



DUNDEE REIT ANNOUNCES TRANSACTION INVOLVING THE SALE OF THE CENTRAL AND EASTERN CANADIAN ASSETS TO GE REAL ESTATE FOR \$2.4 BILLION AND THE PURCHASE BY GE REAL ESTATE OF AN 18% STAKE IN DUNDEE REIT

FOR IMMEDIATE RELEASE

TORONTO, JUNE 4, 2007, DUNDEE REIT (D.UN – TSX) today announced that it has entered into a definitive agreement with respect to a transaction with GE Real Estate pursuant to which Dundee REIT's operating subsidiary will sell its portfolio of real estate assets located principally in Ontario, Québec and Newfoundland (the "Eastern Portfolio") to GE Real Estate for a total purchase price of approximately \$2.4 billion, including the assumption of liabilities by GE Real Estate relating to the Eastern Portfolio.

Dundee REIT's management team will be holding a conference call to discuss the agreement today at 2:00 p.m. (ET). To access the conference call, please dial (416) 340-8010 in Toronto and overseas or 1-866-540-8136 elsewhere in Canada and the United States. A taped replay of the call will be available from June 4, 2007 at 5:00 p.m. (ET) to June 11, 2007 at 11:59 p.m. (ET). Please dial 416-695-5800 or 1-800-408-3053 and use passcode 3225565 to access the replay.

Dundee REIT will continue to own \$1.5 billion of real estate assets located in Western Canada, transforming Dundee REIT into a more growth-oriented, opportunistic real estate investment trust, and will continue to own the property manager that manages the assets of the REIT. As part of this transaction, GE Real Estate has agreed to purchase \$165 million of outstanding units of Dundee REIT at a purchase price of \$47.50 per Unit, which will give GE Real Estate an approximate 18% equity interest in Dundee REIT following completion.

It is anticipated that Dundee REIT will continue to distribute \$2.20 per unit on an annualized basis. The REIT's Distribution Reinvestment and Unit Purchase Plan ("DRIP") currently in place will be temporarily suspended beginning with the June 2007 distribution to be paid on or about July 15, 2007 and is anticipated to be reinstated in January 2008.

In connection with the acquisition of the Eastern Portfolio by GE Real Estate, unitholders of Dundee REIT will receive an offer to tender an aggregate of approximately 32 million units for consideration of \$47.50 cash per unit for a total return, together with the GE investment, of approximately \$1.7 billion of capital to Dundee REIT's unitholders. This represents a premium of 19% over the closing price of the REIT's units on the TSX on June 1, 2007.

Senior management of Dundee REIT will continue to work as a team as the transaction contemplates that all of Dundee REIT's senior management will be transferred to Dundee Realty Corporation, which will enter into separate asset management agreements with GE Real Estate and Dundee REIT on closing of the transaction with respect to the management of the portfolio of real estate assets acquired by GE Real Estate and the management of Dundee REIT's remaining real estate assets. Dundee Realty Corporation is a subsidiary of Dundee Corporation.

Dundee Corporation and management of Dundee Realty Corporation currently hold approximately 18% of Dundee REIT. They will remain unitholders and intend to hold an approximate 18% interest in Dundee REIT through their continued ownership of limited partnership units of the REIT's operating subsidiary and units of the REIT.

Unitholders may choose not to tender their units and remain as unitholders of Dundee REIT, subject to a pro rata redemption of units if fewer than the maximum number of units is tendered to the cash offers. Unitholders may elect to tender all, some or none of their units in exchange for \$47.50 cash per unit. However, the number of units taken up under the offer will be subject to proration if the total number of units tendered by all unitholders exceeds the maximum number to be purchased under the cash offers. Conversely, if fewer than the maximum number of units are tendered to the cash offers, Dundee REIT will effect a partial redemption at a price of \$47.50 per unit on a pro rata basis with the balance of the proceeds of sale of the Eastern Portfolio.

"We believe that this is the ideal time for this transaction. Dundee REIT has performed extremely well over the last two years and now trades at a multiple that is competitive with the largest and most successful commercial REITs. By surfacing this premium offer on a premium value, it is the first time that Dundee REIT unitholders have the option to either sell their units or maintain an investment with our management team through the transformed REIT with the opportunity to own a very flexible and competitive real estate vehicle" said Michael Cooper, Vice Chairman and CEO of Dundee REIT.

The proposed transaction requires the approval of 66 2/3% of the votes cast by Dundee REIT's unitholders in accordance with the REIT's Declaration of Trust and the approval of a simple majority of the votes cast by the unitholders other than Dundee Corporation and its related parties in accordance with applicable securities laws.

Dundee REIT's board of trustees, based on the unanimous recommendation of an independent committee of the board of trustees, has determined that the transaction is in the best interests of the REIT and its unitholders. Brookfield Financial, the exclusive financial advisor to Dundee REIT, will provide an opinion to the REIT to the effect that the consideration to be received by the REIT's public unitholders is fair, from a financial point of view. The independent committee also engaged Blackmont Capital Inc. as its exclusive independent financial advisor to prepare the required valuations of Dundee REIT. Blackmont Capital Inc. will also provide an opinion to the REIT to the effect that the consideration to be received by the REIT's public unitholders is fair, from a financial point of view.

Dundee Corporation, certain related parties and all senior management of Dundee REIT have executed lock-up agreements pursuant to which they have agreed, subject to conditions, to support the transaction and vote their units in favour of the transaction. The units subject to the lock-up agreement represent an aggregate of approximately 18% of the REIT's currently issued and outstanding units.

As part of the transaction, many of the original restrictions in the Declaration of Trust will be modified or removed. This will allow the REIT to become more growth oriented and opportunistic and to compete not only with other real estate businesses in Canada, but also with financial sponsors seeking to invest in real estate. Dundee REIT will ask its unitholders to approve certain changes to the constating documents of the REIT and its subsidiaries, including significant changes to the operating policies and investment guidelines of its operating subsidiary, Dundee Properties Limited Partnership.

“This transaction provides many benefits for Dundee REIT and its unitholders. The new REIT will be able to have a management team that is deeper than can be supported by the existing REIT. Also, the portfolio retained by Dundee REIT is centred in Alberta, which is one of the most desirable real estate markets in North America. These assets are expected to generate growth in AFFO in excess of 50% over the next four years and are expected to provide Dundee REIT with an even lower cost of capital than it currently has. The relaxation of restrictions on investments and operating policies of the REIT’s operating subsidiary, the higher growth assets, the flow through structure and the REIT’s access to capital markets provide a base for Dundee REIT to compete not just with other REITs in Canada, but also to provide a public vehicle that can compete with private funds.” said Michael Cooper.

The REIT will primarily own assets in Western Canada after the completion of this transaction and its strategy will be to continue to grow in ways that will provide its unitholders with stable and growing returns from office and industrial assets across Canada.

“Canada is among the top ten real estate markets in the world and the Dundee REIT portfolio is made up of a large number of well-positioned assets in strong growth markets. It’s another example of the positive direction we’re seeing in the Canadian market. GE Real Estate has a history of forging strong alliances around the world with key players in the commercial real estate market” said Katherine Lee, Managing Director, Canada at GE Real Estate. “We are looking forward to partnering with Dundee and growing this relationship” added Katherine Lee.

In addition to obtaining unitholder approval, completion of the transaction is subject to certain other conditions, including receipt of regulatory approvals and the approval of the Toronto Stock Exchange.

Dundee REIT has agreed to certain non-solicitation covenants with GE Real Estate, and has agreed to pay a termination payment of \$55 million to GE Real Estate in certain circumstances, including if Dundee REIT terminates its agreement with GE Real Estate in order to enter into an agreement with respect to a superior proposal and to reimburse up to \$2.75 million of GE Real Estate’s expenses in certain limited circumstances if the transaction is not completed.

“After the completion of this transaction, Dundee REIT is anticipated to have about 19 million units, which at \$47.50 represents a market cap of approximately \$900 million. Based on a per unit price of \$47.50, the pro forma yield on units of the REIT is approximately 4.6%. Following the completion of the transaction, the REIT’s cost of capital is anticipated to be lower, driven by the higher growth in the Western Canadian assets. These assets are expected to produce higher AFFO in the future than otherwise would have been produced by Dundee REIT in the absence of this transaction.” said Michael Knowlton, President and Chief Operating Officer of Dundee REIT.

A combined management information circular and issuer bid circular with respect to the transaction is anticipated to be mailed to unitholders of Dundee REIT by the end of June. The meeting of unitholders to approve the transaction is anticipated to be held in August 2007, with completion of the transaction to occur by the end of August 2007.

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 REIT’s diversified portfolio consists of approximately 22.2 million square feet of gross leasable area, located primarily in its target markets of Toronto, Ottawa, Montréal,

Calgary and Edmonton. Dundee REIT's portfolio is well diversified by geographic location and tenant mix. For more information, please visit www.dundeereit.com.

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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