

DUNDEE REIT ACQUIRES SIX OFFICE BUILDINGS IN WESTERN CANADA

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 31, 2006, DUNDEE REIT (D.UN – TSX) announced today that it has completed the acquisition of a portfolio of primarily office properties totalling 530,102 square feet as well as 62 acres of development land from Princeton Developments Ltd. for a total purchase price of approximately \$97.1 million. The acquisition took effect as of May 17, 2006 with final registrations being confirmed today.

The portfolio consists of four office properties in Yellowknife totalling 325,832 square feet of space, a 131,707 square foot office building in downtown Saskatoon and a 72,563 square foot industrial property in northwest Edmonton. The commercial revenue properties constitute approximately \$77.7 million of the total purchase price and are being acquired at an 11.6% capitalization rate. As part of the transaction, Dundee REIT has assumed approximately \$43.8 million of mortgage debt at an average interest rate of 5.25%.

The overall occupancy rate of the portfolio is approximately 92%, with government and national tenants comprising 85% of the tenancies by occupied area. The average remaining lease term across the portfolio is approximately 3.8 years and the average in-place net rent is \$18.30.

<u>Property</u>	<u>Location</u>	<u>Property Type</u>	<u>GLA (sq.ft.)</u>	<u>Year Built / Renovated</u>	<u>Occupancy</u>
Northwest Tower	Yellowknife	Office	85,036	1991	100%
Precambrian Building	Yellowknife	Office	87,484	1976	93%
Scotia Centre	Yellowknife	Office	101,027	1979/84	95%
Bellanca Building	Yellowknife	Office	52,285	1973	100%
Princeton Tower	Saskatoon	Office	131,707	1988	81%
18403-104 th Avenue	Edmonton	Industrial	72,563	2004	91%
Total			530,102		92%

The buildings in Yellowknife represent best-in-class office properties and account for approximately 72% of the downtown Class A office inventory. Yellowknife is enjoying significant economic growth in natural resources, particularly diamonds and natural gas, as well as in tourism. As part of the transaction, Dundee REIT acquired the right to continue to operate the properties in Yellowknife under the name Bellanca Developments Ltd. Princeton Tower is an 11-storey Class A office building in the heart of Saskatoon's central business district. Major tenants in Princeton Tower include the federal government, PricewaterhouseCoopers and BMO Nesbitt Burns. The industrial property in Edmonton is located in the Sunwapta Business Park, a prime location in northwest Edmonton with easy access to the highway system. The property is home to Lee Valley Tools and the federal government, among other tenants.

“This is another strategic acquisition that will help Dundee REIT to increase its exposure to the office market in Western Canada. With the natural resource sector not only fuelling Alberta's economy but also the economies of surrounding provinces, this acquisition will further increase our geographic and economic diversification within Western Canada,” said Michael Cooper, Vice Chairman and Chief Executive Officer of Dundee REIT. To date in 2006, Dundee REIT has completed \$186.1 million of acquisitions and has an additional \$295.2 million under contract.

With the closing of this transaction, the gross leaseable area of Dundee REIT's portfolio in Alberta and Western Canada increases to 26% of its portfolio and office assets increase to 48%. Based on acquisitions completed so far in the second quarter, together with properties currently under contract, Dundee REIT anticipates its portfolio in Alberta and Western Canada will generate approximately 37% of total net operating income and its office portfolio will generate approximately 74% of total net operating income.

	Owned Gross Leasable Area (square feet)						March 31, 2006	
	May 31, 2006						Total	%
	Office ⁽¹⁾	Industrial	Retail	Total	%			
Québec	1,827,301	3,335,982	-	5,163,283	30	5,086,205	31	
National Capital Region	1,600,439	-	-	1,600,439	9	1,600,439	10	
Toronto Region	2,726,979	2,380,126	-	5,107,105	30	4,965,094	30	
Alberta	1,230,130	2,372,972	46,143	3,649,245	21	3,576,682	22	
Western Canada	914,145	-	-	914,145	5	275,047	2	
Total Canada	8,298,994	8,089,080	46,143	16,434,217	95	15,503,467	95	
United States	-	-	795,390	795,390	5	795,390	5	
Total	8,298,994	8,089,080	841,533	17,229,607	100	16,298,857	100	
Percentage	48%	47%	5%			100%		

⁽¹⁾ Excludes boul. Alfred-Nobel, Montréal, under redevelopment

Lease maturity profile of the acquired assets:

	Current Vacancy	Current Monthly Tenancies	2006	2007	2008	2009	2010 and thereafter	Total
Square Feet	41,860	-	60,176	44,170	97,226	73,932	212,738	530,102
Percentage	7.7%	-	13.2%	9.7%	21.2%	14.7%	33.5%	100%

Average expiring rents across the portfolio:

	Current Monthly Tenancies	2006	2007	2008	2009	2010 and thereafter
Portfolio Average	-	\$ 20.31	\$ 19.80	\$ 18.51	\$ 19.46	\$ 16.91

“Based on recent leasing activity in each of these markets, we are confident that there is upside in the rental rates,” said Michael Knowlton, President and Chief Operating Officer.

The transaction also includes 62 acres of development lands, of which 50 acres are located in the Sunwapta Business Park, adjacent to the industrial property acquired with the portfolio. The land is zoned for industrial, office and retail uses. Dundee REIT intends to develop the office and industrial portion of the site, which comprises approximately 40 acres, over the next 18 - 24 months and sell the portion that is zoned as retail once a suitable purchaser is found. The remaining 12 acres are primarily located in Yellowknife. Also included in the transaction are third-party property management contracts comprising approximately 253,000 square feet of space, which will be managed by Dundee REIT's property management subsidiary Dundee Management Limited Partnership.

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 REIT's diversified portfolio consists of approximately 17.3 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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