



DUNDEE REIT ANNOUNCES CALGARY PORTFOLIO ACQUISITION AND \$100 MILLION BOUGHT DEAL

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, MAY 10, 2006 DUNDEE REIT (D.UN-TSX) announced today that it has entered into an agreement to acquire a portfolio of office properties in Calgary comprising over 800,000 square feet. The transaction is expected to close by the end of the second quarter.

The portfolio is comprised of high-quality office buildings located in downtown and suburban Calgary. The buildings house a number of high profile tenants and enjoy an average occupancy rate of approximately 98%.

The acquisition is an ideal fit with Dundee REIT's strategy of growing its office portfolio and, in particular, growing its portfolio in Western Canada. Including this transaction, Dundee REIT has completed \$89.0 million of acquisitions in 2006 and has an additional \$392.3 million under contract. The Trust anticipates that the impact of acquisitions completed and under contract will increase the percentage of net operating income ("NOI") generated by its office portfolio to approximately 75%. In addition, the percentage of both net book value and NOI attributable to Alberta and Western Canada is expected to increase to approximately 37% once these acquisitions are completed.

Demand for office space in Calgary remains strong and rental rates continue to rise. At the end of the first quarter, vacancy rates dropped to 1.2% in the downtown market and 5.6% in suburban Calgary. "The obvious benefit of this acquisition is increasing our presence in Calgary – the hottest leasing market in Canada. An additional benefit is that approximately one-third of the leases in the portfolio are expiring over the next four years, so we anticipate considerable upside over the longer term," said Michael Cooper, Vice Chairman and Chief Executive Officer of Dundee REIT.

In connection with the acquisition, the Trust has entered into an agreement to sell 3,560,000 REIT Units, Series A on a bought deal basis at a price of \$28.10 per Unit to a syndicate of investment dealers led by TD Securities Inc. and CIBC World Markets Inc. for gross proceeds of \$100,036,000. The offering is scheduled to close on or about June 8, 2006, and is subject to regulatory approval. The net proceeds of the offering will be used to fund a portion of the purchase price for the Calgary portfolio.

The units being offered have not been and will not be registered under the United States Securities Act of 1933 and accordingly will not be offered, sold or delivered, directly or indirectly within the United States, its possessions and other areas subject to its jurisdiction or to, or for the account or for the benefit of a U.S. person, except in limited circumstances.

Dundee REIT is an unincorporated, open-ended real estate investment trust and is Canada's leading provider of high quality, affordable office 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 16.4 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

NOI – rental property operating revenue less rental property operating expenses. NOI is a key measure of performance used by real estate operating companies; however, it is not defined by generally accepted accounting principles (GAAP), does not have standard meanings and may not be comparable with other industries and companies.

Market vacancy rates obtained from CB Richard Ellis Market View, 1st Quarter 2006.

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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