



# DUNDEE CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS

As at and for the Three Months Ended March 31, 2006

**DUNDEE CORPORATION**  
**CONSOLIDATED BALANCE SHEETS**

*As at March 31, 2006 and December 31, 2005*  
*(expressed in thousands of Canadian dollars) (unaudited)*

	March 31, 2006	December 31, 2005
<b>ASSETS</b>		
Cash and cash equivalents	\$ 377,582	\$ 413,320
Brokerage securities owned	40,137	24,804
Accounts receivable	187,986	250,261
Client accounts receivable	500,160	365,145
Corporate investments (note 3)	407,356	387,374
Deferred sales commissions	155,398	141,266
Capital and other assets	352,615	336,187
Goodwill and other intangible assets (note 4)	454,496	451,283
<b>TOTAL ASSETS</b>	<b>\$ 2,475,730</b>	<b>\$ 2,369,640</b>
<b>LIABILITIES</b>		
Bank indebtedness	\$ 17,498	\$ 33,169
Accounts payable and accrued liabilities	189,945	214,289
Brokerage securities sold short	10,136	6,099
Client deposits and related liabilities	522,882	413,380
Income taxes payable	22,109	27,410
Corporate debt (note 5)	474,890	473,100
Future income tax liabilities	89,748	89,142
	1,327,208	1,256,589
<b>NON-CONTROLLING INTEREST</b>	403,628	386,012
<b>SHAREHOLDERS' EQUITY (note 6)</b>		
Share capital		
Common shares	288,770	287,002
Contributed surplus	4,184	3,813
Retained earnings	454,403	438,926
Foreign currency translation adjustment	(2,463)	(2,702)
	744,894	727,039
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$ 2,475,730</b>	<b>\$ 2,369,640</b>

*The accompanying notes are an integral part of these consolidated financial statements.*

**Contingencies and Commitments (note 9)**

**DUNDEE CORPORATION**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**

*For the three months ended March 31, 2006 and 2005*  
*(expressed in thousands of Canadian dollars, except per share amounts) (unaudited)*

	March 31, 2006	March 31, 2005
<b>REVENUES</b>		
Management and administration fees	\$ 89,919	\$ 66,402
Redemption fees	3,318	3,040
Financial services	107,695	88,280
Real estate revenues	39,165	44,074
Oil and gas sales, net of royalties	-	124
	240,097	201,920
Investment income (note 3)	3,521	2,641
	243,618	204,561
<b>EXPENSES</b>		
Selling, general and administrative	68,129	61,132
Variable compensation	70,374	60,455
Trailer service fees	24,243	17,211
Operating costs, real estate	28,192	33,215
Operating costs, oil and gas properties	-	15
	190,938	172,028
<b>OPERATING EARNINGS BEFORE INTEREST, TAXES AND OTHER NON-CASH ITEMS</b>	52,680	32,533
Amortization of deferred sales commissions	12,393	10,039
Depreciation, depletion and amortization	5,339	2,992
Interest expense	7,391	3,729
<b>OPERATING EARNINGS</b>	27,557	15,773
Share of earnings of equity accounted investees (note 3)	10,321	2,298
Dilution gains	3,547	12,992
Income taxes		
Current	(14,398)	(7,233)
Future	(47)	1,403
	(14,445)	(5,830)
Non-controlling interest	(8,520)	(3,007)
<b>NET EARNINGS FOR THE PERIOD</b>	<b>\$ 18,460</b>	<b>\$ 22,226</b>
<b>EARNINGS PER SHARE (note 7)</b>		
Basic	\$ 0.74	\$ 0.88
Diluted	\$ 0.69	\$ 0.85

*The accompanying notes are an integral part of these consolidated financial statements.*

**DUNDEE CORPORATION**  
**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**

*As at and for the three months ended March 31, 2006 and year ended December 31, 2005  
(expressed in thousands of Canadian dollars) (unaudited)*

	Common Shares	Contributed Surplus	Retained Earnings	Foreign Currency Translation Adjustment	Total
<b>Balance, December 31, 2004</b>	<b>\$ 290,220</b>	<b>\$ 2,253</b>	<b>\$ 367,604</b>	<b>\$ (2,067)</b>	<b>\$ 658,010</b>
Net earnings for the year	-	-	76,351	-	76,351
Foreign currency translation adjustment	-	-	-	(635)	(635)
Issuance of Class A subordinate shares for cash	424	-	-	-	424
Issuance of Class A subordinate shares for non-cash consideration	45	-	-	-	45
Stock based compensation	-	1,092	-	-	1,092
Issuance of deferred share units	-	468	-	-	468
Cancellation of options	-	-	(249)	-	(249)
Acquisition of Class A subordinate shares for cancellation	(3,687)	-	(4,662)	-	(8,349)
Costs associated with cancellation of Class A subordinate shares	-	-	(118)	-	(118)
<b>Balance, December 31, 2005</b>	<b>287,002</b>	<b>3,813</b>	<b>438,926</b>	<b>(2,702)</b>	<b>727,039</b>
Net earnings for the period	-	-	18,460	-	18,460
Foreign currency translation adjustment	-	-	-	239	239
Issuance of Class A subordinate shares for cash	38	-	-	-	38
Issuance of Class A subordinate shares for non-cash consideration	20	-	-	-	20
Stock based compensation	-	231	-	-	231
Issuance of deferred share units	-	140	-	-	140
Exercise of options	2,552	-	-	-	2,552
Cancellation of options	-	-	(1,492)	-	(1,492)
Acquisition of Class A subordinate shares for cancellation	(842)	-	(1,491)	-	(2,333)
<b>Balance, March 31, 2006</b>	<b>\$ 288,770</b>	<b>\$ 4,184</b>	<b>\$ 454,403</b>	<b>\$ (2,463)</b>	<b>\$ 744,894</b>

*The accompanying notes are an integral part of these consolidated financial statements.*

**DUNDEE CORPORATION**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

*For the three months ended March 31, 2006 and 2005*  
*(expressed in thousands of Canadian dollars) (unaudited)*

	March 31, 2006	March 31, 2005
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net earnings for the period	\$ 18,460	\$ 22,226
Non-cash items in net earnings:		
Depreciation, depletion and amortization	17,732	13,031
Net investment gains	(914)	(1,330)
Share of unremitted equity earnings	(10,321)	(2,298)
Dilution gains	(3,547)	(12,992)
Future income taxes	47	(1,403)
Non-controlling interest	8,520	3,007
Other	538	2,480
	30,515	22,721
Changes in:		
Accounts receivable	68,727	14,853
Accounts payable and accrued liabilities	(22,261)	(11,843)
Bank indebtedness	(15,671)	12,741
Income taxes payable	(5,301)	(5,880)
Brokerage securities owned and sold short, net	(11,296)	113
Client accounts receivable, net of client deposits and related liabilities	(25,513)	(8,530)
Development of land, housing and condominium inventory	(5,322)	3,807
Other real estate working capital	(5,238)	(5,101)
<b>CASH PROVIDED FROM OPERATING ACTIVITIES</b>	<b>8,640</b>	<b>22,881</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Investment in real estate revenue properties	(5,698)	(86)
Investment in other real estate assets	(3,283)	(1,060)
Sales commissions incurred on distribution of mutual funds	(26,525)	(24,762)
Proceeds from dispositions of corporate investments	230	38,868
Acquisitions of corporate investments	(8,838)	(3,780)
Acquisition of non-controlling interest	(1,000)	(1,000)
Cash disbursed in business combinations (note 2)	(3,879)	-
Other	(3,629)	(13,176)
<b>CASH USED IN INVESTING ACTIVITIES</b>	<b>(52,622)</b>	<b>(4,996)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Issuance of shares in subsidiaries to non-controlling shareholders	2,328	48,924
Change in real estate debt	(877)	1,024
Change in corporate debt	7,495	(25,021)
Issuance of Class A subordinate shares, net of issue costs	2,590	98
Acquisition of Class A subordinate shares, net of costs	(2,333)	-
Cancellation of shares in subsidiary	(190)	-
Dividends paid by subsidiaries to non-controlling shareholders	(769)	(454)
<b>CASH PROVIDED FROM FINANCING ACTIVITIES</b>	<b>8,244</b>	<b>24,571</b>
<b>NET (DECREASE) INCREASE IN CASH DURING THE PERIOD</b>	<b>(35,738)</b>	<b>42,456</b>
Cash and cash equivalents, beginning of period	413,320	175,498
<b>CASH AND CASH EQUIVALENTS, END OF PERIOD</b>	<b>\$ 377,582</b>	<b>\$ 217,954</b>
Cash flows from operating activities include the following:		
Interest paid	\$ 7,391	\$ 3,729
Taxes paid	\$ 21,595	\$ 14,913

*The accompanying notes are an integral part of these consolidated financial statements.*

**DUNDEE CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

As at and for the three months ended March 31, 2006 (tabular dollar amounts in thousands of Canadian dollars, except per share amounts) (unaudited)
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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
AND BASIS OF PRESENTATION**

These interim consolidated financial statements of Dundee Corporation (the “Company” or “Dundee Corporation”) have been prepared in accordance with Canadian generally accepted accounting principles (“GAAP”). These interim consolidated financial statements follow the same accounting principles and methods of application as those disclosed in note 1 to the Company’s audited consolidated financial statements as at and for the year ended December 31, 2005 (“2005 Audited Financial Statements”). The Company’s interim consolidated financial statements do not include all disclosures required by GAAP for annual consolidated financial statements and, accordingly, should be read in conjunction with the 2005 Audited Financial Statements.

The preparation of interim consolidated financial statements in accordance with GAAP requires management to make estimates and assumptions that may affect the reported amounts of assets and liabilities, the disclosure of contingencies at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**2. BUSINESS COMBINATIONS**

**Harrington Lane Inc. (“Harrington”)**

On February 28, 2006, Dundee Wealth Management Inc. (“Dundee Wealth”), the Company’s 62% owned subsidiary acquired all the outstanding shares of Harrington, a professional advisory company. Dundee Wealth paid cash of \$2,000,000 on closing. In addition, Dundee Wealth issued 350,000 common shares from its treasury with a stated value of \$3,763,000 to the former principal shareholders of Harrington, who have committed themselves to Dundee Wealth under employment contracts. These common shares are being held in escrow and will be released to the former principal shareholders of Harrington subject to certain conditions of employment, over the next five (5) years. The aggregate purchase price of \$5,763,000 has been deferred and will be charged as a period expense over a five (5) year period.

**Central Ontario Financial Group Inc. (“COFG”)**

Effective January 1, 2006, a subsidiary of Dundee Wealth acquired COFG, an insurance company. The aggregate purchase price of \$2,500,000, together with tax thereon of \$1,414,000, has been allocated to customer relationships and has been included with “goodwill and other intangible assets” (note 4) on the Company’s consolidated balance sheet and will be amortized over an estimated life of five (5) years.

### 3. CORPORATE INVESTMENTS

	March 31, 2006					December 31, 2005	
	Period End Ownership	Listed	Non- Quoted	Loans	Total	Year end Ownership	Total
<b>Equity Accounted Investments</b>							
Breakwater Resources Ltd.	19%	\$ 40,890	\$ -	\$ -	\$ 40,890	18%	\$ 33,502
Dundee Precious Metals Inc.	21%	64,111	-	-	64,111	21%	63,177
Dundee Real Estate Investment Trust (a)	31%	151,460	-	-	151,460	31%	149,305
Other		4,026	3,856	-	7,882		6,703
<b>Marketable Securities</b>		79,118	-	-	79,118		75,945
<b>Other Portfolio Investments</b>		27,420	10,364	26,111	63,895		58,742
		<b>\$ 367,025</b>	<b>\$ 14,220</b>	<b>\$ 26,111</b>	<b>\$ 407,356</b>		<b>\$ 387,374</b>

(a) Approximately 91% of the Company's interest in Dundee Real Estate Investment Trust ("Dundee REIT") is held through units of Dundee Properties Limited Partnership with the remainder in publicly traded REIT units. These limited partnership units are convertible, at the Company's option, into units of Dundee REIT on a one-for-one basis. In order to satisfy the exchange feature of Exchangeable Debentures, the Company has placed approximately 3,300,000 units of Dundee Properties Limited Partnership into escrow.

The estimated fair value of corporate investments as at March 31, 2006, determined using quoted market values for listed securities and carrying values for non-quoted securities and loans, approximates \$714,000,000 (December 31, 2005 – \$567,000,000).

#### Corporate Investments Segregated by Business Segment

	March 31, 2006	December 31, 2005
Real estate	\$ 151,460	\$ 149,305
Resources	128,006	118,825
Other investments	127,890	119,244
	<b>\$ 407,356</b>	<b>\$ 387,374</b>

#### Investment Income and Income from Corporate Investments

	2006	2005
<i>For the three months ended March 31,</i>		
Interest, dividends and foreign exchange	\$ 2,607	\$ 1,311
Realized investment gains, net	914	1,330
	3,521	2,641
Share of earnings of equity accounted investments	9,442	1,634
Gains from dilutions of interest in equity accounted investments	879	664
	10,321	2,298
	<b>\$ 13,842</b>	<b>\$ 4,939</b>

#### 4. GOODWILL AND OTHER INTANGIBLE ASSETS

	March 31, 2006			December 31, 2005	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value	
Goodwill	\$ 318,336	\$ -	\$ 318,336	\$ 318,332	
Investment management contracts	105,015	-	105,015	105,015	
Funds under administration	30,573	4,585	25,988	26,497	
Customer relationships (note 2)	3,914	196	3,718	-	
Bank license	1,439	-	1,439	1,439	
	<b>\$ 459,277</b>	<b>\$ 4,781</b>	<b>\$ 454,496</b>	<b>\$ 451,283</b>	

#### 5. CORPORATE DEBT

	March 31, 2006	December 31, 2005
<b>Corporate</b>		
\$150 million - 6.70% senior debentures due September 24, 2007	\$ 149,931	\$ 149,920
\$100 million - 5.85% exchangeable unsecured subordinated debentures due June 30, 2015	94,970	95,000
\$100 million - revolving term credit facility	89,535	83,591
Other	773	773
<b>Subsidiaries</b>		
\$22.3 million - revolving term credit facility, subsidiary of Dundee Wealth	5,000	3,300
Mandatorily redeemable preferred shares of Dundee Wealth	-	10,000
Real estate debt, Dundee Realty	126,481	121,168
Income Trusts, subsidiary of Dundee Wealth	8,129	8,313
Other	71	1,035
	<b>\$ 474,890</b>	<b>\$ 473,100</b>

In the first quarter of 2006, Dundee Wealth exercised its conversion right in respect of its mandatorily redeemable preference shares, and converted the amount of \$10,000,000 to common shares.

During the first quarter of 2006, a subsidiary of the Company reached an agreement with Multi-Fund Income Trust ("Multi-Fund") to terminate its obligations to Multi-Fund for approximately \$1,111,000, subject to adjustment. The arrangement is subject to approval by Multi-Fund unitholders, which approval is expected during the second quarter of 2006. At March 31, 2006, the carrying value of the obligation to Multi-Fund was \$4,307,000.

#### 6. SHARE CAPITAL

	SUBORDINATE SHARES		CLASS B SHARES		TOTAL	
	Number	Amount	Number	Amount	Number	Amount
Outstanding December 31, 2005	23,907,971	\$ 278,770	1,048,416	\$ 8,232	24,956,387	\$ 287,002
<b>Transactions during the three months ended</b>						
<b>March 31, 2006</b>						
Redeemed pursuant to issuer bids	(71,110)	(842)	-	-	(71,110)	(842)
Issuance of shares under the share incentive plan	1,745	58	-	-	1,745	58
Options exercised	161,646	2,552	-	-	161,646	2,552
Conversion from Class B Shares to Subordinate Shares	11	-	(11)	-	-	-
<b>Outstanding March 31, 2006</b>	<b>24,000,263</b>	<b>\$ 280,538</b>	<b>1,048,405</b>	<b>\$ 8,232</b>	<b>25,048,668</b>	<b>\$ 288,770</b>

### Substantial Issuer Bid

On December 12, 2005, the Company announced a substantial issuer bid to purchase up to 2,500,000 Subordinate Shares for cash, subject to certain conditions (“the Offer”). The Offer expired on February 6, 2006 at which time a total of 71,110 Subordinate Shares with a stated value of \$842,000 were redeemed and subsequently cancelled. The Company paid \$29.50 per share or an aggregate of \$2,098,000 to retire the shares. The excess of the cancellation price of \$1,256,000 over the value of stated capital has been recorded as a reduction to retained earnings. Transaction costs of \$235,000 were incurred in respect of the Offer and were recorded as a further reduction to retained earnings.

### Share Option Plan

In the first three months of 2006, the Company issued 161,646 shares on the exercise of options at an average price of \$15.79 per share, including 54,990 options which were exercised immediately prior to their ten-year expiry date. In addition, the Company cancelled 150,806 options for cash of \$1,492,000, the majority of which had been issued to former senior executives.

## 7. EARNINGS PER SHARE

<i>For the three months ended March 31,</i>		2006	2005
Net earnings available to Subordinate Share holders and			
Class B Share holders	\$	18,460	\$ 22,226
Weighted average number of shares outstanding		25,002,410	25,245,745
Basic earnings per share	\$	0.74	\$ 0.88
Effect of dilutive securities to available net earnings			
	\$	(652)	\$ (305)
Effect of dilutive securities to weighted average number of shares outstanding			
		862,946	680,045
Diluted earnings per share	\$	0.69	\$ 0.85

## 8. STOCK BASED COMPENSATION

Details of the Company’s share incentive plan components are disclosed in note 11 to the 2005 Audited Financial Statements. The following table details the recognition of stock based compensation expense and the issuance of shares under the Company’s share incentive plan during the three months ended March 31, 2006 and 2005.

	First Quarter 2006					First Quarter 2005				
	Number of Shares	Compensation expense				Number of Shares	Compensation expense			
		Employee Contributions	Treasury Shares	Market Purchases	Aggregate		Employee Contributions	Treasury Shares	Market Purchases	Aggregate
<b>Dundee Corporation</b>										
Share purchase plan	1,745	\$ 58	\$ 38	\$ 20	\$ 58	2,119	\$ 50	\$ 11	\$ 39	\$ 50
Share option plan	161,646	2,552	-	-	-	5,000	48	-	-	-
Stock option expense over vesting period					231					229
Deferred share unit plan					140					-
<b>Stock based compensation in subsidiaries before adjusting for non-controlling interest</b>										
Dundee Wealth					2,939					2,238
Eurogas Corporation					169					345
Dundee Realty Corporation					16					-
<b>Share of stock based compensation in equity accounted investees</b>										
					581					336
		\$ 38	\$ 20	\$ 4,134		\$ 11	\$ 39	\$ 3,198		

## 9. CONTINGENCIES AND COMMITMENTS

There have been no substantive changes to the description and nature of contingencies and commitments from those described in note 12 to the 2005 Audited Financial Statements.

## 10. SEGMENTED INFORMATION

### Segmented Earnings for the three months ended March 31, 2006 and 2005

	Wealth				Other Investments and								TOTAL	
	Management		Real Estate		Resources		Corporate Costs		Intersegment					
<i>For the three months ended March 31,</i>	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
<b>SEGMENTED OPERATIONS</b>														
Revenues	\$ 202,613	\$ 158,312	\$ 39,165	\$ 44,074	\$ 161	\$ 17	\$ 3,110	\$ 3,096	\$ (1,431)	\$ (938)	\$ 243,618	\$ 204,561		
Expenses	175,349	147,961	33,587	36,200	623	884	8,751	5,499	(2,249)	(1,756)	216,061	188,788		
<b>OPERATING EARNINGS (LOSS)</b>	27,264	10,351	5,578	7,874	(462)	(867)	(5,641)	(2,403)	818	818	27,557	15,773		
Equity earnings	-	-	2,071	1,538	8,002	541	248	219	-	-	10,321	2,298		
<b>EARNINGS (LOSS) BEFORE</b>														
<b>UNDERNOTED ITEM</b>	27,264	10,351	7,649	9,412	7,540	(326)	(5,393)	(2,184)	818	818	37,878	18,071		
Non-controlling interest	(8,413)	(2,956)	(324)	(362)	217	311	-	-	-	-	(8,520)	(3,007)		
<b>NET EARNINGS (LOSS) BEFORE</b>														
<b>NON-SEGMENTED ITEMS</b>	18,851	7,395	7,325	9,050	7,757	(15)	(5,393)	(2,184)	818	818	29,358	15,064		
Dilution gains											3,547	12,992		
Income tax provision											(14,445)	(5,830)		
<b>NET EARNINGS (LOSS)</b>	\$ 18,851	\$ 7,395	\$ 7,325	\$ 9,050	\$ 7,757	\$ (15)	\$ (5,393)	\$ (2,184)	\$ 818	\$ 818	\$ 18,460	\$ 22,226		

### Segmented Assets as at March 31, 2006 and December 31, 2005

	Wealth				Other Investments and								TOTAL	
	Management		Real Estate		Resources		Corporate Costs		Intersegment					
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
Goodwill	\$ 309,301	\$ 309,297	\$ -	\$ -	\$ -	\$ -	\$ 9,035	\$ 9,035	\$ -	\$ -	\$ 318,336	\$ 318,332		
Other assets	1,204,525	1,126,757	543,096	533,360	210,824	203,270	198,949	187,921	-	-	2,157,394	2,051,308		
<b>TOTAL ASSETS</b>	\$ 1,513,826	\$ 1,436,054	\$ 543,096	\$ 533,360	\$ 210,824	\$ 203,270	\$ 207,984	\$ 196,956	\$ -	\$ -	\$ 2,475,730	\$ 2,369,640		

## 11. SUBSEQUENT EVENTS

### Banking Activities

During the first quarter of 2006, the Company agreed to transfer its interest in Dundee Wealth BHC to Dundee Wealth for aggregate cash consideration of approximately \$25,000,000, subject to adjustments for costs incurred in Dundee Wealth BHC and its subsidiaries since December 31, 2005. Dundee Wealth BHC holds a 100% interest in Dundee Wealth Bank, a Canadian federally chartered Schedule I Bank, and a 100% interest in The Dundee Bank, a bank licensed with the Cayman Islands Monetary Authority. Regulatory approval of the transaction is pending.

### Internalization of Property Manager

Subsequent to March 31, 2006, Dundee Realty Corporation ("Dundee Realty"), the Company's 86% owned real estate subsidiary, reached an agreement with a subsidiary of Dundee REIT to sell its 50% interest in Dundee Management Limited Partnership ("DMLP"), a property management and real estate advisory services company to Dundee REIT. Dundee REIT currently owns the remaining 50% interest in DMLP.

The purchase price is expected to be approximately \$13,250,000 and is to be satisfied through the issuance of 500,000 limited partnership units of Dundee Properties Limited Partnership ("DPLP"), each limited partnership unit of which can be converted, at the Company's option, to units of Dundee REIT on a one-for-one basis. The agreement features a price

adjustment formula based upon future acquisitions to be completed by Dundee REIT on or before June 30, 2007, which provides for an adjustment of 50,000 limited partnership units above or below the 500,000 agreed upon.

On closing, 450,000 of the limited partnership units will be issued to Dundee Realty, with the equivalent of 100,000 limited partnership units being held in escrow and will be released to Dundee Realty on June 30, 2007 in accordance with the purchase adjustment formula.

In conjunction with the transaction, DMLP and Dundee Realty have agreed to extend the term of their agreement under which DMLP provides administrative and advisory services to Dundee Realty for an additional five (5) years to June 30, 2013.

Management expects the transaction to close in May 2006, with effect as of May 1, 2006.

**Proposed Restructuring of Dundee Realty**

Subsequent to the end of the quarter, the two shareholders of Dundee Realty agreed to restructure their holdings in Dundee Realty. Pursuant to the restructuring, which has not yet been completed, the Company agreed to exchange certain common shares of Dundee Realty for preferred shares, and the non-controlling shareholder agreed to exercise his options to acquire new common shares. Following these transactions, the non-controlling shareholder's interest in Dundee Realty will be increased to 22%. In addition, the non-controlling shareholder will be granted an option through the issuance of a class of Dundee Realty shares that will enable him to acquire additional shares of Dundee Realty over a six year period at a cost of approximately \$10,700,000, increasing the non-controlling shareholder's interest to 30%, with Dundee Corporation holding 70%. The option purchase will vest in equal annual installments over the six year period and is subject to the non-controlling shareholder remaining an employee of the Company. As part of the restructuring, a series of steps will be undertaken such that the Company's interest in Dundee REIT will be separated from Dundee Realty at no cost and transferred into a new, wholly owned subsidiary of Dundee Corporation.