

June 10, 2005

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Securities Act s. 48,76
Other - Exemption from registration and prospectus requirements for situations other than a corporate acquisition or reorganization; trades to business associates; debt settlements; or trades involving employee investment plans and consultants - An issuer's securities are converted into or redeemed for securities of another issuer - The securities to be issued on the redemption are not securities of the redeeming issuer; the investors had prospectus level disclosure about the redemption rights when deciding whether to acquire the redeemable securities

Applicable British Columbia Provisions

Securities Act, R.S.B.C. 1996, c. 418, ss. 34(1)(a), 48, 61 and 76

In the Matter of
the Securities Legislation of
British Columbia, Alberta, and Manitoba (the Jurisdictions)

and

In the Matter of
the Mutual Reliance Review System for Exemptive Relief Applications

and

In the Matter of
Dundee Corporation (the Filer)

MRRS Decision Document

Background

¶ 1 The local securities regulatory authority or regulator (the Decision Maker) in each of the Jurisdictions has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the Legislation) for an exemption from the dealer registration requirement and the prospectus requirement of the Legislation in connection with certain trades by the Filer of Series A units (the REIT A Units) of Dundee Real Estate Investment Trust (Dundee REIT) to holders of unsecured subordinated debentures (Debentures) of the Filer (the Requested Relief).

Under the Mutual Reliance Review System for Exemptive Relief Applications:

- (a) the British Columbia Securities Commission is the principal regulator for the application; and
- (b) this MRRS decision document evidences the decision of each Decision Maker.

Interpretation

¶ 2 Defined terms contained in National Instrument 14-101 *Definitions* have the same meaning in this decision unless they are defined in this decision.

Representations

¶ 3 This decision is based on the following facts represented by the Filer:

1. the Filer is a corporation existing under and governed by the laws of Ontario with its head office in Toronto, Ontario;
2. the authorized capital of the Filer is comprised of an unlimited number of subordinate voting shares, common shares, first preference shares issuable in series, second preference shares issuable in series, and third preference shares issuable in series;
3. as of March 24, 2005, there were 24,200,129 subordinate voting shares and 1,048,426 common shares outstanding;
4. the Filer is primarily a holding company dedicated to wealth management, real estate and resources through a variety of activities and investments;
5. the Filer is a reporting issuer or the equivalent, as applicable or required, in each province and territory of Canada and the Filer's subordinate voting shares are currently listed and posted for trading on the Toronto Stock Exchange under the symbol "DBC.SV.A";
6. to its knowledge, the Filer is not in default of its reporting requirements under the Legislation;
7. Dundee REIT is an unincorporated, open-ended real estate investment trust governed by the laws of Ontario with its head office in Toronto, Ontario;
8. Dundee REIT is a "mutual fund trust" as defined in the Income Tax Act (Canada), but is not a "mutual fund" within the meaning of applicable Canadian securities legislation;
9. Dundee REIT is authorized to issue an unlimited number of special trust units and an unlimited number of REIT units which are currently issuable in two series: REIT A Units and REIT units, series B (REIT B Units);
10. as of March 14, 2005, there were 16,844,409 REIT A Units and 8,040,432 special trust units outstanding;
11. Dundee REIT is a reporting issuer or the equivalent, as applicable or required, in each province of Canada and the REIT A Units are currently listed and posted for trading on the Toronto Stock Exchange under the symbol "D.UN";
12. the Filer, through its subsidiaries Dundee Realty Corporation and Dundee Consolidated Properties, owns an effective voting and equity interest of approximately 32.5% in Dundee REIT;

13. on June 6, 2005, the Filer filed a preliminary short form prospectus (the Preliminary Prospectus) to qualify the public distribution of the Debentures;

14. the Filer expects to file the final short form prospectus on or about June 15, 2005 (the Final Prospectus);

15. the Filer has the option of satisfying certain amounts payable under the Debentures upon redemption or maturity of the Debentures or, in certain circumstances, upon the change of control of Dundee REIT, by delivering REIT A Units to the holders of the Debentures (the Filer Exchange Right);

16. the Preliminary Prospectus and Final Prospectus will contain disclosure regarding the Filer Exchange Right; and

17. there is no exemption from the dealer registration requirement or the prospectus requirement available under the Legislation for the distribution of the REIT A Units to holders of Debentures upon the exercise by the Filer of the Filer Exchange Right.

Decision

¶ 4 Each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the decision has been met.

The decision of the Decision Makers under the Legislation is that the Requested Relief is granted, provided that the first trade in REIT A Units acquired under this decision is deemed to be a distribution or a primary distribution to the public unless

(a) the Filer receives a decision document under National Policy 43-201 for the Final Prospectus,

(b) the trade is not a “control distribution” as defined in Multilateral Instrument 45-102 Resale of Securities, and

(c) Dundee REIT is a reporting issuer at the time of the trade.

Martin Eady, CA
Director, Corporate Finance
British Columbia Securities Commission