates on an ongoing basis. Such estimates are based on historical experience and on various other assumptions that the Corporation believes are reasonable under the circumstances, and these estimates form the basis for making judgments about the carrying value of assets and liabilities and the reported amount of revenues and expenses that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. A summary of the significant judgments and estimates made by management in the preparation and analysis of the Corporation's financial results is included in note 3 to the 2012 Financial Statements.

FINANCIAL INSTRUMENTS

A detailed discussion of the Corporation's strategy and risk management in respect of financial instruments is provided in note 27 to the 2012 Financial Statements.

MANAGING RISK

The risks faced by the Corporation are described in this Circular under "Risk Factors".

DUNDEE REALTY CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

Independent Auditor's Report

To the Directors of Dundee Realty Corporation

We have audited the accompanying consolidated financial statements of Dundee Realty Corporation and its subsidiaries, which comprise the consolidated statements of financial position as at December 31, 2011, December 31, 2010 and January 1, 2010 and the consolidated statements of operations, comprehensive income, changes in shareholders' equity and cash flow for the years ended December 31, 2011 and December 31, 2010, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Dundee Realty Corporation and its subsidiaries as at December 31, 2011, December 31, 2010 and January 1, 2010 and their financial performance and their cash flows for the years ended December 31, 2011 and December 31, 2010 in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers LLP

Chartered Accountants, Licensed Public Accountants

Toronto, Canada

March 14, 2013

DUNDEE REALTY CORPORATION CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(expressed in thousands of Canadian dollars)

	Note	December 31, 2011	December 31, 2010	January 1, 2010
ASSETS				
Cash and cash equivalents	6	\$ 6,750	\$ 26,468	\$ 15,388
Accounts receivable	7	217,421	209,557	91,178
Financial assets	8	74,651	46,007	37,015
Housing and condominiums inventory	9	139,362	89,207	75,418
Land inventory	10	240,706	260,298	287,725
Investment properties	11	39,876	34,280	31,794
Recreational properties	12	22,250	22,725	13,551
Equity accounted investments	13	47,917	20,933	19,341
Capital and other operating assets	14	33,090	19,818	33,269
TOTAL ASSETS		\$ 822,023	\$ 729,293	\$ 604,679
LIABILITIES				
Accounts payable and other liabilities	15	\$ 46,755	\$ 45,665	\$ 38,001
Income and other taxes payable	23	35,958	44,592	3,590
Provision for real estate development costs	16	58,052	73,490	31,637
Customer deposits	17	35,168	34,256	30,367
Construction loans	18	78,416	58,615	43,882
Operating line	19	88,000	86,000	75,408
Mortgages and term debt	20	44,042	32,452	42,715
Class B preferred shares	21	-	-	47,837
Due to parent company	22	67,143	64,494	72,617
Deferred tax liabilities	23	39,187	33,650	48,786
		492,721	473,214	434,840
SHAREHOLDERS' EQUITY				
Share capital	24			
Common shares		13,782	13,782	8,320
Contributed surplus		3,553	3,659	3,753
Retained earnings		285,851	223,713	150,539
Accumulated other comprehensive income	25	26,116	14,925	7,227
		329,302	256,079	169,839
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 822,023	\$ 729,293	\$ 604,679

The accompanying notes are an integral part of these consolidated financial statements.

Commitments and contingencies (note 32)

Approved by the Board:

Michael J. Cooper
Director

Ned Goodman
Chairman

DUNDEE REALTY CORPORATION CONSOLIDATED STATEMENTS OF OPERATIONS

*For the years ended December 31, 2011 and 2010
(expressed in thousands of Canadian dollars)*

	<i>Note</i>	2011	2010
REVENUES	26	\$ 343,394	\$ 460,969
OTHER ITEMS IN NET EARNINGS:			
Direct operating costs	27	(243,438)	(324,387)
Management and administrative expenses	28	(20,513)	(13,640)
Fair value changes in investment properties	11	3,813	2,260
Share of earnings from equity accounted investments	13	1,675	449
Investment income		8,602	5,286
Interest expense	29	(11,065)	(13,508)
NET EARNINGS BEFORE INCOME TAXES		82,468	117,429
Income taxes	23	(20,330)	(38,905)
NET EARNINGS FOR THE YEAR		\$ 62,138	\$ 78,524

The accompanying notes are an integral part of these consolidated financial statements.

DUNDEE REALTY CORPORATION CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

*For the years ended December 31, 2011 and 2010
(expressed in thousands of Canadian dollars)*

	2011	2010
NET EARNINGS FOR THE YEAR	\$ 62,138	\$ 78,524
Other comprehensive income:		
Unrealized gains on financial assets designated as available-for-sale, net of associated taxes	12,284 (1,597)	10,048 (1,306)
Unrealized gains (loss) from foreign currency translation	504	(1,044)
Total other comprehensive income	11,191	7,698
COMPREHENSIVE INCOME FOR THE YEAR	\$ 73,329	\$ 86,222

The accompanying notes are an integral part of these consolidated financial statements.

DUNDEE REALTY CORPORATION
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

*For the years ended December 31, 2011 and 2010
(expressed in thousands of Canadian dollars)*

	Common Shares	Contributed Surplus	Retained Earnings	Accumulated Other Comprehensive Income	Total
Balance, January 1, 2010	\$ 8,320	\$ 3,753	\$ 150,539	\$ 7,227	\$ 169,839
During the year ended December 31, 2010					
Net earnings	-	-	78,524	-	78,524
Other comprehensive income	-	-	-	7,698	7,698
Dividends paid	-	-	(5,350)	-	(5,350)
Stock based compensation	-	74	-	-	74
Conversion of preference shares	5,462	(112)	-	-	5,350
Other	-	(56)	-	-	(56)
Balance, December 31, 2010	13,782	3,659	223,713	14,925	256,079
During the year ended December 31, 2011					
Net earnings	-	-	62,138	-	62,138
Other comprehensive income	-	-	-	11,191	11,191
Other	-	(106)	-	-	(106)
Balance, December 31, 2011	\$ 13,782	\$ 3,553	\$ 285,851	\$ 26,116	\$ 329,302

The accompanying notes are an integral part of these consolidated financial statements.

DUNDEE REALTY CORPORATION CONSOLIDATED STATEMENTS OF CASH FLOW

*For the years ended December 31, 2011 and 2010
(expressed in thousands of Canadian dollars)*

	<i>Note</i>	2011	2010
OPERATING ACTIVITIES			
Net earnings for the year		\$ 62,138	\$ 78,524
Other items affecting cash flow from operations			
Depreciation		2,136	2,487
Fair value changes in investment properties	11	(3,813)	(2,260)
Share of earnings from equity accounted investments	13	(1,675)	(449)
Deferred income taxes	23	4,139	(16,708)
Non-cash compensation expense	24	-	74
Other		6,033	1,881
		68,958	63,549
Changes in non-cash working capital	34	(19,004)	(44,467)
Acquisition of housing and condominiums inventory		(12,049)	(11,064)
Development of housing and condominiums inventory		(31,744)	3,999
Acquisition of land inventory		(1,000)	(49,050)
Development of land inventory		13,086	119,562
CASH PROVIDED FROM OPERATING ACTIVITIES		18,247	82,529
INVESTING ACTIVITIES			
Acquisitions of recreational properties		-	(7,776)
Additions to recreational properties		(1,386)	(4,537)
Acquisitions of investment properties		(1,538)	-
Additions to investment properties		(254)	(226)
Contributions to equity accounted investments		(29,574)	(3,267)
Distributions from equity accounted investments		4,228	1,986
Acquisitions of financial assets	8	(23,899)	(7,279)
Dispositions of financial assets		4,889	8,228
CASH USED IN INVESTING ACTIVITIES		(47,534)	(12,871)
FINANCING ACTIVITIES			
Borrowings pursuant to mortgage and term debt facilities		19,192	43,869
Repayments pursuant to mortgage and term debt facilities		(11,623)	(54,302)
Advances from operating line, net		2,000	10,592
Redemption of Class B preferred shares	21	-	(47,837)
Repayment of amounts due to parent company	22	-	(10,900)
Issuance of common shares pursuant to option arrangements	24	-	5,350
Dividends paid	24	-	(5,350)
CASH PROVIDED FROM (USED IN) FINANCING ACTIVITIES		9,569	(58,578)
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS DURING THE YEAR		(19,718)	11,080
Cash and cash equivalents, beginning of year		26,468	15,388
CASH AND CASH EQUIVALENTS, END OF YEAR		\$ 6,750	\$ 26,468

The accompanying notes are an integral part of these consolidated financial statements.

DUNDEE REALTY CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2011 and December 31, 2010 Tabular dollar amounts in thousands of Canadian dollars
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1. NATURE OF OPERATIONS

Dundee Realty Corporation (“Dundee Realty” or the “Corporation”) is a privately owned real estate company, engaged in the acquisition, development and sale of commercial and residential real estate in locations across Canada and the United States. Dundee Realty also provides real estate management and advisory services encompassing commercial real estate and real estate developments, as well as investments in Canadian renewable energy infrastructure assets.

Dundee Realty is a 70% owned subsidiary of Dundee Corporation, an independent publicly traded Canadian asset management company listed on the Toronto Stock Exchange under the symbol DC.A.

Dundee Realty is incorporated under the Business Corporations Act of British Columbia, Canada and is domiciled in Canada. The Corporation’s head office is located at 30 Adelaide Street East, Suite 1600, Toronto, Ontario, Canada M5C 3H1.

2. BASIS OF PREPARATION AND ADOPTION OF IFRS

In 2010, the Handbook of the Canadian Institute of Chartered Accountants (“CICA Handbook”) was revised to incorporate International Financial Reporting Standards (“IFRS”), and required publicly accountable enterprises to apply such standards for financial years beginning on or after January 1, 2011.

These consolidated financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board (“IASB”). These consolidated financial statements are the Corporation’s first annual consolidated financial statements prepared in accordance with IFRS. Prior to the transition to IFRS, the Corporation prepared its consolidated financial statements in accordance with Canadian generally accepted accounting principles (“Canadian GAAP”). Note 5 to these consolidated financial statements discloses the impact of the transition to IFRS on the Corporation’s reported financial position, financial performance and cash flow, including the nature and effect of significant changes in accounting policies from those used in the Corporation’s consolidated financial statements for the year ended December 31, 2010, which were originally prepared under Canadian GAAP.

These consolidated financial statements were approved by the Board of Directors for issue on March 14, 2013.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted by the Corporation in the preparation of its consolidated financial statements are set out below. Subject to certain transition elections and exceptions on the adoption of IFRS as disclosed in note 5, the Corporation has consistently applied these accounting policies throughout all periods presented in these consolidated financial statements, as if these policies had always been in effect.

Basis of Measurement

The consolidated financial statements have been prepared under the historical cost convention, except for investment properties and available-for-sale equity securities, which are measured at fair value as determined at each reporting date.

Principles of Consolidation

These consolidated financial statements include the accounts of the Corporation and its subsidiaries. All intercompany transactions have been eliminated in these consolidated financial statements.

Subsidiaries are those entities that the Corporation controls by having the power to govern the financial and operating policies of the entity. The existence and effect of potential voting rights that are currently exercisable are considered when assessing whether the Corporation controls another entity. Subsidiaries are fully consolidated from the date on which control is obtained by the Corporation and are subsequently deconsolidated from the consolidated financial statements on the date that control ceases.

Segmented Reporting

Operating segments are reported in a manner consistent with internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the chief executive officer of the Corporation.

Equity Accounted Investments and Joint Operations

The Corporation accounts for its investments in associates and its investments in joint ventures using the equity method of accounting whereby the Corporation recognizes its share of earnings or losses and of other comprehensive income ("OCI") of the equity accounted investment in its own earnings or OCI, as applicable. Dilution gains and losses arising from changes in the Corporation's interest in equity accounted investments are recognized in earnings. If the Corporation's investment is reduced to zero, additional losses are not provided for, and a liability is not recognized, unless the Corporation has incurred legal or constructive obligations, or made payments on behalf of the equity accounted investment.

Investments in Associates

Investments in associates are comprised of those investments over which the Corporation has significant influence, but not control. Generally, the Corporation is considered to exert significant influence when it holds more than a 20% interest in an entity. However, determining significant influence is a matter of judgment and specific circumstances and, from time to time, the Corporation may hold an interest of more than 20% in an entity without exerting significant influence. Conversely, the Corporation may hold an interest of less than 20% and exert significant influence through representation on the board of directors, direction of management or through contractual agreements.

The Corporation's investments in associates and joint ventures, and its proportionate interest in each associate are as follows:

Name of Associate	Nature of Business	Ownership Interest as at:		
		December 31, 2011	December 31, 2010	January 1, 2010
Bear Valley Mountain Resort, California	Ski facilities	33%	33%	33%
S/D Commercial Corporation, Toronto	Investment properties	50%	50%	50%
Dundee Kilmer Developments LP, Toronto	Condominiums	50%	-	-
Firelight Infrastructure Partners Management LP, Toronto	Renewable energy	50%	50%	50%
Firelight Infrastructure Partners LP, Toronto	Renewable energy	20%	20%	20%
Distillery Restaurants Limited Partnership, Toronto	Restaurant	50%	50%	50%
CMCC Equity Fund, Toronto	Investment properties	18%	18%	-
Pauls-Dundee Arrowhead LLC, Toronto	Condominiums	50%	50%	50%
Westland Properties Ltd., Western Canada	Land	78%	78%	78%
Dundee PAAV LP, Toronto	Project development	50%	-	-
Dundee Kilmer Developments Limited, Toronto	Project development	50%	-	-
DREAM CMCC Equity Fund LP, Toronto	Investment properties	50%	-	-

Impairment of Equity Accounted Investments

The Corporation assesses, at each reporting date, whether there is objective evidence that its interest in an equity accounted investment is impaired. If impaired, the carrying value of the Corporation's share of the underlying assets of the equity accounted investment is written down to its estimated recoverable amount, with any difference charged to the consolidated statements of operations.

Investment in Joint Ventures

A joint venture is a contractual arrangement, pursuant to which, Dundee Realty and other parties undertake an economic activity that is subject to joint control, whereby the strategic financial and operating policy decisions relating to the activities of the joint venture require the unanimous consent of the parties sharing control.

Joint venture arrangements that involve the establishment of a separate entity in which each venturer has an interest are accounted for using the equity method as outlined above. Where the Corporation undertakes its activities under joint operation arrangements through a direct interest in the joint operation's assets, rather than through the establishment of a separate entity, the Corporation's proportionate share of the joint operation's assets, liabilities, revenues, expenses and cash flow are recognized in the consolidated financial statements and classified according to their nature.

The following summarizes joint operation arrangements in which the Corporation participates and for which it recognizes its proportionate interest in the underlying assets, liabilities, revenues, expenses and cash flow using the proportionate consolidation method.

Name of Joint Operation and Location	Nature of Business	Ownership Interest as at:		
		December 31, 2011	December 31, 2010	January 1, 2010
Thornhill Woods, Toronto	Housing	30%	30%	30%
Rutherford Contwo, Toronto	Land and housing	32%	32%	32%
Distillery District, Toronto	Historic heritage district	50%	50%	50%
Distillery Market, Toronto	Grocery market	50%	50%	50%
Streetcar, Toronto	Condominiums	50%	50%	50%
King Edward, Toronto	Hotel and condominiums	17%	17%	17%
Derry Road, Toronto	Commercial property	45%	45%	45%
Millwoods Robertson, Edmonton	Land and housing	70%	70%	70%
Arbor Creek, Saskatoon	Land and housing	78%	78%	78%
Wascana View, Regina	Land and housing	85%	85%	85%

Business Combinations

The Corporation uses the acquisition method to account for business combinations. The consideration transferred for the acquisition is measured as the aggregate of the fair values of assets transferred, liabilities incurred or assumed, and any equity instruments of the Corporation issued in exchange for control of the acquiree. Acquisition costs are recorded as an expense in net earnings as incurred. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3, "*Business Combinations*" ("IFRS 3") are recognized at their fair values at the acquisition date.

The interest of non-controlling shareholders in the acquiree, if any, is initially measured at the non-controlling shareholders' share of the net assets of the acquiree. To the extent that the fair value of consideration paid exceeds the fair value of the net identifiable tangible and intangible assets acquired, the excess is recorded as goodwill. If the consideration transferred is less than the fair value of net identifiable tangible and intangible assets, the excess is recognized in net earnings.

Where a business combination is achieved in stages, previously held interests in the acquired entity are remeasured to fair value at the acquisition date, which is the date control is obtained, and the resulting gain or loss, if any, is recognized in net earnings. Amounts arising from interests in the acquiree prior to the date of acquisition of control that have previously been recognized in OCI are reclassified to net earnings. Changes in the Corporation's ownership interest of a subsidiary that do not result in a loss of control are accounted for as equity transactions and are recorded as a component of equity.

Foreign Currency Translation

Functional and Presentation Currency

These consolidated financial statements are presented in Canadian dollars, which is the Corporation's functional currency.

Functional Currency of Subsidiaries and Equity Accounted Investments

The financial statements of consolidated subsidiaries and equity accounted investments that have a functional currency that is different from that of the Corporation are translated into Canadian dollars using average rates for the period for items included in the consolidated statements of operations and OCI and the rates in effect at the dates of the consolidated statements of financial position for assets and liabilities. All resulting changes are recognized in OCI as cumulative translation adjustments.

If the Corporation's interest in the foreign operations of a subsidiary or an equity accounted investment is diluted, but the foreign operations remain a subsidiary or an equity accounted investment, a pro-rata portion of the cumulative translation adjustment related to those foreign operations is reallocated between controlling and non-controlling interest in the case of a subsidiary, or is recognized as a dilution gain or loss in the case of an equity accounted investment. When the Corporation disposes of its entire interest in the foreign operations, or when it loses control, joint control, or significant influence, the cumulative translation adjustment included in accumulated other comprehensive income ("AOCI") related to the foreign operations is recognized in the consolidated statements of operations on a pro-rata basis.

Foreign Currency Transactions

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions. Generally, foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in currencies other than an entity's functional currency at each period-end date, are recognized in the consolidated statements of operations, except when deferred in OCI as qualifying cash flow hedges and qualifying net investment hedges.

Financial Instruments

The Corporation's financial instruments include cash and cash equivalents, accounts receivable, financial assets, accounts payable and other liabilities, customer deposits, construction loans, amounts borrowed pursuant to the Corporation's operating line, mortgages and term debt, amounts due to parent company, the Corporation's Class B and Class F preferred shares which have been classified for accounting purposes as debt, and deposits and restricted cash which have been included in these consolidated financial statements as "*capital and other operating assets*".

Financial assets and liabilities are recognized when the Corporation becomes a party to the contractual provisions of the instrument. Financial assets are no longer recognized when the rights to receive cash flows from the assets have expired or are assigned and the Corporation has transferred substantially all risks and rewards of ownership in respect of an asset to a third party. Financial liabilities are no longer recognized when the related obligation is discharged, cancelled or expires.

Classification of financial instruments in the Corporation's consolidated financial statements depends on the purpose for which the financial instruments were acquired or incurred. Management determined the classification of financial instruments at initial recognition.

Available-for-Sale Securities

Available-for-sale ("AFS") securities are non-derivative financial instruments that are either specifically designated as available for sale, or which have not been classified in any other financial instrument category. AFS securities are initially recognized at the cost of acquisition, including directly attributable transaction costs, and are subsequently carried at their fair value. Certain investments included as "*Financial assets*" in the Corporation's consolidated statements of financial position, including the Corporation's investments in Dundee Real Estate Investment Trust ("Dundee REIT") and Dundee International Real Estate Investment Trust ("Dundee International REIT") (note 8), have been included in this category.

Changes in the fair values of AFS securities are reported in OCI until the financial asset is sold or becomes impaired, at which time the accumulated gain or loss is removed from AOCI and recognized in net earnings. Financial assets may, from time to time, include equity investments in private entities, where fair value cannot be reliably measured. These equity securities are carried at cost.

Also included as AFS securities are deferred trust units ("DTUs") of Dundee International REIT, which the Corporation receives in compensation for services provided pursuant to a management and advisory services agreement (note 33). The DTUs earned by the Corporation vest annually over five years, commencing on the fifth anniversary of the grant date. The DTUs and the corresponding management and advisory services revenue, are recognized at fair value, determined by applying a discount to the trading value of the underlying units of Dundee International REIT to reflect the vesting period. Subsequent to initial recognition, the DTUs are carried at fair value, with changes in fair value recognized in AOCI.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Financial instruments classified in this category include cash and cash equivalents, accounts receivable, loans receivable included in the Corporation's portfolio of financial assets, and deposits and restricted cash. Financial instruments designated as loans and receivables are initially recognized in the amount expected to be received less, when material, a discount to reduce the loans and receivables to fair value. Subsequently, loans and receivables are measured at amortized cost using the effective interest method, less a provision for impairment.

Financial Liabilities at Amortized Cost

Financial liabilities at amortized cost include accounts payable and other liabilities, customer deposits, construction loans, amounts borrowed pursuant to the Corporation's operating line, mortgages and term debt, amounts due to Dundee Corporation, and the Corporation's Class B and Class F preferred shares. These amounts are initially measured at the amount required to be paid, less, when material, a discount to reduce the liabilities to fair value. Subsequently, these financial liabilities are measured at amortized cost using the effective interest method.

Impairment of Financial Assets

At each reporting date, the Corporation assesses whether there is objective evidence that financial assets are impaired. Objective evidence may include a significant or prolonged decline in the trading value of an equity security below its cost, significant financial difficulty of the obligor, or delinquencies in interest and principal payments. If such evidence exists, the Corporation recognizes an impairment loss equal to the difference between the carrying value of the financial asset and the present value of the estimated future cash flows, discounted using the instrument's original effective interest rate for financial assets carried at amortized cost, and the difference between the original cost of the asset and the fair value at the measurement date, less any previously recognized impairment loss, for financial assets designated as AFS securities.

Real Estate Inventory

Housing and Condominiums

Housing and condominiums inventory, which may, from time to time, include commercial property, is acquired or constructed for sale in the ordinary course of business and is held as inventory and measured at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, based on prevailing market prices at the dates of the consolidated statements of financial position and discounted for the time value of money, if material, less estimated costs of completion and estimated selling costs.

Land

Land inventory includes land held for development and land under development. Similar to housing and condominiums inventory, land is measured at the lower of cost and net realizable value.

Capitalized Costs

Capitalized costs include all expenditures incurred in connection with the acquisition of property, direct development and construction costs, certain borrowing costs and property taxes.

Provision for Real Estate Development Costs

The provision for real estate development costs reflects management's estimate of costs to complete land, housing and condominium projects for which revenue has been recognized.

Investment Properties

Investment properties include properties held to earn rentals, or capital appreciation, or both. Investment properties are measured initially at cost, which includes all expenditures incurred in connection with the acquisition of property, direct development and construction costs, borrowing costs and property taxes. Subsequent to initial recognition, investment properties are measured at their fair value at each reporting date. Gains or losses arising from changes in fair value are recorded in net earnings in the period in which they arise.

Fair value of investment properties is estimated internally by the Corporation at the end of each reporting date. In addition to these internal property valuations, the Corporation will review the fair value of material investment properties using an independent third-party appraiser on a rolling basis over a period of three years or less, as determined by management. The internal property valuations prepared by the Corporation are based primarily on a Discounted Cash-Flow (“DCF”) model, which estimates fair value based on the present value of the properties’ estimated future cash flows.

Estimated fair values are determined on a property-by-property basis. The DCF model is based on an investment horizon of 10 years, within which the relevant real estate cash flow components are forecasted. After the detailed planning period of 10 years, a net present value is calculated for the remaining useful life based on the estimated cash flow in the final year of the detailed planning period. Where relevant, the DCF model uses market-oriented figures including appropriate discount rates, market rental growth rates, vacancy rates and inflation rates.

Recreational Properties

Recreational properties are owner-occupied properties used in the production or supply of goods or services. Recreational properties are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Costs of recreational properties include all expenditures incurred in connection with the acquisition of the property, direct development and construction costs, borrowing costs and property taxes. The Corporation uses the straight-line method of depreciation for recreational properties including major expansions and renovations. The estimated useful life of the properties is between five and 50 years.

Real Estate Borrowing Costs

Real estate borrowing costs include interest and other costs incurred in connection with the borrowing of funds for operations. Borrowing costs directly attributable to the acquisition, development or construction of qualifying real estate assets that necessarily take a substantial period of time to prepare for their intended use or sale are capitalized as part of the cost of the respective real estate asset. For real estate construction and development projects, the Corporation considers a substantial period of time to be a period longer than one year to complete. All other borrowing costs are expensed in the period in which they occur.

Borrowing costs that are directly attributable to investment properties under development or to the development of condominiums and commercial properties are capitalized. Borrowing costs related to land or housing developments are recognized in net earnings as incurred. Where borrowing costs are specific to a qualifying asset, the amount is directly capitalized to that asset. Otherwise, borrowing costs are aggregated and pro-rated to other qualifying assets using the Corporation’s weighted average cost of borrowing. Borrowing costs are capitalized during periods of active development and construction, starting from the commencement of the development work until the date all the activities necessary to prepare the real estate asset for its intended use or sale are complete. Thereafter, borrowing costs are charged to net earnings.

Capital and Other Operating Assets

Capital assets are recorded at cost, net of accumulated depreciation and impairment, if any, and are depreciated on a straight line basis. Annual depreciation rates estimated by the Corporation range from two years to 40 years. The Corporation reviews the depreciation method, residual values and estimates of the useful life of its capital assets at least annually. On sale or retirement, the capital asset and its related accumulated depreciation is removed from the consolidated financial statements and any related gain or loss is reflected in net earnings.

Other operating assets consist of: prepaid amounts, which are generally amortized to net earnings over the expected service period; deposits made in connection with potential future land acquisitions which are subsequently allocated to specific land inventory on completion of the acquisition; and restricted cash amounts which are comprised of cash securing letters of credit provided to various government agencies to support development activities, certain customer deposits and amounts held as security against accounts receivable.

Impairment of Non-Financial Assets

Non-financial assets are assessed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment loss, if any, is recognized for the amount by which the asset's carrying value exceeds its recoverable amount. The recoverable amount of an asset is the greater of an asset's fair value less costs to sell and its value in use. For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows ("cash generating units" or "CGUs"). If their carrying value is assessed not to be recoverable, an impairment loss is recognized.

An assessment is made, at each reporting date, as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Corporation makes an estimate of the recoverable amount and, if appropriate, reverses all or part of the impairment. If the impairment is reversed, the carrying amount of the asset is increased to the newly estimated recoverable amount. This increased carrying amount may not exceed the carrying amount that would have resulted after taking into account depreciation if no impairment loss had been recognized in prior periods. The amount of any impairment reversal is recorded immediately in net earnings for the period.

Preferred Shares

The Corporation classifies its Class B and Class F preferred shares as financial liabilities for reporting purposes given that these shares may be redeemed by the holder for a fixed, determinable amount.

Revenue Recognition

Revenue from sales of real estate inventory is generally recognized when the earnings process is virtually complete, the significant risks and rewards of ownership are transferred to the buyer, collectability is reasonably assured, and the Corporation does not have a substantial continuing involvement with the asset to the degree normally associated with ownership.

Revenue relating to sales of land held for development, land under development and condominiums is recognized provided that: the related agreement of purchase and sale is unconditional; in the case of a condominium unit, the buyer occupies the unit; at least 15% of the sale proceeds have been received; collectability of the remaining proceeds is reasonably assured; and, the Corporation can reliably measure the necessary costs to complete the development of the asset. Until these criteria are met, any proceeds received are accounted for as "*customer deposits*." Revenue from sales of housing projects or commercial property is recognized on the transfer of title of the property, provided collectability of the proceeds is reasonably assured.

Revenue from investment properties includes base rents, recoveries of operating expenses including property taxes, percentage participation rents, lease cancellation fees, parking income and other incidental income. The Corporation uses the straight-line method of rental revenue recognition on investment properties, whereby any contractual rent increases over the term of a lease are recognized in earnings evenly over the lease term.

Initial direct leasing costs incurred in negotiating and arranging tenant leases are added to the carrying amount of the investment properties and are amortized over the term of the lease. Lease incentives, which include costs incurred to make leasehold improvements to tenants' space and cash allowances provided to tenants, are added to the carrying amount of investment properties and are amortized on a straight-line basis over the term of the lease as a reduction in revenue from investment properties.

Amounts received for the sale of annual season passes to recreational properties are deferred and amortized on a straight-line basis over the term of the season. Other amounts received from the use of recreational properties are recognized as revenue when earned.

Revenue from third party real estate management and advisory services is calculated based on a fee formula specific to each advisory client and may include fee revenue calculated as a percentage of the capital managed, capital expenditures incurred, the purchase price of properties acquired, and the value of financing transactions completed. These fees are recognized on an accrual basis over the period during which the related service is rendered. Management and advisory services fee arrangements may also provide the Corporation with an incentive fee when the investment performance of the underlying assets exceeds established benchmarks. Incentive fees are not recognized in earnings until the amounts can be established with certainty and are no longer dependent on future events.

Direct Operating Costs

Inventory costs associated with land held for development or land under development, including the estimated costs to complete the development of the asset, are allocated to direct operating costs on a per lot basis, pro-rated based on street frontage of each lot. Inventory costs associated with the development of condominiums are allocated to direct operating costs on a per unit basis, pro-rated based on the sales value of the unit relative to the sales value of all units in a condominium project. Direct operating costs associated with the construction of housing inventory are specific to each project.

Direct operating costs also include property management costs and operating expenses directly related to specific investment or recreational properties, as well as management and administrative costs, and are recorded on an accrual basis.

Income Taxes

The Corporation follows the balance sheet liability method to provide for income taxes on all transactions recorded in its consolidated financial statements. The balance sheet liability method requires that income taxes reflect the expected future tax consequences of temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred income tax assets and liabilities are determined for each temporary difference and for unused tax losses and unused tax credits, as applicable, at rates expected to be in effect when the asset is realized or the liability is settled.

The effect on deferred income tax assets and liabilities of a change in tax rates is recognized in earnings in the period that includes the substantive enactment date. Deferred tax assets are recognized to the extent that it is possible that the assets can be recovered.

Stock Based Compensation

The Corporation accounted for the conversion feature of its Class E preferred shares as stock based compensation. The Corporation used a fair value based method to account for this arrangement. The fair value of the stock based compensation, as of the date of grant, was measured using an option-pricing model and was recognized over the applicable vesting periods as compensation expense, with a corresponding increase in contributed surplus. When these conversion features were exercised, the proceeds received, together with any amount in contributed surplus, were included in share capital.

Accounting Standards, Interpretations and Amendments to Existing Standards not yet Effective*IFRS 9, "Financial Instruments" ("IFRS 9")*

In November 2009, the IASB issued IFRS 9, "Financial Instruments", replacing IAS 39, "Financial Instruments: Recognition and Measurement" ("IAS 39"). IFRS 9 will be issued in three phases. The first phase, which has already been issued, addresses the accounting for financial assets and financial liabilities. The second phase will address impairment of financial instruments, while the third phase will address hedge accounting.

IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, and replaces the multiple category and measurement models in IAS 39. The approach in IFRS 9 focuses on how an entity manages its financial instruments in the context of its business model, as well as the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods currently provided in IAS 39.

Requirements for financial liabilities were added to IFRS 9 in October 2010. Although the classification criteria for financial liabilities will not change under IFRS 9, the fair value option may require different accounting for changes to the fair value of a financial liability resulting from changes to an entity's own credit risk.

In December 2011, the IASB issued amendments to IFRS 9, extending the mandatory effective date for implementation of IFRS 9, which is now effective for annual periods beginning on or after January 1, 2015, although early adoption is permitted, with varying transitional arrangements dependent on the date of initial application.

IFRS 10, "Consolidated Financial Statements" ("IFRS 10")

IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12, "Consolidation—Special Purpose Entities" and parts of IAS 27, "Consolidated and Separate Financial Statements" ("IAS 27"). This standard is effective for annual periods beginning on or after January 1, 2013, with early adoption permitted.

IFRS 11, "Joint Arrangements" ("IFRS 11")

IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas, for a joint operation, the venturer will recognize its share of the assets, liabilities, revenues and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31, "Interests in Joint Ventures", and SIC-13, "Jointly Controlled Entities—Non-monetary Contributions by Venturers". This standard is effective for annual periods beginning on or after January 1, 2013, with early adoption permitted.

IFRS 12, "Disclosure of Interests in Other Entities" ("IFRS 12")

IFRS 12 establishes disclosure requirements for interests in other entities, such as joint arrangements, equity accounted investments, special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities. This standard is effective for annual periods beginning on or after January 1, 2013, with early adoption permitted.

IFRS 13, "Fair Value Measurement" ("IFRS 13")

IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures. This standard is effective for annual periods beginning on or after January 1, 2013, with early adoption permitted.

Amendments to Other Standards

In addition to the issuance of new standards as detailed above, there have also been amendments to existing standards, including IAS 1, "Presentation of Financial Statements" ("IAS 1"), IAS 16, "Property, Plant and Equipment" ("IAS 16"), IAS 19, "Employee Benefits" ("IAS 19"), IAS 27, "Consolidated and Separate Financial Statements", IAS 28, "Investments in Associates and Joint Ventures" ("IAS 28"), IFRS 7, "Financial Instruments: Disclosures" ("IFRS 7"), IAS 32 "Financial Instruments: Presentation" ("IAS 32") and IAS 34, "Interim Financial Reporting" ("IAS 34").

The amendments to IAS 1 will require that entities group items presented in OCI based on an assessment of whether such items may or may not be reclassified to earnings at a subsequent date. Amendments to IAS 1 are applicable to annual periods beginning on or after July 1, 2012, with early adoption permitted. In May 2012, IAS 1 was further amended to require the presentation of an additional, opening statement of financial position when an entity applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification and to clarify the disclosure requirements such that certain comparative information is only required if it has a material effect upon the information that is presented in the statement of financial position. This additional amendment is effective for annual periods beginning on or after January 1, 2013, with early adoption permitted.

IAS 16 was amended in May 2012 to provide further clarity on accounting for spare parts and servicing equipment. Before the amendment, IFRS required the classification of spare parts and servicing equipment as inventory. The amendment clarifies that these items should be classified as property, plant and equipment if they meet the definition pursuant to IAS 16. Amendments to IAS 16 are effective for annual periods beginning on or after January 1, 2013, with early adoption permitted.

Amendments to IAS 19 eliminate an entity's option to defer the recognition of certain gains and losses related to post-employment benefits and require remeasurement of associated assets and liabilities in OCI. Amendments to IAS 19 are applicable on a modified retrospective basis to annual periods beginning on or after January 1, 2013, with early adoption permitted.

The amended IAS 27 addresses accounting for subsidiaries, jointly controlled entities and associates in non-consolidated financial statements. IAS 28 has been amended to include joint ventures in its scope and to address the changes in IFRS 10 through 13 as outlined above. Amendments to IAS 27 and IAS 28 are applicable to annual periods beginning on or after January 1, 2013, with early adoption permitted.

Amendments to IFRS 7 require the disclosure of information that will enable users of an entity's financial statements to evaluate the effect, or potential effect, of offsetting financial assets and financial liabilities, to the entity's financial position. Amendments to IFRS 7 are applicable to annual periods beginning on or after January 1, 2013, with retrospective application required.

The amendments to IAS 32 clarify the criteria that should be considered in determining whether an entity has a legally enforceable right of set off in respect of its financial instruments. Amendments to IAS 32 are applicable to annual periods beginning on or after January 1, 2014, with retrospective application required. Early adoption is permitted. In May 2012, IAS 32 was further amended to clarify the treatment of income taxes relating to distributions and transaction costs. This additional amendment is effective for annual periods beginning on or after January 1, 2013, with early adoption permitted.

IAS 34 was amended in May 2012 to align the disclosure requirements for segmented assets and segmented liabilities in interim financial reports with those of IFRS 8, "*Operating Segments*". Under the amendment, IAS 34 requires a measure of total assets and liabilities for an operating segment in interim financial statements if such information is regularly provided to the chief operating decision maker and there has been a material change in those measures since the last annual financial statements. This additional amendment is effective for annual periods beginning on or after January 1, 2013, with early adoption permitted.

The Corporation will start the application of these amendments effective January 1, 2013 and is currently evaluating the impact on the consolidated financial statements.

4. CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of these consolidated financial statements in accordance with IFRS requires the Corporation to make judgments in applying its accounting policies and estimates and assumptions about the future. These judgments, estimates, and assumptions affect the reported amounts of assets, liabilities, revenues and expenses, and the related disclosure of contingent assets and liabilities included in the Corporation's consolidated financial statements. The Corporation evaluates its estimates on an ongoing basis. Such estimates are based on historical experience and on various other assumptions that the Corporation believes are reasonable under the circumstances, and these estimates form the basis for making judgments about the carrying value of assets and liabilities and the reported amount of revenues and expenses that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. The following discusses the most significant accounting judgments, estimates and assumptions that the Corporation has made in the preparation of its consolidated financial statements.

Equity Accounted Investments

The Corporation holds direct investments in various assets, and its ownership interest in these investments is established through diverse structures. Significant judgment is applied in assessing whether the investment structure results in control, joint control or significant influence over the operations of the investment, or whether the Corporation's investment is passive in nature. The assessment of whether the Corporation exerts control, joint control or significant influence over an investment will determine the accounting treatment for the investment.

Business Combinations

The Corporation uses significant judgment to conclude whether an acquired set of activities and assets is a business, and such judgment can lead to significantly different accounting results. The acquisition of a business is accounted for as a business combination. If an acquired set of activities and assets does not meet the definition of a business, the transaction is accounted for as an asset acquisition.

There are many differences in accounting for a business combination versus an asset acquisition including the recognition of goodwill and deferred tax amounts, the initial measurement of assets and accounting for transaction costs. These differences not only affect the accounting as at the acquisition date, but will also affect future depreciation and possible impairment analysis. Accordingly, the conclusion as to whether a business has been acquired can have a significant effect on the Corporation's reported financial position and results of operations.

Management uses the acquisition method of accounting for an acquired set of activities and assets that have been determined to be a business. Significant judgment is required in applying the acquisition method of accounting for business combinations and specifically, in identifying and determining the fair value of assets and liabilities acquired, including intangible assets and residual goodwill, if any.

Net Realizable Value

Land, including land under development and land held for development, as well as housing and condominiums inventory are stated at the lower of cost and net realizable value. In calculating net realizable value, management must estimate the selling price of these assets based on prevailing market prices at the dates of the consolidated statements of financial position, discounted for the time value of money, if material, less estimated costs of completion and estimated selling costs. If estimates are significantly different from actual results, the carrying amounts of these assets may be overstated or understated on the consolidated statements of financial position and accordingly, net earnings in a particular period may be overstated or understated.

Provisions

Provisions are recorded by the Corporation when it has determined that it has a present obligation, whether legal or constructive, and that it is probable that an outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation. Management must use judgment in assessing the magnitude of the potential economic exposure and the likelihood of a future event occurring. Actual results may differ significantly from these estimates. The consolidated financial statements include a significant provision for costs to complete land, housing and condominium projects. The stage of completion of any development project, and remaining costs to be incurred, are determined by management, considering relevant available information at each reporting date. In making such determination, management makes significant judgments about milestones, actual work performed and the estimates of costs to complete the work.

Capitalization of Borrowing Costs

IFRS requires the capitalization of borrowing costs to qualifying assets. IFRS also requires the determination of whether the borrowings are specific to a project or general in calculation of the capitalized borrowing costs. Judgment is involved in this determination. Borrowing costs are capitalized to qualifying real estate assets that necessarily take a substantial period of time to prepare for their intended use or sale. The Corporation considers a substantial period of time to be a period longer than one year to complete.

Fair Value of Investment Properties

Critical judgments are made in respect of the fair values of investment properties and the investment properties held in equity accounted investments. Critical assumptions relating to the estimates of fair values of investment properties include the receipt of contractual rents, expected future market rents, renewal rates, maintenance requirements, discount rates that reflect current market uncertainties, capitalization rates and current and recent investment property prices. If there is any change in these assumptions or regional, national or international economic conditions, the fair value of investment properties may change materially.

The fair values of these investment properties are reviewed regularly by management with reference to independent property valuations and market conditions existing at the reporting date, using generally accepted market practices. The independent valuers are experienced, nationally recognized and qualified in the professional valuation of real estate in their respective geographic areas. Judgment is also applied in determining the extent and frequency of independent appraisals. At each annual reporting period, a select number of properties, determined on a rotational basis, will be valued by qualified valuation professionals. For properties not subject to independent appraisals, internal appraisals are prepared by management during each reporting period.

Impairment of Recreational Properties and Capital Assets

Recreational properties and capital assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management uses judgment in performing this impairment test. Imprecision in any of the assumptions and estimates used could affect the valuation of these assets and the assessment of performance.

Leases

In applying its revenue recognition policy for revenue earned from investment properties, the Corporation makes judgments with respect to whether tenant improvements provided in connection with a lease enhance the value of the leased space, which impacts whether such amounts are treated as additions to the investment property or as a lease incentive. Judgments are also made in determining whether certain leases, in particular those with long contractual terms where the lessee is the sole tenant in a property and long-term ground leases where the Corporation is the lessor, are operating or finance leases. The Corporation has determined that all of its leases are operating leases.

Income Taxes

The determination of the Corporation's income and other tax liabilities requires interpretation of complex laws and regulations often involving multiple jurisdictions. Judgment is required in determining whether deferred income tax assets should be recognized on the consolidated statements of financial position. Deferred income tax assets are recognized to the extent that the Corporation believes it is probable that the assets can be recovered. Furthermore, deferred income tax balances are recorded using enacted or substantively enacted future income tax rates. Changes in enacted income tax rates are not within the control of management. However, any such changes in income tax rates may result in actual income tax amounts that may differ significantly from estimates recorded in deferred tax balances.

Fair Value of Financial Instruments

Certain financial instruments are recorded in the Corporation's consolidated statements of financial position at values that are representative of, or approximate fair value. The fair value of a financial instrument that is traded in active markets at each reporting date is determined by reference to its quoted market price or dealer price quotations. Investments in equity instruments whose fair value cannot be reliably measured are carried at cost.

The fair value of certain other financial instruments is determined using valuation techniques. By their nature, these valuation techniques require the use of assumptions. Changes in the underlying assumptions could materially impact the determination of the fair value of a financial instrument. Imprecision in determining fair value using valuation techniques may affect the amount of net earnings recorded in a particular period.

The Corporation assesses, at each reporting date, whether there is any objective evidence that a financial instrument, including equity accounted investments, is impaired. The assessment of impairment of a financial instrument requires significant judgment, where management evaluates, among other factors, the duration and extent to which the carrying value or fair value of an investment is less than its cost, and the financial health of, and short-term business outlook for the investee.

5. TRANSITION TO IFRS

The Corporation has applied the provisions of IFRS 1, "First-Time Adoption of IFRS" ("IFRS 1") in these consolidated financial statements. IFRS 1 provides the framework for the first-time adoption of IFRS and specifies that, in general, an entity shall apply the principles under IFRS retrospectively. However, IFRS 1 also provides for certain optional exemptions and certain mandatory exceptions from full retrospective application. The Corporation has applied the following transition exemptions to full retrospective application of IFRS:

- Business Combinations – IFRS 1 allows for the guidance under IFRS 3, to be applied either retrospectively or prospectively to business combinations that occurred before the date of transition to IFRS. The Corporation has elected to adopt IFRS 3 prospectively, meaning that only business combinations that occurred on or after January 1, 2010 will be accounted for in accordance with IFRS 3. As such, Canadian GAAP balances relating to business combinations entered into before that date, including goodwill, if any, have been carried forward without adjustment.

- Cumulative Translation Adjustments – IFRS 1 permits cumulative translation gains and losses relating to foreign operations to be reset to zero at the date of transition to IFRS. The Corporation elected this exemption and reset the cumulative translation amount to zero. This will result in the exclusion of translation differences that arose prior to the date of transition to IFRS from gains and losses on subsequent disposal of these foreign operations.

The effect of the Corporation's transition from Canadian GAAP to IFRS is set out in the following reconciliations and the footnotes that accompany such reconciliations.

Explanation of IFRS Transition Adjustments

(a) IAS 40, "*Investment Property*" ("IAS 40")

Certain real estate assets held by the Corporation are considered investment properties as defined by IAS 40. Investment properties are properties held to earn rentals, for capital appreciation or for both, rather than for use in the production or supply of goods or services, for administrative purposes, or for sale in the ordinary course of business. Similar to Canadian GAAP, investment properties are initially measured at cost under IAS 40. However, subsequent to initial recognition, IAS 40 requires that an entity choose either (i) the cost; or (ii) the fair value model to account for its investment properties. The Corporation has elected to account for its investment properties under the fair value model.

(b) IAS 23, "*Borrowing Costs*" ("IAS 23")

Borrowing costs attributable to the development and construction of qualifying assets are added to the cost of those assets under IFRS. Capitalization of borrowing costs was permitted but not required under Canadian GAAP. The Corporation has determined that certain real estate assets to which interest had historically been capitalized under Canadian GAAP do not meet the definition of a qualifying asset under IAS 23. Consequently, on transition and in subsequent quarters, this resulted in the reversal of previously capitalized interest from the carrying value of certain real estate assets, with a corresponding charge to retained earnings at the date of transition to IFRS and subsequently to interest expense.

(c) Cumulative Translation Adjustments in Accumulated Other Comprehensive Income

In accordance with the exemption available pursuant to IFRS 1, the Corporation elected to reset cumulative translation adjustments in AOCI to zero at the date of transition to IFRS.

(d) IAS 31, "*Interests in Joint Ventures*" ("IAS 31")

Under Canadian GAAP, the Corporation accounted for its investment in all joint ventures using proportionate consolidation, recording its share of the respective assets, liabilities, revenues and expenses in its consolidated financial statements. Unlike Canadian GAAP, IFRS allows investments in jointly controlled entities to be accounted for using either proportionate consolidation or the equity method of accounting.

The Corporation has elected to use the equity method of accounting for its investments in jointly controlled entities that were previously proportionately consolidated. Accordingly, investments in jointly controlled entities that have historically been presented on multiple lines of the consolidated financial statements have been aggregated into a single line.

(e) Non-controlling Interest

Under IFRS, the non-controlling interest's share of the net assets of subsidiaries is included in equity and their share of net earnings and OCI is allocated directly to equity. Under Canadian GAAP, non-controlling interest was presented as a separate item between liabilities and equity in the consolidated statements of financial position, and their share of net earnings and OCI were deducted in calculating net earnings and OCI of the Corporation. All non-controlling interest previously recognized by the Corporation under Canadian GAAP pertained to investments in joint ventures (see "IAS 31" above) and accordingly, these amounts have been netted against the carrying value of equity accounted investments.

The following tables reconcile the consolidated statements of shareholders' equity as at December 31, 2010 and January 1, 2010, and the consolidated statements of operations and comprehensive income for the year ended December 31, 2010, as previously prepared under Canadian GAAP to the corresponding consolidated financial statements prepared in accordance with IFRS. For illustrative purposes, non-controlling interest previously classified as a liability under Canadian GAAP has been reclassified as a separate component of shareholders' equity to conform with the presentation acceptable pursuant to IFRS.

**Reconciliation of Shareholders' Equity as at December 31, 2010
(Transition from Canadian GAAP to IFRS)**

	Canadian	IFRS Adjustments					IFRS
	GAAP	Ref "a"	Ref "b"	Ref "c"	Ref "d"	Ref "e"	
SHAREHOLDERS' EQUITY							
Share capital							
Common shares	\$ 13,782	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,782
Contributed surplus	3,659	-	-	-	-	-	3,659
Retained earnings	219,102	13,242	(6,569)	(2,062)	-	-	223,713
Accumulated other comprehensive income	12,863	-	-	2,062	-	-	14,925
	249,406	13,242	(6,569)	-	-	-	256,079
NON-CONTROLLING INTEREST	534	-	-	-	-	(534)	-
TOTAL SHAREHOLDERS' EQUITY	\$ 249,940	\$ 13,242	\$ (6,569)	\$ -	\$ -	\$ (534)	\$ 256,079

**Reconciliation of Shareholders' Equity as at January 1, 2010
(Transition from Canadian GAAP to IFRS)**

	Canadian	IFRS Adjustments					IFRS
	GAAP	Ref "a"	Ref "b"	Ref "c"	Ref "d"	Ref "e"	
SHAREHOLDERS' EQUITY							
Share capital							
Common shares	\$ 8,320	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,320
Contributed surplus	3,753	-	-	-	-	-	3,753
Retained earnings	148,574	10,898	(6,869)	(2,064)	-	-	150,539
Accumulated other comprehensive income	5,178	-	-	2,064	(15)	-	7,227
	165,825	10,898	(6,869)	-	(15)	-	169,839
NON-CONTROLLING INTEREST	259	-	-	-	-	(259)	-
TOTAL SHAREHOLDERS' EQUITY	\$ 166,084	\$ 10,898	\$ (6,869)	\$ -	\$ (15)	\$ (259)	\$ 169,839

**Reconciliation of the Consolidated Statement of Operations and Comprehensive Income
for the year ended December 31, 2010
(Transition from Canadian GAAP to IFRS)**

	Canadian	IFRS Adjustments					IFRS
	GAAP	Ref "a"	Ref "b"	Ref "c"	Ref "d"	Ref "e"	
NET EARNINGS	\$ 75,878	\$ 2,348	\$ 302	\$ -	\$ (4)	\$ -	\$ 78,524
Other comprehensive income	7,685	-	-	-	13	-	7,698
COMPREHENSIVE INCOME	\$ 83,563	\$ 2,348	\$ 302	\$ -	\$ 9	\$ -	\$ 86,222

The implementation of IFRS did not have a significant impact on the operating, investing or financing cash flow previously reported under Canadian GAAP, except for cash related to real estate joint venture operations which had been proportionately consolidated pursuant to Canadian GAAP and which is equity accounted under IFRS. The cash flow impact is reconciled as follows:

**Reconciliation of Consolidated Statement of Cash Flow for the year ended December 31, 2010
(Transition from Canadian GAAP to IFRS)**

	Canadian	IFRS Adjustments					IFRS
	GAAP	Ref "a"	Ref "b"	Ref "c"	Ref "d"	Ref "e"	
Cash flow from operating activities	\$ 80,913	\$ -	\$ -	\$ -	\$ 1,616	\$ -	\$ 82,529
Cash flow used in investing activities	(17,861)	-	-	-	4,990	-	(12,871)
Cash flow used in financing activities	(58,743)	-	-	-	165	-	(58,578)
Increase in cash and cash equivalents	4,309	-	-	-	6,771	-	11,080
Cash and cash equivalents, beginning of year	9,846	-	-	-	5,542	-	15,388
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 14,155	\$ -	\$ -	\$ -	\$ 12,313	\$ -	\$ 26,468

6. CASH AND CASH EQUIVALENTS

Cash equivalents may include short-term financial instruments and investments in money market products, all of which are highly liquid with original maturities of three months or less, and immediately exchangeable into known amounts of cash.

7. ACCOUNTS RECEIVABLE

<i>As at</i>	December 31, 2011	December 31, 2010	January 1, 2010
Contracted sales of land under development	\$ 195,054	\$ 181,077	\$ 80,983
Housing and condominiums sales	11,397	21,204	5,384
Receivables related to investment and recreational properties	2,567	3,658	1,843
Management and advisory services fees	3,121	2,429	2,058
Other	5,282	1,189	910
	\$ 217,421	\$ 209,557	\$ 91,178

Accounts receivable for contracted sales of land under development, and condominiums sales are secured by the underlying real estate assets and have various terms of repayment. The carrying value of accounts receivable is net of a provision for impairment of \$1,041,000 (2010 - \$1,033,000).

8. FINANCIAL ASSETS

<i>As at</i>	December 31, 2011	December 31, 2010	January 1, 2010
Dundee REIT	\$ 34,499	\$ 29,679	\$ 18,675
Dundee International REIT	28,000	-	-
Loans receivable	9,189	10,261	13,344
Dundee International REIT, deferred trust units	845	-	-
Investments in equities not quoted in an active market	2,118	6,067	4,996
	\$ 74,651	\$ 46,007	\$ 37,015

Dundee REIT

Dundee Realty's interest in Dundee REIT as at December 31, 2011, consists of 351,473 units of Dundee Properties Limited Partnership ("DPLP") (December 31, 2010 – 327,099 units), the limited partnership subsidiary of Dundee REIT that owns all of the properties of Dundee REIT, which include LP Class B Units, Series 1 of DPLP, and associated Special Voting Units of Dundee REIT, and 704,506 REIT Units, Series A of Dundee REIT (December 31, 2010 – 655,662). The LP Class B Units, Series 1, together with the accompanying Special Voting Units, have economic and voting rights equivalent in all material respects to the REIT Units, Series A and REIT Units, Series B. Generally, each LP Class B Unit, Series 1 entitles the holder to a distribution equal to distributions declared on REIT Units, Series B or, if no such distribution is declared, on REIT Units, Series A. LP Class B Units, Series 1 may be surrendered or indirectly exchanged on a one-for-one basis at the option of the holder, generally at any time, subject to certain restrictions, for REIT Units, Series B. REIT Units, Series B are convertible at any time at the option of the holder into REIT Units, Series A on a one-for-one basis.

During the year ended December 31, 2011, the Corporation accrued distributions from Dundee REIT of \$2,335,000 (2010 - \$2,160,000), of which \$1,723,000 (2010 - \$1,188,000) was considered a return of capital and recorded as a reduction in the carrying value of the investment, with the balance of \$612,000 (2010 - \$972,000) recorded as "*Investment income*" in the consolidated statements of operations. The Corporation elected to reinvest \$2,320,000 (2010 - \$2,144,000) of distributions received pursuant to the terms of Dundee REIT's distribution reinvestment plan, and it received 73,218 (2010 – 82,759) Series A units of Dundee REIT in exchange.

Dundee International REIT

During 2011, the Corporation acquired 2,800,000 units of Dundee International REIT at an aggregate cost of \$20,400,000, including 2,000,000 units acquired pursuant to an initial public offering of Dundee International REIT completed in August 2011. In addition, Dundee Corporation, the Corporation's parent, invested a further \$100,000,000 in Dundee International REIT.

In addition to the Corporation's investment in Dundee International REIT and that of its parent, and in support of Dundee International REIT's execution of a term loan credit facility led by a syndicate of European banks (which together with the proceeds from the initial public offering were used by Dundee International REIT to finance the purchase of certain European properties) (the "International REIT Credit Facility"), the Corporation has agreed that, together with its parent, Dundee Corporation, it will maintain an aggregate of at least \$120,000,000 of equity in Dundee International REIT for a two-year period following closing of the initial public offering in August 2011, and an aggregate of at least \$48,000,000 from the end of the two-year period until the end of the term of the International REIT Credit Facility, which has an initial term of five years, and which may be extended for a further two years, subject to the satisfaction by Dundee International REIT of certain conditions precedent at the time of the extension.

Since August 2011, the Corporation accrued distributions from Dundee International REIT of \$921,000, of which \$461,000 was considered a return of capital and recorded as a reduction in the carrying value of the investment, with the balance of \$460,000 recorded as "*Investment income*" in the consolidated statements of operations.

In addition to its investment in Dundee International REIT, the Corporation also held DTUs as at December 31, 2011 with a fair value of \$845,000 which were received as compensation provided for services pursuant to a management and advisory agreement between the Corporation and Dundee International REIT (note 33).

Loans Receivable

Loans receivable include various mortgages and loans to third parties and to certain executives of the Corporation. These amounts bear interest at rates ranging from 3% to 18% and have maturity dates between 2012 and 2014.

9. HOUSING AND CONDOMINIUMS INVENTORY

	Housing Inventory	Condominium Development	Commercial Property	Total
Balance, January 1, 2010	\$ 26,066	\$ 49,352	\$ -	\$ 75,418
Acquisitions	-	6,115	4,949	11,064
Development	64,980	28,021	-	93,001
Transfer to direct operating costs	(65,591)	(22,218)	-	(87,809)
Other	(764)	(1,703)	-	(2,467)
Balance, December 31, 2010	24,691	59,567	4,949	89,207
Acquisitions	826	11,223	-	12,049
Development	68,234	45,803	615	114,652
Transfer to direct operating costs	(65,174)	(12,599)	-	(77,773)
Other	1,115	112	-	1,227
Balance, December 31, 2011	\$ 29,692	\$ 104,106	\$ 5,564	\$ 139,362

10. LAND INVENTORY

	Land Held for Development	Land Under Development	Total
Balance, January 1, 2010	\$ 154,325	\$ 133,400	\$ 287,725
Acquisitions	49,050	-	49,050
Development	2,465	120,726	123,191
Transfer to land under development	(36,823)	36,823	-
Transfer to direct operating costs	(311)	(189,593)	(189,904)
Recoverable costs net of recoveries	(9,584)	525	(9,059)
Writedown	(1,451)	-	(1,451)
Other	687	59	746
Balance, December 31, 2010	158,358	101,940	260,298
Acquisitions	1,000	-	1,000
Development	8,329	94,663	102,992
Transfer to land under development	(34,708)	34,708	-
Transfer to direct operating costs	-	(121,516)	(121,516)
Recoverable costs net of recoveries	-	(2,064)	(2,064)
Other	(4)	-	(4)
Balance, December 31, 2011	\$ 132,975	\$ 107,731	\$ 240,706

11. INVESTMENT PROPERTIES

	2011	2010
Balance, January 1	\$ 34,280	\$ 31,794
Acquisitions	1,538	-
Additions	254	226
Fair value adjustments	3,813	2,260
Depreciation	(9)	-
Balance, December 31	\$ 39,876	\$ 34,280

Dundee Realty measures its investment properties using valuations prepared by management. Dundee Realty determines the fair value of each investment property using a DCF model, generally over an average period of 10 years, and a terminal value based on the estimated cash flow in the final year of the detailed planning period. The DCF model incorporates, among other things, expected rental income from current leases, assumptions about rental income from future leases and implied vacancy rates, general inflation, and projections of required future cash outflows with respect to such leases.

To supplement management's assessment of fair value, Dundee Realty obtains valuations of selected investment properties on a rotational basis from qualified external valuation professionals, and considers the results of such valuations in arriving at its own conclusions on values. The key valuation metrics for Dundee Realty's investment properties are set out in the following table. Fair value determination is sensitive to changes in the discount rate and the timing or variability of cash flows.

	December 31, 2011	December 31, 2010	January 1, 2010
Discount rate	7.00% to 8.50%	8.25% to 8.75%	8.25% to 9.25%
Terminal capitalization rate	6.50% to 7.50%	7.25% to 7.75%	7.50% to 8.00%
Investment horizon (years)	10 + 1 years	10 + 1 years	10 + 1 years

The Corporation's future minimum rental commitments from non-cancellable tenant operating leases at December 31, 2011 are as follows:

No longer than 1 year	\$	5,837
Between 1 and 5 years		16,525
Longer than 5 years		11,425
	\$	33,787

12. RECREATIONAL PROPERTIES

	2011		2010		
Cost	\$	28,976	\$	17,315	
Accumulated depreciation		(6,251)		(3,764)	
Balance, January 1	\$	22,725	\$	13,551	
Acquisitions		-		7,776	
Additions		1,386		4,537	
Depreciation		(2,127)		(2,487)	
Other		266		(652)	
Balance, December 31	\$	22,250	\$	22,725	
Cost	\$	30,628	\$	28,976	
Accumulated depreciation		(8,378)		(6,251)	
	\$	22,250	\$	22,725	
Recreational properties include:					
Arapahoe Basin	Ski hill, Colorado	\$	12,509	\$	12,577
King Edward Hotel	Hotel, Toronto		6,630		6,659
Willows Golf Course	Golf course, Saskatoon		3,111		3,489
		\$	22,250	\$	22,725

13. EQUITY ACCOUNTED INVESTMENTS AND JOINT OPERATIONS

The Corporation has entered into certain joint venture arrangements in the form of jointly controlled entities and entities subject to significant influence, primarily for the development of investment and recreational properties and for renewable energy project management. These joint venture arrangements are accounted for on an equity basis. At December 31, 2011, the carrying value of these joint venture arrangements was \$47,917,000 (2010 - \$20,933,000) and the Corporation reported \$1,675,000 (2010 - \$449,000) as its share of earnings from these joint venture arrangements.

The following table summarizes financial information about the Corporation's proportionate share of assets, liabilities, revenues and net earnings in equity accounted investments as at and for the years ended December 31, 2011 and 2010.

	As at and for the year ended December 31, 2011	As at and for the year ended December 31, 2010
Assets	\$ 123,943	\$ 41,473
Liabilities	(76,026)	(20,540)
Revenues	16,660	12,946
Net earnings	1,675	449

The following table summarizes financial information about the Corporation's proportionate share of assets, liabilities, revenues and net earnings in joint operation arrangements which are accounted for using the proportionate consolidation method.

	As at and for the year ended December 31, 2011	As at and for the year ended December 31, 2010
Assets	\$ 170,799	\$ 141,584
Liabilities	(132,564)	(93,667)
Revenues	30,742	60,667
Net earnings	5,006	4,609

14. CAPITAL AND OTHER OPERATING ASSETS

<i>As at:</i>	December 31, 2011	December 31, 2010	January 1, 2010
Deposits	\$ 24,041	\$ 8,975	\$ 14,342
Restricted cash	4,813	5,962	15,174
Revolving term credit facility fee	676	957	2,130
Capital assets	2,411	2,416	689
Prepaid and deferred expenses	489	990	431
Inventory	660	518	503
	\$ 33,090	\$ 19,818	\$ 33,269

Deposits represent amounts paid by the Corporation in order to secure potential future land acquisitions.

Restricted cash represents cash advanced by the Corporation to secure letters of credit provided to various government agencies to support development activity, certain customer deposits on land and housing and condominium sales required for specific statutory requirements before closing, and cash held as security for mortgages.

15. ACCOUNTS PAYABLE AND OTHER LIABILITIES

<i>As at:</i>	December 31, 2011	December 31, 2010	January 1, 2010
Trade payables	\$ 28,442	\$ 36,365	\$ 12,850
Accrued liabilities	16,740	7,545	24,012
Deferred revenue	1,573	1,755	1,139
	\$ 46,755	\$ 45,665	\$ 38,001

16. PROVISION FOR REAL ESTATE DEVELOPMENT COSTS

The provision for real estate development costs consists of estimated costs to complete certain land, housing and condominium development projects for which revenue has been recognized. These amounts have not been discounted as the majority are expected to be utilized within one year.

Balance, January 1, 2010	\$	31,637
Additional provisions		61,903
Utilized during the year		(20,050)
Balance, December 31, 2010		73,490
Additional provisions		44,113
Utilized during the year		(59,551)
Balance, December 31, 2011	\$	58,052

17. CUSTOMER DEPOSITS

Customer deposits represent payments from third parties for sales of land, housing and condominiums inventory, prior to transfer of ownership to the third party and subsequent recognition of sales revenue.

18. CONSTRUCTION LOANS

Construction loans are provided by a variety of lenders and are secured by charges on specific housing and condominiums inventory.

Balance, January 1, 2010	\$	43,882
Borrowings		59,694
Repayments		(44,183)
Other		(778)
Balance, December 31, 2010		58,615
Borrowings		83,272
Repayments		(60,149)
Reclassification to term debt		(3,400)
Other		78
Balance, December 31, 2011	\$	78,416

At December 31, 2011, \$2,875,000 (2010 - \$3,775,000) of aggregate construction loans were subject to a fixed, weighted average interest rate of 9.24% (2010 - 9.67%). The remaining balance of construction loans, aggregating \$75,541,000 (2010 - \$54,840,000), were subject to a weighted average variable interest rate of 3.98% (2010 - 4.47%). Construction loans are due on demand. The fair value of construction loans as at December 31, 2011 was \$77,874,000 (2010 - \$58,566,000).

19. OPERATING LINE

The Corporation has established a revolving term credit facility available up to a formula based maximum not to exceed \$150 million with a Canadian Schedule I Chartered Bank. The facility bears interest, at the Corporation's option, at a rate per annum equal to either the bank's prime lending rate plus 1.75% or at the bank's then prevailing bankers' acceptance rate plus 3.0%. The facility was amended on November 30, 2011 to include a "bulge" commitment of an additional \$40 million. The facility is secured by a general security agreement and a first charge against various real estate assets in western Canada. Subsequent to December 31, 2011, the maturity date of the Corporation's credit facility was extended from November 30, 2012 to November 30, 2013. The renewed facility bears interest at prime plus 1.25% or at the corporate bankers' acceptance rate plus 2.50%.

At December 31, 2011, the Corporation had drawn \$88,000,000 (2010 - \$86,000,000) against this facility and it has issued letters of credit of \$79,249,000 (2010 - \$29,469,000). At December 31, 2011, available credit under the credit facility,

including amounts available pursuant to the bulge arrangements, was \$22,751,000. Interest expense relating to this revolving term credit facility during the year ended December 31, 2011 was \$4,105,000 (2010 - \$3,501,000).

20. MORTGAGES AND TERM DEBT

Mortgages are secured by specific charges against land, investment properties and recreational properties. Generally, term debt is secured by charges on specific capital equipment.

	Mortgages		Term Debt		Total
Balance, January 1, 2010	\$	34,816	\$	7,899	\$ 42,715
Borrowings		25,870		17,999	43,869
Repayments		(38,781)		(15,521)	(54,302)
Other		523		(353)	170
Balance, December 31, 2010		22,428		10,024	32,452
Borrowings		1,105		18,087	19,192
Repayments		(2,654)		(8,969)	(11,623)
Reclassification from construction loans		-		3,400	3,400
Other		512		109	621
Balance, December 31, 2011	\$	21,391	\$	22,651	\$ 44,042

Mortgages and term debt are provided by a variety of lenders. The weighted average interest rates for the fixed and variable components of mortgage and term debt, and their expected dates of maturity are as follows:

	Maturity Dates	Principal Outstanding		Weighted Average Interest Rates	
		2011	2010	2011	2010
<i>As at December 31,</i>					
FIXED RATE					
Mortgages					
Properties	2014 to 2016	\$ 19,822	\$ 20,573	5.74%	5.75%
Land	2017	800	1,073	5.00%	5.00%
Term Debt	2012 to 2015	20,422	8,093	8.99%	9.03%
		41,044	29,739	7.34%	6.62%
VARIABLE RATE					
Mortgages					
Properties	2018	448	459	3.00%	3.00%
Land	2013 to 2014	320	323	3.56%	3.56%
Term Debt	2012 to 2018	2,230	1,931	4.59%	4.31%
		2,998	2,713	4.24%	4.00%
		\$ 44,042	\$ 32,452	7.13%	6.40%

The fair value of mortgages and term debt as at December 31, 2011 was \$44,653,000 (2010 - \$33,441,000).

21. CLASS B PREFERRED SHARES

During the prior year ended December 31, 2010, the Corporation redeemed 670.64 Class B preferred shares at \$71,330 per share or \$47,837,000 in aggregate. The Class B preferred shares were held by Dundee Corporation. The Corporation classified its Class B preferred shares as financial liabilities for reporting purposes. In addition to the principal amount paid at redemption of the Class B preferred shares, the Corporation paid \$8,216,000 to the holder of the Class B preferred shares, representing a 4% cumulative and unpaid dividend payment, of which \$1,679,000 was included in interest expense during the year ended December 31, 2010.

22. DUE TO PARENT COMPANY

The Corporation has established a revolving demand credit facility with Dundee Corporation. The facility bears interest at a rate equal to the rate charged under Dundee Corporation's main operating facility (3.0% as at December 31, 2011 and 2010) plus 1% per annum. The amount is secured by a security interest, lien and charge on the property and assets of the Corporation pursuant to a general security agreement, the payment of which has been subordinated to a creditor of the Corporation. At December 31, 2011, the Corporation had drawn \$67,143,000 (2010 - \$64,494,000) pursuant to these arrangements. The Corporation incurred interest charges of \$2,589,000 (2010 - \$2,242,000) against these arrangements, all of which were capitalized to the amounts borrowed pursuant to the revolving demand credit facility.

Dundee Corporation has advised the Corporation that it does not intend to demand repayment of amounts borrowed pursuant to the revolving demand credit facility within the next twelve months.

Included in amounts due to parent company at January 1, 2010 are amounts borrowed from Dundee Corporation pursuant to a promissory note obtained in 2006. The promissory note bore interest at 6.26% per annum and matured on December 31, 2011. During the prior year ended December 31, 2010, the Corporation paid \$10,900,000 to fully repay amounts owing pursuant to the promissory note.

23. INCOME TAXES

During the year ended December 31, 2011, the Corporation recognized an income tax expense amount of \$20,330,000 (2010 - \$38,905,000), the major components of which include the following items:

<i>For the year ended December 31,</i>	2011	2010
Current income taxes		
Current income taxes with respect to profits in year	\$ 16,020	\$ 49,381
Current tax adjustments in respect of prior years	725	399
Other items affecting current tax expense	(554)	5,833
Current income tax expense	16,191	55,613
Deferred income taxes		
Origination and reversal of temporary differences	6,569	(13,933)
Benefit arising from previously unrecognized temporary differences	(1,316)	(1,551)
Impact of changes in income tax rates	(1,114)	(1,224)
Deferred income tax expense (recovery)	4,139	(16,708)
Net income tax expense	\$ 20,330	\$ 38,905

Due to non-coterminous tax years of the Corporation's partnership interests, taxable income of approximately \$40,776,000 (December 31, 2010 - \$31,568,000) relating to such partnership interests will be included in computing the Corporation's taxable income for its 2012 taxation year. The income tax expense amount on pre-tax earnings differs from the income tax expense amount that would arise using the combined Canadian federal and provincial statutory tax rate of 28% (2010 - 30%) as illustrated in the table below. Cash paid for income taxes for the year ended December 31, 2011 was \$24,835,000 (December 31, 2010 - \$7,130,000).

<i>For the year ended December 31,</i>	2011	2010
Earnings before tax at a statutory rate of 28% (2010 - 30%)	\$ 23,314	\$ 35,264
Effect on taxes of:		
Adjustment in expected future tax rates	(1,114)	(1,224)
Net income tax benefits not previously recognized	(555)	(1,774)
Other items	(1,315)	6,639
	\$ 20,330	\$ 38,905

The movement in the deferred income tax assets and liabilities during the years ended December 31, 2011 and 2010, and the net components of the Corporation's net deferred income tax liabilities are illustrated in the following tables.

	Accounts Receivable	Investment and Recreational Properties	Non- Coterminous Tax Year	Financial Assets	Real Estate Inventory	Loss Carry Forwards	Total
Balance, January 1, 2010	\$ (9,269)	\$ (3,696)	\$ (18,769)	\$ (25,160)	\$ 6,180	\$ 1,928	\$ (48,786)
(Charged) credited to:							
Net earnings	3,910	129	9,908	(7)	488	2,280	16,708
OCI	-	(266)	-	(1,306)	-	-	(1,572)
Balance, December 31, 2010	(5,359)	(3,833)	(8,861)	(26,473)	6,668	4,208	(33,650)
(Charged) credited to:							
Net earnings	(2,492)	(1,321)	(1,844)	6	1,464	48	(4,139)
OCI	-	199	-	(1,597)	-	-	(1,398)
Balance, December 31, 2011	\$ (7,851)	\$ (4,955)	\$ (10,705)	\$ (28,064)	\$ 8,132	\$ 4,256	\$ (39,187)

The Corporation has tax losses of \$10,948,000 (2010 - \$42,041,000) that expire between 2026 and 2031 and federal investment tax credits of \$16,439,000 (2010 - \$16,439,000) that expire between 2025 and 2030. Deferred income tax assets have not been recognized in respect of these losses as it is uncertain that the Corporation will be able to utilize all the losses against taxable profits in the future.

24. SHARE CAPITAL

Authorized

The Corporation is authorized to issue an unlimited number of common shares, Class B preferred shares (see note 21), Class C preferred shares, Class D preferred shares, Class E preferred shares and Class F preferred shares.

Common and Preferred Shares Issued and Outstanding

	Number	Amount
COMMON SHARES		
Outstanding, January 1, 2010	897.01	\$ 8,320
Conversion of Class E preferred shares to common shares	49.99	5,462
Outstanding, December 31, 2011 and 2010	947.00	\$ 13,782
PREFERRED SHARES		
Class B		
Outstanding, January 1, 2010	670.64	\$ 47,837
Redeemed for cash	(670.64)	(47,837)
Outstanding, December 31, 2011 and 2010	-	\$ -
Class C		
Outstanding, January 1, 2010	897.01	\$ -
Conversion of Class E preferred shares to Class C preferred shares	49.99	-
Outstanding, December 31, 2011 and 2010	947.00	\$ -
Class D		
Outstanding, January 1, 2010 and December 31, 2011 and 2010	512,108.00	\$ -
Class E		
Outstanding, January 1, 2010	49.99	\$ -
Conversion of Class E preferred shares to common shares and Class C preferred shares	(49.99)	-
Outstanding, December 31, 2011 and 2010	-	\$ -
Class F		
Outstanding, January 1, 2010 and December 31, 2011 and 2010	18,061,333.00	\$ -

Common Shares

The Corporation's common shares are non-voting and are subordinate to all other classes of shares of the Corporation.

Preferred Shares

Holders of preferred shares of the Corporation rank ahead of the common shareholders in the event of the liquidation, dissolution or winding up of the Corporation. The Corporation's Class D preferred shares rank ahead of all other classes of preferred shares, followed by the Class F preferred shares and the Class C preferred shares. Holders of Class E preferred shares of the Corporation are entitled to receive 0.001 common and 0.001 Class C preferred shares immediately before the effective time of a liquidation, dissolution or winding up of the Corporation.

- *Class D Preferred Shares* – The Class D preferred shares are non-voting and are not entitled to receive dividends from the Corporation. The Class D preferred shares are held by the non-controlling shareholder of the Corporation.

The Class D preferred shares are redeemable by the Corporation, at its sole discretion, for an amount per share equal to the lesser of (i) \$10,447,000 divided by the aggregate number of Class D preferred shares originally outstanding at the date of grant of the Class D preferred shares; and (ii) an amount obtained by multiplying 512,108 by the closing market price of a Series A unit of Dundee REIT at the time of such redemption, divided by the aggregate number of Class D preferred shares originally outstanding at the date of grant of the Class D preferred shares. In each case, the redemption amount is to be satisfied only to the extent of proceeds of a corresponding redemption of preferred shares owned by the Corporation in a holding company owned by the holder of the Class D preferred shares (the "Holding Company").

The value attributable to the Corporation's investment in the preference shares of the Holding Company has been offset against the Class D preferred shares held by the Holding Company as a result of the right to set off the redemption amounts payable on the respective shares.

- *Class F Preferred Shares* – The Class F preferred shares are non-voting and are entitled to receive dividends of up to 4% of the Class F redemption amount (see below) if, as and when declared by the directors of the Corporation. The Class F shares are held by a subsidiary of Dundee Corporation ("Subco").

The Class F preferred shares are redeemable by the Corporation and are retractable at the option of the holder of the Class F preferred share at a price of \$10 per share, plus accrued and unpaid dividends.

The Corporation owns preference shares of Subco. The value attributable to the Corporation's investment in the preference shares of Subco has been offset against the Class F preferred shares as a result of the right to set off the redemption amounts payable on the respective shares. Included in deferred income tax liabilities is \$23,480,000 (2010 - \$23,480,000) associated with the Corporation's investment in preference shares of Subco.

- *Class C Preferred Shares* – The Class C preferred shares are entitled to one vote for each such share held at any meeting of the shareholders of the Corporation. Holders of the Class C preferred shares are not entitled to receive dividends from the Corporation. In the event of the liquidation, dissolution or winding up of the Corporation, the Class C shareholders are entitled to receive \$0.001 per Class C preferred share.
- *Class E Preferred Shares* – The Class E preferred shares, which were initially issued to a member of management of the Corporation, are non-voting. The holder of Class E preferred shares is entitled to receive a dividend equal to any dividend declared and paid on the common shares of the Corporation, which are declared and paid at the discretion of the board of the Corporation. In addition, the Class E preferred shareholder is entitled to receive 0.001 of a common share and 0.001 of a Class C preferred share immediately before the effective time of a liquidation, dissolution or winding up of the Corporation.

The Class E preferred shares were initially issued with a five-year conversion option, maturing in 2012. The conversion option provided the holder with a right to convert one Class E preferred share into one common share and one Class C preferred share at a conversion price of \$107,000, subject to an annual maximum conversion of 16.67 Class E preferred shares per annum.

During each of the years ended December 31, 2007, 2008 and 2009, the holder of the Class E preferred shares exercised the conversion option at an aggregate price of \$1,783,000 per annum.

In February 2010, the shareholders of the Corporation passed a special resolution to permit the acceleration of the vesting term of the remaining 49.99 Class E preferred shares. In order to facilitate the conversion, on February 8, 2010, the Corporation declared and paid a dividend of \$5,350,000 to the holder of the Class E preferred shares and the Corporation's Class B preferred shareholder waived its right to receive payment of dividends on payment of such dividends to the Class E preferred shareholder. Immediately thereafter, the shareholder of the Class E preferred shares exercised the conversion right and acquired 49.99 common shares and 49.99 Class C preferred shares at an aggregate price of \$5,350,000.

The Corporation determined that the conversion option associated with the Class E preferred shares should be accounted for as stock based compensation. Accordingly, during the year ended December 31, 2010, the Corporation recognized \$74,000 in compensation expense related to the conversion features of the Class E preferred shares.

25. ACCUMULATED OTHER COMPREHENSIVE INCOME

	Net unrealized gains (loss)		
	Foreign Currency Translation	Available- for-Sale Securities	Total
Balance, January 1, 2010	\$ -	\$ 7,227	\$ 7,227
Other comprehensive income (loss)			
during the year ended December 31, 2010	(1,044)	8,742	7,698
Balance, December 31, 2010	(1,044)	15,969	14,925
Other comprehensive income			
during the year ended December 31, 2011	504	10,687	11,191
Balance, December 31, 2011	\$ (540)	\$ 26,656	\$ 26,116

26. REVENUES

<i>For the year ended December 31,</i>	2011	2010
Land	\$ 192,781	\$ 307,844
Housing	80,454	87,265
Condominiums	13,917	23,683
Investment and recreational properties	35,317	28,483
Management and advisory services	20,925	13,694
	\$ 343,394	\$ 460,969

27. DIRECT OPERATING COSTS

<i>For the year ended December 31,</i>	2011	2010
Direct costs of real estate inventory	\$ 194,888	\$ 279,652
Salary and other compensation	18,770	17,079
Depreciation	2,127	2,487
Direct costs of operating investment and recreational properties and other	27,653	25,169
	\$ 243,438	\$ 324,387

Direct costs represent amounts paid to subcontractors for the development of real estate assets and are not tracked by labour and raw material categories.

28. MANAGEMENT AND ADMINISTRATIVE EXPENSES

<i>For the year ended December 31,</i>	2011	2010
Salary and other compensation	\$ 23,704	\$ 17,294
Corporate and professional fees	3,056	1,863
General office	4,033	3,448
Other	1,708	1,993
Capitalized expenditures	(11,988)	(10,958)
	\$ 20,513	\$ 13,640

Amounts of management and administrative expenses capitalized to real estate development projects flow through to direct operating costs when the assets are sold.

29. INTEREST EXPENSE

<i>For the year ended December 31,</i>	2011	2010
<i>Interest expense incurred on:</i>		
Project specific and general debt	\$ 11,111	\$ 8,682
Amounts due to parent company	2,590	2,672
Class B preferred shares	-	1,679
Amortization of acquisition date fair value adjustments	477	533
Amortization of deferred financing costs	855	1,228
Interest capitalized to real estate development projects	(3,968)	(1,286)
	\$ 11,065	\$ 13,508

Amounts of interest capitalized to real estate development projects flow through to direct operating costs when the assets are sold. Cash interest paid for the year ended December 31, 2011 was \$13,648,000 (2010 - \$12,092,000).

30. FINANCIAL INSTRUMENTS RISK MANAGEMENT

Measurement Categories

The Corporation's financial instruments have been classified into categories that determine their basis of measurement and, for items at fair value, whether changes in fair value are recognized in the consolidated statements of operations or in OCI. The following table illustrates the carrying values of financial instruments and their classification.

<i>As at:</i>	December 31, 2011	December 31, 2010	January 1, 2010
Financial Assets			
<i>Available-for-sale</i>			
Financial assets			
Investment in Dundee REIT	\$ 34,499	\$ 29,679	\$ 18,675
Investment in Dundee International REIT	28,000	-	-
Dundee International REIT - deferred trust units	845	-	-
Investment in equities not quoted in an active market	2,118	6,067	4,996
<i>Loans and receivables</i>			
Cash and cash equivalents	6,750	26,468	15,388
Accounts receivable	217,421	209,557	91,178
Financial assets			
Loans receivable	9,189	10,261	13,344
Capital and other operating assets			
Deposits	24,041	8,975	14,342
Restricted cash	4,813	5,962	15,174
Financial Liabilities			
<i>Amortized cost</i>			
Accounts payable and other liabilities	(46,755)	(45,665)	(38,001)
Customer deposits	(35,168)	(34,256)	(30,367)
Construction loans	(78,416)	(58,615)	(43,882)
Operating line	(88,000)	(86,000)	(75,408)
Mortgages and term debt	(44,042)	(32,452)	(42,715)
Class B preferred shares	-	-	(47,837)
Amounts due to parent company	(67,143)	(64,494)	(72,617)

Fair Value of Financial Instruments

At December 31, 2011 and 2010, and at January 1, 2010, the carrying value of the Corporation's financial instruments approximated their fair value.

The Corporation classifies the fair value of its financial instruments according to the following hierarchy, which is based on the amount of observable inputs used to value the instrument:

- Level 1 – inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 – inputs to valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The following table classifies financial instruments that are recognized in the Corporation's consolidated statements of financial position at fair value in accordance with the fair value hierarchy described above.

<i>As at:</i>	December 31, 2011	December 31, 2010	January 1, 2010
Level 1			
Financial assets - investments quoted in active markets			
Dundee REIT	\$ 34,499	\$ 29,679	\$ 18,675
Dundee International REIT	28,000	-	-
Level 3			
Financial assets - Dundee International REIT - deferred trust units	845	-	-

Risk Management

The Corporation is exposed to financial risks due to the nature of its business and the financial assets and liabilities that it holds. The Corporation's overall risk management strategy seeks to minimize potential adverse effects on the Corporation's financial performance.

Market Risk

Market risk is the risk that a material loss may arise from fluctuations in the fair value of a financial instrument. For purposes of this disclosure, the Corporation segregates market risk into three categories: fair value risk, interest rate risk, and currency risk.

Fair Value Risk

Fair value risk is the risk for a potential loss from adverse movements, excluding movements relating to changes in interest rates and foreign exchange currency rates, because of changes in market prices. The Corporation's investments in Dundee REIT and Dundee International REIT are listed on the Toronto Stock Exchange. A 10% absolute change in the market price of the units in Dundee REIT and Dundee International REIT would increase(decrease) the carrying amount of the investments by \$6,334,000, before associated taxes, with a corresponding increase(decrease) in OCI.

Interest Rate Risk

Interest rate risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Corporation is exposed to interest rate risk, primarily relating to its variable rate debt obligations. At December 31, 2011, variable rate debt represented 79% (2010 – 81%) of total debt obligations. Interest rate risk is mitigated, in part, by borrowing pursuant to variable rate terms as these terms generally result in lower interest rates incurred and greater flexibility for draws and repayment.

The following table illustrates the effect to net earnings, before associated income taxes, of a 50 basis point absolute change in market interest rate to net earnings and, to the extent that interest on real estate debt is used to finance certain real estate inventory, to the carrying value of such inventory.

	Effect on Net Earnings		Effect on Real Estate Inventory	
	2011	2010	2011	2010
Financial Assets				
Cash and cash equivalents	\$ 4	\$ 71	\$ -	\$ -
Financial assets - loans receivable	2	-	-	-
Financial Liabilities				
Construction loans	114	132	250	142
Operating line	440	430	-	-
Mortgages and term debt	13	12	2	2
Due to parent company	336	322	-	-

Currency Risk

Due to fluctuations in the exchange rate between the Canadian and the U.S. dollar, the Corporation is exposed to foreign exchange risk relating to its U.S. operations. The impact of foreign exchange fluctuations is deferred as a separate component of shareholders' equity until there is a realized reduction in the net investment in the foreign operations. The Corporation currently does not employ hedging activities to manage this financial risk, and the associated currency risk is considered minor.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Credit risk arises from the possibility that builders or other third party purchasers of the Corporation's real estate inventory, or other entities to which the Corporation may have advanced funds, may not fulfill their contractual obligations to repay amounts due to the Corporation. The Corporation mitigates its credit risk by requiring graduated deposits from buyers and withholding real estate titles until final payments are received. Credit risk is also mitigated by dealing only with builders and other third party buyers that the Corporation considers to have secure financial standing, and by diversifying the mix of builders and markets.

Credit risk also arises from the possibility that tenants in rental properties may not fulfill their lease or contractual obligations. The Corporation mitigates this credit risk by attracting tenants of sound financial standing and diversifying its mix of tenants. It also monitors tenant payment patterns and discusses potential tenant issues with property managers on a regular basis.

Liquidity Risk

Liquidity risk is the risk that the Corporation will encounter difficulty in meeting obligations associated with the maturity of financial liabilities. The Corporation manages its liquidity risk primarily through the management of its financial leverage. The Corporation uses various debt and equity ratios to monitor its capital adequacy and debt requirements including interest coverage, minimum net worth, average term to debt maturity and the ratio of variable rate debt to aggregate debt. These ratios assist the Corporation in assessing the debt level maintained by the Corporation in order to ensure adequate cash flows for real estate development. The Corporation manages maturities of outstanding debt by matching them to project closing dates, and monitoring the repayment dates to ensure sufficient capital will be available to cover obligations.

The scheduled principal repayments and debt maturities of mortgages and term debt are as follows:

	Construction		Operating		Term		Total
	Loans	Line	Mortgages	Debt			
2012	\$ 49,597	\$ 88,000	\$ 899	\$ 6,330			\$ 144,826
2013	28,819	-	1,862	11,323			42,004
2014	-	-	1,737	568			2,305
2015	-	-	3,543	4,215			7,758
2016	-	-	13,089	316			13,405
2017 and thereafter	-	-	362	-			362
	78,416	88,000	21,492	22,752			210,660
Deferred financing costs	-	-	(101)	(101)			(202)
	\$ 78,416	\$ 88,000	\$ 21,391	\$ 22,651			\$ 210,458

31. CAPITAL MANAGEMENT

The Corporation's capital consists of debt and shareholders' equity. The Corporation's objectives in managing capital are to: (i) ensure adequate operating funds are available to fund the development of real estate inventory; (ii) ensure that the Corporation is able to meet its lease and capital expenditure obligations relating to its investment and recreational properties; (iii) ensure that the Corporation has adequate resources available to benefit from acquisition opportunities, should they arise; and (iv) generate a targeted rate of return on its investments.

The Corporation continuously monitors its debt structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying real estate industry.

32. COMMITMENTS AND CONTINGENCIES

Leases

The Corporation and its subsidiaries have operating lease commitments pursuant to which future minimum annual lease payments, exclusive of operating costs and realty taxes, are as follows:

2012	\$ 774
2013	810
2014	677
2015	448
2016	383
2017 and thereafter	2,485
	\$ 5,577

Land and Other Purchase Agreements

At December 31, 2011, the Corporation had commitments under land purchase agreements totalling \$55,358,000 (2010 - \$12,268,000) which will become payable in future periods upon the satisfaction of certain conditions pursuant to these arrangements. The Corporation currently anticipates that the conditions in respect of approximately 65% of land purchase agreements will be met in 2012, with the balance anticipated for 2013.

In addition, the Corporation has a contingent payment of \$1,900,000 for an investment, to be paid in four equal annual instalments between 2015 and 2018, should certain criteria be met.

Letters of Credit and Surety Bonds

The Corporation is contingently liable for letters of credit and surety bonds that have been provided to support land developments in the amount of \$60,520,000 (2010 - \$44,219,000). Included in "Capital and other operating assets" are deposits (note 14) of \$20,519,000 (2010 - \$8,131,000) that may be applied to reduce the Corporation's obligations pursuant to these arrangements.

The Corporation is committed to pay levies in the future of up to \$3,295,000 (2010 - \$3,576,000) relating to signed municipal agreements upon the commencement of development of certain real estate assets. Additional development costs may also be required to satisfy the requirements of such municipal agreements, which amounts cannot be reliably estimated at this time.

Joint Ventures and Co-ownerships

The Corporation may conduct its real estate activities from time to time through joint ventures and with third party partners. The Corporation was contingently liable for the obligations of the owners of the unincorporated joint ventures in the amount of \$41,800,000 at December 31, 2011 (2010 - \$40,331,000). The Corporation would have available to it the other venturers' share of assets to satisfy any obligations that may arise.

Legal Contingencies

The Corporation and its operating subsidiaries may become liable under guarantees that are issued in the normal course of business and with respect to litigation and claims that arise from time to time. In the opinion of management, any liability that may arise from such contingencies would not have a material adverse effect on the consolidated financial statements of the Corporation.

33. RELATED PARTY TRANSACTIONS

Other than as disclosed elsewhere in these consolidated financial statements, related party transactions and balances as at and for the years ended December 31, 2011 and 2010 are as described below.

Transactions with Dundee REIT and Dundee International REIT

Management and Advisory Services Agreements

The Corporation entered into agreements with each of Dundee REIT and Dundee International REIT pursuant to which the Corporation provides Dundee REIT and Dundee International REIT a broad range of management and advisory services related to their respective real estate holdings. The Corporation receives revenues in respect of these services, determined in accordance with a formula as outlined in the respective agreements and which include:

- A base annual management fee, calculated and paid monthly, equal to 0.25% of gross asset value of properties or, in the case of Dundee International REIT, equal to 0.35% of the historic purchase price of the properties;
- An incentive fee of 15% of adjusted funds from operations in excess of \$2.65 per Series A unit in the case of Dundee REIT and of adjusted funds from operations in excess of \$0.93 per unit, increasing annually by 50% of the increase in the weighted average consumer price index of the jurisdictions in which the properties are located in the case of Dundee International REIT;
- A capital expenditures fee of 5% of all hard construction costs incurred on capital projects with costs in excess of \$1,000,000, including work done on behalf of tenants or any maintenance capital expenditures;

- An acquisition fee equal to (i) 1% of the purchase price on the first \$100,000,000 of properties acquired in a fiscal year; (ii) 0.75% of the purchase price of additional properties acquired in a fiscal year in excess of \$100,000,000 but not exceeding \$200,000,000; and 0.50% of the purchase price of additional properties in any fiscal year should such purchases exceed \$200,000,000; and
- The ability for the Corporation to recover any expenses it may incur for arranging financings in respect of the assets.

The Corporation entered into the management and advisory services agreement with Dundee REIT on August 24, 2007 (as amended on December 31, 2007) and with Dundee International REIT on August 3, 2011. Each of these agreements have an initial term of five years and are renewable for further five-year terms. Subject to the termination provisions in the management and advisory services agreements, the Corporation is automatically reappointed at the expiration of each five-year term.

During the years ended December 31, 2011 and 2010, the Corporation received the following amounts pursuant to these management and advisory services agreements.

<i>For the year ended December 31,</i>	2011	2010
Dundee REIT		
Management fees	\$ 9,144	\$ 5,843
Capital expenditure fees	612	252
Acquisition fees	7,855	5,547
Expense recoveries relating to financing arrangements	574	376
Dundee International REIT		
Management fees	839	-
	\$ 19,024	\$ 12,018

In the case of Dundee International REIT, the Corporation has irrevocably elected to receive the first \$3,500,000 of the fees payable to it pursuant to these arrangements in DTUs of Dundee International REIT for the first five years. The DTUs will vest to the Corporation in five equal amounts, beginning in the sixth year following the grant of such DTUs.

Included in accounts receivable at December 31, 2011 is a balance from Dundee REIT of \$1,119,000 (2010 - \$1,693,000) and a balance from Dundee International REIT of \$6,000 (2010 - \$nil) pertaining to these arrangements.

Administrative Services Agreement

The Corporation has entered into a services agreement with a wholly owned subsidiary of Dundee REIT pursuant to which the subsidiary will provide certain administrative and support services to the Corporation. The terms of the agreement provide for a fee sufficient to reimburse the subsidiary for the actual costs incurred by it in carrying out these activities on behalf of the Corporation, and are not intended to have a profit component. This administrative services agreement expires on June 30, 2013, concurrent with the termination of the management and advisory services arrangements between the Corporation and Dundee REIT.

In addition to the administrative services agreement, the Corporation has also entered into operating leases with Dundee REIT for office space. Future commitments for these leases total \$4,234,000.

During the year ended December 31, 2011, the Corporation paid fees of \$3,018,000 (2010 - \$2,211,000) to Dundee REIT pursuant to the administrative services agreement and it paid a further \$6,534,000 (2010 - \$4,077,000) pursuant to operating and administrative costs of regional offices.

Included in accounts payable and other liabilities at December 31, 2011 is an amount due to Dundee REIT of \$2,019,000 (2010 - \$936,000) pertaining to these arrangements.

Transactions with Certain Officers of the Corporation

In 2005, and in accordance with employment arrangements made with a non-executive officer of the Corporation, the Corporation agreed to sell 4% of its interest, net of debt, in an investment property to such officer at its cost of approximately \$365,000, and it agreed to permit such officer to participate to the extent of 10% in a loan made to certain co-owners of the investment property. The balance of the loan at December 31, 2011 was \$71,000 (2010 - \$374,000).

The Corporation has provided a loan to a non-executive officer. At December 31, 2011, the amount outstanding was \$432,000 (2010 - \$423,000). The loan bears interest at 3% per annum, is subordinated to a third party lender to the officer and is secured by a deed of trust on a residential property.

Compensation of Key Management

Compensation paid to the Chairman of the Board of Directors of the Corporation and to the President and Chief Operating Officer is shown in the table below.

<i>For the year ended December 31,</i>	2011	2010
Salaries and benefits	\$ 650	\$ 650
Incentive awards	3,000	4,000
Stock based compensation	-	74
	<u>\$ 3,650</u>	<u>\$ 4,724</u>

In addition to the amounts in the table above, during the year ended December 31, 2011, the President and Chief Operating Officer earned additional amounts of \$550,000 (2010 - \$550,000) from the Corporation, which were allocated to Dundee REIT pursuant to the terms of the management and advisory services agreement with Dundee REIT (see above).

34. SUPPLEMENTARY CASH FLOW INFORMATION

Significant components of changes in non-cash working capital include:

<i>For the year ended December 31,</i>	2011	2010
Accounts receivable	\$ (7,818)	\$ (118,379)
Accounts payable and other liabilities	1,235	7,210
Income and other taxes payable	(8,634)	41,002
Provision for real estate development costs	(13,763)	(8,264)
Customer deposits	912	3,889
Construction loans	23,123	15,511
Deposits	(15,066)	5,367
Restricted cash	1,149	9,212
Other	(142)	(15)
	<u>\$ (19,004)</u>	<u>\$ (44,467)</u>

35. SEGMENTED OPERATING RESULTS

In the schedules of segmented net earnings, segmented gross margin has been calculated for each segment by deducting from revenues of the segment all direct operating costs and administrative costs which can be specifically attributed to the segment. The allocation of other components of net earnings would not assist in the evaluation of the segment's contributions to net earnings.

Segmented Net Earnings

For the year ended December 31, 2011

		Land	Housing and Condominiums	Investment and Recreational Properties	Management and Administrative	Total
Revenues	\$	192,781	\$ 94,371	\$ 35,317	\$ 20,925	\$ 343,394
Direct operating costs		(128,647)	(84,751)	(30,040)	-	(243,438)
Management and administrative expenses		-	-	-	(20,513)	(20,513)
Segmented gross margin	\$	64,134	\$ 9,620	\$ 5,277	\$ 412	\$ 79,443
Fair value changes in investment properties						3,813
Share of earnings from equity accounted investments						1,675
Investment income						8,602
Interest expense						(11,065)
Income taxes						(20,330)
NET EARNINGS					\$	\$ 62,138

For the year ended December 31, 2010

		Land	Housing and Condominiums	Investment and Recreational Properties	Management and Administrative	Total
Revenues	\$	307,844	\$ 110,948	\$ 28,483	\$ 13,694	\$ 460,969
Direct operating costs		(199,484)	(99,061)	(25,842)	-	(324,387)
Management and administrative expenses		-	-	-	(13,640)	(13,640)
Segmented gross margin	\$	108,360	\$ 11,887	\$ 2,641	\$ 54	\$ 122,942
Fair value changes in investment properties						2,260
Share of earnings from equity accounted investments						449
Investment income						5,286
Interest expense						(13,508)
Income taxes						(38,905)
NET EARNINGS					\$	\$ 78,524

Segmented Assets and Liabilities

As at December 31, 2011

		Land	Housing and Condominiums	Investment and Recreational Properties	Management and Administrative	Total
Inventory	\$	240,706	\$ 139,362	\$ -	\$ -	\$ 380,068
Properties		-	-	62,126	-	62,126
Real estate assets	\$	240,706	\$ 139,362	\$ 62,126	\$ -	\$ 442,194
Non-segmented assets						379,829
TOTAL ASSETS					\$	\$ 822,023
Provision for real estate development costs	\$	56,065	\$ 1,987	\$ -	\$ -	\$ 58,052
Customer deposits		2,410	32,315	443	-	35,168
Construction loans		-	78,416	-	-	78,416
Mortgages and term debt		1,120	13,717	29,205	-	44,042
	\$	59,595	\$ 126,435	\$ 29,648	\$ -	\$ 215,678
Non-segmented liabilities						277,043
TOTAL LIABILITIES					\$	\$ 492,721

As at December 31, 2010

		Land	Housing and Condominiums	Investment and Recreational Properties	Management and Administrative	Total
Inventory	\$	260,298	\$ 89,207	\$ -	\$ -	349,505
Properties		-	-	57,005	-	57,005
Real estate assets	\$	260,298	\$ 89,207	\$ 57,005	\$ -	406,510
Non-segmented assets						322,783
TOTAL ASSETS					\$	729,293
Provision for real estate development costs	\$	70,783	\$ 2,707	\$ -	\$ -	73,490
Customer deposits		3,247	30,583	426	-	34,256
Construction loans		-	58,615	-	-	58,615
Mortgages and term debt		1,396	10,607	20,449	-	32,452
	\$	75,426	\$ 102,512	\$ 20,875	\$ -	198,813
Non-segmented liabilities						274,401
TOTAL LIABILITIES					\$	473,214

36. SUBSEQUENT EVENTS

In December 2012, Dundee Corporation announced that its Board of Directors had approved, in principle only, to proceed with a corporate restructuring through a tax efficient plan of arrangement that will distribute to shareholders of Dundee Corporation a 50% interest in Dundee Realty. The transaction is expected to result in the establishment of a new public company with a capital structure that emulates that of Dundee Corporation. At December 31, 2012, the transaction was subject to a number of uncertainties, including determination of the form of the transaction, the terms of arrangements with the non-controlling shareholder of Dundee Realty, and receipt of the necessary regulatory, court and Dundee Corporation shareholder approvals, as well as the listing of the new public company's shares on the Toronto Stock Exchange.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2011

Dundee Realty Corporation ("Dundee Realty" or the "Corporation") is a privately owned real estate company, engaged in the acquisition, development and sale of commercial and residential real estate in locations across Canada and the United States. Dundee Realty also provides real estate management and advisory services encompassing commercial real estate and real estate developments, as well as investments in Canadian renewable energy infrastructure assets.

This Management's Discussion and Analysis ("MD&A") has been prepared with an effective date of March 14, 2013 and should be read in conjunction with the audited annual consolidated financial statements of the Corporation, including the notes thereto, as at and for the year ended December 31, 2011 (the "2011 Financial Statements"). All amounts contained within this MD&A are in Canadian dollars, except tabular amounts, which are in thousands of dollars, unless otherwise specified. The financial statements underlying this MD&A, including 2010 comparative information, have been prepared in accordance with International Financial Reporting standards ("IFRS").

BASIS OF PRESENTATION

IFRS Transition

In 2010, the Handbook of the Canadian Institute of Chartered Accountants ("CICA Handbook") was revised to incorporate IFRS, and required publicly accountable enterprises to apply such standards for the financial years beginning on or after January 1, 2011. The Corporation's 2011 Financial Statements have been prepared in accordance with IFRS. The Corporation's audited annual consolidated financial statements as at and for the year ended December 31, 2010 (the "Canadian Consolidated Financial Statements"), were prepared using Canadian generally accepted accounting principles ("Canadian GAAP"). Included in note 5 to the 2011 Financial Statements is a detailed description of the differences between Canadian GAAP and IFRS, as they apply to the Corporation, as well as a reconciliation of the Canadian Consolidated Financial Statements to IFRS.

As part of its transition to IFRS, the Corporation completed, together with its parent, an assessment of internal controls and information technology systems to ensure compliance with IFRS, both from a transaction processing level and for the purpose of financial reporting disclosure requirements. Changes to existing procedures consisted primarily of establishing processes for the more detailed tracking of certain assets. This more detailed tracking will better facilitate application of the relevant IFRS, as well as presentation and disclosure of these assets. The Corporation will assess future IFRS developments on an ongoing basis. Future changes to IFRS, including those discussed in note 3 to the 2011 Financial Statements under the caption "*Accounting Standards, Interpretations and Amendments to Existing Standards not yet Effective*", may significantly modify the Corporation's financial and reporting disclosure requirements.

Non-IFRS Measures

"Gross Margin" or "Margin" is an important measure of earnings in each business segment and generally represents revenue less direct operating costs and management and administrative costs. Gross margin may be expressed as an absolute number or as a percentage of revenue.

SEGMENTED RESULTS OF OPERATIONS

Year ended December 31, 2011 compared with the year ended December 31, 2010

Gross Margins

	Year ended December 31, 2011					Year ended December 31, 2010				
	Revenue	Direct Operating Costs	Management and Administrative	Gross Margin		Revenue	Direct Operating Costs	Management and Administrative	Gross Margin	
Land	\$ 192,781	\$ (128,647)	\$ -	\$ 64,134	33%	\$ 307,844	\$ (199,484)	\$ -	\$ 108,360	35%
Housing and condominiums	94,371	(84,751)	-	9,620	10%	110,948	(99,061)	-	11,887	11%
Investment and recreational properties	35,317	(30,040)	-	5,277	15%	28,483	(25,842)	-	2,641	9%
Management and administrative	20,925	-	(20,513)	412	2%	13,694	-	(13,640)	54	0%
Total	\$ 343,394	\$ (243,438)	\$ (20,513)	\$ 79,443	23%	\$ 460,969	\$ (324,387)	\$ (13,640)	\$ 122,942	27%

Land

Revenue from land sales in 2011 was \$192.8 million, generating gross margins of \$64.1 million or 33%. This compares with revenue of \$307.8 million, generating gross margins of \$108.4 million or 35% in 2010. The decrease in gross margins of \$44.3 million reflects substantially lower lot and parcel sales in Edmonton and Calgary during 2011, with revenues decreasing by \$28.2 million and \$80.4 million, respectively, resulting in a corresponding decrease in gross margins of \$13.2 million and \$30.3 million, respectively. Similarly, a reduction in lot sales related to a development project in Toronto decreased revenues by \$9.7 million and gross margins by \$2.4 million in 2011 compared to the prior year. Lower revenue in 2011 was in line with expectations for the year, as a drop in demand was anticipated and development activity adjusted accordingly.

During 2011, western Canada operations sold 1,502 lots (2010 – 1,882 lots) at an average selling price of \$114,000 per lot (2010 - \$126,000). Similar decreases are reflected in 2011 sales of parcel acres, with the Corporation selling 37 parcel acres (2010 – 96 parcel acres) at an average price of \$495,000 per acre (2010 - \$594,000). Through the Corporation's share of joint venture operations in Toronto, 70 lots were sold (2010 – 235) generating revenue of \$3.5 million (2010 - \$13.3 million).

Housing and Condominiums

Revenue from sales of housing and condominium units decreased by \$16.6 million to \$94.4 million in 2011, resulting in a corresponding decrease in gross margins of \$2.3 million.

Revenue from housing sales was \$80.5 million in 2011 compared with \$87.3 million in 2010. Prior year revenue includes sales of homes in the Corporation's Toronto-based Rutherford Contwo project. As the project approached completion in 2011, sales revenue declined to \$6.6 million from \$20.7 million in 2010. The decline was partially offset by revenue from housing sales in western Canada, which increased to \$72.7 million in 2011 compared with \$63.9 million in 2010.

During 2011, the Corporation sold 218 housing units in western Canada (2010 – 202) at an average selling price of \$412,000 (2010 - \$391,000). Gross margins as a percentage of housing revenue declined from 17.5% in the prior year to 14.1% in 2011, reflecting lower sales of high margin housing inventory.

During 2011, revenue from condominium projects was \$13.9 million, a decrease of 41% from revenue of \$23.7 million earned in the prior year, with gross margins decreasing correspondingly. This is due to the Corktown I project in Toronto winding down in 2011, partially offset by the new Gladstone Ave. condominium project in Toronto that generated \$7.8 million in 2011. While average selling prices of condominiums in Toronto remain relatively stable, revenue and gross margins from condominium operations are project driven and may cause significant fluctuations in year-over-year profitability.

Management continues its program to fund vendor-take-back mortgages that will allow purchasers to obtain the remainder of the financing needed to complete the purchase of a condominium unit at the Corporation's Base Camp project in Colorado. During 2011, Dundee Realty sold 14 units and generated revenue of \$4.4 million at the Base Camp project. This compares with 16 sales in 2010, generating revenue of \$5.0 million. At December 31, 2011, there were 24 additional units available for sale.

Investment and Recreational Properties

Revenue from investment properties increased to \$6.0 million in 2011 from \$5.3 million in 2010, resulting in an overall increase of \$0.5 million in gross margins. Increases reflect higher occupancy levels in the current year, primarily at The Distillery Historic District in downtown Toronto.

Overall, during 2011, recreational properties added \$29.3 million to revenues (2010 - \$23.2 million) and \$3.9 million to gross margins (2010 - \$2.3 million). The increase is partially reflective of consistent snowfall and a new ski lift completed in 2010, resulting in increased gross margins from the Corporation's ski operations based in the United States.

Fair Value of Investment Properties

Certain properties held by the Corporation are considered investment properties, as they are held to earn rentals or for capital appreciation or both, rather than for use in the production of supply of goods or services, for administrative purposes, or for sale in the ordinary course of business. On its transition to IFRS, the Corporation elected to carry these assets at fair value, with changes in fair value reported in the Corporation's net earnings. During 2011, the Corporation recorded a \$3.8 million (2010 - \$2.3 million) increase in the fair value of investment properties. Fair values were determined using the discounted cash flow method, which discounts the expected future cash flows from the asset, generally over a term of 10 years, and uses discount rates and terminal capitalization rates specific to each property. In some cases, the Corporation has obtained third-party appraisals of investment properties.

Management and Administrative

The Corporation's management and administrative segment is comprised of its management and advisory services encompassing commercial real estate and real estate development, as well as investment in Canadian renewable energy infrastructure assets. At December 31, 2011, the Corporation managed assets with an estimated value of \$7.0 billion (2010 - \$4.2 billion).

During 2011, the Corporation earned \$20.9 million in management and advisory fee revenue, an increase of 53% over management and advisory fee revenue of \$13.7 million earned in the prior year. The increase corresponds to increases in acquisition activities by Dundee Real Estate Investment Trust ("Dundee REIT") and by the formation of Dundee International Real Estate Investment Trust ("Dundee International REIT"), two significant portfolios managed by the Corporation pursuant to management and advisory services agreements.

<i>For the year ended December 31,</i>	2011	2010
Dundee REIT		
Management fees	\$ 9,144	\$ 5,843
Capital expenditure fees	612	252
Acquisition fees	7,855	5,547
Expense recoveries relating to financing arrangements	574	376
Dundee International REIT		
Management fees	839	-
Other	1,901	1,676
	\$ 20,925	\$ 13,694

Other Items in Earnings

Investment Income

During 2011, the Corporation earned investment income of \$8.6 million (2010 - \$5.3 million). Included in investment income are distributions received from the Corporation's investments in Dundee REIT and Dundee International REIT aggregating \$1.1 million (2010 - \$1.0 million). The balance of \$7.5 million (2010 - \$4.3 million) represents distributions from other investments, and interest income on cash reserves and amounts receivable. The increase from prior year is due to returns from other investments that were either new in the year or began generating a return in 2011.

Interest Expense

The Corporation incurred interest expense of \$11.1 million in 2011 (2010 - \$13.5 million), related primarily to project specific and general debt. In addition to amounts expensed, the Corporation incurred interest costs of \$4.0 million (2010 - \$1.3 million) that it capitalized to real estate development projects.

Income Tax Expense

The Corporation's effective income tax rate was 24.7% in 2011 (2010 - 33.1%). This effective tax rate is lower than the statutory combined federal and provincial tax rate of 28.3% and can be attributed primarily to the utilization of deferred income tax assets at higher tax rates than originally anticipated.

CHANGES IN FINANCIAL CONDITION

Real Estate Assets

	December 31, 2011	December 31, 2010
Real estate inventory		
Land	\$ 240,706	\$ 260,298
Housing and condominiums	139,362	89,207
Investment properties	39,876	34,280
Recreational properties	22,250	22,725
	<u>\$ 442,194</u>	<u>\$ 406,510</u>

Land

At December 31, 2011, the Corporation's land portfolio, including land held for development and land under development, consisted of over 4,700 acres and 700 development lots, extending across both Canada and the United States.

Land inventory at December 31, 2011 consists of:	Land held for development		Land under development		Total
	Cost	Acres	Cost	Lots	Cost
Saskatoon	\$ 41,431	2,281	\$ 12,592	161	\$ 54,023
Regina	7,640	951	30,684	154	38,324
Calgary	68,672	1,049	32,085	200	100,757
Edmonton	13,832	433	30,523	190	44,355
Toronto	-	-	1,847	2	1,847
United States	1,400	3	-	-	1,400
	<u>\$ 132,975</u>	<u>4,717</u>	<u>\$ 107,731</u>	<u>707</u>	<u>\$ 240,706</u>

The carrying value of the Corporation's land portfolio decreased by 8% to \$240.7 million at December 31, 2011 from \$260.3 million at December 31, 2010. Development costs during 2011 were approximately \$103.0 million (2010 - \$123.3 million) and were incurred primarily in western Canada. Funding will be provided from operating cash flow as well as borrowings pursuant to Dundee Realty's borrowing facilities.

Housing and Condominiums

Real estate inventory includes the Corporation's inventory of housing and condominium projects, as well as commercial development properties.

Housing and Condominium Projects at December 31, 2011 consist of:	Housing		Condominiums		Total
	Cost	No. of Units	Cost	No. of Units	Cost
Western Canada	\$ 29,681	163	\$ -	-	\$ 29,681
Ontario	11	2	97,008	1,336	97,019
United States	-	-	7,098	24	7,098
	\$ 29,692	165	\$ 104,106	1,360	\$ 133,798
Commercial development properties					5,564
					\$ 139,362

The Corporation incurred significant development costs during 2011, including \$68.2 million in housing-related costs, primarily in western Canada and \$45.8 million in condominium-related costs, primarily in Toronto. In addition to development costs incurred during 2011, the Corporation also acquired a working interest in three condominium development sites in Toronto, including 8 Gladstone Avenue, 11 Peel Avenue and 345 Carlaw Avenue, for \$11.2 million.

Condominium Development Projects

Development of the southeast corner of the Distillery site in Toronto continues to proceed. Construction on Phase One of the project, the 346-unit "Clear Spirit" tower, commenced in September 2009. The project was 99% pre-sold at December 31, 2011, with occupancies commencing by December 31, 2012. Phase Two of the project, the "Gooderham" tower, was 92% pre-sold at December 31, 2011 and construction was underway. Closings are expected to begin in the second quarter of 2013.

The Corktown project in Toronto is progressing, with closings completed for Phase One and Phase Two 94% pre-sold. Phase Two construction continues, occupancies commenced in the first quarter of 2012 with final closing in the fourth quarter of 2012.

Two Gladstone Avenue, a 55-unit project in Toronto was 91% pre-sold at December 31, 2011, with construction having commenced in the first quarter of 2010, and with occupancies started in the fourth quarter of 2011.

SYNC, a 98-unit project in Toronto, was 91% pre-sold at December 31, 2011 with construction having commenced in the third quarter of 2011 and occupancies expected to begin in the second quarter of 2013.

At December 31, 2011, the Trinity Lofts, an 80-unit plus 2 townhouses project in Toronto, was 90% pre-sold with construction having commenced in the first quarter of 2011. Occupancies commenced and closing took place in the fourth quarter of 2012.

In addition, the Corporation, together with its joint venture partners, is developing over 100,000 square feet of vacant space located on the third, fourth and fifth floors of the King Edward Hotel in downtown Toronto, into approximately 145 condominium units. The project was 99% pre-sold at December 31, 2011 and construction had begun, with project completion scheduled for the middle of 2013.

Investment Properties

The Corporation's investment properties are located predominantly in downtown Toronto. The carrying value of these assets increased from \$34.3 million at the end of the prior year to \$39.9 million at the end of 2011, including a fair value increase of \$3.8 million relating primarily to The Distillery Historic District, reflecting increased leasing activity and a decrease in the overall capitalization rate.

Recreational Properties

	Nature of Activities	Location	Carrying Value
Arapahoe Basin	Ski operations	Colorado	\$ 12,509
King Edward Hotel	Hotel operations	Toronto	6,630
Willows Golf Course	Golf operations	Saskatoon	3,111
			\$ 22,250

The carrying value of recreational properties decreased by 1.8% to \$22.3 million as at December 31, 2011 compared with \$22.7 million at December 31, 2010, mainly due to depreciation. Capital expenditures at Arapahoe Basin totalled \$1.0 million in 2011. These expenditures significantly increased parking capacity to accommodate increased demand generated by the new ski lift investment completed in 2010.

Accounts Receivable

At December 31, 2011, the carrying value of accounts receivable had increased to \$217.4 million or approximately 4% above accounts receivable of \$209.6 million at December 31, 2010. Approximately 95% (2010 – 97%) of accounts receivable represent amounts receivable under contracted sales of land under development or under housing and condominiums sales contracts. Accounts receivable may fluctuate from period to period, reflecting the cyclical nature of the completion and closing of larger scale real estate projects.

Equity Accounted Investments

The Corporation accounts for its investment in jointly controlled entities and in associates using the equity method of accounting. The carrying value of the Corporation's equity accounted investments increased to \$47.9 million at December 31, 2011, compared with \$20.9 million at the end of 2010.

	Firelight Infrastructure Fund		Dundee Kilmer Development LP		Bear Valley Mountain Resort		Other	Total		
Balance, December 31, 2010	\$	11,303	\$	-	\$	5,860	\$	3,770	\$	20,933
Share of earnings (losses)		540		-		(683)		1,818		1,675
Net cash investments		9,189		15,269		159		730		25,347
Foreign exchange adjustments		-		-		(38)		-		(38)
Balance, December 31, 2011	\$	21,032	\$	15,269	\$	5,298	\$	6,318	\$	47,917

Firelight Infrastructure Fund

Included in the Corporation's joint venture investments is its 20% interest in Firelight Infrastructure Fund ("Firelight"). Firelight has committed \$200 million to fund renewable energy projects and is currently invested in RMS Energy Dalhousie Mountain LP, which completed its first project in 2010 with the successful conversion of the RMS Dalhousie Mountain wind farm in Pictou County, Nova Scotia. Through Xeneca Limited Partnership ("Xeneca"), Firelight is also indirectly invested in the development of waterpower sites in Ontario. The Corporation has a 19% beneficial interest in Xeneca.

In 2011, Firelight acquired six solar rooftop projects with an additional eight currently being installed, as part of a plan to invest \$150 million, of which the Corporation's pro rata contribution is \$30 million, over three years in solar energy projects. The acquired solar projects have entered into power purchase agreements for renewable energy with the Ontario Power Authority to supply energy at a fixed rate of 63.5 to 71.3 cents per KWH for 20 years. The Corporation holds a 20% interest in the solar rooftop projects and has invested \$3.5 million.

Also acquired in 2011 were Sandhurst and Rutley, two 10 MW ground mount solar projects located outside of Kingston, Ontario, in which the Corporation has invested \$14.8 million. Firelight also purchased a 50% interest in Erie Ridge, an 8.5 MW solar farm for \$4.4 million. Firelight has also entered into a joint venture agreement to acquire a 49% interest in a 31.5 MW wind power project located near Amherst, Nova Scotia that will utilize 15 new Suzlon S97-2.1 MW wind turbines. Dundee Realty's equity commitment of \$2.0 million has been fully funded in cash.

RMS Dalhousie Mountain contributed \$3.3 million to gross margins in the twelve months ended December 31, 2011, compared with \$2.6 million gross margins in the prior year, as it commenced operations in mid-February 2010.

Dundee Kilmer Developments Limited

Dundee Kilmer Developments Limited ("Dundee Kilmer") is a partnership between the Corporation and Kilmer Van Nostrand Co. Limited for the purpose of developing the Canary District, the Toronto 2015 Pan/Parapan American Games Athletes' Village project in the West Don Lands. Anchored at Front and Cherry Streets, Canary District will be a visionary community, adjacent to Waterfront Toronto's new 18-acre Don River Park, with lively street retail and dining, inspiring works of public art and sculpture. Being built as a temporary home for the athletes of the 2015 Pan Am Games, Canary District will evolve into the largest urban village in Toronto's history. During 2011, the Corporation invested \$15.3 million in this project.

Investment in Dundee REIT

Dundee REIT is an unincorporated, real estate investment trust and is a leading provider of high quality, affordable business premises. It is focused on owning, acquiring, leasing and managing mid-sized urban and suburban office and industrial properties in Canada. At December 31, 2011, Dundee REIT's portfolio consisted of approximately 18.9 million square feet of gross leasable area across Canada. At December 31, 2011, the Corporation held 1,055,979 units of Dundee REIT with a market value of \$34.5 million (2010 – 982,761 units with a market value of \$29.7 million).

Investment in Dundee International REIT

Dundee International REIT is an unincorporated, open-ended real estate investment trust that provides investors with the opportunity to invest in commercial real estate exclusively outside of Canada. At December 31, 2011, Dundee International REIT's portfolio consisted of 292 properties with approximately 12.3 million square feet of gross leasable area, all located in Germany. At December 31, 2011, the Corporation held 2,800,000 units of Dundee International REIT with a market value of \$28.0 million.

Debt

Debt as at December 31, 2011 totalled \$277.6 million (2010 - \$241.6 million).

	Construction Loans	Operating Line	Mortgages and Term Debt	Due to Parent	Total
Balance, January 1, 2010	\$ 43,882	\$ 75,408	\$ 42,715	\$ 72,617	\$ 234,622
Borrowings	59,694	-	43,869	-	103,563
Repayments	(44,183)	-	(54,302)	(10,900)	(109,385)
Net draws against revolving facilities	-	10,592	-	-	10,592
Other	(778)	-	170	2,777	2,169
Balance, December 31, 2010	58,615	86,000	32,452	64,494	241,561
Borrowings	83,272	-	19,192	-	102,464
Repayments	(60,149)	-	(11,623)	-	(71,772)
Reclassification to term debt	(3,400)	-	3,400	-	-
Net draws against revolving facilities	-	2,000	-	-	2,000
Other	78	-	621	2,649	3,348
Balance, December 31, 2011	\$ 78,416	\$ 88,000	\$ 44,042	\$ 67,143	\$ 277,601

The Corporation has established a demand credit facility with its parent. The facility bears interest at a rate equal to the rate charged under the parent's main operating facility (3% at December 31, 2011 and 2010) plus 1% per annum. The amount is secured by a security interest, lien and charge on the properties and assets of the Corporation pursuant to a general security agreement, the payment of which has been subordinated to certain other lenders to the Corporation. The Corporation has received confirmation from its parent that they do not intend to demand payment of amounts borrowed within the next twelve months.

Other than the demand credit facility provided by the Corporation's parent, at December 31, 2011, \$43.9 million (2010 – \$33.5 million) of aggregate debt was subject to a fixed, weighted average interest rate of 7.46% (2010 – 6.96%) and matures between 2012 and 2017. A further \$166.5 million (2010 - \$143.6 million) of real estate debt is subject to a weighted average variable interest rate of 4.12% (2010 – 5.08%) and matures between 2013 and 2018.

Borrowings under the Corporation's revolving term credit facilities are available up to a formula-based maximum not to exceed \$190 million, including \$40 million relating to a temporary "bulge" commitment established in November 2011. At December 31, 2011, the facility bore interest at prime plus 1.75% or at the corporate bankers' acceptance rate plus 3.00%. The "bulge" commitment expires on September 15, 2012, while the remaining balance of \$150 million expires on November 30, 2012. The facility is secured by a general security agreement and first charges against lots and parcels, as well as certain land held for development in Saskatoon, Regina, Calgary and Edmonton. At December 31, 2011, the Corporation had drawn \$167.2 million against its revolving term credit facility, including \$79.2 million in the form of letters of credit.

Subsequent to December 31, 2011, the \$150.0 million revolving term credit facility was increased to \$190.0 million and renewed and extended to November 30, 2013. The renewed facility bears interest at prime plus 1.25% or at the corporate bankers' acceptance rate plus 2.50%.

LIQUIDITY & CAPITAL RESOURCES

The Corporation's capital consists of construction loans, an operating line, mortgages and term debt, shareholder loans and shareholders' equity. The Corporation's objectives in managing capital are to ensure adequate operating funds are available to fund land, housing and condominium development costs, leasing costs and capital expenditures for investment and recreational properties, and to provide for resources needed to acquire new properties and invest in new ventures at reasonable interest costs and to generate a target rate of return on investments.

Various debt and equity ratios are used to monitor capital adequacy and requirements. For debt management, interest coverage ratio and minimum net worth value are the primary ratios used in capital management. Other ratios include weighted average interest rate, average term to debt maturity and variable rate debt as a portion of total debt. These ratios assist the Corporation in assessing that the debt level maintained by the Corporation is sufficient to provide adequate cash flows for land and housing development and other capital expenditures.

Significant Sources and Uses of Cash

Operating Activities

	2011	2010
Operating Activities		
Earnings excluding non-cash items	\$ 68,958	\$ 63,549
Changes in working capital	(19,004)	(44,467)
Acquisition of real estate inventory	(13,049)	(60,114)
Development of real estate inventory	(18,658)	123,561
	\$ 18,247	\$ 82,529

During 2011, the Corporation generated cash flow from operating activities of \$18.2 million compared with cash flow from operating activities of \$82.5 million in the prior year. Due to the longer-term nature of some of the Corporation's real estate projects, operating cash flow may vary from period to period.

Investing Activities

	2011	2010
Investing Activities		
Acquisition of real estate assets	\$ (1,538)	\$ (7,776)
Additions to real estate assets	(1,640)	(4,763)
Net contributions to equity accounted investments	(25,346)	(1,281)
Net (acquisitions) dispositions of financial assets	(19,010)	949
	\$ (47,534)	\$ (12,871)

The Corporation incurred cash outflows from investing activities of \$47.5 million in 2011 (2010 - \$12.9 million). Included in 2011 cash outflows is \$25.3 million of contributions to equity accounted joint venture arrangements, including \$15.3 million invested in the Canary District project. The Corporation also invested \$19.0 million in financial assets, including its investment in Dundee International REIT.

Financing Activities

	2011	2010
Financing Activities		
Net debt transactions	\$ 9,569	\$ 159
Repayment of amounts due to parent company	-	(10,900)
Repayment of Class B preferred shares	-	(47,837)
	\$ 9,569	\$ (58,578)

During 2011, the Corporation repaid \$9.6 million of debt on a net basis. In the prior year, the Corporation paid \$10.9 million towards repayment of debt owing to its parent, and further redeemed Class B preferred shares held by its parent for \$47.8 million.

Cash Requirements

The nature of the real estate business is such that the Corporation requires capital to fund non-discretionary expenditures with respect to existing assets, as well as growth through acquisitions and developments. In 2011, the Corporation generated \$18.2 million of funds from operations (2010 - \$82.5 million). At year end, the Corporation had \$6.8 million (2010 - \$26.5 million) in cash and cash equivalents and it had \$22.8 million available pursuant to its revolving term credit facility. The Corporation's intention is to meet short-term liquidity requirements through funds from operations, working capital reserves and operating debt facilities. In addition, the Corporation anticipates that revenues will continue to provide the cash necessary to fund operating expenses and debt service requirements. Capital may also be generated through dispositions as the Corporation repositions its portfolio in a manner consistent with its stated strategy to maintain a conservative level of debt, while ensuring that sufficient capital is available to execute the Corporation's business plan at all times.

QUARTERLY SEGMENTED RESULTS OF OPERATIONS

Three months ended December 31, 2011 compared with the three months ended December 31, 2010

Gross Margins

	Three months ended December 31, 2011					Three months ended December 31, 2010				
	Revenue	Direct Operating Costs	Management and Administrative	Gross Margin		Revenue	Direct Operating Costs	Management and Administrative	Gross Margin	
Land	\$ 92,815	\$ (61,334)	\$ -	\$ 31,481	34%	\$ 146,573	\$ (91,706)	\$ -	\$ 54,867	37%
Housing and condominiums	28,659	(25,393)	-	3,266	11%	19,566	(16,365)	-	3,201	16%
Investment and recreational properties	9,516	(8,465)	-	1,051	11%	8,189	(7,384)	-	805	10%
Management and administrative	4,407	-	(3,411)	996	23%	3,793	-	(4,520)	(727)	-19%
Total	\$ 135,397	\$ (95,192)	\$ (3,411)	\$ 36,794	27%	\$ 178,121	\$ (115,455)	\$ (4,520)	\$ 58,146	33%

During the fourth quarter of 2011, the Corporation generated gross margins of \$36.8 million or 27% on revenue of \$135.4 million. This compares with revenue of \$178.1 million generating gross margins of \$58.1 million or 33% in the same quarter of 2010. Consistent with year-to-date results, gross margins decreased by \$21.3 million in the current quarter, reflecting lower lot and parcel sales in western Canada compared to the fourth quarter of 2010.

Land

Revenue from land sales in the fourth quarter of 2011 was \$92.8 million, generating gross margins of \$31.5 million or 34%. This compares with revenues of \$146.6 million, generating gross margins of \$54.9 million or 37% in the same quarter of 2010. Gross margins decreased by \$23.4 million, primarily because of substantially lower lot and parcel sales in Edmonton and Calgary compared to 2010. Decreased sales in Edmonton, Calgary and Regina lowered revenues by \$6.3 million, \$81.3 million and \$8.1 million, respectively and decreased gross margins in those markets by \$3.1 million, \$32.2 million and \$2.7 million, respectively. Similarly, a reduction in lot sales related to the Corporation's joint venture interests in Toronto decreased revenues by \$1.2 million and gross margins by \$0.6 million compared to the prior year. Partially offsetting these declines was increasing activity in Saskatoon, resulting in higher revenue and gross margin by \$43.2 million and \$14.5 million, respectively.

Western Canada operations sold 719 lots at an average selling price of \$121,000 per lot in the fourth quarter of 2011, compared to 776 lots at an average selling price of \$157,000 per lot in the same period of 2010. In addition, the Corporation sold 9 parcel acres at an average price of \$659,000 per acre in fourth quarter of 2011 compared to 24 parcel acres sold at \$980,000 per acre in the same quarter of 2010. Through the Corporation's share of joint venture operations in Toronto, 2 lots were sold (2010 – 25) generating revenue of \$0.2 million (2010 - \$1.4 million).

Housing and Condominiums

Revenue from sales of housing and condominium units increased by \$9.1 million to \$28.7 million in the fourth quarter of 2011 compared with \$19.6 million in the same quarter of the prior year. The increase in revenue is attributable to higher sales of single family homes in Regina, as well as first-year sales of condominium units at the Corporation's 2 Gladstone Ave. project in Toronto.

During the fourth quarter of 2011, the Corporation sold 61 single-family homes in western Canada at an average selling price of \$396,000 per home, increasing revenue by \$1.1 million in the fourth quarter of 2011 to \$19.7 million. This compares favourably with 42 homes sold in the fourth quarter of the prior year, where homes were sold at an average price of \$427,000. The increase reflects, in part, high demand for Harbour Landing, Regina's newest subdivision. Offsetting these increased volumes is a winding down of sales in the joint venture housing project in Toronto where two homes were sold in the fourth quarter of 2011 (the Corporation's share of revenues totals \$0.3 million), compared with 23 home closings in the fourth quarter of the prior year (the Corporation's share of revenues totaling \$2.2 million). Also generating housing revenue in the prior year was the sale of housing in the US totaling \$2.0 million.

Revenue from sales of condominium units increased by \$8.0 million to \$9.0 million in the fourth quarter of 2011, due to first year sales of condominium units at 2 Gladstone Ave. in Toronto. Through a joint venture operation, 46 units were occupied in the fourth quarter, generating revenue of \$7.8 million.

Investment and Recreational Properties

Revenue from investment properties increased to \$1.6 million in the fourth quarter of 2011 from \$1.3 million in the same quarter of 2010. Gross margins increased to \$0.9 million, representing a margin of 52.9%. During the fourth quarter of 2011, the fair value of investment properties increased by \$2.0 million, mainly due to increased rental rates and lower capitalization rates.

Revenue from recreational properties increased to \$7.9 million in the fourth quarter of 2011 from \$6.9 million in the same quarter of the prior year, although gross margins declined due to below average snowfall in the quarter.

Management and Administrative

During the fourth quarter of 2011, the Corporation earned \$4.4 million in management and advisory fee revenue, an increase of 16% over management and advisory fee revenue of \$3.8 million earned in the fourth quarter of the prior year. Consistent with year-to-date results, the increase corresponds to increases in acquisition activities by Dundee REIT.

QUARTERLY BUSINESS TRENDS

	2011				2010			
	31-Dec-11	30-Sep-11	30-Jun-11	31-Mar-11	31-Dec-10	30-Sep-10	30-Jun-10	31-Mar-10
Revenue	\$ 135,397	\$ 91,933	\$ 63,066	\$ 52,998	\$ 178,121	\$ 125,625	\$ 92,252	\$ 64,971
Net income	30,448	15,978	5,880	9,832	41,788	22,235	1,731	12,770

Revenue from real estate activities may fluctuate significantly from period to period, due to the timing of project registrations, the cyclical nature of real estate markets and the mix of assets sold. Real estate operations are project driven. Real estate revenue and associated real estate operating costs are only included in operations in periods when a development project is completed and sold. Otherwise, these costs are deferred as real estate inventory or real estate assets. This may cause significant fluctuations in net earnings from period to period.

The Corporation's share of earnings from equity accounted investments is included in net earnings for each quarter. Earnings from each equity accounted investment may fluctuate significantly from period to period and may depend on market forces or other operating conditions that may not necessarily be under the Corporation's direct control.

OFF-BALANCE SHEET ARRANGEMENTS

The Corporation may conduct its real estate activities from time to time through joint ventures with third party partners. At December 31, 2011, the Corporation was contingently liable for the obligations of the other owners of the unincorporated joint ventures in the amount of \$41.8 million (2010 - \$40.3 million). The Corporation has available to it the other venturers' share of assets to satisfy the obligations, if any, that may arise.

The Corporation and its operating subsidiaries may become liable under guarantees that are issued in the normal course of business and with respect to litigation and claims that arise from time to time. In the opinion of management, any liability that may arise from such contingencies would not have a material adverse effect on the consolidated financial statements of the Corporation.

COMMITMENTS AND CONTINGENCIES

	2012	2013	2014	2015	2016	Thereafter
Mortgages	\$ 899	\$ 1,862	\$ 1,737	\$ 3,543	\$ 13,089	\$ 362
Revolving credit facility	88,000	-	-	-	-	-
Construction loans	49,597	28,819	-	-	-	-
Term debt	6,330	11,323	568	4,215	316	-
Amounts due to parent	67,143	-	-	-	-	-
Land commitments	35,406	19,952	-	-	-	-
Provisions for completion	58,052	-	-	-	-	-
Leases and other	774	810	677	448	383	2,485
	\$ 306,201	\$ 62,766	\$ 2,982	\$ 8,206	\$ 13,788	\$ 2,847

The Corporation has commitments under land purchase agreements totalling \$55.4 million as at December 31, 2011 (2010 - \$12.3 million) which will become payable in future periods upon the satisfaction of certain conditions pursuant to such agreement.

Levies relating to signed municipal agreements received by the Corporation at December 31, 2011 may result in future obligations totalling \$3.3 million (2010 - \$3.6 million).

The Corporation is contingently liable for letters of credit and surety bonds that have been provided to support land developments in the amount of \$60.5 million (2010 - \$44.2 million). Offsetting these amounts are deposits of \$20.5 million (2010 - \$8.1 million).

The Corporation has a contingent payment of \$1.9 million that is due in four equal installments in each of 2015, 2016, 2017 and 2018, on satisfaction of certain criteria being met.

TRANSACTIONS WITH RELATED PARTIES

The Corporation has not entered into any transactions with related parties, other than as disclosed in notes 22 and 33 to the 2011 Financial Statements.

ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES

The preparation of the Corporation's consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the related disclosure of contingent assets and liabilities. Critical accounting estimates represent estimates made by management that are, by their very nature, uncertain. The Corporation evaluates its estimates on an ongoing basis. Such estimates are based on historical experience and on various other assumptions that the Corporation believes are reasonable under the circumstances, and these estimates form the basis for making judgments about the carrying value of assets and liabilities and the reported amount of revenues and expenses that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. A summary of the significant judgments and estimates made by management in the preparation and analysis of the Corporation's financial results is included in note 4 to the 2011 Financial Statements.

FINANCIAL INSTRUMENTS

A detailed discussion of the Corporation's strategy and risk management in respect of financial instruments is provided in note 30 to the 2011 Financial Statements.

MANAGING RISK

The risks faced by the Corporation are described in this Circular under "Risk Factors".

APPENDIX “G” – PRO FORMA FINANCIAL STATEMENTS OF DREAM

DREAM UNLIMITED CORP.

PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS

(unaudited)

For the year ended December 31, 2012

DREAM UNLIMITED CORP.
PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(unaudited)
December 31, 2012

(expressed in thousands of Canadian dollars)

	DREAM Unlimited Corp.	Dundee Realty Corporation	Pro Forma Adjustments					31-Dec-12 Pro Forma
			Ref 4-a	Ref 4-b	Ref 4-c	Ref 4-d	Ref 4-e	
ASSETS								
Cash and cash equivalents	-	18,466	-	-	-	-	-	18,466
Accounts receivable	-	212,691	-	-	-	-	-	212,691
Financial assets	-	80,733	-	1,246	-	-	-	81,979
Housing and condominiums inventory	-	138,527	-	-	-	-	-	138,527
Land inventory	-	359,187	-	-	-	-	-	359,187
Investment properties	-	51,008	-	-	-	-	-	51,008
Recreational properties	-	21,709	-	-	-	-	-	21,709
Equity accounted investments	-	65,204	-	-	-	-	-	65,204
Capital and other operating assets	-	42,250	-	-	-	-	-	42,250
Investment in Dundee Realty Corporation	-	-	553,478	38,000	221,376	(812,854)	-	-
TOTAL ASSETS	-	989,775	553,478	39,246	221,376	(812,854)	-	991,021
LIABILITIES								
Accounts payable and other liabilities	-	78,324	-	-	-	-	4,000	82,324
Income and other taxes payable	-	54,622	-	-	-	-	-	54,622
Provision for real estate development costs	-	61,762	-	-	-	-	-	61,762
Customer deposits	-	39,238	-	-	-	-	-	39,238
Construction loans	-	95,372	-	-	-	-	-	95,372
Operating line	-	45,000	-	-	-	-	-	45,000
Mortgages and term debt	-	93,200	-	-	-	-	-	93,200
Due to Dundee Corporation	-	69,938	-	-	-	-	-	69,938
Series 1 Preference Shares	-	-	-	39,246	-	-	-	39,246
Deferred tax liabilities	-	49,978	-	-	-	-	(1,066)	48,912
	-	587,434	-	39,246	-	-	2,934	629,614
SHAREHOLDERS' EQUITY								
Share capital								
DREAM Subordinate Voting Shares	-	-	522,315	-	221,376	-	-	743,691
DREAM Common Shares	-	-	31,163	-	-	-	-	31,163
Dundee Realty Common Shares	-	13,782	-	-	-	(13,782)	-	-
Contributed surplus	-	3,370	-	-	-	(3,370)	-	-
Reorganization adjustment	-	-	-	-	-	(763,584)	-	(763,584)
Retained earnings	-	350,787	-	-	-	(141,006)	(2,934)	206,847
Accumulated other comprehensive income	-	34,402	-	-	-	(11,630)	-	22,772
	-	402,341	553,478	-	221,376	(933,372)	(2,934)	240,889
NON-CONTROLLING INTEREST	-	-	-	-	-	120,518	-	120,518
	-	402,341	553,478	-	221,376	(812,854)	(2,934)	361,407
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	-	989,775	553,478	39,246	221,376	(812,854)	-	991,021

DREAM UNLIMITED CORP.
PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS

(unaudited)

For the year ended December 31, 2012

(expressed in thousands of Canadian dollars, except per share amount)

	DREAM		Dundee		Pro Forma Adjustments		31-Dec-12
	Unlimited Corp.	Corporation	Ref 4-f	Ref 4-g	Ref 4-f	Ref 4-g	Pro Forma
REVENUES	\$ -	\$ 481,574	\$ -	\$ -	\$ -	\$ -	\$ 481,574
OTHER ITEMS IN NET EARNINGS:							
Direct operating costs	-	(338,535)	-	-	-	-	(338,535)
Management and administrative expenses	-	(16,905)	-	-	-	-	(16,905)
Fair value changes in investment properties	-	9,705	-	-	-	-	9,705
Share of losses of equity accounted investments	-	(124)	-	-	-	-	(124)
Investment income	-	11,296	-	-	-	-	11,296
Interest expense	-	(10,461)	(1,968)	-	-	-	(12,429)
NET EARNINGS BEFORE INCOME TAXES	-	136,550	(1,968)	-	-	-	134,582
Income taxes	-	(36,614)	-	-	-	-	(36,614)
NET EARNINGS FOR THE YEAR	\$ -	\$ 99,936	\$ (1,968)	\$ -	\$ -	\$ -	\$ 97,968
NET EARNINGS ATTRIBUTABLE TO:							
Owners of the parent	\$ -	\$ 99,936	\$ (1,968)	\$ (29,935)	\$ -	\$ -	\$ 68,033
Non-controlling interest	-	-	-	29,935	-	-	29,935
	\$ -	\$ 99,936	\$ (1,968)	\$ -	\$ -	\$ -	\$ 97,968
Basic and diluted earnings per share (Note 5)							\$ 0.88

DREAM UNLIMITED CORP.

Notes to the Pro Forma Consolidated Financial Statements

As at and for the year ended December 31, 2012

(Unaudited)

1. CORPORATE REORGANIZATION AND BASIS OF PRESENTATION

DREAM Unlimited Corp. (“DREAM”) will be incorporated, through a series of transactions as outlined below, under the Business Corporations Act (Ontario), and will be domiciled in Canada.

The accompanying unaudited pro forma consolidated financial statements of DREAM have been prepared by management of Dundee Corporation based on historical financial information of Dundee Corporation and Dundee Realty Corporation (“Dundee Realty”), Dundee Corporation’s 70% owned real estate subsidiary. The unaudited pro forma consolidated financial statements have been prepared using accounting policies that are in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board. These unaudited pro forma consolidated financial statements have been prepared for inclusion in the Management Information Circular of Dundee Corporation, dated April 16, 2013, whereby shareholders of Dundee Corporation are being asked to consider a corporate restructuring, through a tax efficient plan of arrangement (the “Arrangement”), that will effectively distribute to the shareholders of Dundee Corporation a 50% interest in Dundee Realty. Whenever used in these unaudited pro forma financial statements, capitalized words shall have the meaning set out in the Management Information Circular, unless the context otherwise requires.

In these unaudited pro forma consolidated financial statements, the Arrangement is being accounted for as a corporate reorganization and accordingly, Dundee Corporation has applied the predecessor values method of accounting and recognized the identifiable assets and liabilities of Dundee Realty being transferred to DREAM pursuant to the Arrangement at Dundee Realty’s historical carrying values, with no fair value adjustments. The associated earnings from the net assets being transferred to DREAM have been reflected as if 70% of the net assets of Dundee Realty had always been owned by DREAM.

The unaudited pro forma consolidated statement of financial position as at December 31, 2012, and the unaudited pro forma consolidated statement of operations for the year ended December 31, 2012 (together, the “unaudited pro forma consolidated financial statements”) have been prepared from information derived from the audited consolidated financial statements of Dundee Realty for the year ended December 31, 2012. These unaudited pro forma consolidated financial statements do not include all of the information and disclosures required by IFRS for annual consolidated financial statements and therefore, these unaudited pro forma consolidated financial statements should be read in conjunction with the Management Information Circular and with the audited consolidated financial statements of Dundee Realty, including the accompanying notes thereto, included in the Management Information Circular.

The unaudited pro forma consolidated statement of financial position as at December 31, 2012 gives effect to the Arrangement, as more fully described in the Management Information Circular, as if it had occurred on December 31, 2012. The unaudited pro forma consolidated statement of operations for the year ended December 31, 2012 gives effect to the Arrangement, as more fully described in the Management Information Circular, as if it had occurred on January 1, 2012.

The unaudited pro forma consolidated financial statements are not necessarily indicative of the results that would have occurred had the Arrangement been consummated at the dates indicated, nor are they necessarily indicative of future operating results or the future financial position of DREAM.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Other than the application of the predecessor values method of accounting as outlined in note 1 above, accounting policies used in the preparation of these unaudited pro forma consolidated financial statements conform to the accounting policies used by Dundee Realty in the preparation of its audited consolidated financial statements as at and for the year ended December 31, 2012, prepared in accordance with IFRS. Additional significant accounting policies that arise as a result of the Arrangement include:

- *5.50% Cumulative Redeemable First Preference Shares, Series 1 (“DREAM Series 1 Preference Shares”)*
The DREAM Series 1 Preference Shares will be classified as financial liabilities for reporting purposes as they may be converted at the sole discretion of DREAM, into a variable number of DREAM Subordinate Voting Shares, or may otherwise be redeemed at the option of the holder, at or after a particular date, for a fixed or determinable amount.

The redemption option feature of the DREAM Series 1 Preference Shares meets the definition of an embedded derivative, as the economic risks and characteristics of the redemption option are not closely related to that of the DREAM Series 1 Preference Shares. Accordingly, the embedded redemption option has been bifurcated from the DREAM Series 1 Preference Shares and has been recognized in the unaudited pro forma consolidated statement of financial position as a derivative financial instrument and included with other financial assets, with a corresponding increase in the carrying value of the DREAM Series 1 Preference Shares.

- *Non-controlling Interest*
Non-controlling interest represents equity interests of Dundee Realty owned by an outside party. The share of net assets, net retained earnings and accumulated other comprehensive income of Dundee Realty attributable to non-controlling interest is presented as a component of equity. Changes in DREAM’s interest in Dundee Realty that do not result in a loss of control of Dundee Realty are accounted for as equity transactions.
- *Per Share Information*
Basic earnings per share is computed by dividing DREAM’s net earnings attributable to owners of the parent by the weighted average number of DREAM Subordinate Voting Shares and DREAM Common Shares outstanding during the year. Diluted earnings per common share, where applicable, is calculated by adjusting the weighted average number of shares outstanding for dilutive instruments by applying the treasury stock method.

3. BACKGROUND TO THE UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS

At December 31, 2012, Dundee Corporation directly and indirectly owns 70% of outstanding Dundee Realty Common Shares and 70% of outstanding Dundee Realty Class C Shares. Dundee Corporation also owns all of the outstanding Class F preferred shares of Dundee Realty, which have a carrying value of \$nil in the consolidated financial statements of Dundee Realty. The remaining 30% interest in Dundee Realty and the Class D preferred shares of Dundee Realty (which also have a carrying value of \$nil in the consolidated financial statements of Dundee Realty) are owned by the non-controlling shareholder of Dundee Realty.

As outlined in the Management Information Circular, the Arrangement consists of a series of transactions known as a butterfly reorganization that effectively will result in Dundee Corporation transferring its 70% interest in Dundee Realty, including Dundee Realty Common Shares and Dundee Realty Class C Shares, on a tax-efficient basis to DREAM, in exchange for shares of DREAM. Dundee Corporation will indirectly retain its interest in the Class F preferred shares of Dundee Realty.

As part of the series of transactions that give rise to the Arrangement, Dundee Corporation will effectively distribute to its shareholders certain shares of DREAM, such that the shareholders of Dundee Corporation will hold an approximate 71.43% interest in DREAM (representing an approximate indirect 50% interest in Dundee Realty). The balance of the DREAM shares, representing an approximate 28.57% interest in DREAM, will be held by Dundee Corporation, providing it with an approximate indirect 20% interest in Dundee Realty. Holders of Dundee Series 1 Preference Shares will also participate in the Arrangement and will receive DREAM Series 1 Preference Shares, as more fully explained in the Management Information Circular under the section entitled “*The Arrangement*”.

The non-controlling shareholder’s 30% interest in Dundee Realty will not be affected by the Arrangement and will be reflected as non-controlling interest in the consolidated financial statements of DREAM.

The terms and conditions of the shares to be issued by DREAM, including the terms and conditions of the DREAM Series 1 Preference Shares are outlined in the section entitled “*The Arrangement*” of the Circular.

4. PRO FORMA ASSUMPTIONS AND ADJUSTMENTS TO THE PRO FORMA UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

Assumptions

Dundee Corporation has made the following assumptions in respect of the Arrangement in preparing these unaudited pro forma consolidated financial statements:

- DREAM Subordinate Voting Shares will trade at \$10.00 per share upon completion of the Arrangement;
- As DREAM Common Shares are exchangeable on a one-for-one basis for DREAM Subordinate Voting Shares, the assumed value attributable to DREAM Common Shares will be \$10.00 per share, consistent with the value of DREAM Subordinate Voting Shares;
- DREAM will issue:
 - 52,231,478 DREAM Subordinate Voting Shares to holders of Dundee Subordinate Voting Shares on a one-for-one basis;
 - 3,116,333 DREAM Common Shares to holders of Dundee Common Shares on a one-for-one basis;
 - 22,137,575 DREAM Subordinate Voting Shares to Dundee Corporation; and
 - 6,000,000 DREAM Series 1 Preference Shares with a liquidation amount of \$6.33 per share to holders of Dundee Series 1 Preference Shares

pursuant to the Arrangement and in exchange for the transfer to DREAM of Dundee Corporation’s 70% interest in Dundee Realty Common Shares and Dundee Realty Class C Shares.

Adjustments

- a) To record the issuance of: (i) 52,231,478 DREAM Subordinate Voting Shares with stated capital of \$522,315,000; and (ii) 3,116,333 DREAM Common Shares with stated capital of \$31,163,000.
- b) To record the issuance of 6,000,000 DREAM Series 1 Preference Shares with an aggregate value of \$38,000,000, representing a liquidation amount of \$6.33 per share and to record the embedded derivative associated with the redemption option of \$1,246,000.

- c) To record the issuance of 22,137,575 DREAM Subordinate Voting Shares with stated capital of \$221,376,000.
- d) To record the elimination of Dundee Realty's equity, less retained earnings and accumulated other comprehensive income of Dundee Realty allocated to DREAM on a retrospective basis, against DREAM's investment in Dundee Realty, and to record the non-controlling shareholder's 30% interest in the net assets of Dundee Realty. The difference between the stated capital of DREAM's issued shares and the previously recorded share capital and contributed surplus of Dundee Realty, and other minor adjustments, have been reflected in these unaudited pro forma consolidated financial statements as a component of shareholders' equity and have been described as "Reorganization adjustment".
- e) To record the anticipated transaction costs associated with completing the Arrangement attributable to DREAM of \$4,000,000, before associated income taxes of \$1,066,000.
- f) To record dividends of \$2,090,000 relating to the \$38,000,000 DREAM Series 1 Preference Shares for the year ended December 31, 2012, net of a \$122,000 gain related to changes in the fair value of the associated embedded derivative.
- g) To record the non-controlling shareholder's 30% interest in the net earnings of Dundee Realty for the year ended December 31, 2012 of \$29,935,000.

5. PRO FORMA PER SHARE INFORMATION

(expressed in thousands of Canadian dollars, except shares outstanding and per share amounts)

	For the year ended 31-Dec-12
Weighted average number of DREAM Subordinate Voting Shares and DREAM Common Shares outstanding	-
Pro Forma Adjustments:	
Issuance of DREAM Subordinate Voting Shares	74,369,053
Issuance of DREAM Common shares	3,116,333
Pro Forma weighted average number of shares outstanding	77,485,386
Net earnings attributable to owners of the parent	\$ 68,033
Basic and diluted pro forma earnings per share	\$ 0.88

The number of outstanding basic and diluted DREAM shares used in the calculation of earnings per share for the year ended December 31, 2012 is 77,485,386, and reflects the anticipated issuance of 74,369,053 DREAM Subordinate Voting Shares and 3,116,333 DREAM Common Shares. Furthermore, the 6,000,000 DREAM Series 1 Preference Shares will have a conversion feature at the option of DREAM that may, if such conversion feature is exercised by DREAM, dilute earnings per share. The dilutive effect of DREAM Series 1 Preference Shares has not been factored into the earnings per share calculation as management of DREAM has indicated their intent not to exercise such conversion option. There are no other dilutive securities currently outstanding as part of the Arrangement.

APPENDIX “H” – DUNDEE POST-ARRANGEMENT

Unless the context otherwise requires, capitalized terms used in this Appendix “H” that are not defined herein have the meanings ascribed to such terms in the section entitled “Glossary of Terms” in the Management Information Circular to which this Appendix “H” is attached.

The following is a summary description of Dundee after giving effect to the Arrangement, including a description of certain material changes to the description of Dundee contained in Dundee’s publicly filed documents incorporated by reference herein.

DESCRIPTION OF THE BUSINESS

Following completion of the Arrangement, Dundee will continue to be a Canadian holding company, and through its operating subsidiaries, Dundee will continue to engage in diverse business activities in the areas of its core competencies, including investment advisory, corporate finance and private equity investment in real estate and infrastructure, energy, resources and agriculture. The asset management activities of Dundee are carried out by Dundee’s wholly-owned subsidiary, Goodman Investment Counsel Inc., which is also the manager of the CMP and Canada Dominion Resources flow-through limited partnerships as well as Goodman Gold Trust. Dundee’s capital markets and personal investment advisory services business is carried out through the “Dundee Capital Markets” and “Dundee Goodman Private Wealth” divisions of its wholly-owned subsidiary, Dundee Securities Ltd. Dundee Securities Ltd. is a full-service Canadian investment dealer, with offices in Toronto, Montreal, Vancouver and Calgary and its sister firm, Dundee Securities Europe LLP is based in London, England. Principal business activities carried out under the Dundee Securities brand include investment banking, mergers and acquisitions, institutional sales and trading, investment, research, private client financial advisory services and management of investment products and are focused on specific sectors, namely, resources, real estate, infrastructure, agriculture and other special situations.

The Company will also continue to hold, directly and indirectly, a portfolio of investments mostly in the core focus areas listed above, as well as other select investments in both publicly listed and private companies. Energy and resource operations include Dundee’s ownership in Dundee Energy Limited (formerly, Eurogas Corporation), an oil and natural gas company with a mandate to create long term value through the development of high impact energy projects. Dundee also holds a portfolio of other investments in the resource sector. Agricultural activities are carried out through Dundee Agricultural Corporation and its subsidiary, Blue Goose Capital Corporation, a privately-owned Canadian company with a leading position in the organic and natural beef production market with operations in both British Columbia and Ontario.

Following completion of the Arrangement, Dundee will own, directly or indirectly, DREAM Subordinate Voting Shares representing approximately 28.57% of the total number of outstanding DREAM Subordinate Voting Shares and DREAM Common Shares upon completion of the Arrangement, and thereby retain an approximate indirect 20% interest in the DRC Shares.

Additional information relating to Dundee has been incorporated by reference herein under the section entitled “*Documents Incorporated by Reference*” of this Appendix “H”.

SHARE CAPITAL

As one of the final steps of the Arrangement, the articles of amalgamation of Dundee will be amended by deleting the Dundee Butterfly Shares, the Dundee Convertible Butterfly Shares, the Dundee Subordinate Voting Shares, the Dundee Common Shares and the Dundee Series 1 Preference Shares from the share capital which Dundee is authorized to issue. As a result of these amendments, immediately following the Arrangement, Dundee will continue to have the same authorized capital as prior to the Arrangement and the Dundee New Subordinate Voting Shares, Dundee New Common Shares, Dundee New Series 4 Preference Shares and Dundee Series 2 Preference Shares will be the only classes of shares outstanding in the capital of Dundee. The rights, privileges, restrictions and conditions attaching to the Dundee New Subordinate Voting Shares and Dundee New Common Shares will be identical to those

currently attaching to the Dundee Subordinate Voting Shares and Dundee Common Shares, respectively. All outstanding Dundee Series 1 Preference Shares will be cancelled pursuant to the Arrangement and 6,000,000 Dundee New Series 4 Preference Shares (assuming no Dissent Rights are exercised by holders of Dundee Series 1 Preference Shares) will be created and issued pursuant to the Arrangement. The rights, privileges, restrictions and conditions attaching to the Dundee New Series 4 Preference Shares are substantially similar to those currently attaching to the Dundee Series 1 Preference Shares other than as they relate to redemption rights, conversion rights and prices, dividend amounts and amounts distributable upon winding up and dissolution, each of which is set out below. The Dundee Series 2 Preference Shares, and the rights, privileges, restrictions and conditions attaching thereto, are not subject to the Arrangement.

Dundee New Series 4 Preference Shares

The Dundee New Series 4 Preference Shares (along with each other series of Dundee First Preference Shares) will, with respect to the payment of dividends and the distribution of assets in the event of the liquidation, dissolution or winding-up of Dundee, rank on a parity with the Dundee First Preference Shares of every other series and senior to the Dundee New Subordinate Voting Shares and Dundee New Common Shares as well as second preference shares and third preference shares in the capital of Dundee.

Except in accordance with any voting rights which may be attached to any series of Dundee First Preference Shares (including the Dundee New Series 4 Preference Shares) or as otherwise provided by law, the holders of Dundee First Preference Shares are not entitled, as such, to receive notice of, or to attend, any meeting of shareholders of Dundee, nor are they entitled to vote at any such meeting; provided that such holders shall be entitled to receive notice of any meetings of shareholders of Dundee called for the purpose of authorizing the dissolution of Dundee or the sale, lease or exchange of all or substantially all of its property. The approval of holders of Dundee First Preference Shares as a class to any matters which, by law, require such approval, may be given by the affirmative vote of holders of not less than two-thirds of the Dundee First Preference Shares represented and voted at a meeting called and held for such purpose.

Redemption Rights

The Dundee New Series 4 Preference Shares will be redeemable at the option of Dundee for a cash redemption price determined with reference to the liquidation amount of such shares. For illustrative purposes, if the liquidation amount is \$18.67, the redemption price will be:

- \$19.23 per Dundee New Series 4 Preference Share, if redeemed prior to June 30, 2013;
- \$19.04 per Dundee New Series 4 Preference Share, if redeemed on or after June 30, 2013 and prior to June 30, 2014;
- \$18.86 per Dundee New Series 4 Preference Share, if redeemed on or after June 30, 2014 and prior to June 30, 2015; and
- \$18.67 per Dundee New Series 4 Preference Share, at any time on or after June 30, 2015,

together with all accrued and unpaid dividends thereon.

Prior to June 30, 2016, a holder of Dundee New Series 4 Preference Shares will not be able to require Dundee to redeem any Dundee New Series 4 Preference Shares. On or after June 30, 2016, a holder of Dundee New Series 4 Preference Shares will be able to require Dundee to redeem such shares for a cash price equal to the redemption price applicable on or after June 30, 2015, together with all accrued and unpaid dividends thereon.

Conversion Rights

Subject to compliance with all applicable laws, including receipt of all necessary regulatory approvals, the Dundee New Series 4 Preference Shares will be convertible, at the option of Dundee, into Dundee New Subordinate Voting Shares at any time prior to June 30, 2016.

The number of Dundee New Subordinate Voting Shares into which each Dundee New Series 4 Preference Share may be so converted will be determined by dividing the then applicable redemption price per Dundee New Series 4 Preference Share, together with all accrued and unpaid dividends up to but excluding the date fixed for conversion, by the greater of: (i) \$2.00; and (ii) 95% of the weighted average trading price of the Dundee New Subordinate Voting Shares on the TSX for the 20 consecutive trading days ending on the fourth day prior to the date specified for conversion or, if such fourth day is not a trading day, the immediately preceding trading day.

Dividends

The holders of Dundee New Series 4 Preference Shares will be entitled to receive quarterly fixed cumulative preferential cash dividends, if, as and when declared by the Dundee Board, in an amount expected to be equal to \$0.93352 per share per annum (less any tax required to be deducted and withheld by Dundee from payments to non-residents) to accrue daily from and including the original date of issue, payable on the last day of March, June, September and December in each year.

Winding Up, Dissolution

In the event of the liquidation, dissolution or winding up of Dundee, holders of Dundee New Series 4 Preference Shares will be entitled to receive from the assets of Dundee an amount expected to be equal to \$18.67 per Dundee New Series 4 Preference Share, together with an amount equal to all accrued but unpaid dividends thereon, before any amount shall be paid by Dundee to holders of any shares ranking junior as to capital to the Dundee New Series 4 Preference Shares.

Dundee intends to confirm the liquidation amount, redemption prices and dividend amount of the Dundee New Series 4 Preference Shares by way of a press release to be issued on the date that the Arrangement is completed.

MARKET FOR NEW DUNDEE SHARES

The Dundee Subordinate Voting Shares, Dundee Series 1 Preference Shares and Dundee Series 2 Preference Shares are currently listed on the TSX. The Dundee Series 2 Preference Shares will continue to be listed on the TSX following the completion of the Arrangement and the receipt of the conditional approval of the TSX for the continued listing of the Dundee New Subordinate Voting Shares and the listing of the Dundee New Series 4 Preference Shares to be issued pursuant to the Arrangement is a condition precedent to the completion of the Arrangement under the terms of the Arrangement Agreement. Dundee will not proceed with the Arrangement unless the TSX has conditionally approved the listing of such shares.

DIVIDEND POLICY

Following the Arrangement, the practice of Dundee will continue to be to pay dividends to the holders of the Dundee New Series 4 Preference Shares and Dundee Series 2 Preference Shares. In the two years preceding the date of the Management Information Circular, Dundee has paid dividends on a quarterly basis in the amounts of \$0.3125 and \$0.42188 per Dundee Series 1 Preference Share and Dundee Series 2 Preference Share, respectively.

Dundee has not established a dividend policy with respect to the Dundee New Subordinate Voting Shares or the Dundee New Common Shares. Any future determination to pay dividends is in the discretion of the Board and will depend upon the financial condition, results of operations and capital requirements of Dundee and such other factors as the Board considers relevant.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents, filed with the Canadian securities commissions under Canadian securities legislation, are specifically incorporated by reference herein and in the Management Information Circular and form an integral part hereof and thereof:

- 2012 Annual Information Form;
- audited annual consolidated financial statements of Dundee for the years ended December 31, 2012 and 2011;
- management's discussion and analysis of Dundee for the year ended December 31, 2012;
- management proxy circular of Dundee dated May 9, 2012 with respect to the annual meeting of shareholders held on June 7, 2012;
- material change report of Dundee dated February 2, 2012 with respect to the completion of a plan of arrangement regarding the acquisition by Dundee of all of the outstanding shares of Dundee Capital Markets Inc. not previously owned by Dundee; and
- material change report of Dundee dated December 20, 2012 with respect to the Arrangement.

Any document described in Section 11.1 of Form 44-101F1 of National Instrument 44-101 – *Short-Form Prospectus Distributions* that is filed by Dundee with a securities commission or any similar authority in Canada after the date of the Management Information Circular and prior to the Effective Date (or if Dundee announces that the Arrangement will not be completed, prior to the date of the Meeting) will be deemed to be incorporated by reference in the Management Information Circular.

Any statement contained in the Management Information Circular (including the Appendices thereto) or in a document incorporated or deemed to be incorporated by reference in the Management Information Circular will be deemed to be modified or superseded for purposes of the Management Information Circular to the extent that a statement contained in the Management Information Circular or in any subsequently filed document which also is or is deemed to be incorporated by reference in the Management Information Circular modifies or supersedes such statement. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of the Management Information Circular. The making of a modifying or superseding statement will not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made.

APPENDIX “I” – DUNDEE CORPORATE GOVERNANCE

Unless the context otherwise requires, capitalized terms used in this Appendix “I” that are not defined herein have the meanings ascribed to such terms in the section entitled “Glossary of Terms” in the Management Information Circular to which this Appendix “I” is attached.

Board of Directors

The Board is responsible for oversight of the business and affairs of Dundee, including Dundee’s strategic planning and direction, identifying the principal risks of Dundee’s business and ensuring the implementation of systems to manage risk, succession planning and creating a culture of integrity throughout the organization. The Board discharges its responsibilities directly and through the committees of the Board: the Audit Committee, the Corporate Governance and Nominating Committee, the Compensation Committee and the Executive Committee. Each committee of the Board operates under a formal charter or mandate which is reviewed, and if necessary, updated on an annual basis. In fulfilling its responsibilities, the Board delegates day-to-day authority to management of Dundee, while reserving the ability to review management decisions and exercise final judgment on any matter. While the Board has not adopted a formal board mandate, management of Dundee reviews with the Board on a periodic basis its strategic plan and delivers to the Board ongoing reports on the status of the business and operations of Dundee. In addition, in accordance with applicable legal requirements and historical practice, all matters of a material nature are presented by management to the Board for approval.

Corporate Strategy

The Board believes that management is responsible for the development of Dundee’s long-term strategy, while the role of the Board is to review, question, validate and propose changes to the strategy, with a view to arriving at an approved strategy to be implemented. The Board reviews Dundee’s long-term strategy on a regular basis.

Composition of the Board

As at December 31, 2012, the Board was comprised of thirteen directors. The Board is of the view that the size of the Board allows for a diversity of experience and knowledge and is appropriate to foster and promote effective decision making and oversight of Dundee. The Board is comprised of a majority of unrelated directors. The Board has not established fixed term limits for directors as it is of the view that such a policy would have the effect of forcing directors to resign from the Board who have developed, over a period of service, increased insight into Dundee and its business and who therefore can be expected to make increasingly valuable contributions to the Board.

Individual Elections and Majority Voting Policy

Voting for the election of the directors is conducted on an individual, and not slate, basis.

In March 2013, Dundee adopted a majority voting policy for the election of directors. Accordingly, if a director standing for election or re-election in an uncontested election does not receive the vote of at least a majority of the votes cast at any meeting for the election of directors at which a quorum is present, the director will promptly tender his or her resignation to the Board. Within 90 days after the certification of the election results, the Board will decide, through a process managed by the Corporate Governance and Nominating Committee, whether to accept or reject the resignation and the Board’s decision will be publicly disclosed.

Outside Directorships

The following table provides a listing of other reporting issuers for which the current members of the Board served as directors as at April 10, 2013:

Name	Directorship(s) with Other Reporting Issuers
Normand Beauchamp	BTB Real Estate Investment Trust
Michael Cooper	Dundee International REIT, Dundee REIT, United Corporations Limited, Dundee Industrial REIT and Atrium Mortgage Investment Corporation
David Goodman	Dundee REIT
Jonathan C. Goodman	Avala Resources Ltd., Cogitore Resources Inc., Dunav Resources Ltd., Dundee Precious Metals Inc. and Sabina Gold & Silver Corp.
Ned Goodman	360 VOX Corporation, Corona Gold Corporation, Dundee Energy Limited, Dundee International REIT, Dundee REIT, Eurogas International Inc., Ryan Gold Corp. and Woulfe Mining Corp.
Harold (Sonny) Gordon	Dorel Industries Inc. and Pethealth Inc.
Ellis Jacob	Cineplex Inc.
Dr. Frederick H. Lowy	-
Garth A. C. MacRae	Dundee Energy Limited, Dundee Precious Metals Inc., GeneNews Limited and Uranium Participation Corporation
Robert McLeish	Airboss of America Corp.
K. Barry Sparks	Cencotech Inc. and Muskrat Minerals Inc.
Jeremy Soames	Instinct Europe Limited, Barbican Managing Agency Ltd. and Harrods Bank Limited
A. Murray Sinclair	Allied Nevada Gold Corp., Elgin Mining Inc., Gabriel Resources Ltd., Nebo Capital Corp., Ram Power Corp. and Sprott Resource Lending Corp.

Director Independence

Of the thirteen directors nominated for election, the Board has determined that nine are independent, as that term is defined in NI 52-110, including Mr. Robert McLeish, the lead director of the Board. NI 52-110 defines an “independent director” as a director who has no direct or indirect material relationship with Dundee. A “material relationship” is defined as a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of such member’s independent judgment, and certain relationships are deemed to be material.

The Board has determined that all of the directors are independent, except: (i) Mr. Ned Goodman is not independent by virtue of his position as President and Chief Executive Officer of Dundee; (ii) Mr. David Goodman is not independent because he was the President and Chief Executive Officer of DundeeWealth Inc., which was formerly a major operating subsidiary of Dundee; (iii) Mr. Michael Cooper is not independent because he is the President and Chief Executive Officer of Dundee Realty; and (iv) Mr. Harold (Sonny) Gordon is not independent on account of the fact that, having been awarded a special bonus in connection with the sale of DundeeWealth Inc. to The Bank of Nova Scotia in 2011, he is deemed to have a material relationship with Dundee under NI 52-110.

The Board has established procedures to enable it to function independently of management and to facilitate open and candid discussions among the independent directors. The Board holds *in camera* independent director meetings following scheduled Board meetings. In 2012, the Board held six *in camera* independent director meetings. In addition to the above-noted independence measures, all committees of the Board (other than the Executive Committee, which was established in March 2013) are comprised entirely of independent directors and independent directors engage in informal discussions outside of regularly scheduled Board meetings.

Succession Planning

The Board regards management succession as an ongoing activity to be reviewed by the Board, with input from management, as appropriate.

Role of the Chairman of the Board and the Chief Executive Officer

While the Board has not adopted a written position description for the Chairman of the Board or for the Chief Executive Officer of Dundee, the roles of each are well established. The responsibilities of Mr. Harold (Sonny) Gordon, the Chairman of the Board, include the efficient organization and operation of the Board. The Chairman of the Board is also responsible for ensuring effective communication between the Board and management and that the Board effectively carries out its mandate.

The corporate objectives for which the Chief Executive Officer is responsible are determined by strategic and financial plans initiated by the Chief Executive Officer, and developed with input from the Board.

Role of the Lead Director

Mr. Robert McLeish, an independent director, was appointed as lead director of the Board effective March 26, 2012. In this capacity, Mr. McLeish chairs meetings of the independent directors and assumes other responsibilities which non-management directors may designate from time to time.

Compensation of Chief Executive Officer

The Compensation Committee, when reviewing the compensation of the Chief Executive Officer, makes an overall assessment of the performance of the Chief Executive Officer in directing Dundee in the execution of its strategic plan and corporate objectives, reviews the compensation of the Chief Executive Officer against the achievement of such objectives as well as against the compensation paid to other chief executive officers in the asset management industry, and recommends to the Board the approval of the Chief Executive Officer's compensation package. See *"Annual Meeting Matters – Executive Compensation – Compensation Discussion and Analysis"* in the Management Information Circular for further information relating to the compensation of the Chief Executive Officer.

Disclosure and Insider Trading Policy

The Board has approved a disclosure policy (the **"Disclosure Policy"**) that is designed to formalize Dundee's policies and procedures relating to the dissemination of material information. The Disclosure Policy designates certain employees as authorized spokespersons of Dundee and establishes disclosure guidelines for determining whether information is material and how it is to be disclosed. The Disclosure Policy also includes procedures designed to avoid selective disclosure and to ensure that timely and accurate information is provided by the consolidated subsidiaries of Dundee to senior management of Dundee for inclusion in Dundee's statutory disclosure documents. Disclosed information is released through mailings to shareholders, newswire services, the general media and Dundee's website and/or SEDAR. The Board and, as applicable, the Audit Committee, approve the statutory disclosure documents prior to their distribution to shareholders.

Director Attendance

Board members are expected to attend all board meetings and meetings of committees of the Board on which they serve. Each current directors' attendance record during the 2012 financial year is disclosed under the heading *"Annual Meeting Matters – Election of Directors – The Nominated Directors"* in the Management Information Circular.

Compensation of Directors

The composition and responsibilities of the Compensation Committee, which determines directors' compensation are described more fully below. Further details on director compensation can be found under the heading "Annual Meeting Matters – Compensation of Directors" in the Management Information Circular.

Orientation and Continuing Education

Dundee has adopted various practices with respect to the orientation and ongoing education of its directors. Directors of Dundee are provided with a directors' information guide updated on a periodic basis which contains information about Dundee and its affiliates, Dundee's recent regulatory filings such as its annual information form and proxy material, the regulatory environment applicable to Dundee and its subsidiaries, the reporting requirements of the directors of Dundee, information with respect to the committees of the Board and the written mandates of each such committee and certain policies and procedures of the Board. Directors of Dundee are kept informed of best practices with respect to the role of the Board and of emerging trends that are relevant to their roles as directors. Dundee may hold Board retreats which assist with the orientation of new Board members, as necessary, and provide Board members with an opportunity to interact with, and gain exposure to, the executive management team. Dundee may also make available to its directors, at Dundee's expense, certain third-party professional development courses to further enhance the education of Dundee's directors. In the event that a new director is elected or appointed to the Board, he or she will be given the opportunity to meet with senior management and other directors of Dundee in order to become familiar with the business and activities of Dundee and his or her responsibilities as a director of Dundee.

Ethical Business Conduct

Dundee is committed to conducting its business in compliance with all applicable laws and regulations and in accordance with the highest standard of ethical principles.

The Board has not adopted a written code of business conduct and ethics, however, in addition to the relevant provisions of the OBCA applicable to directors of Dundee, directors are required to disclose all actual or potential conflicts of interest. Also, directors of Dundee are required to recuse themselves from any discussion or decision on any matter in which the director is precluded from voting as a result of a conflict of interest. The Board and Dundee promote a "tone at the top" culture intended to instill ethics, openness, honesty and accountability throughout the organization.

Dundee permits the Board, any committee thereof, and any individual director to engage independent external advisors at the expense of Dundee when necessary.

Audit Committee

Members at end of 2012: Messrs. K. Barry Sparks (Chairman), Normand Beauchamp, Ellis Jacob, Garth A. C. MacRae and Robert McLeish.

The Audit Committee is comprised of five independent directors and is mandated to assist the Board in fulfilling applicable public company obligations respecting audit committees and its oversight responsibilities with respect to financial reporting. Each of the members of the Audit Committee is financially literate within the meaning of NI 52-110. An individual is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by Dundee's financial statements. The Audit Committee is responsible for overseeing, among other matters, the work of Dundee's external auditor, the integrity of Dundee's financial statements and financial reporting process, the qualifications and independence of the external auditor and the work of Dundee's financial management and external auditor in these areas. The Audit Committee reviews and recommends to the Board for approval, Dundee's annual and interim consolidated financial statements and related management's discussion and analysis and selected disclosure documents, including information pertaining to the Audit Committee contained in Dundee's

annual information form and any other financial information required by regulatory authorities, in each case, before they are released to the public or filed with the appropriate regulators. The Audit Committee reviews its charter at least annually and recommends changes to the Board with respect to its charter, as necessary.

Through the Audit Committee, the directors also monitor the principal financial risks and the implementation of Dundee's risk management systems. Such principal risks and the implementation of systems to manage these risks are disclosed in the 2012 Annual Information Form and in Dundee's management's discussion and analysis for the year ended December 31, 2012. In addition, in accordance with NI 52-110, the Audit Committee ensures that there are procedures in place for the receipt, retention and treatment of complaints received by Dundee regarding accounting, internal accounting controls or auditing matters and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters. In this regard, Dundee has established a Whistleblower Policy outlining such confidential reporting process.

For additional information about the Audit Committee see the section "*Audit Committee*" beginning on page 45 of the 2012 Annual Information Form. The 2012 Annual Information Form is available on SEDAR at www.sedar.com.

Corporate Governance and Nominating Committee

Members at end of 2012: Dr. Frederick H. Lowy (Chairman) and Messrs. Robert McLeish and Ellis Jacob.

In 2012, the Corporate Governance and Nominating Committee was comprised of three members, each of whom was an independent director. The Corporate Governance and Nominating Committee is responsible for developing Dundee's approach to corporate governance issues and is charged with enhancing Dundee's governance through an ongoing assessment of Dundee's approach to corporate governance. The Corporate Governance and Nominating Committee also coordinates an annual evaluation of the Board, identifies individuals qualified to become Board members and recommends such individuals to the Board for nomination for election to the Board in consultation with the Chairman and the Chief Executive Officer of Dundee.

The mandate of the Corporate Governance and Nominating Committee includes reviewing the size and overall composition of the Board with a view to assisting the Board in determining whether it is appropriate to undertake a program to increase or decrease the number of directors of Dundee, reviewing proposed new nominees to the Board and reviewing and assessing, on a periodic basis, the performance and contribution of the directors of Dundee. Typically, directors of Dundee complete self-evaluation, corporate governance evaluation and assessment of Board performance evaluation forms in this regard.

In respect of 2012, the Corporate Governance and Nominating Committee conducted a survey of the directors of Dundee with respect to their views on the effectiveness of the Board, each committee of the Board and its Chairman and, at the request of the Audit Committee, provided similar evaluation forms to members of the Audit Committee. The results of these assessments are used by the Board and its committees to evaluate past performance and identify areas for continued improvement. In addition, the Corporate Governance and Nominating Committee:

- conducted the annual review of its mandate and recommended the approval of such mandate to the Board;
- reviewed and approved the corporate governance disclosure contained in this Appendix "I"; and
- reviewed and confirmed the independence of Board members.

On March 26, 2012, Mr. Robert McLeish replaced Mr. Harold (Sonny) Gordon as a member of the Corporate Governance and Nominating Committee. Mr. Harry R. Steele was also a member of the Corporate Governance and Nominating Committee until June 7, 2012, at which time he was replaced by Mr. Ellis Jacob as a member of the Corporate Governance and Nominating Committee.

Compensation Committee

Members at end of 2012: Messrs. Robert McLeish (Chairman), Normand Beauchamp and A. Murray Sinclair.

In 2012, the Compensation Committee was comprised of three members, each of whom was an independent director. The Compensation Committee is charged with overseeing the administration of Dundee's equity compensation plans, discharging the Board's responsibilities relating to the compensation of certain of Dundee's executives, reviewing and making recommendations on director compensation, and preparing Dundee's report on executive compensation, as required by applicable securities laws.

As part of its oversight of the implementation of Dundee's compensation plans, the Compensation Committee reviews and makes recommendations to the Board with respect to the adoption of, or amendments to, the incentive compensation and equity compensation plans of Dundee. The Compensation Committee also approves the compensation for certain senior executives and makes recommendations to the Board respecting approval of the Chief Executive Officer's compensation package. In setting compensation, the Compensation Committee considers all factors it deems relevant, including individual performance, Dundee's performance and relative shareholder return, the value of similar incentive awards to those with similar responsibilities at comparable companies and the awards given by Dundee in prior years. In addition, the Compensation Committee reviews the adequacy of the compensation of directors of Dundee, including the Chairman of each of the committees of the Board, to ensure that their compensation adequately reflects the responsibilities and risks involved in being an effective director of Dundee. On March 26, 2012, Mr. Harold (Sonny) Gordon resigned as a member of the Compensation Committee and was replaced by Mr. Robert McLeish. Mr. Harry R. Steele was also a member of the Compensation Committee until June 7, 2012, at which time he was replaced by Mr. A. Murray Sinclair as a member of the Compensation Committee.

The Compensation Committee conducts an annual review of its mandate, and recommends changes to the Board with respect to such mandate, as necessary.

During 2012, the Compensation Committee:

- reviewed its mandate and recommended its approval to the Board without modification;
- assessed its performance and that of each of its members;
- reviewed fees payable to Board and members of its committees, including the Chairman of each committee and the Chairman of the Board;
- reviewed and recommended to the Board the approval of annual bonus awards to certain executives in respect of 2011;
- reviewed and approved the disclosure relating to compensation contained in Dundee's management proxy circular dated May 9, 2012, including the approval of the disclosure related to compensation discussion and analysis; and
- received and reviewed a report as to compliance with executive and director share ownership guidelines in respect of 2011.

In addition, in 2013 the Compensation Committee has:

- reviewed its mandate and recommended its approval to the Board without modification;
- assessed its performance and that of each of its members;

- reviewed and recommended to the Board the approval of annual bonus awards to certain executives in respect of 2012;
- reviewed and approved the disclosure relating to compensation contained in the Management Information Circular, including the approval of the disclosure contained in the section entitled “*Executive Compensation*”; and
- received and reviewed a report as to compliance with executive and director share ownership guidelines in respect of 2012.

In fulfilling its responsibilities, the Compensation Committee has the authority to retain a compensation consultant for assistance, if required, in the evaluation of employee, officer and director compensation.

Executive Committee

Members: Messrs. Ned Goodman, Jonathan Goodman, David Goodman, Robert McLeish, Harold (Sonny) Gordon and A. Murray Sinclair, Jr.

In March 2013, the Board established the Executive Committee. The Executive Committee is an advisory committee of the Board, with a mandate to assist the CEO with the evaluation of investments, major projects, business development opportunities, and such other matters as may be brought to the Executive Committee from time to time.

**APPENDIX “J” – SECTION 185 OF THE *BUSINESS CORPORATIONS ACT (ONTARIO)*
– DISSENT RIGHTS**

Rights of Dissenting Shareholders

185. (1) Subject to subsection (3) and to sections 186 and 248, if a corporation resolves to,

- (a) amend its articles under section 168 to add, remove or change restrictions on the issue, transfer or ownership of shares of a class or series of the shares of the corporation;
- (b) amend its articles under section 168 to add, remove or change any restriction upon the business or businesses that the corporation may carry on or upon the powers that the corporation may exercise;
- (c) amalgamate with another corporation under sections 175 and 176;
- (d) be continued under the laws of another jurisdiction under section 181; or
- (e) sell, lease or exchange all or substantially all its property under subsection 184 (3),

a holder of shares of any class or series entitled to vote on the resolution may dissent.

Idem

(2) If a corporation resolves to amend its articles in a manner referred to in subsection 170 (1), a holder of shares of any class or series entitled to vote on the amendment under section 168 or 170 may dissent, except in respect of an amendment referred to in,

- (a) clause 170 (1) (a), (b) or (e) where the articles provide that the holders of shares of such class or series are not entitled to dissent; or
- (b) subsection 170 (5) or (6).

One Class of Dundee Shares

(2.1) The right to dissent described in subsection (2) applies even if there is only one class of shares.

Exception

(3) A shareholder of a corporation incorporated before the 29th day of July, 1983 is not entitled to dissent under this section in respect of an amendment of the articles of the corporation to the extent that the amendment,

- (a) amends the express terms of any provision of the articles of the corporation to conform to the terms of the provision as deemed to be amended by section 277; or
- (b) deletes from the articles of the corporation all of the objects of the corporation set out in its articles, provided that the deletion is made by the 29th day of July, 1986.

Shareholder’s Right to be Paid Fair Value

(4) In addition to any other right the shareholder may have, but subject to subsection (30), a shareholder who complies with this section is entitled, when the action approved by the resolution from which the shareholder dissents becomes effective, to be paid by the corporation the fair value of the shares held by the shareholder in respect of which the shareholder dissents, determined as of the close of business on the day before the resolution was adopted.

No Partial Dissent

(5) A dissenting shareholder may only claim under this section with respect to all the shares of a class held by the dissenting shareholder on behalf of any one beneficial owner and registered in the name of the dissenting shareholder.

Objection

(6) A dissenting shareholder shall send to the corporation, at or before any meeting of shareholders at which a resolution referred to in subsection (1) or (2) is to be voted on, a written objection to the resolution, unless the corporation did not give notice to the shareholder of the purpose of the meeting or of the shareholder's right to dissent.

Idem

(7) The execution or exercise of a proxy does not constitute a written objection for purposes of subsection (6).

Notice of Adoption of Resolution

(8) The corporation shall, within ten days after the shareholders adopt the resolution, send to each shareholder who has filed the objection referred to in subsection (6) notice that the resolution has been adopted, but such notice is not required to be sent to any shareholder who voted for the resolution or who has withdrawn the objection.

Idem

(9) A notice sent under subsection (8) shall set out the rights of the dissenting shareholder and the procedures to be followed to exercise those rights.

Demand for Payment of Fair Value

(10) A dissenting shareholder entitled to receive notice under subsection (8) shall, within twenty days after receiving such notice, or, if the shareholder does not receive such notice, within twenty days after learning that the resolution has been adopted, send to the corporation a written notice containing,

- (a) the shareholder's name and address;
- (b) the number and class of shares in respect of which the shareholder dissents; and
- (c) a demand for payment of the fair value of such shares.

Certificates To Be Sent In

(11) Not later than the thirtieth day after the sending of a notice under subsection (10), a dissenting shareholder shall send the certificates representing the shares in respect of which the shareholder dissents to the corporation or its transfer agent.

Idem

(12) A dissenting shareholder who fails to comply with subsections (6), (10) and (11) has no right to make a claim under this section.

Endorsement on Certificate

(13) A corporation or its transfer agent shall endorse on any share certificate received under subsection (11) a notice that the holder is a dissenting shareholder under this section and shall return forthwith the share certificates to the dissenting shareholder.

Rights of Dissenting Shareholder

(14) On sending a notice under subsection (10), a dissenting shareholder ceases to have any rights as a shareholder other than the right to be paid the fair value of the shares as determined under this section except where,

- (a) the dissenting shareholder withdraws notice before the corporation makes an offer under subsection (15);
- (b) the corporation fails to make an offer in accordance with subsection (15) and the dissenting shareholder withdraws notice; or
- (c) the directors revoke a resolution to amend the articles under subsection 168 (3), terminate an amalgamation agreement under subsection 176 (5) or an application for continuance under subsection 181 (5), or abandon a sale, lease or exchange under subsection 184 (8),

in which case the dissenting shareholder's rights are reinstated as of the date the dissenting shareholder sent the notice referred to in subsection (10), and the dissenting shareholder is entitled, upon presentation and surrender to the corporation or its transfer agent of any certificate representing the shares that has been endorsed in accordance with subsection (13), to be issued a new certificate representing the same number of shares as the certificate so presented, without payment of any fee.

Offer to Pay

(15) A corporation shall, not later than seven days after the later of the day on which the action approved by the resolution is effective or the day the corporation received the notice referred to in subsection (10), send to each dissenting shareholder who has sent such notice,

- (a) a written offer to pay for the dissenting shareholder's shares in an amount considered by the directors of the corporation to be the fair value thereof, accompanied by a statement showing how the fair value was determined; or
- (b) if subsection (30) applies, a notification that it is unable lawfully to pay dissenting shareholders for their shares.

Idem

(16) Every offer made under subsection (15) for shares of the same class or series shall be on the same terms.

Idem

(17) Subject to subsection (30), a corporation shall pay for the shares of a dissenting shareholder within ten days after an offer made under subsection (15) has been accepted, but any such offer lapses if the corporation does not receive an acceptance thereof within thirty days after the offer has been made.

Application to Court to Fix Fair Value

(18) Where a corporation fails to make an offer under subsection (15) or if a dissenting shareholder fails to accept an offer, the corporation may, within fifty days after the action approved by the resolution is effective or within such further period as the court may allow, apply to the court to fix a fair value for the shares of any dissenting shareholder.

Idem

(19) If a corporation fails to apply to the court under subsection (18), a dissenting shareholder may apply to the court for the same purpose within a further period of twenty days or within such further period as the court may allow.

Idem

(20) A dissenting shareholder is not required to give security for costs in an application made under subsection (18) or (19).

Costs

(21) If a corporation fails to comply with subsection (15), then the costs of a shareholder application under subsection (19) are to be borne by the corporation unless the court otherwise orders.

Notice to Shareholders

(22) Before making application to the court under subsection (18) or not later than seven days after receiving notice of an application to the court under subsection (19), as the case may be, a corporation shall give notice to each dissenting shareholder who, at the date upon which the notice is given,

- (a) has sent to the corporation the notice referred to in subsection (10); and
- (b) has not accepted an offer made by the corporation under subsection (15), if such an offer was made,

of the date, place and consequences of the application and of the dissenting shareholder's right to appear and be heard in person or by counsel, and a similar notice shall be given to each dissenting shareholder who, after the date of such first mentioned notice and before termination of the proceedings commenced by the application, satisfies the conditions set out in clauses (a) and (b) within three days after the dissenting shareholder satisfies such conditions.

Parties Joined

(23) All dissenting shareholders who satisfy the conditions set out in clauses (22)(a) and (b) shall be deemed to be joined as parties to an application under subsection (18) or (19) on the later of the date upon which the application is brought and the date upon which they satisfy the conditions, and shall be bound by the decision rendered by the court in the proceedings commenced by the application.

Idem

(24) Upon an application to the court under subsection (18) or (19), the court may determine whether any other person is a dissenting shareholder who should be joined as a party, and the court shall fix a fair value for the shares of all dissenting shareholders.

Appraisers

(25) The court may in its discretion appoint one or more appraisers to assist the court to fix a fair value for the shares of the dissenting shareholders.

Final Order

(26) The final order of the court in the proceedings commenced by an application under subsection (18) or (19) shall be rendered against the corporation and in favour of each dissenting shareholder who, whether before or after the date of the order, complies with the conditions set out in clauses (22) (a) and (b).

Interest

(27) The court may in its discretion allow a reasonable rate of interest on the amount payable to each dissenting shareholder from the date the action approved by the resolution is effective until the date of payment.

Where Corporation Unable to Pay

(28) Where subsection (30) applies, the corporation shall, within ten days after the pronouncement of an order under subsection (26), notify each dissenting shareholder that it is unable lawfully to pay dissenting shareholders for their shares.

Idem

(29) Where subsection (30) applies, a dissenting shareholder, by written notice sent to the corporation within thirty days after receiving a notice under subsection (28), may,

- (a) withdraw a notice of dissent, in which case the corporation is deemed to consent to the withdrawal and the shareholder's full rights are reinstated; or
- (b) retain a status as a claimant against the corporation, to be paid as soon as the corporation is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the corporation but in priority to its shareholders.

Idem

(30) A corporation shall not make a payment to a dissenting shareholder under this section if there are reasonable grounds for believing that,

- (a) the corporation is or, after the payment, would be unable to pay its liabilities as they become due; or
- (b) the realizable value of the corporation's assets would thereby be less than the aggregate of its liabilities.

Court Order

(31) Upon application by a corporation that proposes to take any of the actions referred to in subsection (1) or (2), the court may, if satisfied that the proposed action is not in all the circumstances one that should give rise to the rights arising under subsection (4), by order declare that those rights will not arise upon the taking of the proposed action, and the order may be subject to compliance upon such terms and conditions as the court thinks fit and, if the corporation is an offering corporation, notice of any such application and a copy of any order made by the court upon such application shall be served upon the Commission.

Commission may appear

(32) The Commission may appoint counsel to assist the court upon the hearing of an application under subsection (31), if the corporation is an offering corporation.

**HOLDERS OF DUNDEE SERIES 1 PREFERENCE SHARES
MAY DIRECT ANY QUESTIONS TO THE PROXY SOLICITATION AGENT**



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