



DUNDEE REIT POSTS 64% INCREASE IN Q4 FUNDS FROM OPERATIONS

This news release contains forward looking information that is based upon assumptions and is subject to risks and uncertainties as indicated in the cautionary note contained within this press release.

TORONTO, FEBRUARY 22, 2007 DUNDEE REIT (D.UN-TSX) today posted strong financial results for the quarter and year ended December 31, 2006.

Due to restrictions pertaining to the current equity offering, the previously scheduled conference call to discuss Dundee REIT's results has been cancelled.

FINANCIAL HIGHLIGHTS

- **Q4 rental property revenues up 36% over Q4 2005 to \$82.0 million**
- **Q4 net operating income ("NOI") up 45% to \$46.3 million; comparative properties NOI up 4% to \$25.9 million**
- **Q4 funds from operations ("FFO") up 64% to \$29.2 million, FFO per unit up 9% to \$0.74**
- **Q4 adjusted funds from operations ("AFFO") up 68% to \$23.0 million, AFFO per unit up 12% to \$0.58**
- **Year end occupancy increased to 96.4%**
- **Debt-to-gross book value down to 50.6% (46.7% assuming conversion of all debentures)**
- **Year end weighted average interest rate lowered to 5.95%**
- **\$103.3 million in acquisitions closed in Q4 bringing total acquisitions in 2006 to \$598.5 million**
- **\$125.4 million in acquisitions closed subsequent to year end and \$424.3 million under contract**

SELECTED FINANCIAL INFORMATION (unaudited) (\$000's except unit and per unit amounts)	Three Months Ended Dec. 31, 2006	Three Months Ended Sept. 30, 2006	Three Months Ended Dec. 31, 2005	Year Ended Dec. 31, 2006	Year Ended Dec. 30, 2005
Rental property revenues	\$ 81,995	\$ 76,778	\$ 60,391	\$ 287,794	\$ 220,615
Net operating income ("NOI") ⁽¹⁾	46,258	44,962	32,008	162,441	117,257
Funds from operations ("FFO") ⁽²⁾	29,167	26,890	17,839	97,269	66,330
Adjusted funds from Operations ("AFFO") ⁽³⁾	22,954	20,169	13,646	75,402	48,830
Net income (loss)	7,952	6,823	(5,015)	11,218	4,309
Book value of rental properties	1,816,811	1,725,611	1,328,395		
Debt	1,153,794	1,187,380	943,621		
Debt-to-gross book value	50.6%	56.0%	59.3%		
Per unit data (basic)					
FFO	0.74	0.74	0.68	2.82	2.61
AFFO	0.58	0.55	0.52	2.19	1.92
Net income (loss)	0.24	0.19	(0.28)	0.35	0.25
Distributions	0.55	0.55	0.55	2.20	2.20
Units (period end)					
REIT Units, Series A	34,854,553	28,964,094	20,449,209		
LP Class B Units, Series 1	8,565,095	8,834,204	8,337,365		
Total number of units	43,419,648	37,798,298	28,786,574		
Occupied and committed space	96.4%	96.2%	96.3%		

"We are very pleased with our accomplishments in 2006 and that our success has been acknowledged in the capital markets. Our market capitalization increased from \$740 million at the end of 2005 to \$1.7 billion at the end of 2006 and our unit price increased from \$25.70 to \$38.65. Including distributions, the overall return for the year was 59% - the second highest return in the Canadian REIT universe," said Michael Cooper, Vice Chairman and CEO.

FINANCIAL HIGHLIGHTS

- **Rental properties NOI up 45% to \$46.3 million** – rental properties NOI increased by 45% over the prior year fourth quarter and by 39% for the twelve-month period. Acquisitions were the primary driver behind this growth, contributing \$17.8 million and \$52.4 million to the NOI for the three- and twelve-month periods.
- **Comparative properties NOI up 4% to \$25.9 million** – growth in comparative NOI of 4% and 5% for the three- and twelve-month periods, respectively, was driven by strong performance by our office portfolio nationally, and reflects both occupancy growth and rising rental rates.
- **Funds from operations grew by 64% to \$29.2 million** – funds from operations grew by 64% to \$29.2 million for the three-month period and by 47% to \$97.3 million for the twelve-month period, largely due to additional revenue generated by acquisitions as well as rising occupancy and rental rates. On a per unit basis, FFO increased to \$0.74 and \$2.82 for the three- and twelve-month periods, a substantial increase over the respective periods in 2005.
- **Adjusted Funds from Operations increased by 68% to \$23.0 million** – adjusted funds from operations grew by 68% to \$23.0 million for the three-month period and by 54% to \$75.4 million for the twelve-month period. On a per unit basis, AFFO increased to \$0.58 and \$2.19 for the three- and twelve-month periods.
- **Taxation of distributions** – 69.3% of distributions paid to Unitholders in respect of the tax year ending December 31, 2006 are tax deferred. Management estimates that approximately 60% of the distributions to be made by the Trust in 2007 will be tax deferred.

OPERATIONAL HIGHLIGHTS

- **Portfolio occupancy reaches all-time high at 96.4%** – the overall percentage of occupied and committed space was 96.4% and the average in-place net rent increased to \$10.00 per square foot.

	Occupancy		Average In-place Net Rent (per sq. ft.)	
	Dec. 31, 2006	Dec. 31, 2005	Dec. 31, 2006	Dec. 31, 2005
Office	97.0%	96.3%	\$ 13.67	\$ 13.58
Industrial	95.6%	96.2%	5.47	5.24
Total	96.4%	96.3%	10.00	9.36

ACQUISITION HIGHLIGHTS

During the fourth quarter the Trust completed \$103.3 million of acquisitions, bringing total acquisitions in 2006 to \$598.5 million. For the year, revenue property acquisitions totalled 3.4 million square feet of high quality properties for approximately \$559 million at going in capitalization rate of 8.4%. The properties have an average occupancy rate of 98% and an average remaining lease term of 6.2 years. Acquisitions also included some development land in Edmonton and interests in joint venture land developments.

Q4 2006 Acquisitions	Property Type	Interest Acquired	GLA (sq.ft.)	Occupancy on Acquisition	Purchase Price (\$000's)	Date Acquired
2121 Argentia Road, Mississauga	office	100%	61,000	96%	\$ 11,270	November 16, 2006
Airport Corporate Centre West, Mississauga	office	100%	357,000	86%	66,253	November 28, 2006
2891 Sunridge Way NE, Calgary	office	100%	88,000	100%	25,736	December 20, 2006
Total			506,000		\$ 103,259	

Acquisitions Subsequent to Year-end:

Q1 2007 Acquisitions	Property Type	Interest Acquired	GLA (sq.ft.)	Occupancy on Acquisition	Purchase Price (\$000's)	Date Acquired
30 and 55 St. Clair Ave. West, Toronto	Office	100%	426,000	96%	\$ 110,752	January 9, 2007
625 Agnes Street, New Westminster	Office	100%	83,000	88%	14,598	January 24, 2007
Total			509,000		\$ 125,350	

Acquisitions Under Contract:

The Trust has also entered into a variety of contracts to acquire 2.7 million square feet of office and industrial properties for an aggregate purchase price of \$424.3 million:

Q1 2007 Acquisitions Under Contract	Property Type	Interest Acquired	GLA (sq.ft.)	Occupancy on Acquisition
Calgary, Alberta	Office Portfolio	100%	543,000	99%
Toronto, Ontario	Office building	100%	66,000	100%
Toronto, Ontario	Industrial Portfolio	100%	2,066,000	97%
Total			2,675,000	

CAPITAL INITIATIVES

- **New equity issues** – In 2006, the Trust completed three offerings totalling \$320 million in gross proceeds and issued a total of 10.2 million REIT Units, Series A. On December 12, 2006, we completed a public offering of 4,110,000 REIT Units, Series A for gross proceeds of \$150.0 million at a price of \$36.50. On June 8, 2006, the Trust completed a public offering of 3,560,000 REIT Units, Series A for gross proceeds of \$100.0 million at a price of \$28.10 and on April 7, 2006, the Trust completed a public offering of 2,200,000 for gross proceeds of \$61.1 million at a price of \$27.75 per units. An additional 320,000 REIT Units, Series A were issued for gross proceeds of approximately \$8.9 million as part of an over-allotment option granted to the underwriters.
- **Debt** – Dundee REIT's debt renewals and new debt financings resulted in a further reduction of the weighted average interest rate to 5.95% as at December 31, 2006 (December 31, 2005 – 6.16%) and a steady improvement of the interest coverage ratio to 2.46 times (December 31, 2005 – 2.22 times). This improvement reflects the reduction in the Trust's overall level of debt-to-gross book value to 50.6% (December 31, 2005 – 59.3%)
- **Convertible Unsecured Debenture Conversions** – During the year, the Trust issued 3,071,257 REIT Units, Series A upon the conversion of \$82.5 million of the principal amount of 6.5% and 5.7% debentures. Throughout January 2007, we issued an additional 494,418 REIT Units, Series A upon the conversion of \$14.2 million of the principal amounts of 6.5% and 5.7% debentures.

Information appearing in this news release is a select summary of results. The financial statements and management's discussion and analysis for the Trust, as well as its Supplementary Information Package are available at www.dundeereit.com and on www.sedar.com.

Dundee REIT is an unincorporated, open-ended real estate investment trust and is Canada's leading provider of high quality, affordable business premises. It is focused on owning, acquiring, leasing and managing mid-sized urban and suburban office and industrial properties in Canada. Dundee's portfolio consists of approximately 19.4 million square feet of gross leasable area, located primarily in its target markets of Toronto, Ottawa, Montréal, Calgary and Edmonton. Its portfolio is well diversified by geographic location and tenant mix. For more information, please visit www.dundeereit.com.

FOOTNOTES

- (1) NOI – rental property operating revenue less rental property operating expenses excluding redevelopment properties and discontinued operations.
- (2) FFO - net income, adjusted for future income tax, depreciation and amortization, gain (loss) on sale, provision for impairment in value of rental property, internalization of property manager, non-controlling interest, dilution gain and other amortization.
- (3) AFFO – distributable income (as defined in Dundee REIT's Declaration of Trust) adjusted for the Trust's estimates of normalized leasing costs and normalized non-recoverable recurring capital expenditures.

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

This press release may contain forward-looking information within the meaning of applicable securities legislation. Forward looking information is based on 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; and interest and currency rate functions. Our objectives and forward-looking statements are based on certain assumptions, including that the general economy remains stable, interest rates remain stable, conditions within the real estate market remain consistent, competition for acquisitions remains consistent with the current climate and that the capital markets continue to provide ready access to equity and/or debt. All forward-looking information in this press release speaks as of the date of this press release. 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 Dundee REIT's filings with securities regulators, including its latest annual information form and MD&A. These filings are also available at Dundee REIT's website at www.dundeereit.com.

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