DUNDEE REIT

2009 First Quarter Report

Q1

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Letter to unitholders

We are very pleased with our first quarter performance. The occupancy level of our portfolio remains high and we started 2009 with impressive comparative property growth. These factors contributed to an increase in funds from operations ("FFO") per unit of 9% over the prior year first quarter and an increase in our adjusted funds from operations ("AFFO") per unit by 18% over the comparative period, further highlighting our strength and experience in managing our business.

The strength of our balance sheet and our tenant base continues to provide us with a competitive advantage. We maintain a conservative level of debt, monitor our debt maturity exposure very closely and maintain a strong interest coverage ratio. While we expect 2009 to be a challenging year, we remain confident that even in a continuously tight credit market, we will meet all our refinancing obligations. By maintaining a strong liquidity position, our business has the flexibility to deal with any unforeseen situations as they arise.

Our tenant base remains well diversified, with a significant amount of space leased to government agencies and little exposure to high-risk tenants. We have been able to maintain our occupancy at consistently high levels, and at 96.5%, our overall occupancy remains well above the national industry average. The majority of our assets are located in Western Canada. While market rates for space have declined due to challenging economic conditions, we continue to capture new rents in excess of the expiring rent as space comes up for renewal. The leasing environment has become more difficult over the last couple of quarters, particularly in the Calgary market; however, our improving results show the progress that we have made with respect to renewing existing tenancies and attracting new tenants.

While the Canadian economy continues to be in better financial shape than economies of many other industrialized nations, the economic downturn affected many of the country's vital industries, particularly the oil and gas industry in Western Canada and manufacturing industries in Ontario and Eastern Canada. Governments around the world have reacted to the economic downturn with massive fiscal and budgetary stimulus packages which are starting to take effect. Canada will hopefully be at the forefront of the recovery as commodity prices tend to improve quickly once global economic growth returns.

We are extremely pleased with the financial condition of our company. In what has been a difficult environment from both a leasing and financing perspective, we have demonstrated stability and recorded improvements in almost every financial metric. The impressive growth in our comparative portfolio and further improvements in how we manage our business were the main contributors to our success. We will continue to focus on operational excellence, sustainable cash flows and liquidity, and will apply the same disciplined approach we have maintained over the years with respect to running our business.

MICHAEL J. COOPER
Vice Chairman and
Chief Executive Officer

Management's discussion and analysis

(All dollar amounts in our tables are presented in thousands, except rental rates, unit and per unit amounts)

SECTION I — OBJECTIVES AND FINANCIAL HIGHLIGHTS

BASIS OF PRESENTATION

Our discussion and analysis of the financial position and results of operations of Dundee Real Estate Investment Trust ("Dundee REIT" or the "Trust") should be read in conjunction with the audited consolidated financial statements of Dundee REIT for the year ended December 31, 2008, and the interim financial statements for the three months ended March 31, 2009.

This management's discussion and analysis has been dated as at April 30, 2009, except where otherwise noted. For simplicity, throughout this discussion, we may make reference to the following:

- "REIT A Units", meaning the REIT Units, Series A
- "REIT B Units", meaning the REIT Units, Series B
- "REIT Units", meaning the REIT Units, Series A, and REIT Units, Series B
- "LP B Units", meaning the LP Class B Units, Series 1
- "Units", meaning REIT Units, Series A; REIT Units, Series B; LP Class B Units, Series 1; and, Special Trust Units, collectively

Certain market information has been obtained from the CB Richard Ellis MarketView, First Quarter 2009, a publication prepared by a commercial firm that provides information relating to the real estate industry. Although we believe this information is reliable, the accuracy and completeness of this information is not guaranteed. We have not independently verified this information and make no representation as to its accuracy.

Certain information herein contains or incorporates comments that constitute forward-looking information within the meaning of applicable securities legislation. Forward-looking information is based upon a number of assumptions and is subject to a number of risks and uncertainties, many of which are beyond Dundee REIT's control, that could cause actual results to differ materially from those that are disclosed in or implied by such forward-looking information. These risks and uncertainties include, but are not limited to, general and local economic and business conditions; the financial condition of tenants; our ability to refinance maturing debt; leasing risks, including those associated with the ability to lease vacant space; our ability to source and complete accretive acquisitions; and interest and currency rate fluctuations.

Although the forward-looking statements contained in this management's discussion and analysis are based upon what we believe are reasonable assumptions, there can be no assurance that actual results will be consistent with these forward-looking statements. Factors that could cause actual results to differ materially from those set forth in the forward-looking statements and information include, but are not limited to, general economic conditions; local real estate conditions, including the development of properties in close proximity to the Trust's properties; timely leasing of vacant space and re-leasing of occupied space upon expiration; dependence on tenants' financial condition; the uncertainties of acquisition activity; the ability to effectively integrate acquisitions; interest rates; availability of equity and debt financing; that the specified investment flow-through trust ("SIFT") Rules and the normal growth guidelines are not applicable to us; and other risks and factors described from time to time in the documents filed by the Trust with the securities regulators.

All forward-looking information is as of April 30, 2009, except where otherwise noted. Dundee REIT does not undertake to update any such forward-looking information whether as a result of new information, future events or otherwise. Additional information about these assumptions and risks and uncertainties is contained in our filings with securities regulators, including the latest annual information form of Dundee REIT. These filings are also available on our web site at www.dundeereit.com.

OUR OBJECTIVES

We are committed to:

- managing our business to provide growing cash flow and stable and sustainable returns through adapting our strategy and tactics to changes in the real estate industry and the economy;
- building a diversified, growth-oriented portfolio of office and industrial properties in Canada, based on an established platform in Western Canada;
- providing predictable and sustainable cash distributions to unitholders and prudently managing distributions over time; and
- maintaining a REIT that satisfies the REIT exception under the new SIFT legislation in order to provide certainty to unitholders with respect to taxation of distributions and be more competitive in the real estate industry than other REITs which have not satisfied the REIT exception.

Distributions

We currently pay monthly distributions to unitholders of $0.183 per unit or $2.20 on an annual basis. We also have a Distribution Reinvestment and Unit Purchase Plan (“DRIP”), which allows unitholders to have their distributions automatically reinvested into additional units of the Trust. Unitholders who enrol in the DRIP receive a bonus distribution of 4% with each reinvestment. At March 31, 2009, approximately 6% of our total units were enrolled in the DRIP, all consisting of REIT A Units. There were no LP B Units enrolled in the DRIP and there is no equivalent program for the REIT B Units (see a description of Our Equity on page 5).

	Apr/08	May/08	Jun/08	July/08	Aug/08	Sept/08	Oct/08	Nov/08	Dec/08	**Jan/09**	**Feb/09**	**Mar/09**
Distribution rate	$0.183	$0.183	$0.183	$0.183	$0.183	$0.183	$0.183	$0.183	$0.183	**$0.183**	**$0.183**	**$0.183**
Month-end closing price	$33.25	$33.59	$31.22	$32.70	$32.20	$29.82	$18.90	$12.25	$12.60	**$11.89**	**$13.75**	**$12.75**

OUR STRATEGY

Dundee REIT’s strategy is to rely on a core portfolio of office and industrial properties that provides a solid platform for stable and growing returns. While our core strategy of investing in the office and industrial sectors remains unchanged, we continuously review components of our strategy including acquisitions and dispositions and our capital markets strategy, particularly in light of the current conditions of the financial markets and uncertainty in the economy as a whole.

Dundee REIT’s methodology to meet its strategy and objectives includes:

Effectively managing our business

We manage our properties to optimize long-term cash flow and value. Dundee REIT benefits from the expertise of a group of highly experienced real estate professionals through our internal property management function. In addition, through the Asset Management Agreement, Dundee REIT benefits from the expertise of Dundee Real Estate Asset Management, which provides the strategy, leadership and execution of Dundee REIT’s operating plan. All of these professionals have worked together for many years and will continue to work together to increase the value of Dundee REIT’s portfolio through continuous and active analysis of how its properties and its portfolio as a whole can achieve optimal performance.

Pursuing growth

Dundee REIT will achieve growth by acquiring properties that enhance its overall portfolio, further improve the sustainability of distributions and help it mitigate risk. Dundee REIT's growth strategy is to acquire office and industrial properties in those Canadian markets that offer compelling investment opportunities and reposition existing properties where opportunities exist. Dundee REIT continuously evaluates individual properties and portfolios with a view to maximizing performance and achieving the optimal value and growth potential. Given the volatility of the current business environment, we are being very selective in our growth plans.

Meeting the needs of our tenants

Dundee REIT has a committed team of in-house property management professionals. A strong relationship with our tenants is critical to our success. We strive to be the preferred landlord by anticipating and meeting our tenants' needs. We believe that providing a consistent, high level of service puts us in a better position to re-lease space to existing tenants and helps attract new tenants to lease vacant space quickly and cost-effectively.

OUR ASSETS

We provide high-quality, affordable business premises with a primary focus on mid-sized urban and suburban office properties as well as industrial and prestige industrial properties. The majority of our assets are concentrated in Western Canada, primarily in Calgary, as well as Vancouver, Edmonton, Saskatoon, Regina, Yellowknife and Toronto. We have classified an industrial property located in Alberta as held for sale. The results of our operations discussed in this report exclude the impact of this property.

Owned gross leasable area (sq. ft.)

				March 31, 2009	December 31, 2008	
	Office	**Industrial**	**Total**	**%**	Total	%
British Columbia	**515,252**	**—**	**515,252**	**8**	514,864	8
Alberta	**2,872,901**	**1,625,148**	**4,498,049**	**68**	4,502,003	68
Saskatchewan & NWT	**847,634**	**—**	**847,634**	**13**	849,329	13
Ontario	**731,690**	**—**	**731,690**	**11**	728,874	11
Total	**4,967,477**	**1,625,148**	**6,592,625**	**100**	6,595,070	100
Percentage	**75%**	**25%**	**100%**			
Total as at December 31, 2008	4,969,858	1,625,212	6,595,070			
Percentage	75%	25%	100%			

Excludes redevelopment properties and property held for sale.

Office rental properties

Dundee REIT owns interests in 43 office properties (47 buildings) comprising approximately 5.0 million square feet, excluding redevelopment properties, located in Vancouver, Calgary, Edmonton, Regina, Saskatoon, Yellowknife and Toronto. These office properties can generally be categorized as high-quality affordable suburban and downtown buildings. The March 31, 2009 occupancy rate across our office portfolio remains high at 96.4%, well ahead of the national industry average occupancy rate of 92.5% (CB Richard Ellis, Canadian Office MarketView, First Quarter 2009). Our occupancy rates include lease commitments for space which is currently being readied for occupancy but for which rent is not yet being recognized.

Industrial rental properties

Our industrial portfolio consists of 35 prime suburban industrial properties (39 buildings) comprising approximately 1.6 million square feet, concentrated in Calgary and Edmonton. Dundee REIT's strategy is to own clusters of properties, allowing it to respond quickly and efficiently to tenants' needs during times of change in their operations or size of their workforce. At March 31, 2009, the occupancy rate across our industrial portfolio was 96.9%, in line with the overall occupancy rates in our two industrial markets, Calgary and Edmonton, where occupancy was 95.0% and 94.5%, respectively (CB Richard Ellis, Calgary and Edmonton Industrial MarketView, First Quarter 2009).

OUR EQUITY

				Unitholders' equity
		March 31, 2009	December 31, 2008 (restated)	
	Number of Units	**Amount**	Number of Units	Amount
REIT Units, Series A	**17,248,270**	**$ 265,866**	16,947,240	$ 271,102
REIT Units, Series B	**16,316**	**371**	16,316	371
LP Class B Units, Series 1	**3,454,188**	**97,000**	3,454,188	98,266
Cumulative foreign currency translation adjustment	**—**	**(5,178)**	—	(5,275)
Total	**20,718,774**	**$ 358,059**	20,417,744	$ 364,464

Our Declaration of Trust authorizes the issuance of an unlimited number of two classes of units: REIT Units and Special Trust Units. The Special Trust Units may only be issued to holders of LP B Units, are not transferable separately from these units, and are used to provide voting rights with respect to Dundee REIT to persons holding LP B Units. The LP B Units are held by Dundee Corporation and Dundee Realty Corporation ("DRC"), related parties to Dundee REIT, and the REIT B Units are held by GE Real Estate ("GE"). Both the REIT Units and Special Trust Units entitle the holder to one vote for each unit at all meetings of the unitholders. The LP B Units are exchangeable on a one-for-one basis for REIT B Units, at the option of the holder, which can then be converted into REIT A Units. The LP B Units and corresponding Special Trust Units together have economic and voting rights equivalent in all material respects to REIT A Units. The REIT A Units and REIT B Units have economic and voting rights equivalent in all material respects to each other.

At March 31, 2009, Dundee Corporation, directly and indirectly through its subsidiaries, held 780,851 REIT A Units and 3,454,188 LP B Units and GE held 2,997,371 REIT A Units and 16,316 REIT B Units.

KEY PERFORMANCE INDICATORS

Performance is measured by these and other key indicators:

For the three months ended March 31		**2009**		2008
Operations				
Occupancy rate (period-end)[(1)]		**96.5%**		95.0%
In-place rent per square foot (office and industrial)[(1)]	**$**	**15.55**	$	14.12
Operating results				
Rental properties revenue[(2)]	**$**	**49,976**	$	44,044
Net operating income ("NOI")[(3)]		**30,533**		26,981
Funds from operations ("FFO")[(4)]		**16,924**		15,697
Adjusted funds from operations ("AFFO")[(5)]		**12,290**		10,635
Distributions				
Declared distributions	**$**	**11,364**	$	11,491
Distributions paid in cash		**10,647**		8,426
DRIP participation ratio		**6%**		27%
Financing				
Weighted average interest rate (period-end)		**5.81%**		5.93%
Interest coverage ratio		**2.36 times**		2.38 times
Per unit amounts				
Basic:				
FFO	**$**	**0.81**	$	0.74
Distributable income		**0.67**		0.58
Distribution rate		**0.55**		0.55
Total distributions as a percentage of distributable income		**82%**		95%
AFFO		**0.59**		0.50
Diluted[(6)]:				
FFO	**$**	**0.79**	$	0.72
Distributable income		**0.67**		0.58

NOI, FFO, distributable income and AFFO are key measures of performance used by real estate operating companies; however, they are not defined by Canadian generally accepted accounting principles ("GAAP"), do not have standard meanings and may not be comparable with other industries or income trusts.

(1) Excludes redevelopment properties and property held for sale.

(2) Prior year comparatives have been restated for discontinued operations.

(3) NOI — rental property revenues less operating expenses, excluding redevelopment and discontinued operations. Prior year comparatives have been restated as a result of discontinued operations. The reconciliation of NOI to net income can be found on page 26.

(4) FFO — the reconciliation of FFO to net income can be found on page 16.

(5) AFFO — the reconciliation of AFFO to distributable income can be found on page 19.

(6) Diluted amounts assume the conversion of the 6.5%, 5.7% and 6.0% Debentures.

FINANCIAL OVERVIEW

Overall occupancy remained strong at 96.5%, with occupancy rates increasing over the prior year comparative quarter in both the office and industrial portfolios. Our operations remained very strong, with continued growth in our NOI. First quarter rental property revenue and NOI grew to $50.0 million and $30.5 million, respectively, reflecting our ability to effectively manage our business as well as accretive leasing activity coming on-line. Details of our NOI begin on page 26.

Lease rollover activity has allowed us to take advantage of generally higher market rental rates, especially in our Calgary office portfolio, and while market rates have experienced some softening in 2009, we still anticipate capturing gains as approximately 7% of our portfolio comes up for renewal in the remainder of 2009. Our average office portfolio occupancy rate remains well above the national industry average. Details of our leasing profile are provided on page 8.

Distributable income increased 13% to $14.0 million in the quarter, reflecting market rate increases in renewals, contractual rent increases and strong overall occupancy. Because fewer units were enrolled in our DRIP, our year-to-date cash payout ratio increased to 94% of declared distributions. Details of our distributions and distributable income begin on page 17.

For the quarter, AFFO increased to $12.3 million, or $0.59 per unit, largely reflecting strong NOI growth offset by the dilution arising from surplus cash on our consolidated balance sheet.

OUTLOOK

During the current uncertain economic times, Dundee REIT is positioned very well. We have a strong balance sheet and a stable portfolio. Our occupancy levels remain high and our tenant base is well diversified, with a significant amount of space leased to government agencies and little exposure to high-risk tenants.

Our AFFO for the quarter increased by 18% on a per unit basis over the prior year. Our first quarter results highlight our comparative property performance, which increased by 9% over the prior year. We will continue to focus on our properties, tenant relationships and internal growth to maintain comparable property stability.

We anticipate that the continuing uncertainty in the credit markets will have an impact on interest rates and debt levels. We have received refinancing commitments for most of our maturing debt and expect to receive incremental proceeds of approximately $12.0 million. We continue to carry a significant amount of liquidity and have access to an undrawn operating line, which gives us additional flexibility to deal with any unforeseen situations.

Dundee REIT is in very good shape and we are confident that we can overcome any challenges with respect to the current economic situation. We continue to focus on operational excellence, tenant retention and the importance of leasing space to achieve further growth from our property portfolio.

SECTION II — EXECUTING THE STRATEGY

OUR RESOURCES AND FINANCIAL CONDITION

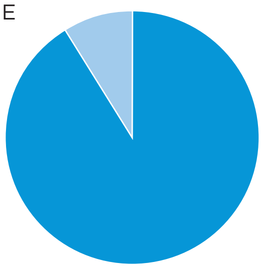
Rental properties

The net book value of segmented rental properties by geography and asset type is set out below.

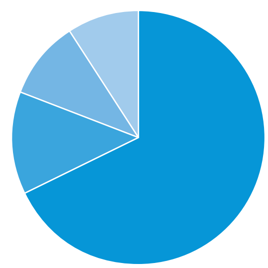
			March 31, 2009[1]		December 31, 2008[1]	
	Office	**Industrial**	**Total**	**%**	Total	%
British Columbia	**$ 101,144**	**$ —**	**$ 101,144**	**9**	$ 101,485	9
Alberta	**655,069**	**95,296**	**750,365**	**68**	752,735	68
Saskatchewan & NWT	**109,126**	**—**	**109,126**	**10**	109,490	10
Ontario	**148,648**	**—**	**148,648**	**13**	149,611	13
Total	**$ 1,013,987**	**$ 95,296**	**$ 1,109,283**	**100**	$ 1,113,321	100
Percentage	**91%**	**9%**	**100%**			
Total as at December 31, 2008	$ 1,017,990	$ 95,331	$ 1,113,321			
Percentage	91%	9%	100%			

(1) Excludes $23.3 million related to Greenbriar Mall and $8.0 million related to other redevelopment property and property held for sale, totalling $31.3 million (December 31, 2008 — $30.8 million).

PORTFOLIO ASSET TYPE BY NET BOOK VALUE
(AT MARCH 31, 2009)



GEOGRAPHIC DISTRIBUTION OF RENTAL PROPERTIES BY NET BOOK VALUE
(AT MARCH 31, 2009)



Leasing profile

The following key performance indicators related to our leasing profile influence the cash generated from operating activities.

Performance indicators	**March 31, 2009**	December 31, 2008
Operating activities (office and industrial average)		
Occupancy level	**96.5%**	96.7%
Tenant maturity profile — average term to maturity (years)	**4.5**	4.5
In-place rental rates	**$ 15.55**	$ 15.30

Excludes redevelopment properties and property held for sale.

For the period-end, the percentage of occupied and committed space is as follows:

(percentage)	**Q1 2009**	Q4 2008	Q3 2008	Q2 2008	Q1 2008	Q4 2007	Q3 2007	Q2 2007	Q1 2007
Office	**96.4**	96.6	97.6	97.4	96.0	96.7	98.3	96.5	97.0
Industrial	**96.9**	97.0	90.9	94.1	92.3	96.7	94.0	95.8	97.0
Overall	**96.5**	96.7	95.8	96.5	95.0	96.7	97.0	96.2	97.0

Excludes redevelopment properties and property held for sale.

The overall percentage of occupied and committed space across our rental properties portfolio was 96.5% at quarter-end. The average occupancy rate across our office portfolio decreased slightly to 96.4%, however, is ahead of the national industry average of 92.5%. The average occupancy rate across our industrial portfolio decreased slightly to 96.9%. The overall occupancy rates for industrial space in Calgary and Edmonton were 95.0% and 94.5%, respectively (CB Richard Ellis, Canadian Office and Calgary and Edmonton Industrial Market Views, First Quarter 2009). Our occupancy rates discussed in this report include occupied and committed space at March 31, 2009.

	Total portfolio			Comparative properties		
(percentage)	**March 31, 2009**	December 31, 2008	March 31, 2008	**March 31, 2009**	December 31, 2008	March 31, 2008
Office						
British Columbia	**95.2**	96.9	97.8	**94.6**	96.4	97.8
Alberta	**96.4**	96.4	96.7	**96.2**	96.3	96.7
Saskatchewan & NWT	**98.7**	98.2	96.7	**98.7**	98.2	96.7
Ontario	**94.9**	95.2	91.4	**93.1**	93.6	91.6
Total office	**96.4**	96.6	96.0	**96.2**	96.4	96.4
Industrial						
Alberta	**96.9**	97.0	92.3	**96.9**	97.0	98.4
Total industrial	**96.9**	97.0	92.3	**96.9**	97.0	98.4
Overall	**96.5**	96.7	95.0	**96.4**	96.6	96.9

Excludes redevelopment properties and property held for sale.

Vacancy schedule

The tables below distinguish between space that is currently vacant and space that is committed for future occupancy, and provide a continuity for the vacant space component.

During the first quarter, approximately 162,000 square feet of leases expired or were terminated, and we completed approximately 174,000 square feet of renewals and new leasing. Overall, we experienced a 14,000 square foot decrease in vacant space.

Of the vacant space at period-end, approximately 70,000 square feet or 23% has been committed for future occupancy, leaving approximately 229,000 square feet available for lease.

	For the three months ended March 31, 2009		
(in square feet)	Office	Industrial	Total
Available for lease	169,479	48,079	217,558
Vacancy committed for future leases	85,138	10,440	95,578
Vacant space — January 1, 2009	254,617	58,519	313,136
Remeasurements	(1,570)	—	(1,570)
Expiries	94,955	33,904	128,859
Early terminations and bankruptcies	12,964	19,840	32,804
New leases	(83,522)	(18,480)	(102,002)
Renewals	(47,441)	(24,514)	(71,955)
Vacant space — March 31, 2009	230,003	69,269	299,272
Vacancy committed for future leases	51,784	18,432	70,216
Available for lease — March 31, 2009	178,219	50,837	229,056

The following two tables detail our lease maturity profile by asset type and geographic segment as at March 31, 2009. The tables distinguish between those lease maturities that have yet to be renewed or re-leased and those maturities for which we have a leasing commitment. The uncommitted line should be referenced when considering future leasing risks or opportunities and the committed line should be referenced when considering the impact of leasing activity.

We have a long and successful track record in managing our lease rollovers. In the remainder of 2009, approximately 13% of our leases expire, of which 6% have already been renewed by March 31, 2009, leaving 7% to be renewed in the remainder of 2009. With average market rents above expiring rents, particularly in Alberta, where the majority of our properties are located, our lease maturity profile affords us the opportunity to take advantage of rental rate uplifts. As a result, we anticipate generating higher cash flow as space is re-leased. In Alberta, the estimated average market rent for our office and industrial space expiring in 2009 is $17.81 and $7.13 per square foot, respectively, significantly higher than our 2009 expiring rents of $15.59 and $5.10, respectively. We anticipate this may result in future NOI growth. We have similar increases anticipated in British Columbia, Saskatchewan and the NWT portfolio.

(in square feet)	Current vacancy	Current monthly tenancies	2009	2010	2011	2012	2013 and thereafter	Total
Office — uncommitted	178,219	3,718	239,499	624,473	564,465	517,028	2,270,321	4,397,723
Office — committed	—	—	359,918	67,477	11,922	32,863	97,574	569,754
Total office	178,219	3,718	599,417	691,950	576,387	549,891	2,367,895	4,967,477
Industrial — uncommitted	50,837	1,440	228,822	217,847	286,866	323,955	446,365	1,556,132
Industrial — committed	—	—	39,939	14,977	14,100	—	—	69,016
Total industrial	50,837	1,440	268,761	232,824	300,966	323,955	446,365	1,625,148
Total — uncommitted	229,056	5,158	468,321	842,320	851,331	840,983	2,716,686	5,953,855
Total — committed	—	—	399,857	82,454	26,022	32,863	97,574	638,770
Grand total	229,056	5,158	868,178	924,774	877,353	873,846	2,814,260	6,592,625

(in square feet)	Current vacancy	Current monthly tenancies	2009	2010	2011	2012	2013 and thereafter	Total
British Columbia — uncommitted	24,523	—	44,361	39,391	71,037	29,900	209,228	418,440
British Columbia — committed	—	—	96,812	—	—	—	—	96,812
Total British Columbia	24,523	—	141,173	39,391	71,037	29,900	209,228	515,252
Alberta — uncommitted	155,677	4,419	397,519	678,708	684,505	600,822	1,733,882	4,255,532
Alberta — committed	—	—	108,385	72,712	26,022	31,413	3,985	242,517
Total Alberta	155,677	4,419	505,904	751,420	710,527	632,235	1,735,867	4,498,049
Saskatchewan & NWT — uncommitted	11,309	—	23,402	101,729	64,536	192,882	396,511	790,369
Saskatchewan & NWT — committed	—	—	47,523	9,742	—	—	—	57,265
Total Saskatchewan & NWT	11,309	—	70,925	111,471	64,536	192,882	396,511	847,634
Ontario — uncommitted	37,547	739	3,039	22,492	31,253	17,379	377,065	489,514
Ontario — committed	—	—	147,137	—	—	1,450	93,589	242,176
Total Ontario	37,547	739	150,176	22,492	31,253	18,829	470,654	731,690
Grand total	229,056	5,158	868,178	924,774	877,353	873,846	2,814,260	6,592,625

The following tables provide expiring rents across our portfolio as well as our estimate of average market rents based on current leasing activity in comparable properties as at March 31, 2009. There has been some softening in leasing rates; however, our estimated market rents across our portfolio continue to remain well above expiring rents through to 2011.

	Current monthly tenancies	2009	2010	2011	2012	2013 and thereafter
Expiring rents						
Office	$ 33.37	$ 15.25	$ 16.79	$ 18.92	$ 21.02	$ 19.80
Industrial	12.00	5.10	8.48	8.14	6.54	9.86
Portfolio average	27.40	10.45	14.48	15.92	15.20	18.22
Market rents(1)						
Office	$ 21.91	$ 18.31	$ 19.02	$ 18.93	$ 19.28	$ 19.25
Industrial	9.00	7.13	9.74	10.75	8.06	9.35
Market rent average	18.31	13.03	16.43	16.65	14.77	17.68

(1) Estimate only; based on current market rents with no allowance for increases in future years and subject to change with market conditions in each market segment.

	Current monthly tenancies	2009	2010	2011	2012	2013 and thereafter
Expiring rents						
British Columbia	$ —	$ 13.17	$ 13.29	$ 14.16	$ 15.40	$ 18.84
Alberta office	33.46	15.59	16.89	19.39	21.63	21.20
Saskatchewan & NWT	—	17.26	18.01	21.50	21.02	17.31
Ontario	33.00	12.12	13.42	19.07	18.79	18.91
Alberta industrial	12.00	5.10	8.48	8.14	6.54	9.86
Portfolio average	27.40	10.45	14.48	15.92	15.20	18.22
Market rents(1)						
British Columbia	$ —	$ 19.66	$ 19.66	$ 16.60	$ 21.59	$ 20.05
Alberta office	22.14	17.81	18.91	18.42	18.91	19.25
Saskatchewan & NWT	—	19.79	20.42	24.15	19.60	16.88
Ontario	21.00	10.50	12.90	21.00	17.78	20.51
Alberta industrial	9.00	7.13	9.74	10.75	8.06	9.35
Market rent average	18.31	13.03	16.43	16.65	14.77	17.68

(1) Estimate only; based on current market rents with no allowance for increases in future years and subject to change with market conditions in each market segment.

Our estimate of the 2009 average market rental rates is approximately 25% higher than our expiring rental rates. While this is a positive indicator, the marketplace remains competitive and any uplift in our overall average rent will depend on the specific market and our ability to re-lease the space quickly at the higher rates. The current economic uncertainty has led to some softening in market rates and we may experience further softening of rates throughout 2009; however, given the degree to which our rents are below market, we believe we will still have the opportunity to capture gains.

The average remaining lease term and other portfolio information is detailed below:

	March 31, 2009(1)			December 31, 2008(1)		
	Average remaining lease term (years)	**Average tenant size (sq. ft.)**	**Average in-place net rent (per sq. ft.)**(2)	Average remaining lease term (years)	Average tenant size (sq. ft.)	Average in-place net rent (per sq. ft.)(2)
Office	**4.97**	**9,743**	**$ 18.19**	4.89	9,544	$ 17.94
Industrial	**3.24**	**7,569**	**7.49**	3.39	7,404	7.35
Portfolio average	**4.54**	**9,097**	**15.55**	4.52	8,907	15.30

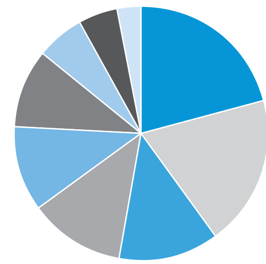
(1) Excludes redevelopment properties and property held for sale.

(2) Average in-place rents include straight-line rent adjustments.

Our tenant base includes a wide range of high-quality tenants, such as the government, large international corporations and small entrepreneurial businesses across the country. With 700 tenants, our risk exposure to any single large lease or tenant is low. The average sizes of our office and industrial tenants are approximately 9,700 and 7,600 square feet, respectively, placing us at the lower end of our peer group. Effectively managing this diverse tenant base has become a key strength and has helped us maintain consistently high occupancy levels and continually capitalize on rental rate uplifts.

The following chart illustrates the diversity of our tenant base, broken down by the percentage contribution to total contract rent. Tenants have been classified according to their North American Industry Classification System ("NAICS") codes. NAICS is a system used for classifying the industry in which tenants operate.

TENANT BASE BY PERCENTAGE CONTRIBUTION
TO TOTAL CONTRACT RENT
(AT MARCH 31, 2009)



The diversity of our tenant base helps to ensure segments that undergo greater than average stress do not unduly impact us. Much of the Alberta economy is influenced by the oil and gas sector. Since the largest concentration of our portfolio is in Alberta, our greatest area of vulnerability is not necessarily with respect to a specific industry sector as much as it is to the impact of the oil and gas sector on the general economy of Alberta. As discussed elsewhere in this report, even with recent declines in rental rates our rental rates are sufficiently below market such that we are still well positioned to capture some gains. In addition, we are being very proactive in analyzing our portfolio and tenancies, and are focused on tenant retention and leasing. The manufacturing sector will likely feel the greatest impact of the current economic conditions and fluctuations in the Canadian dollar. As indicated by the chart above, manufacturing comprises only a minor component of our portfolio.

The stability and quality of our cash flow is enhanced by the fact that government and government agencies contribute 17% to our total gross rental revenue. Our ten largest tenants feature both federal and provincial governments as well as other nationally and internationally recognizable and high-quality businesses. The table below sets out our ten largest tenants and outlines their contributions to our rental revenues.

Tenant	Owned area in sq. ft.	% of owned area	% of gross rental revenue	Expiry
TELUS Communications	311,253	4.7	6.0	2013—2016
Government of Canada	272,900	4.1	4.6	2009—2016
Loyalty Management Group	176,566	2.7	3.5	2017
Government of British Columbia	178,345	2.7	3.2	2009—2014
State Street Trust Company	122,344	1.9	3.0	2022
Government of Northwest Territories	117,318	1.8	2.8	2009—2013
Government of Ontario	123,872	1.9	2.4	2009
Hatch Optima Ltd.	94,388	1.4	2.0	2016
Government of Saskatchewan	139,529	2.1	2.0	2018
Government of Alberta	101,381	1.5	1.6	2009—2011
Total	1,637,896	24.8	31.1	

Liquidity and capital resources

Dundee REIT's primary sources of capital are cash generated from operating activities, credit facilities, mortgage financing and refinancing, and equity and debt issues. Our primary uses of capital include the payment of distributions, costs of attracting and retaining tenants, recurring property maintenance, major property improvements, debt principal and interest payments and property acquisitions. We expect to meet all of our ongoing obligations through current cash and cash equivalents, cash flows from operations, conventional mortgage refinancings and, as growth requires and when appropriate, new equity or debt issues, although current market conditions may preclude access to the capital markets at favourable rates.

The current tightening in the credit markets requires us to be cautious towards how we approach our debt maturities. We expect that mortgage financing may not be as readily available as it has been in the past and may only be available at higher interest rates and lower loan-to-value ratios. We are in various stages of refinancing $54.2 million of $74.8 million of mortgage debt that is maturing in the second and third quarters of 2009. Based on commitments received to date, we expect to improve our liquidity position by approximately $12.0 million upon refinancing. We will start the process of refinancing the remaining $20.6 million along with the additional $20.6 million we will assume upon acquisition of the remaining 50% of a property pursuant to the co-owners' exercised put option in the third quarter of this year. We currently have over $69.3 million of cash, a further $55.0 million available to us through our revolving credit facility, and have the ability to raise funds through asset sales. Based on this, we are confident that we have adequate capital resources for 2009. Further discussion and information is provided on page 20 under Financing Activities.

The following table details the change in cash and cash equivalents:

For the three months ended March 31	**2009**	2008
Cash generated from operating activities	**$ 17,385**	$ 11,585
Cash utilized in investing activities	**(2,871)**	(79,157)
Cash generated from (utilized in) financing activities	**(14,448)**	106,957
Increase in cash and cash equivalents	**$ 66**	$ 39,385

At March 31, 2009, cash and cash equivalents were $69.3 million, an increase of $0.1 million compared to December 31, 2008. Funds utilized during the quarter included $2.5 million in capital investments in our properties. We have an undrawn $55.0 million revolving credit facility, which is currently available to provide further funding for working capital or as a bridge facility to fund acquisitions. Retaining cash is somewhat dilutive to our earnings in the short term; however, we believe that it provides us with flexibility during a time of uncertainty in the lending and capital markets, and gives us the ability to act quickly should we find compelling investment opportunities.

Operating activities

The following table details the cash generated from operating activities:

For the three months ended March 31	**2009**	2008
Net income	**$ 3,859**	$ 2,662
Non-cash items:		
Amortization of market rent adjustments on acquired leases	**(2,777)**	(2,916)
All other depreciation and amortization	**12,919**	13,101
Deferred unit compensation expense	**197**	—
Future income taxes	**290**	68
Straight-line rent adjustment	**(213)**	(245)
	14,275	12,670
Deferred leasing costs incurred	**(845)**	(760)
Change in non-cash working capital	**3,955**	(325)
Cash generated from operating activities	**$ 17,385**	$ 11,585

Cash generated from operations for the quarter increased relative to the comparative period, mainly reflecting strong growth in NOI and fluctuations in non-cash working capital.

The amortization of market rent adjustments on acquired leases mainly represents the impact of leases with below-market rents, largely related to certain properties acquired from 2006 to 2008. Below-market leases are recorded as intangible liabilities and are amortized to rental property revenue over the terms of the related leases.

Dundee REIT distributes all taxable earnings to unitholders and as such, under current legislation, the obligation to pay tax rests with each unitholder and no current tax provision is currently required on the majority of Dundee REIT's income. Certain of our Canadian and U.S. subsidiaries are taxable and any tax-related costs are reflected in the consolidated balance sheets and consolidated statements of income and comprehensive income.

The straight-line rent adjustment represents the difference between the straight-line method of rental revenue recognition and the cash rents received. Any cumulative difference is included in accounts receivable.

Deferred leasing costs include fees and related costs, except for initial leasing costs that are included in rental properties, and deferred leasing costs associated with acquisitions. Deferred leasing costs are amortized on a straight-line basis over the term of the applicable lease to amortization expense.

Leasing costs and tenant improvements

Leasing costs include leasing fees and related costs, broker commissions and tenant inducements. Tenant improvements include costs incurred to make leasehold improvements. Leasing costs and tenant improvement expenditures are dependent on asset type, lease terminations and expiries, the mix of new leasing activity compared to renewals, portfolio growth and general market conditions. Short-term leases generally have lower costs than long-term leases, and leasing costs associated with office space are generally higher than costs associated with industrial space.

For the first three months of this year, we leased and occupied 0.2 million square feet of space, and incurred $2.4 million of leasing costs and tenant improvements. This leasing activity is 46% lower than the comparable prior year period, while costs are 119% higher, and resulted in an average per square foot leasing cost of $16.92 for office and $5.09 for industrial. These costs are higher than our normal leasing costs due to several long-term leasing deals, including $0.9 million incurred at IBM Corporate Park in Calgary, $0.2 million at 3510 29th Street NE in Calgary, $0.4 million at 4400 Dominion Street in Burnaby, B.C. and $0.2 million at State Street Financial Centre in Toronto. The leasing costs related to IBM Corporate Park were received as a credit to the purchase price when we acquired the property in 2008.

Performance indicators	Office	Industrial	Total
Operating activities (continuing portfolio)			
Portfolio size (sq. ft.)	4,967,477	1,625,148	6,592,625
Occupied and committed	96.4%	96.9%	96.5%
Square footage leased and occupied in 2009	130,963	42,994	173,957
Leasing costs	$ 805	$ 72	$ 877
Tenant improvements	$ 1,411	$ 147	$ 1,558

Excludes redevelopment properties and property held for sale.

The table below provides our annualized estimates of expected leasing activity and leasing costs over a two- to three-year time horizon. These estimates are based on our portfolio at December 31, 2008, and assume that market conditions remain consistent with our current experience.

	Office	Industrial
Estimated average annual leasing activity (sq. ft.)	670,000	280,000
Average leasing costs (per sq. ft.)	$ 8.00	$ 3.00
Expected average annual leasing costs	$ 5,360	$ 840

Commitments and contingencies

We are contingently liable with respect to guarantees that are issued in the normal course of business and with respect to litigation and claims that may 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 our consolidated financial statements.

Our future minimum commitments under operating and capital leases are as follows:

For the year ending December 31	Operating lease payments	Capital lease payments
2009	$ 675	$ 106
2010	831	142
2011	818	107
2012	763	—
2013	649	—
Total	$ 3,736	$ 355

Funds from Operations

Management believes FFO is an important measure of our operating performance. This non-GAAP measurement is the most commonly used measure of performance of real estate operations; however, it does not represent cash flow from operating activities as defined by GAAP and is not necessarily indicative of cash available to fund Dundee REIT's needs.

For the three months ended March 31	**2009**	2008
Net income	**$ 3,859**	$ 2,662
Add (deduct):		
Depreciation of rental properties	**7,092**	6,360
Amortization of deferred leasing costs, tenant improvements and intangibles	**5,744**	6,653
Imputed amortization of leasing costs related to the rent supplement	**—**	10
Future income taxes	**290**	68
Amortization of costs not specific to real estate operations incurred subsequent to June 30, 2003	**(61)**	(56)
FFO	**$ 16,924**	$ 15,697
FFO per unit — basic	**$ 0.81**	$ 0.74
FFO per unit — diluted	**$ 0.79**	$ 0.72

FFO per unit was $0.81 for the quarter representing an increase of 9% compared to the same period in 2008. The 8% increase in FFO to $16.9 million in the quarter is due to NOI growth from comparative properties and growth from acquisitions. Below-market rents, which result in a non-cash amortization to our operating results, contributed $2.9 million to FFO in the quarter.

Diluted FFO, distributable income and AFFO per unit amounts assume the conversion of the 6.5%, 5.7% and 6.0% Debentures. The weighted average number of units outstanding for basic and diluted FFO calculations for the quarter are 20,956,343 and 24,392,013, respectively. Diluted FFO includes interest and amortization adjustments, related to the convertible debentures, of $2.3 million for the quarter. The basic and diluted weighted average number of units outstanding include 39,594 vested deferred trust units for the quarter.

Distributions and distributable income

Our Declaration of Trust provides our trustees with the discretion to determine the percentage payout of distributable income that would be in the best interest of the Trust. Amounts retained in excess of the declared distributions are used to fund leasing costs and capital expenditure requirements. Given that working capital tends to fluctuate over time and should not affect our distribution policy, we disregard it when determining distributable income. We also exclude the impact of deferred leasing costs, which fluctuate with lease maturities, renewal terms and the type of asset being leased. We evaluate the impact of leasing activity based on averages for our portfolio over a two- to three-year time frame. Additionally, we exclude the impact of the amortization of deferred financing and non-recoverable costs that were incurred prior to the formation of the Trust, but deduct amortization of non-real estate assets such as software, office equipment and building improvement costs incurred after the formation of the Trust.

Distributable income

For the three months ended March 31	**2009**	2008
Cash generated from operating activities	**$ 17,385**	$ 11,585
Add (deduct):		
Deferred leasing costs incurred	**845**	760
Amortization of deferred financing costs incurred prior to June 30, 2003	**23**	11
Amortization of non-recoverable deferred costs incurred prior to June 30, 2003	**(9)**	—
Amortization of tenant inducements	**81**	37
Amortization of costs not specific to real estate operations incurred subsequent to June 30, 2003	**(61)**	(56)
Amortization of deferred financing costs	**(305)**	(313)
Change in non-cash working capital	**(3,955)**	325
Distributable income	**$ 14,004**	$ 12,349
Distributable income per unit — basic	**$ 0.67**	$ 0.58
Distributable income per unit — diluted	**$ 0.67**	$ 0.58
Distributions per unit	**$ 0.55**	$ 0.55

Distributable income is not defined by GAAP and therefore may not be comparable to similar measures presented by other real estate investment trusts. Distributable income is defined in our Declaration of Trust to facilitate the determination of distributions to our unitholders. In compliance with the Canadian Securities Administrators Staff Notice 52-306 (Revised) "Non-GAAP Financial Measures", our table reconciles distributable income to cash generated from operating activities.

For the quarter ended March 31, 2009, distributable income per unit was $0.67 and declared distributions per unit were $0.55, representing an 82% payout ratio. In the prior year comparative period, distributable income per unit was $0.58 and declared distributions per unit were $0.55, representing a 95% payout ratio. Distributable income exceeds distributions paid and payable by $2.6 million for the quarter. We retain a portion of our distributable income in order to fund capital requirements related to leasing, rental property improvements and working capital.

Distributions

The distributions presented in the table below comprise $9.5 million relating to REIT A Units, $nil relating to REIT B Units and $1.9 million relating to LP B Units.

	Declared distributions	4% additional distributions	Total
2009 distributions			
Paid in cash or reinvested in units	$ 7,572	$ 20	$ 7,592
Payable at March 31, 2009	3,792	9	3,801
Total distributions	$ 11,364	$ 29	$ 11,393
2009 reinvestment			
Reinvested to March 31, 2009	$ 500	$ 20	$ 520
Reinvested on April 15, 2009	217	9	226
Total distributions reinvested	$ 717	$ 29	$ 746
Distributions paid in cash	$ 10,647		
Reinvestment to distribution ratio	6.3%		
Cash distribution payout ratio	93.7%		

Distributions declared during the quarter totalled $11.4 million, down $0.1 million over the comparative period mainly as a result of the purchase of units under the normal course issuer bid in the second half of 2008, net of distributions reinvested and vested deferred units exchanged for REIT Units, Series A. Of this amount, $0.7 million, or 6%, was reinvested in additional units and our cash payout ratio for distributions was 94%.

As required by National Policy 41-201 “Income Trusts and Other Indirect Offerings”, the following table outlines the differences between cash flow from operating activities and cash distributions as well as the differences between net income and cash distributions in accordance with the guidelines.

For the three months ended March 31	**2009**	2008
Net income	**$ 3,859**	$ 2,662
Cash flow from operating activities	**17,385**	11,585
Distributions paid and payable	**11,393**	11,622
Excess (shortfall) of cash flow from operating activities over cash distributions	**5,992**	(37)

For the quarter, cash flow from operations exceeds distributions paid and payable as a result of strong NOI growth and changes in non-cash working capital balances. In establishing distribution payments, we do not take fluctuations in working capital into consideration and use a normalized amount as a proxy for leasing costs. We do not expect cash distributions to exceed cash flow from operating activities in the future, other than for changes in non-cash working capital balances.

Distributions paid and payable exceeded net income by $7.5 million for the quarter. This excess was mainly a result of non-cash depreciation and amortization expense, which are not considered in determining our cash distribution policy.

Adjusted funds from operations

For the three months ended March 31	2009	2008
Distributable income	**$ 14,004**	$ 12,349
Adjusted for:		
Normalized leasing costs and tenant improvements	**(1,514)**	(1,514)
Normalized non-recoverable recurring capital expenditures	**(200)**	(200)
AFFO	**$ 12,290**	$ 10,635
AFFO per unit — basic	**$ 0.59**	$ 0.50

Management believes that AFFO is an important measure of our economic performance and is indicative of our ability to pay distributions. This Non-GAAP measurement is commonly used for assessing real estate performance; however, it does not represent cash flow from operating activities as defined by GAAP and is not necessarily indicative of cash available to fund Dundee REIT's needs. Please see our description of distributable income on page 17, which reconciles distributable income to cash flow from operating activities.

Our calculation of AFFO starts with our distributable income and then deducts an estimate of normalized non-recoverable maintenance capital expenditures, leasing costs and tenant improvements that we expect to incur based on our current portfolio and expected average leasing activity. Our estimates of normalized leasing costs and tenant improvements are based on the average of our expected leasing activity over the next two to three years and multiplied by the average cost per square foot that we incurred and committed to in 2008, adjusted for properties that have been sold. Our estimates of normalized non-recoverable capital expenditures are based on our expected average expenditures for our current property portfolio. This estimate will differ from actual experience due to the timing of expenditures and any growth in our business resulting from property acquisitions.

AFFO per unit was $0.59 for the quarter, representing an increase of 18% compared to the same period in 2008, due to strong performance from our properties as well as our property management function.

Investing activities

The following table details our cash utilized in investing activities.

For the three months ended March 31	2009	2008
Investment in rental properties	**$ (680)**	$ (363)
Investment in tenant improvements	**(1,808)**	(369)
Acquisition of rental properties	**—**	(89,637)
Acquisition deposit on rental properties	**—**	(800)
Repayment of promissory note	**—**	12,116
Change in restricted cash, net	**(383)**	(104)
Cash utilized in investing activities	**$ (2,871)**	$ (79,157)

Key performance indicators in the management of our investment activities are:

For the three months ended March 31	2009	2008
Investing activities		
Acquisition of rental properties	**$ —**	$ 92,171
Building improvements	**1,037**	157

Building improvements

For the three months ended March 31		**2009**		2008
Building improvements:				
Recurring recoverable	$	**949**	$	35
Recurring non-recoverable		**32**		—
Non-recurring		**56**		122
Total	$	**1,037**	$	157

Building improvements represent investments in our rental properties and ensure our buildings are operating at an optimal level. For the three-month period, capital expenditures or expenditures accrued for rental property building improvements and equipment were $1.0 million (March 31, 2008 — $0.2 million). Recurring and recoverable expenditures include $0.2 million in elevator modernization and $0.7 million in chiller upgrades in our office portfolio. Non-recurring expenditures were $0.1 million in the quarter.

Purchase obligations

The Trust is party to a co-ownership agreement that includes typical rights of the co-owners for dispute resolution and a one-time put option exercisable by its co-owner. The put required us to purchase the remaining 50% of the building, effective April 1, 2009, at the price paid by the Trust for its initial 50% interest in the property. On January 23, 2009, the put was exercised and the Trust will purchase its partner's interest in the building, located in Toronto, for $25.4 million and assume debt of approximately $20.6 million. The Trust has agreed with the co-owner of the property that the transaction will close on September 1, 2009, and that we will manage the property effective April 1, 2009.

The Trust has an agreement to purchase, from a former joint venture partner, an office building, currently under construction, at a future date for $20.8 million with maximum adjustments to the closing price of $0.5 million. The closing date will be determined when the vendor notifies the Trust that the building is substantially complete, at which time the Trust is permitted 20 days for due diligence.

Financing activities

We finance the ownership of our assets using equity as well as conventional mortgage financing, term debt, floating rate credit facilities and convertible debentures. Our debt strategy includes managing our maturity schedule to help mitigate interest rate risk and limit exposure in any given year as well as fixing the rates and extending loan terms as long as possible when interest rates are favourable. We are in the process of refinancing mortgage debt that is scheduled to mature in the second and third quarters of 2009. We are currently finalizing the refinancing of $54.2 million of the $74.8 million maturing in 2009 and expect incremental liquidity of approximately $12.0 million. We expect to commence discussion to refinance the remaining $41.2 million (including debt to be assumed as a result of our co-owner's put right as discussed above) in the third quarter. We have assessed market values of the underlying properties to determine whether the implied loan-to-value ratios will expose us to significant repayment obligations. We presently do not anticipate any liquidity issues related to our debt maturities.

The following table details our cash generated from financing activities.

For the three months ended March 31	2009	2008
Mortgages placed, net of costs	$ (77)	$ (128)
Mortgage principal repayments	(3,826)	(3,273)
Term debt principal repayments	(38)	(34)
Convertible debentures issued, net of costs	—	119,200
Distributions paid on units	(10,502)	(9,381)
Units issued, net of costs	(5)	573
Cash generated from (utilized in) financing activities	$ (14,448)	$ 106,957

Debt

The key performance indicators in the management of our debt are:

	March 31, 2009	December 31, 2008
Financing activities		
Average interest rate	5.81%	5.83%
Interest coverage ratio(1)	2.4 times	2.3 times
Proportion of total debt due in current year	9.8%	10.2%
Debt — average term to maturity (years)	5.3	5.5
Variable rate debt as percentage of total debt	5.9%	5.9%

(1) Interest coverage ratio is calculated as NOI from continuing operations plus interest and fee income, less general and administrative expense from continuing operations, divided by interest expense.

We currently use cash flow performance indicators including the interest coverage ratio to assess our ability to meet our financing obligations. Previously, we also evaluated our level of debt as a percentage of enterprise value but no longer believe this indicator to be meaningful as the market value of our units is currently not reflective of the underlying value of our properties.

Our Declaration of Trust requires that we maintain an interest coverage ratio of no less than 1.4 times. Our current interest coverage ratio is 2.4 times, and reflects our ability to cover interest expense requirements. The slight increase in the ratio from December 31, 2008, mainly reflects NOI growth. Our average interest rate as at March 31, 2009, was 5.81%, a decrease over the start of the year, mainly reflecting a decrease in interest rates on variable rate mortgages.

Variable rate debt as a percentage of total debt remained steady at 5.9%.

	March 31, 2009			December 31, 2008		
	Fixed	Variable	Total	Fixed	Variable	Total
Mortgages	$ 688,008	$ 51,628	$ 739,636	$ 692,028	$ 51,039	$ 743,067
Term debt	307	—	307	345	—	345
6.5% Debentures	3,281	—	3,281	3,277	—	3,277
5.7% Debentures	7,713	—	7,713	7,703	—	7,703
6.0% Debentures	118,140	—	118,140	117,922	—	117,922
Total	$ 817,449	$ 51,628	$ 869,077	$ 821,275	$ 51,039	$ 872,314
Percentage	94.1%	5.9%	100%	94.1%	5.9%	100%

Mortgages payable include $3.5 million of fair value adjustments on mortgages assumed in connection with acquisitions (December 31, 2008 — $3.8 million). Amounts recorded as at March 31, 2009, for the 6.5%, 5.7% and 6.0% Debentures are net of $2.0 million of premiums allocated to their conversion features (December 31, 2008 — $2.0 million). The fair value adjustments and premiums are amortized to interest expense over the term to maturity of the related debt using the effective interest rate method.

Debt financing activity

During the quarter, we made scheduled repayments of $3.8 million on mortgages and term debt. We also incurred $0.1 million in fees related to refinancing activity that is expected to be completed in the second quarter.

A demand revolving credit facility is available up to a formula-based maximum of $55 million, bearing interest generally at the bank prime rate (2.5% as at March 31, 2009) plus 0.5%, or bankers' acceptance rates plus 1.875%. The facility is secured by a first-ranking collateral mortgage on four properties and a second-ranking collateral mortgage on one property. As at March 31, 2009, the facility was undrawn. The facility has been extended to May 31, 2009, and we are currently in the process of the annual renewal.

For the remainder of 2009, we anticipate the current uncertainty in the credit markets will have an impact on interest rates and the level of debt that can be placed on a property. The risk remains that we may be unable to refinance our mortgage debt at the same amounts and interest rates as were in place at maturity; however, we currently have over $69.3 million of cash and a revolving credit facility that, along with cash generated from operations, gives us the flexibility to deal with any unforeseen situations related to mortgage refinancing.

Changes in debt levels are as follows:

	For the three months ended March 31, 2009			
	Mortgages	Term debt	Convertible debentures	Total
Debt as at December 31, 2008	$ 743,067	$ 345	$ 128,902	$ 872,314
Scheduled repayments	(3,780)	(38)	—	(3,818)
Amortization and other adjustments	349	—	232	581
Debt as at March 31, 2009	$ 739,636	$ 307	$ 129,134	$ 869,077

	Debt maturities	Scheduled principal repayments on non-matured debt	Amount	%	Weighted average interest rate on balance due at maturity %	Weighted average face rate on balance due at maturity %
2009	$ 74,846	$ 11,099	$ 85,945	9.8	5.65	5.71
2010	5,867	15,555	21,422	2.4	5.24	5.24
2011	71,987	15,312	87,299	10.0	6.01	6.79
2012	89,903	13,241	103,144	11.8	5.58	5.47
2013	102,480	10,118	112,598	12.9	5.48	5.86
2014 and thereafter	435,789	28,783	464,572	53.1	5.99	5.66
Total	$ 780,872	$ 94,108	874,980	100.0		5.77
Fair value adjustments			1,523			
Deferred financing costs			(7,426)			
Total			$ 869,077			

Convertible debentures

With respect to the 6.5% Debentures, the total principal outstanding at April 30, 2009, was $3.5 million, and is convertible into 139,520 REIT A Units. With respect to the 5.7% Debentures, the total principal outstanding at April 30, 2009, was $7.8 million, and is convertible into approximately 260,200 REIT A Units. For the 6.0% Debentures the total principal outstanding at April 30, 2009, was $125.0 million and is convertible into approximately 3,019,323 REIT A Units.

Exercise of put option

As discussed under Investing Activities on page 19, we will be required to assume approximately $20.6 million of mortgage debt on the purchase of a 50% interest in an office property located in Toronto. The debt carries an effective interest rate of 7.0% and matures on September 1, 2009. The effective date for the transaction is expected to be September 1, 2009.

Equity

The following table summarizes the changes in our outstanding equity:

	REIT Units, Series A	REIT Units, Series B	LP Class B Units, Series 1	Total
Units issued and outstanding on December 31, 2008	16,947,240	16,316	3,454,188	20,417,744
Units issued pursuant to DRIP	67,682	—	—	67,682
Unit Purchase Plan	85	—	—	85
Units issued pursuant to Deferred Unit Incentive Plan	233,293	—	—	233,293
Unit redemption	(30)	—	—	(30)
Total units outstanding on March 31, 2009	17,248,270	16,316	3,454,188	20,718,774
Percentage of all units	83%	—	17%	100%
Units issued pursuant to DRIP on April 15, 2009	16,592	—	—	16,592
Unit Purchase Plan	147	—	—	147
Units issued pursuant to Deferred Unit Incentive Plan	1,905	—	—	1,905
Total units outstanding on April 30, 2009	17,266,914	16,316	3,454,188	20,737,418
Percentage of all units	83%	—	17%	100%

Normal course issuer bid

On September 23, 2008, the Trust renewed its normal course issuer bid. Under the bid, Dundee REIT has the ability to purchase for cancellation up to a maximum of 1,326,762 REIT A Units (representing 10% of the REIT's public float of 13,267,620 REIT A Units on September 23, 2008) through the facilities of the TSX. No units were acquired in 2009. A total of 652,900 units were purchased under the bid during 2008. The bid commenced on September 26, 2008, and will remain in effect until the earlier of September 25, 2009, or the date on which the Trust has purchased the maximum number of units permitted under the bid. As of March 31, 2009, the maximum number of REIT A Units remaining for purchase under the bid is 673,862. Based on the closing price of the REIT A Units on March 31, 2009, the Trust may purchase up to $8.6 million worth of REIT A Units.

OUR RESULTS OF OPERATIONS

For the three months ended March 31	2009	2008
Revenues		
Rental properties revenue	$ 49,976	$ 44,044
Interest and fee income	493	1,170
	50,469	45,214
Expenses		
Rental properties operating expenses	18,944	16,548
Interest	12,637	11,426
Depreciation of rental properties	7,035	6,309
Amortization of deferred leasing costs, tenant improvements and intangibles	5,735	6,651
General and administrative	1,721	1,421
	46,072	42,355
Income before income taxes	4,397	2,859
Income taxes		
Current income taxes	5	(55)
Future income taxes	290	68
	295	13
Income before discontinued operations	4,102	2,846
Discontinued operations	(243)	(184)
Net income	$ 3,859	$ 2,662

Income statement results

Rental properties revenue

Revenues include net rental income from rental properties as well as the recovery of operating costs and property taxes from tenants. Revenue generated by acquisitions completed in 2008 and strong comparative property growth drove a $5.9 million, or 13%, increase in rental property revenue over the comparative quarter.

Interest and fee income

Interest and fee income represents amounts for items such as fees earned from third-party property management including management, construction and leasing fees, and interest on bank accounts and related fees. These revenues and expenses are not necessarily of a recurring nature and the amounts will vary from quarter to quarter. The $0.7 million decrease over the comparative quarter is mainly a result of investing undeployed cash in lower yielding investments.

Rental properties operating expenses

Operating expenses mainly comprise occupancy costs and property taxes as well as certain expenses that are not recoverable from tenants, the majority of which are related to leasing. Operating expenses fluctuate with occupancy levels, weather, utility costs, taxes, and repairs and maintenance. Expenses for the quarter increased $2.4 million, or 14%, reflecting increased recoverable operating costs and the additional costs associated with properties acquired over the course of 2008.

Interest expense

Interest expense for the quarter increased $1.2 million over the comparative quarter, reflecting new mortgage debt placed in the second and third quarters of 2008 related to acquired properties. The interest coverage ratio, which reflects our ability to cover our interest expense requirements, remains strong at 2.4 times for the quarter.

Depreciation of rental properties

Acquisitions completed in 2008 have led to a $0.7 million, or 12%, increase in depreciation over the comparative period.

Amortization of deferred leasing costs, tenant improvements and intangibles

Amortization decreased $0.9 million, or 14%, over the comparative quarter, which is mainly dependent on the timing of lease expiries.

General and administrative expenses

General and administrative expenses primarily comprise the expenses related to corporate management, trustees' fees and expenses, and investor relations. Expenses for the quarter were $1.7 million, an increase of $0.3 million, or 21%, over the comparative period, mainly resulting from non-cash charges for deferred unit plan grants made in the second quarter of 2008 and the current quarter as well as slightly higher asset management fees related to properties acquired in 2008.

Income tax expense

Dundee REIT distributes or designates all taxable earnings to unitholders and as such, under current legislation, the obligation to pay tax rests with each unitholder and no tax provision is currently required on the majority of Dundee REIT's income. Certain of our Canadian and U.S. subsidiaries are taxable and any tax-related costs are reflected in the consolidated balance sheets and consolidated statements of income.

Discontinued operations

Discontinued operations include assets that have been categorized as held for sale or sold and meet specific criteria as discontinued assets in accordance with GAAP. These operations are disclosed separately on the consolidated statements of net income. Discontinued operations for the quarter reflect the results of an industrial property that was classified as held for sale in the fourth quarter of 2008.

Related-party transactions

From time to time Dundee REIT and its subsidiaries enter into transactions with related parties that are conducted under normal commercial terms. Effective August 24, 2007, Dundee REIT entered into an asset management agreement (the "Asset Management Agreement") with DRC pursuant to which DRC provides certain asset management services to Dundee REIT and its subsidiaries as disclosed in Note 17 to the interim consolidated financial statements. Dundee Management Limited Partnership ("DMLP") and DRC have extended the term of the DRC Services Agreement until June 30, 2013. During the quarter, we received $0.5 million related to the DRC Services Agreement and paid $1.1 million related to the Asset Management Agreement.

Net operating income

Net operating income is an important measure used by management to evaluate the operating performance of the properties; however, it is not defined by GAAP, does not have a standard meaning and may not be comparable with other income trusts. Provided below is our reconciliation of NOI to net income.

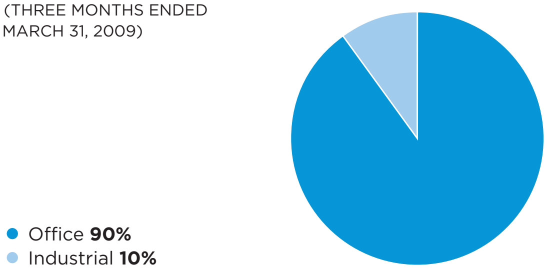
For the three months ended March 31	**2009**	2008
Net income	**$ 3,859**	$ 2,662
Add (deduct):		
Interest expense	**12,637**	11,426
Depreciation of rental properties	**7,035**	6,309
Amortization of deferred leasing costs, tenant improvements and intangibles	**5,735**	6,651
General and administrative expenses	**1,721**	1,421
Interest and fee income	**(493)**	(1,170)
Income taxes	**295**	13
Depreciation, amortization, interest and loss on disposal, included in discontinued operations	**217**	208
NOI including redevelopment and discontinued operations	**$ 31,006**	$ 27,520

We define NOI as the total of rental property revenues, including property management income, less rental property operating expenses. NOI, before redevelopment and discontinued operations, increased 13% for the quarter over the comparative period. The increase is attributable to strong comparable property growth and income generated by properties acquired in 2008. Discontinued operations reflect the classification of an industrial property as held for sale in the fourth quarter of 2008.

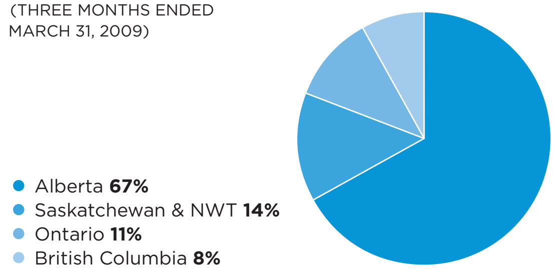
	For the three months ended March 31			
			Growth	
	2009	2008	Amount	%
Office	**$ 27,559**	$ 23,998	$ 3,561	15
Industrial	**2,974**	2,983	(9)	—
NOI	**30,533**	26,981	3,552	13
Redevelopment	**499**	515	(16)	
Discontinued operations	**(26)**	24	(50)	
NOI including redevelopment and discontinued operations	**$ 31,006**	$ 27,520	$ 3,486	13

	For the three months ended March 31			
			Growth	
	2009	2008	Amount	%
British Columbia	**$ 2,480**	$ 2,171	$ 309	14
Alberta	**20,429**	18,444	1,985	11
Saskatchewan & NWT	**4,155**	3,636	519	14
Ontario	**3,469**	2,730	739	27
NOI	**30,533**	26,981	3,552	13
Redevelopment	**499**	515	(16)	
Discontinued operations	**(26)**	24	(50)	
NOI including redevelopment and discontinued operations	**$ 31,006**	$ 27,520	$ 3,486	13

NOI BY SEGMENT
(THREE MONTHS ENDED MARCH 31, 2009)



NOI BY REGION
(THREE MONTHS ENDED MARCH 31, 2009)



NOI comparative portfolio

NOI shown below details comparative and non-comparative items to assist in understanding the impact each component has on NOI. The comparative properties disclosed in the following tables are properties acquired prior to January 1, 2008. Discontinued operations contributing to NOI in comparative periods are shown separately to conform to the required income statement presentation. Comparative NOI and acquisitions exclude GAAP adjustments that relate to straight-line rents and amortization of market rent adjustments on acquired leases.

	For the three months ended March 31			
			Growth	
	2009	2008	Amount	%
Office	**$ 22,079**	$ 20,109	$ 1,970	10
Industrial	**2,964**	2,928	36	1
Comparative properties	**25,043**	23,037	2,006	9
Acquisitions	**2,590**	796	1,794	
Rent supplement	**—**	21	(21)	
GAAP adjustments	**2,900**	3,127	(227)	
NOI	**30,533**	26,981	3,552	13
Redevelopment	**499**	515	(16)	
Discontinued operations	**(26)**	24	(50)	
NOI including redevelopment and discontinued operations	**$ 31,006**	$ 27,520	$ 3,486	13

	For the three months ended March 31			
			Growth	
	2009	2008	Amount	%
British Columbia	**$ 2,089**	$ 2,083	$ 6	—
Alberta	**17,088**	15,587	1,501	10
Saskatchewan & NWT	**4,064**	3,575	489	14
Ontario	**1,802**	1,792	10	1
Comparative properties	**25,043**	23,037	2,006	9
Acquisitions	**2,590**	796	1,794	
Rent supplement	**—**	21	(21)	
GAAP adjustments	**2,900**	3,127	(227)	
NOI	**30,533**	26,981	3,552	13
Redevelopment	**499**	515	(16)	
Discontinued operations	**(26)**	24	(50)	
NOI including redevelopment and discontinued operations	**$ 31,006**	$ 27,520	$ 3,486	13

Comparative properties in total increased 9% in the quarter. Comparative office NOI increased $2.0 million, or 10%, for the quarter reflecting higher in-place occupancy, increases in rental rates on renewals and contractual rent increases. Comparative industrial NOI increased marginally by 1% compared to 2008, mainly as a result of increased rental rates. Properties acquired in 2008 contributed $1.8 million of NOI growth, including occupancy growth at Air Miles Tower in Toronto that is now 98% occupied compared to 91% when we acquired the property in January 2008.

Comparative office portfolio

	For the three months ended March 31			
			Growth	
	2009	2008	Amount	%
British Columbia	**$ 2,089**	$ 2,083	$ 6	—
Alberta	**14,124**	12,659	1,465	12
Saskatchewan & NWT	**4,064**	3,575	489	14
Ontario	**1,802**	1,792	10	1
Comparative properties	**22,079**	20,109	1,970	10
Acquisitions	**2,590**	796	1,794	
Rent supplement	**—**	21	(21)	
GAAP adjustments	**2,890**	3,072	(182)	
Office NOI	**$ 27,559**	$ 23,998	$ 3,561	15

We achieved significant growth in our comparative office portfolio, with an average committed occupancy in excess of 96%. Our office portfolio in Alberta generated NOI growth of $1.5 million representing an increase of 12% compared to the same quarter in 2008. The increase is attributable to in-place occupancy increases in three of our buildings in Calgary along with rental rate increases related to contracted steps and lease renewals. Our portfolio in Saskatchewan and the Northwest Territories also contributed strong growth that was attributable to one of our buildings in Yellowknife as a result of in-place occupancy increasing to 97% compared to 80% in the same period in 2008. Also contributing to the increase were higher base rents and recoveries related to the significant renewal of a government tenant in Regina.

The Ontario portfolio contributed modest NOI growth with occupancy increases from leasing two previously vacant floors at State Street Financial Centre in Toronto, offsetting increased vacancy at a 50% co-owned building in north Toronto.

Comparative industrial portfolio

	For the three months ended March 31			
			Growth	
	2009	2008	Amount	%
Alberta	**$ 2,964**	$ 2,928	$ 36	1
Comparative properties	**2,964**	2,928	36	1
GAAP adjustments	**10**	55	(45)	
Industrial NOI	**$ 2,974**	$ 2,983	$ (9)	—

Our industrial portfolio experienced modest growth mainly due to occupancy and rental rate increases in Edmonton offsetting net decreases in our Calgary portfolio as a result of increased vacancy and non-recoverable expenses.

NOI prior quarter comparison

Comparative property NOI improved modestly by 1%, or $0.4 million. The office portfolio NOI increased by 2% mainly attributable to our Ontario properties where the remaining vacant floor at State Street Financial Centre was occupied in February and new leasing was completed at the Air Miles Tower in Toronto.

	For the three months ended			
			Growth	
	March 31, 2009	December 31, 2008	Amount	%
Office	**$ 24,669**	$ 24,232	$ 437	2
Industrial	**2,964**	3,036	(72)	(2)
Comparative properties	**27,633**	27,268	365	1
GAAP adjustments	**2,900**	3,488	(588)	
NOI	**30,533**	30,756	(223)	(1)
Redevelopment	**499**	545	(46)	
Discontinued operation	**(26)**	(120)	94	
NOI including redevelopment and discontinued operations	**$ 31,006**	$ 31,181	$ (175)	(1)

	For the three months ended			
			Growth	
	March 31, 2009	December 31, 2008	Amount	%
British Columbia	**$ 2,335**	$ 2,265	$ 70	3
Alberta	**17,949**	17,839	110	1
Saskatchewan & NWT	**4,064**	4,129	(65)	(2)
Ontario	**3,285**	3,035	250	8
Comparative properties	**27,633**	27,268	365	1
GAAP adjustments	**2,900**	3,488	(588)	
NOI	**30,533**	30,756	(223)	(1)
Redevelopment	**499**	545	(46)	
Discontinued operations	**(26)**	(120)	94	
NOI including redevelopment and discontinued operations	**$ 31,006**	$ 31,181	$ (175)	(1)

QUARTERLY INFORMATION

The following tables show quarterly information since April 1, 2007.

	Q1 2009	Q4 2008	Q3 2008	Q2 2008	Q1 2008	Q4 2007	Q3 2007	Q2 2007
Revenues								
Rental properties revenue	**$ 49,976**	$ 50,419	$ 47,748	$ 45,250	$ 44,044	$ 42,697	$ 40,312	$ 38,087
Interest and fee income	**493**	788	973	771	1,170	1,023	574	680
	50,469	51,207	48,721	46,021	45,214	43,720	40,886	38,767
Expenses								
Rental properties operating expenses	**18,944**	19,118	17,940	16,136	16,548	15,888	14,280	13,051
Interest	**12,637**	12,869	12,889	11,919	11,426	9,963	9,717	9,088
Depreciation of rental properties	**7,035**	6,935	6,933	6,696	6,309	6,128	6,083	5,773
Amortization of deferred leasing costs, tenant improvements and intangibles	**5,735**	6,619	6,985	6,847	6,651	7,280	5,858	5,997
General and administrative	**1,721**	1,876	1,750	1,693	1,421	1,534	1,887	1,975
	46,072	47,417	46,497	43,291	42,355	40,793	37,825	35,884
Income before the undernoted items	**4,397**	3,790	2,224	2,730	2,859	2,927	3,061	2,883
Gain on disposal of rental property and land held for sale	**—**	—	—	—	—	—	854	1,474
Reversal of (provision for) impairment of rental property previously held for sale	**—**	—	—	—	—	6,298	(7,650)	—
Income (loss) before income and large corporations taxes	**4,397**	3,790	2,224	2,730	2,859	9,225	(3,735)	4,357
Income taxes (recovery)								
Current income and large corporations taxes	**5**	9	63	(4)	(55)	8	7	10
Future income taxes	**290**	221	(38)	76	68	(15,539)	(25,198)	40,031
Income tax expense (recovery)	**295**	230	25	72	13	(15,531)	(25,191)	40,041
Income (loss) before discontinued operations	**4,102**	3,560	2,199	2,658	2,846	24,756	21,456	(35,684)
Discontinued operations	**(243)**	6	(74)	(551)	(184)	4,468	730,994	7,894
Net income (loss)	**$ 3,859**	$ 3,566	$ 2,125	$ 2,107	$ 2,662	$ 29,224	$ 752,450	$ (27,790)
Net income (loss) per unit								
Basic	**$ 0.18**	$ 0.17	$ 0.10	$ 0.10	$ 0.13	$ 1.38	$ 19.82	$ (0.57)
Diluted[1]	**$ 0.18**	$ 0.17	$ 0.10	$ 0.10	$ 0.13	$ 1.38	$ 19.81	$ (0.57)

(1) Excludes impact of 6.5%, 5.7% and 6.0% Debentures, which are currently not dilutive to net income.

Calculation of funds from operations and distributable income

	Q1 2009	Q4 2008	Q3 2008	Q2 2008	Q1 2008	Q4 2007	Q3 2007	Q2 2007
Net income (loss)	**$ 3,859**	$ 3,566	$ 2,125	$ 2,107	$ 2,662	$ 29,224	$ 752,450	$ (27,790)
Add (deduct):								
Depreciation of rental properties	**7,092**	6,993	6,990	6,763	6,360	6,193	10,960	13,495
Amortization of deferred leasing costs, tenant improvements and intangibles	**5,744**	6,621	6,985	6,850	6,653	7,286	10,825	12,988
Future income taxes	**290**	221	(38)	76	68	(15,539)	(25,198)	40,031
Imputed amortization of leasing costs related to the rent supplement	**—**	—	—	8	10	6	61	88
Amortization of costs not specific to real estate operations incurred subsequent to June 30, 2003	**(61)**	(80)	(66)	(87)	(56)	(77)	(42)	(29)
(Gain) loss on disposal of rental properties and land held for sale	**—**	(336)	(169)	426	—	(4,968)	(727,374)	(1,474)
Provision for (reversal of) impairment in value of rental property	**—**	—	—	—	—	(6,298)	7,650	—
Income tax expense related to discontinued operations	**—**	—	—	—	—	300	—	—
Funds from operations	**$ 16,924**	$ 16,985	$ 15,827	$ 16,143	$ 15,697	$ 16,127	$ 29,332	$ 37,309
Funds from operations per unit								
Basic[1]	**$ 0.81**	$ 0.82	$ 0.75	$ 0.76	$ 0.74	$ 0.76	$ 0.77	$ 0.76
Diluted	**$ 0.79**	$ 0.80	$ 0.73	$ 0.74	$ 0.72	$ 0.76	$ 0.76	$ 0.75
Cash generated from operating activities	**$ 17,385**	$ 7,266	$ 12,631	$ 9,644	$ 11,585	$ 9,952	$ 6,794	$ 35,150
Add (deduct):								
Deferred leasing costs incurred	**845**	1,465	1,788	980	760	690	2,026	1,554
Amortization of deferred financing costs incurred prior to June 30, 2003	**23**	21	17	18	11	20	67	94
Amortization of non-recoverable deferred costs incurred prior to June 30, 2003	**(9)**	(7)	—	—	—	(4)	5	13
Amortization of tenant inducements	**81**	68	43	41	37	25	31	33
Amortization of costs not specific to real estate operations incurred subsequent to June 30, 2003	**(61)**	(80)	(66)	(87)	(56)	(77)	(42)	(29)
Amortization of deferred financing costs	**(305)**	(309)	(302)	(332)	(313)	(57)	(259)	(316)
Income tax expense related to discontinued operations	**—**	—	—	—	—	300	—	—
Change in non-cash working capital	**(3,955)**	5,035	(1,681)	2,199	325	1,471	16,412	(3,517)
Distributable income ("DI")	**$ 14,004**	$ 13,459	$ 12,430	$ 12,463	$ 12,349	$ 12,320	$ 25,034	$ 32,982
Distributable income per unit								
Basic[1]	**$ 0.67**	$ 0.65	$ 0.59	$ 0.59	$ 0.58	$ 0.58	$ 0.66	$ 0.67
Diluted	**$ 0.67**	$ 0.65	$ 0.59	$ 0.59	$ 0.58	$ 0.58	$ 0.65	$ 0.66
Weighted average units outstanding for FFO and DI								
Basic	**20,956,343**	20,720,901	21,248,773	21,300,089	21,179,939	21,107,542	37,961,439	49,115,213
Diluted	**24,392,013**	24,144,476	24,676,672	24,719,316	24,609,778	21,566,798	39,020,277	51,306,940

(1) The LP Class B Units, Series 1, are included in the calculation of basic FFO per unit and basic DI per unit.

SECTION III — DISCLOSURE CONTROLS AND PROCEDURES

During the current interim period, there have not been any changes that have materially affected, or are reasonably likely to materially affect, the internal control over financial reporting.

For an explanation of our disclosure controls and procedures, please refer to our 2008 Annual Report or our annual information form for the year ended December 31, 2008, filed on SEDAR (www.sedar.com).

SECTION IV — RISKS AND OUR STRATEGY TO MANAGE

For a full list and explanation of our risks and uncertainties, please refer to our 2008 Annual Report or our annual information form for the year ended December 31, 2008, filed on SEDAR (www.sedar.com).

SECTION V — CRITICAL ACCOUNTING POLICIES

CRITICAL ACCOUNTING ESTIMATES

Management of Dundee REIT believes that certain policies may be subject to estimation and management's judgment. For a list and explanation of these policies, please refer to Note 2 of the interim consolidated financial statements and to our 2008 Annual Report.

CHANGES IN ACCOUNTING POLICIES

Deferred recoverable costs

On January 1, 2009, the Trust adopted amendments to The Canadian Institute of Chartered Accountants ("CICA") Handbook Section 1000, "Financial Statement Concepts" and new CICA Handbook Section 3064, "Goodwill and Intangible Assets", which replaced CICA Handbook Section 3062, "Goodwill and Other Intangible Assets", and have been issued and apply to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2008. The objectives of these amendments and new section are to:

- reinforce the principle-based approach to the recognition of assets only in accordance with the definition of an asset and the criteria for asset recognition; and
- clarify the application of the concept of matching revenues and expenses, such that the current practice of recognizing as assets items that do not meet the definition and recognition criteria is eliminated.

Under the amendments to CICA Handbook Section 1000, "Financial Statement Concepts", effective January 1, 2009, the deferral and matching of operating expenses over future revenues is no longer appropriate. The impact of these amendments increased revenue properties by $2.0 million, decreased deferred costs by $2.1 million and decreased unitholders' equity by approximately $0.1 million. The decrease in unitholder equity is due to deferred recoverable costs that are short term and recurring maintenance costs which are better classified as operating expenses. The remainder of deferred recoverable costs has been reclassified to building improvements. These costs are considered to be betterments to the properties.

Future changes in accounting policies

For an explanation of future changes in accounting policies, please refer to our 2008 Annual Report.

Additional information relating to Dundee REIT, including the latest annual information form of Dundee REIT, is available on SEDAR at www.sedar.com.

Consolidated balance sheets

(unaudited) (in thousands of dollars)	Note	**March 31, 2009**	December 31, 2008 (Restated, see Note 2)
Assets			
Rental properties	4	**$ 1,133,681**	$ 1,139,071
Deferred costs	5	**33,430**	33,073
Amounts receivable	6	**12,863**	11,787
Prepaid expenses and other assets	7	**5,942**	5,424
Cash and cash equivalents		**69,333**	69,267
Intangible assets	8	**46,483**	49,969
Assets held for sale	18	**7,385**	7,417
		$ 1,309,117	$ 1,316,008
Liabilities			
Debt	9	**$ 869,077**	$ 872,314
Amounts payable and accrued liabilities	10	**23,775**	18,605
Distributions payable	11	**3,801**	3,749
Future income tax liability	14	**3,770**	3,387
Intangible liabilities	8	**39,064**	41,941
Liabilities held for sale	18	**11,571**	11,548
		951,058	951,544
Unitholders' equity	12	**358,059**	364,464
		$ 1,309,117	$ 1,316,008

See accompanying notes to the consolidated financial statements

On behalf of the Board of Trustees of Dundee Real Estate Investment Trust:

NED GOODMAN
Trustee

MICHAEL J. COOPER
Trustee

Consolidated statements of net income and comprehensive income

(unaudited) (in thousands of dollars, except per unit amounts) For the three months ended March 31	Note	**2009**	2008
Revenues			
Rental properties revenue		**$ 49,976**	$ 44,044
Interest and fee income		**493**	1,170
		50,469	45,214
Expenses			
Rental properties operating expenses		**18,944**	16,548
Interest	13	**12,637**	11,426
Depreciation of rental properties		**7,035**	6,309
Amortization of deferred leasing costs, tenant improvements and intangibles		**5,735**	6,651
General and administrative		**1,721**	1,421
		46,072	42,355
Income before income taxes		**4,397**	2,859
Provision for (recovery of) income taxes	14		
Current income taxes		**5**	(55)
Future income taxes		**290**	68
		295	13
Income before discontinued operations		**4,102**	2,846
Discontinued operations	18	**(243)**	(184)
Net income		**$ 3,859**	$ 2,662
Basic income per unit	15		
Continuing operations		**$ 0.20**	$ 0.14
Discontinued operations		**(0.02)**	(0.01)
Net income		**$ 0.18**	$ 0.13
Diluted income per unit	15		
Continuing operations		**$ 0.20**	$ 0.14
Discontinued operations		**(0.02)**	(0.01)
Net income		**$ 0.18**	$ 0.13
Net income		**$ 3,859**	$ 2,662
Other comprehensive income			
Change in foreign currency translation adjustment		**97**	149
Comprehensive income		**$ 3,956**	$ 2,811

See accompanying notes to the consolidated financial statements

Consolidated statements of unitholders' equity

(unaudited) (in thousands of dollars, except number of units)	Note	Number of units	Cumulative capital	Cumulative net income	Cumulative distributions	Accumulated other comprehensive income (loss)	Total
Unitholders' equity, January 1, 2009		20,417,744	$ 536,093	$ 806,598	$ (972,790)	$ (5,275)	$ 364,626
Adjustment to opening unitholders' equity to comply with new accounting standard	2	—	—	(162)	—	—	(162)
Unitholders' equity, January 1, 2009 (restated)		20,417,744	536,093	806,436	(972,790)	(5,275)	364,464
Net income		—	—	3,859	—	—	3,859
Distributions paid	11	—	—	—	(7,592)	—	(7,592)
Distributions payable	11	—	—	—	(3,801)	—	(3,801)
Distribution Reinvestment Plan	12	67,682	839	—	—	—	839
Unit Purchase Plan	12	85	1	—	—	—	1
Deferred Unit Incentive Plan	12	—	197	—	—	—	197
Deferred Units exchanged for REIT A Units	12	233,293	—	—	—	—	—
Issue costs		—	(5)	—	—	—	(5)
Unit redemption		(30)	—	—	—	—	—
Change in foreign currency translation adjustment		—	—	—	—	97	97
Unitholders' equity, March 31, 2009		20,718,774	$ 537,125	$ 810,295	$ (984,183)	$ (5,178)	$ 358,059

(unaudited) (in thousands of dollars, except number of units)	Note	Number of units	Cumulative capital	Cumulative net income	Cumulative distributions	Accumulated other comprehensive income (loss)	Total
Unitholders' equity, January 1, 2008		20,863,819	$ 544,850	$ 796,138	$ (926,605)	$ (6,243)	$ 408,140
Adjustment to opening unitholders' equity to comply with new accounting standard	2	—	—	(162)	—	—	(162)
Unitholders' equity, January 1, 2008 (restated)		20,863,819	544,850	795,976	(926,605)	(6,243)	407,978
Net income		—	—	2,662	—	—	2,662
Distributions paid		—	—	—	(7,736)	—	(7,736)
Distributions payable		—	—	—	(3,886)	—	(3,886)
Distribution Reinvestment Plan	12	67,930	2,174	—	—	—	2,174
Unit Purchase Plan	12	18,257	594	—	—	—	594
Deferred Unit Incentive Plan	12	10,492	—	—	—	—	—
Conversion of 6.5% Debentures	12	10,560	264	—	—	—	264
Conversion of 5.7% Debentures	12	4,031	121	—	—	—	121
Issue costs		—	(21)	—	—	—	(21)
Equity portion of 6.0% Debentures		—	2,160	—	—	—	2,160
Change in foreign currency translation adjustment		—	—	—	—	149	149
Unitholders' equity, March 31, 2008		20,975,089	$ 550,142	$ 798,638	$ (938,227)	$ (6,094)	$ 404,459

See accompanying notes to the consolidated financial statements

Consolidated statements of cash flows

(unaudited)
(in thousands of dollars)

For the three months ended March 31	Note	**2009**	2008
Generated from (utilized in) operating activities			
Net income		**$ 3,859**	$ 2,662
Non-cash items:			
Depreciation of rental properties		**7,092**	6,360
Amortization of deferred leasing costs, tenant improvements and intangibles		**5,744**	6,653
Amortization of deferred financing costs		**305**	313
Amortization of fair value adjustment on acquired debt		**(222)**	(225)
Deferred unit compensation expense		**197**	—
Future income taxes		**290**	68
Amortization of market rent adjustments on acquired leases		**(2,777)**	(2,916)
Straight-line rent adjustment		**(213)**	(245)
		14,275	12,670
Deferred leasing costs incurred		**(845)**	(760)
Change in non-cash working capital	20	**3,955**	(325)
		17,385	11,585
Generated from (utilized in) investing activities			
Investment in rental properties		**(680)**	(363)
Investment in tenant improvements		**(1,808)**	(369)
Acquisition of rental properties	3	**—**	(89,637)
Acquisition deposit on rental properties		**—**	(800)
Repayment of promissory note		**—**	12,116
Change in restricted cash, net		**(383)**	(104)
		(2,871)	(79,157)
Generated from (utilized in) financing activities			
Mortgages placed, net of costs		**(77)**	(128)
Mortgage principal repayments		**(3,826)**	(3,273)
Term debt principal repayments		**(38)**	(34)
Convertible debentures issued, net of costs		**—**	119,200
Distributions paid on Units	11	**(10,502)**	(9,381)
Units issued for cash, net of costs		**(5)**	573
		(14,448)	106,957
Increase in cash and cash equivalents		**66**	39,385
Cash and cash equivalents, beginning of period		**69,267**	37,727
Cash and cash equivalents, end of period		**$ 69,333**	$ 77,112

See accompanying notes to the consolidated financial statements

Notes to the consolidated financial statements

(All dollar amounts in thousands, except unit or per unit amounts) (unaudited)

Note 1
ORGANIZATION

Dundee Real Estate Investment Trust ("Dundee REIT" or the "Trust") is an open-ended investment trust created pursuant to a Declaration of Trust, as amended and restated, under the laws of the Province of Ontario. The consolidated financial statements of Dundee REIT include the accounts of Dundee REIT and its subsidiaries, together with Dundee REIT's proportionate share of the assets and liabilities, and revenues and expenses of joint ventures in which it participates.

Our equity is described in Note 12; however, for simplicity, throughout the notes we may make reference to the following:

- "REIT A Units", meaning the REIT Units, Series A
- "REIT B Units", meaning the REIT Units, Series B
- "REIT Units", meaning the REIT Units, Series A, and REIT Units, Series B, collectively
- "LP B Units", meaning the LP Class B Units, Series 1
- "Units", meaning REIT Units, Series A; REIT Units, Series B; LP Class B Units, Series 1; and Special Trust Units, collectively

At March 31, 2009, Dundee Corporation, the majority shareholder of Dundee Realty Corporation ("DRC"), directly and indirectly through its subsidiaries, held 780,851 REIT A Units and 3,454,188 LP B Units (December 31, 2008 — 780,851 and 3,454,188 Units, respectively). At March 31, 2009, GE Real Estate held 2,997,371 REIT A Units and 16,316 REIT B Units (December 31, 2008 — 2,997,371 and 16,316 Units, respectively).

Note 2
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements are in conformity with the requirements of Canadian generally accepted accounting principles ("GAAP") for interim financial statements as recommended by The Canadian Institute of Chartered Accountants ("CICA") Handbook Section 1751, "Interim Financial Statements". The disclosure requirements for interim financial statements do not conform in all material respects with the requirements of GAAP for annual financial statements. These interim financial statements should be read in conjunction with the consolidated financial statements of Dundee REIT as at, and for the year ended, December 31, 2008.

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

These consolidated financial statements follow the same accounting policies and methods of application as used in the December 31, 2008 consolidated financial statements, except as follows:

Deferred recoverable costs

Amendments to CICA Handbook Section 1000, "Financial Statement Concepts" and new CICA Handbook Section 3064, "Goodwill and Intangible Assets", which replaces CICA Handbook Section 3062, "Goodwill and Other Intangible Assets", have been issued and apply to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2008. The objectives of these amendments and new section are to:

- reinforce the principle-based approach to the recognition of assets only in accordance with the definition of an asset and the criteria for asset recognition; and
- clarify the application of matching revenues and expenses, such that the current practice of recognizing as assets items that do not meet the definition and recognition criteria is eliminated.

Under the amendments to CICA Handbook Section 1000, "Financial Statement Concepts", effective January 1, 2009, the deferral and matching of recoverable operating expenses over future revenues is no longer appropriate. The impact of this accounting change increased rental properties by $1,964 and decreased deferred costs by $2,126. Unitholders' equity decreased by $162 for deferred recoverable costs, which were considered maintenance costs and expensed under the revised accounting policy.

Note 3
PROPERTY ACQUISITIONS

No properties were acquired by the Trust during the three months ended March 31, 2009. The Trust completed the following acquisition during the three months ended March 31, 2008, which has contributed to the operating results from the date of acquisition.

For the three months ended March 31, 2008	Property type	Interest acquired (%)	Acquired GLA (sq. ft.)	Occupancy on acquisition (%)	Purchase price	Fair value of mortgage assumed	Date acquired
Air Miles Tower, Toronto	office	100	322,557	92	$ 91,988	$ —	January 31, 2008
Total			322,557	92	$ 91,988	$ —	

The assets acquired and liabilities assumed in this transaction were allocated as follows:

For the three months ended March 31	**2009**	2008
Rental properties		
Land	$ —	$ 12,335
Buildings	—	73,844
	—	86,179
Tenant improvements acquired	—	4,523
Intangible assets		
Value of in-place leases	—	4,351
Lease origination costs	—	1,360
Value of above-market rent leases	—	35
Value of tenant relationships	—	3,505
	—	99,953
Intangible liabilities		
Value of below-market rent leases	—	(7,965)
Total purchase price	$ —	$ 91,988

The consideration paid consists of:

Cash		
Paid during the period	$ —	$ 89,637
Deposit	—	2,351
Total consideration	$ —	$ 91,988

Note 4
RENTAL PROPERTIES

	March 31, 2009			December 31, 2008 (Restated, see Note 2)		
	Cost	**Accumulated depreciation**	**Net book value**	Cost	Accumulated depreciation	Net book value
Land	**$ 221,910**	**$ —**	**$ 221,910**	$ 221,772	$ —	$ 221,772
Buildings and improvements	**1,006,162**	**(96,895)**	**909,267**	1,007,228	(92,510)	914,718
Fixed assets and equipment	**2,105**	**(671)**	**1,434**	2,439	(882)	1,557
Rental properties under development	**1,070**	**—**	**1,070**	1,024	—	1,024
Total	**$ 1,231,247**	**$ (97,566)**	**$ 1,133,681**	$ 1,232,463	$ (93,392)	$ 1,139,071

Note 5
DEFERRED COSTS

	March 31, 2009			December 31, 2008 (Restated, see Note 2)		
	Cost	**Accumulated amortization**	**Net book value**	Cost	Accumulated amortization	Net book value
Deferred leasing costs	**$ 13,046**	**$ (4,245)**	**$ 8,801**	$ 12,090	$ (3,765)	$ 8,325
Tenant improvements	**44,839**	**(20,210)**	**24,629**	42,862	(18,114)	24,748
Total	**$ 57,885**	**$ (24,455)**	**$ 33,430**	$ 54,952	$ (21,879)	$ 33,073

Note 6
AMOUNTS RECEIVABLE

Amounts receivable are net of credit adjustments of $2,235 (December 31, 2008 — $2,801).

	March 31, 2009	December 31, 2008
Trade receivables	**$ 3,765**	$ 2,321
Straight-line rent receivables	**6,938**	6,714
Other accounts receivables	**2,160**	2,752
	$ 12,863	$ 11,787

	March 31, 2009	December 31, 2008
Trade receivables	**$ 4,476**	$ 2,870
Less: provision for impairment of trade receivables	**(711)**	(549)
Trade receivables, net	**$ 3,765**	$ 2,321

The movement in the provision for impairment of trade receivables during the period ended March 31, 2009, is as follows:

	March 31, 2009
As at January 1, 2009	**$ 549**
Provision for impairment of trade receivables	**239**
Receivables written off during the period as uncollectible	**(73)**
Reduction of other receivables written off during the period	**(9)**
Translation adjustment	**5**
As at March 31, 2009	**$ 711**

As at March 31, 2009, trade receivables of approximately $157 were past due but not considered impaired. These relate to tenants with which the Trust has ongoing relationships and default is not expected.

Note 7

PREPAID EXPENSES AND OTHER ASSETS

	March 31, 2009	December 31, 2008
Prepaid expenses	**$ 2,183**	$ 2,156
Deposits	**131**	24
Restricted cash	**3,628**	3,244
Total	**$ 5,942**	$ 5,424

Restricted cash primarily represents tenant rent deposits and cash held as security for certain mortgages.

Note 8

INTANGIBLE ASSETS AND LIABILITIES

		March 31, 2009			December 31, 2008	
	Cost	**Accumulated amortization**	**Net book value**	Cost	Accumulated amortization	Net book value
Intangible assets						
Value of above-market rent leases	**$ 2,754**	**$ (1,158)**	**$ 1,596**	$ 2,754	$ (1,058)	$ 1,696
Value of in-place leases	**39,386**	**(21,105)**	**18,281**	39,561	(19,462)	20,099
Lease origination costs	**8,237**	**(3,689)**	**4,548**	8,284	(3,402)	4,882
Value of tenant relationships	**32,502**	**(10,444)**	**22,058**	32,901	(9,609)	23,292
Total	**$ 82,879**	**$ (36,396)**	**$ 46,483**	$ 83,500	$ (33,531)	$ 49,969
Intangible liabilities						
Value of below-market rent leases	**$ 68,654**	**$ (29,590)**	**$ 39,064**	$ 68,654	$ (26,713)	$ 41,941

Note 9
DEBT

	March 31, 2009	December 31, 2008
Mortgages	**$ 739,636**	$ 743,067
Convertible debentures	**129,134**	128,902
Term debt	**307**	345
Total	**$ 869,077**	$ 872,314

Mortgages are secured by charges on specific rental properties.

Convertible debentures comprise $118,140 of the 6.0% Debentures, $7,713 of the 5.7% Debentures, and $3,281 of the 6.5% Debentures (December 31, 2008 — $117,922, $7,703 and $3,277, respectively).

On January 14, 2008, the Trust issued $125,000 principal amount convertible unsecured subordinated debentures (the "6.0% Debentures"). The 6.0% Debentures bear interest at 6.0% per annum, payable semi-annually on June 30 and December 31 each year, and mature on December 31, 2014.

On April 1, 2005, the Trust issued $100,000 principal amount convertible unsecured subordinated debentures (the "5.7% Debentures"). The 5.7% Debentures bear interest at 5.7% per annum, payable semi-annually on March 31 and September 30 each year, and mature on March 31, 2015.

On June 21, 2004, the Trust issued $75,000 principal amount convertible unsecured subordinated debentures (the "6.5% Debentures"). The 6.5% Debentures bear interest at 6.5% per annum, payable semi-annually on June 30 and December 31 each year, and mature on June 30, 2014.

A demand revolving credit facility is available up to a formula-based maximum not to exceed $55,000, bearing interest generally at the bank prime rate (2.5% as at March 31, 2009) plus 0.5% or bankers' acceptance rates plus 1.875%. The facility is secured by a first-ranking collateral mortgage on four of the Trust's properties and a second-ranking collateral mortgage on one property. As at March 31, 2009, the formula-based amount available under this facility was $55,000, none of which was drawn or used in the form of letters of guarantee (December 31, 2008 — $nil drawn). The facility expires on April 30, 2009, and has been extended to May 31, 2009, with all terms and conditions of the facility remaining in effect.

The weighted average interest rates for the fixed and floating components of debt are as follows:

	Weighted average interest rates			Debt amount	
	March 31, 2009	December 31, 2008	Maturity dates	**March 31, 2009**	December 31, 2008
Fixed rate					
Mortgages	**5.70%**	5.70%	2009—2019	**$ 688,008**	$ 692,028
Convertible debentures	**7.03%**	7.03%	2014—2015	**129,134**	128,902
Term debt	**9.03%**	9.03%	2009—2011	**307**	345
Total fixed rate debt	**5.91%**	5.91%		**817,449**	821,275
Variable rate					
Mortgages	**4.20%**	4.54%	2009—2013	**51,628**	51,039
Total variable rate debt	**4.20%**	4.54%		**51,628**	51,039
Total debt	**5.81%**	5.83%		**$ 869,077**	$ 872,314

The scheduled principal repayments and debt maturities are as follows:

	Mortgages	Term debt	Convertible debentures	Total
2009	$ 85,867	$ 78	$ —	$ 85,945
2010	21,295	127	—	21,422
2011	87,197	102	—	87,299
2012	103,144	—	—	103,144
2013	112,598	—	—	112,598
2014 and thereafter	328,278	—	136,294	464,572
	738,379	307	136,294	874,980
Deferred financing cost and fair value adjustments	1,257	—	(7,160)	(5,903)
	$ 739,636	$ 307	$ 129,134	$ 869,077

Included in mortgages is $3,478 in fair value adjustments (December 31, 2008 — $3,755), which reflects the fair value adjustments for mortgages assumed as part of acquisitions, net of $2,221 (December 31, 2008 — $2,263) of unamortized deferred financing costs. The convertible debentures are reduced by a $1,955 premium (December 31, 2008 — $2,008) allocated to their conversion features and $5,205 of unamortized deferred financing costs (December 31, 2008 — $5,384). The fair value adjustment, premium and deferred financing costs are amortized to interest expense over the term to maturity of the related debt using the effective interest rate method.

Note 10
AMOUNTS PAYABLE AND ACCRUED LIABILITIES

	March 31, 2009	December 31, 2008
Trade payables	**$ 1,472**	$ 181
Accrued liabilities and other payables	**10,632**	9,071
Accrued interest	**5,561**	3,521
Deposits	**5,103**	4,930
Rent received in advance	**1,007**	902
Total	**$ 23,775**	$ 18,605

Note 11
DISTRIBUTIONS

The following table sets out distribution payments for the period ended March 31, 2009:

	REIT Units, Series A	REIT Units, Series B	LP Class B Units, Series 1	Total
Paid in cash	$ 8,597	$ 9	$ 1,896	$ 10,502
Paid by way of reinvestment in REIT A Units	839	—	—	839
Less: payable at December 31, 2008	(3,114)	(3)	(632)	(3,749)
Plus: payable at March 31, 2009	3,166	3	632	3,801
Total	$ 9,488	$ 9	$ 1,896	$ 11,393

The amount payable at March 31, 2009, was satisfied on April 15, 2009, by way of $3,575 in cash and $226 by way of 16,592 REIT A Units. Included in the total distributions is $29, representing the 4% bonus distribution that forms part of the Distribution Reinvestment Plan ("DRIP").

Dundee REIT's Declaration of Trust requires monthly distribution payments to unitholders payable on or about the 15th day of the following month. The amount of the annualized distribution to be paid is based on a percentage of distributable income. Distributable income is defined in the Declaration of Trust and the percentage is determined by the trustees, in their sole discretion, based on what they consider appropriate given the circumstances of the Trust. Distributions may be adjusted for amounts paid in prior periods if the actual distributable income for those prior periods is greater or lesser than the estimates used for those prior periods. In addition, the trustees may declare distributions out of the income, net realized capital gains, net recapture income and capital of the Trust to the extent that such amounts have not already been paid, allocated or distributed. Distributable income is not a measure defined by GAAP and therefore may not be comparable to similar measures presented by other real estate investment trusts. The Trust declares distributions of $0.183 per unit per month, or $0.549 per quarter.

Note 12
UNITHOLDERS' EQUITY

	March 31, 2009		December 31, 2008 (Restated — Note 2)	
	Number of Units	**Amount**	Number of Units	Amount
REIT Units, Series A	**17,248,270**	**$ 265,866**	16,947,240	$ 271,102
REIT Units, Series B	**16,316**	**371**	16,316	371
LP Class B Units, Series 1	**3,454,188**	**97,000**	3,454,188	98,266
Cumulative foreign currency translation adjustment	**—**	**(5,178)**	—	(5,275)
Total	**20,718,774**	**$ 358,059**	20,417,744	$ 364,464

Dundee REIT Units

Dundee REIT is authorized to issue an unlimited number of REIT Units and an unlimited number of Special Trust Units. The REIT Units are divided into and issuable in two series: REIT Units, Series A and REIT Units, Series B. The Special Trust Units may only be issued to holders of LP B Units.

REIT Units, Series A and REIT Units, Series B represent an undivided beneficial interest in Dundee REIT and in distributions made by Dundee REIT. No REIT Unit, Series A or REIT Unit, Series B has preference or priority over any other. Each REIT Unit, Series A and REIT Unit, Series B entitles the holder to one vote at all meetings of unitholders.

The terms of the LP B Units restrict the transfer of such units except to a subsidiary of the holder. As a result, if an existing holder of LP B Units wants to transfer the LP B Units to a third party, they must first be converted into REIT B Units. The Trust classifies the outstanding LP B Units as unitholders' equity for financial statement purposes in accordance with GAAP.

Special Trust Units are issued in connection with LP B Units. The Special Trust Units are not transferable separately from the LP B Units to which they relate and will be automatically redeemed for a nominal amount and cancelled upon surrender or exchange of such LP B Units. Each Special Trust Unit entitles the holder to the number of votes at any meeting of unitholders that is equal to the number of REIT B Units that may be obtained upon the surrender or exchange of the LP B Units to which they relate. At March 31, 2009, 3,454,188 Special Trust Units were issued and outstanding (December 31, 2008 — 3,454,188).

	REIT Units, Series A		REIT Units, Series B		LP Class B Units, Series 1		Accumulated other comprehensive income (loss)	Total	
	Number of Units	Amount	Number of Units	Amount	Number of Units	Amount		Number of Units	Amount
Unitholders' equity, January 1, 2009	16,947,240	$ 271,221	16,316	$ 371	3,454,188	$ 98,309	$ (5,275)	20,417,744	$ 364,626
Adjustment to opening unitholders' equity to comply with new accounting standard	—	(119)	—	—	—	(43)	—	—	(162)
Unitholders' equity, January 1, 2009 (restated)	16,947,240	271,102	16,316	371	3,454,188	98,266	(5,275)	20,417,744	364,464
Net income	—	3,219	—	9	—	631	—	—	3,859
Distributions paid	—	(6,321)	—	(6)	—	(1,265)	—	—	(7,592)
Distributions payable	—	(3,166)	—	(3)	—	(632)	—	—	(3,801)
Distribution Reinvestment Plan	67,682	839	—	—	—	—	—	67,682	839
Unit Purchase Plan	85	1	—	—	—	—	—	85	1
Deferred Unit Incentive Plan	—	197	—	—	—	—	—	—	197
Deferred Units issued	233,293	—	—	—	—	—	—	233,293	—
Issue costs	—	(5)	—	—	—	—	—	—	(5)
Unit redemption	(30)	—	—	—	—	—	—	(30)	—
Change in foreign currency translation adjustment	—	—	—	—	—	—	97	—	97
Unitholders' equity, March 31, 2009	17,248,270	$ 265,866	16,316	$ 371	3,454,188	$ 97,000	$ (5,178)	20,718,774	$ 358,059

Distribution Reinvestment and Unit Purchase Plan

For the period ended March 31, 2009, 67,682 REIT A Units and nil LP B Units were issued under the Distribution Reinvestment Plan for $839 (March 31, 2008 — 28,428 REIT A Units and 39,502 LP B Units for $2,174). For the same period, 85 REIT A Units and nil LP B Units were issued under the Unit Purchase Plan for $1 (March 31, 2008 — 18,257 REIT A Units and nil LP B Units for $594).

Conversion of debentures

During the period ended March 31, 2009, there were no conversions of any of the convertible debentures. During the period ended March 31, 2008, the Trust issued 10,560 REIT A Units upon conversion of $264 of the 6.5% Debentures and 4,031 REIT A Units upon the conversion of $121 of the 5.7% Debentures.

Deferred Unit Incentive Plan

During the period ended March 31, 2009, $197 of compensation expense was recorded (March 31, 2008 — $nil) and is included in general and administrative expenses. Income deferred trust units are accounted for as a distribution and an issuance of REIT A Units when the related deferred trust units vest. No amount in relation to income deferred trust units is recognized in net income.

	Weighted average grant date value	Deferred trust units	Income deferred trust units	Total units
Outstanding at December 31, 2008	$ 32.74	309,226	66,660	375,886
Granted during the period	13.49	98,003	8,921	106,924
REIT A Units issued	28.29	(183,779)	(49,514)	(233,293)
Fractional units paid in cash	—	—	(4)	(4)
Outstanding and payable at March 31, 2009	**$ 28.23**	**223,450**	**26,063**	**249,513**
Vested but not issued at March 31, 2009	**$ 25.50**	**41,051**	**12,690**	**53,741**

On January 2, 2009, Trustees and senior management elected to exchange vested deferred trust units and income deferred trust units for 233,293 REIT A Units.

On February 17, 2009, 79,100 deferred trust units were granted to Trustees and senior managers. A further 18,903 deferred trust units were issued to Trustees who elected to receive their 2009 annual retainer in the form of deferred trust units rather than cash.

Normal course issuer bid

The Trust has an existing normal course issuer bid which commenced on September 26, 2008, and will remain in effect until the earlier of September 25, 2009, or the date on which the Trust has purchased the maximum number of units permitted under the bid. Under the bid, the Trust has the ability to purchase for cancellation up to a maximum of 1,326,762 REIT A Units (representing 10% of the REIT's public float of 13,267,620 REIT A Units on September 23, 2008) through the facilities of the TSX. As of March 31, 2009, the maximum number of REIT A Units remaining for purchase under the normal course issuer bid is 673,862. Based on the closing price of the REIT A Units on March 31, 2009, the Trust may purchase up to $8,592 worth of REIT A Units.

Note 13
INTEREST

Interest incurred and charged to earnings is recorded as follows:

For the three months ended March 31	**2009**	2008
Interest expense incurred, at stated rate of debt	**$ 12,562**	$ 11,358
Amortization of deferred financing costs	**305**	313
Amortization of fair value adjustments on acquired debt	**(222)**	(225)
Interest capitalized	**(8)**	(20)
Interest expense	**$ 12,637**	$ 11,426

Certain debt assumed in connection with acquisitions has been adjusted to fair value using the estimated market interest rate at the time of the acquisition ("fair value adjustment"). This fair value adjustment is amortized to interest expense over the remaining life of the debt using the effective interest rate method. Interest capitalized includes interest on specified and general debt attributed to a recently acquired property considered to be under redevelopment.

Note 14

INCOME TAXES

Dundee REIT is taxed as a mutual fund trust for Canadian income tax purposes. The Trust is required by its Declaration of Trust to distribute all of its taxable income to its unitholders, which currently enables the Trust to deduct such distributions for income tax purposes. As the income tax obligations relating to the distributions are those of the unitholders, no provision for income taxes is required on such amounts.

Canadian and U.S.-based incorporated subsidiaries are subject to tax on their respective taxable income at their corresponding legislated rates. A future income tax liability as at March 31, 2009, of $3,770 (December 31, 2008 — $3,387) has been recorded to reflect the future tax obligations of these subsidiaries and comprises amounts resulting from the differences in tax and book values relating to the underlying rental properties.

Note 15

INCOME PER UNIT

The weighted average number of units outstanding was as follows:

For the three months ended March 31	**2009**	2008
REIT A Units and REIT B Units	**17,462,558**	17,591,230
LP B Units	**3,454,191**	3,328,906
Vested deferred trust units	**39,594**	259,803
Total weighted average number of units outstanding for basic income per unit amounts	**20,956,343**	21,179,939
Add incremental units:		
Unvested deferred trust units	**14,638**	—
Income deferred trust units	**1,922**	—
Total weighted average number of units outstanding for diluted income per unit amounts	**20,972,903**	21,179,939

The 3,419,110 incremental REIT A Units to be issued upon an assumed conversion of all debentures issued at March 31, 2009 (March 31, 2008 — 3,445,770) have been excluded from the calculation of diluted net income per unit as they are anti-dilutive.

Note 16

SEGMENTED INFORMATION

The Trust's rental properties have been segmented into office and industrial components. The Trust does not allocate interest expense to these segments since leverage is viewed as a corporate function. The decision as to where to incur the debt is largely based on minimizing the cost of debt and is not specifically related to the segments. Similarly, income taxes and general and administrative expenses are not allocated to the segment expenses.

For the three months ended March 31, 2009	Office	Industrial	Segment total	Other	Total
Operations					
Revenues	$ 44,262	$ 4,532	$ 48,794	$ 1,182	$ 49,976
Operating expenses	16,703	1,558	18,261	683	18,944
Net operating income	27,559	2,974	30,533	499	31,032
Depreciation of rental properties	6,121	708	6,829	206	7,035
Amortization of deferred leasing costs, tenant improvements and intangibles	5,246	425	5,671	64	5,735
Segment income	$ 16,192	$ 1,841	$ 18,033	$ 229	18,262
Interest expense					(12,637)
General and administrative expenses					(1,721)
Interest and fee income					493
Income taxes					(295)
Discontinued operations					(243)
Net income					$ 3,859
Segment rental properties	$ 1,013,986	$ 95,296	$ 1,109,282	$ 24,399	$ 1,133,681
Capital expenditures					
Investment in rental properties	$ (617)	$ (16)	$ (633)	$ (47)	$ (680)
Investment in tenant improvements	(1,411)	(147)	(1,558)	(250)	(1,808)
Deferred leasing costs	(805)	(72)	(877)	32	(845)
Total capital expenditures	$ (2,833)	$ (235)	$ (3,068)	$ (265)	$ (3,333)

For the three months ended March 31, 2008	Office	Industrial	Segment total	Other	Total
Operations					
Revenues	$ 38,810	$ 4,231	$ 43,041	$ 1,003	$ 44,044
Operating expenses	14,812	1,248	16,060	488	16,548
Net operating income	23,998	2,983	26,981	515	27,496
Depreciation of rental properties	5,460	685	6,145	164	6,309
Amortization of deferred leasing costs, tenant improvements and intangibles	6,132	474	6,606	45	6,651
Segment income	$ 12,406	$ 1,824	$ 14,230	$ 306	14,536
Interest expense					(11,426)
General and administrative expenses					(1,421)
Interest and fee income					1,170
Income taxes					(13)
Discontinued operations					(184)
Net income					$ 2,662
Segment rental properties	$ 960,285	$ 104,387	$1,064,672	$ 20,520	$ 1,085,192
Capital expenditures					
Investment in rental properties	$ (289)	$ (9)	$ (298)	$ (65)	$ (363)
Investment in tenant improvements	(235)	(120)	(355)	(14)	(369)
Acquisition of rental properties and land	(89,637)	—	(89,637)	—	(89,637)
Deferred leasing costs	(568)	(189)	(757)	(3)	(760)
Total capital expenditures	$ (90,729)	$ (318)	$ (91,047)	$ (82)	$ (91,129)

Note 17

RELATED-PARTY TRANSACTIONS AND ARRANGEMENTS

From time to time, Dundee REIT and its subsidiaries enter into transactions with related parties that are conducted under normal commercial terms. Dundee REIT, Dundee Management Limited Partnership ("DMLP") and DRC are parties to an administrative services agreement (the "Services Agreement") that is in effect until June 30, 2013. Effective August 24, 2007, Dundee REIT also has an asset management agreement (the "Asset Management Agreement") with DRC pursuant to which DRC provides certain asset management services to Dundee REIT and its subsidiaries.

The Trust received total fees from DRC of $526 for the period ended March 31, 2009 (March 31, 2008 — $369). These fees relate to cost recoveries under the Services Agreement. Other costs recovered from DRC include $807 for the period ended March 31, 2009 (March 31, 2008 — $605), for operating and administration costs of regional offices.

The Trust paid total fees to DRC of $1,135 for the period ended March 31, 2009 (March 31, 2008 — $2,178), under the Asset Management Agreement. The decrease reflects that no acquisitions or financing were completed in the current quarter compared to 2008.

Included in amounts receivable at March 31, 2009, is $89 related to the DRC Services Agreement (December 31, 2008 — $(43)), $679 related to the Asset Management Agreement (December 31, 2008 — $210) and $nil related to other amounts (December 31, 2008 — $156) owed by DRC. Accrued liabilities and other payables at March 31, 2009, include $441 for amounts related to the Asset Management Agreement (December 31, 2008 — $nil) and $(90) for other amounts collected on behalf of DRC (December 31, 2008 — $nil).

Note 18

ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

The fulfillment of obligations and realization of assets related to the property noted below have been reclassified as discontinued operations to comply with the disclosure requirements of CICA Handbook Section 3475. The results of operations of any property that has been sold and identified as discontinued operations are reported separately and comparative amounts are also reclassified as discontinued operations.

During the fourth quarter of 2008, the Trust classified an industrial property located in Alberta as held for sale. In accordance with the requirements of CICA Handbook Section 3475, the property's carrying value is established to be the lower of its carrying value or its estimated fair value less selling costs. On the transfer of the property to assets held for sale, no impairment was recognized.

The following table presents the assets and liabilities of the discontinued property as at March 31, 2009:

	March 31, 2009	December 31, 2008
Assets		
Rental properties	**$ 6,886**	$ 6,943
Deferred costs	**430**	365
Amounts receivable	**55**	90
Prepaid expenses and other assets	**14**	19
	$ 7,385	$ 7,417
Liabilities		
Debt	**$ 11,331**	$ 11,381
Amounts payable and accrued liabilities	**240**	167
	$ 11,571	$ 11,548

The following table summarizes the loss from discontinued operations:

For the three months ended March 31	**2009**	2008
Revenues		
Rental properties revenue	**$ 182**	$ 151
Expenses		
Rental properties operating expenses	**208**	127
Interest	**151**	155
Depreciation of rental properties	**57**	51
Amortization of deferred leasing costs, tenant improvements and intangibles	**9**	2
	425	335
Loss from discontinued operations	**$ (243)**	$ (184)

Note 19

COMMITMENTS AND CONTINGENCIES

Dundee REIT and its operating subsidiaries are contingently 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 Dundee REIT.

Dundee REIT's future minimum commitments under operating and capital leases are as follows:

Period ending March 31	Operating lease payments	Capital lease payments
2009	$ 675	$ 106
2010	831	142
2011	818	107
2012	763	—
2013	649	—
Total	$ 3,736	$ 355

Purchase and other obligations

The Trust has entered into lease agreements that require tenant improvement costs of $3,935.

The Trust has entered into a co-ownership agreement that includes typical rights of the co-owners for dispute resolution and a one-time put option exercisable by its co-owner. The put requires Dundee REIT to purchase the remaining 50% of the building, effective April 1, 2009, at the price paid by the Trust for its initial 50% interest in the property. On January 23, 2009, the put was exercised and the Trust will purchase the building, located in Toronto, for $25,400 and assume debt maturing in September 2009 of approximately $20,600. The Trust has agreed with the co-owner of the property that the transaction will close September 1, 2009.

The Trust has entered into a fixed price utility contract with respect to four office properties in Calgary. The contract is for a period of one year (expiring on December 31, 2009) and locks the Trust in for total minimum payments of $613.

The Trust has entered into an agreement to purchase, from a former joint venture partner, an office building, currently under construction, at a future date for $20,788, with maximum adjustments to the closing price of $500. The closing date will be determined when the vendor notifies the Trust that the building is substantially complete, at which time the Trust is permitted 20 days for due diligence.

Note 20

SUPPLEMENTARY CASH FLOW INFORMATION

For the three months ended March 31	**2009**	2008
Decrease (increase) in accounts receivable	**$ (831)**	$ 565
Decrease in deferred costs (other than leasing costs)	**209**	134
Increase in prepaid expenses and other assets (excluding restricted cash and promissory notes)	**(130)**	(719)
Increase (decrease) in accounts payable and accrued liabilities (excluding leasing costs)	**4,511**	(416)
Increase in accounts payable relating to leasing costs	**196**	111
Change in non-cash working capital	**$ 3,955**	$ (325)

The following amounts were paid on account of interest and income taxes:

For the three months ended March 31	**2009**	2008
Interest	**$ 10,623**	$ 9,780
Income taxes	**—**	(32)

Note 21

SUBSEQUENT EVENT

The demand revolving credit facility entered into on June 25, 2008, has been extended from April 30, 2009 to May 31, 2009 in order to finalize the terms of a one-year renewal. All other terms and conditions of the facility remain unchanged.

Corporate information

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Stock exchange listing

THE TORONTO STOCK EXCHANGE

Listing symbols

REIT Units, Series A: D.UN
6.5% Convertible Debentures: D.DB
5.7% Convertible Debentures: D.DB.A
6.0% Convertible Debentures: D.DB.B

Distribution Reinvestment and Unit Purchase Plan

The purpose of our Distribution Reinvestment and Unit Purchase Plan ("DRIP") is to provide unitholders with a convenient way of investing in additional units without incurring transaction costs such as commissions, service charges or brokerage fees. By participating in the Plan, you may invest in additional units in two ways:

Distribution reinvestment: Unitholders will have cash distributions from Dundee REIT reinvested in additional units as and when cash distributions are made.

Cash purchase: Unitholders may invest in additional units by making cash purchases.

If you register in the DRIP you will also receive a "bonus" distribution of units equal to 4% of the amount of your cash distribution reinvested pursuant to the Plan. In other words, for every $1.00 of cash distributions reinvested by you under the Plan, $1.04 worth of units will be purchased.

For more information, you may also visit our web site: www.dundeereit.com

Concept and Design: **THE WORKS** www.worksdesign.com

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