



DUNDEE REIT POSTS 4% INCREASE IN Q1 FUNDS FROM OPERATIONS PER UNIT

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 7, 2008 DUNDEE REIT (D.UN-TSX) today posted strong financial results for the quarter ended March 31, 2008. Dundee REIT's management team will discuss the Trust's financial results at its annual and special meeting, being held today at 2:00 p.m. (MDT) at the Fairmount Palliser Hotel – Turner Valley Room, 133 9th Avenue SW in Calgary, Alberta.

WEBCAST

The meeting will also be webcast. To access the simultaneous webcast, please visit our website at www.dundeereit.com and click on the link for News & Events, then click on Calendar of Events. The webcast will be archived within two hours after the end of the meeting and will be available for 90 days.

FINANCIAL HIGHLIGHTS

- Q1 rental property revenues up 32% over Q1 2007 to \$44.2 million
- Q1 net operating income ("NOI") up 30% to \$27.0 million; comparative properties NOI up 1% to \$18.5 million
- Q1 funds from operations ("FFO") per unit up 4% to \$0.74
- Occupancy remains high at 95.0%
- Quarter-end weighted average interest rate remains low at 5.93%
- Strong interest coverage ratio of 2.35 times
- \$92.2 million in acquisitions completed in Q1

SELECTED FINANCIAL INFORMATION (unaudited) (\$000's except unit and per unit amounts)	Three Months Ended March 31, 2008	Three Months Ended Dec. 31, 2007	Three Months Ended March 31, 2007
Rental property revenues	\$ 44,195	\$ 42,921	\$ 33,442
Net operating income ("NOI") ⁽¹⁾	27,005	26,456	20,849
Funds from operations ("FFO") ⁽²⁾	15,697	16,127	31,771
Adjusted funds from operations ("AFFO") ⁽³⁾	10,635	11,054	25,169
Book value of rental properties	1,085,192	1,004,198	2,083,428
Debt	794,446	680,479	1,230,977
Per unit data (basic)			
FFO	0.74	0.76	0.71
AFFO	0.50	0.52	0.56
Distributions	0.55	0.55	0.55
Units (period end)			
REIT Units, Series A	17,143,922	17,072,154	40,778,282
REIT Units, Series B	476,316	476,316	-
LP Class B Units, Series 1	3,354,851	3,315,349	7,948,515
Total number of units	20,975,089	20,863,819	48,726,797
Occupied and committed space	95.0%	96.7%	97.0%

"While there is a lot of uncertainty in the markets right now, our business remains strong and we continue to produce solid financial results. In addition, we are very well capitalized and are waiting for outstanding opportunities to once again create value for our unitholders," said Michael Cooper, Vice Chairman and Chief Executive Officer.

FINANCIAL HIGHLIGHTS

- **Rental properties NOI up 30% to \$27.0 million** – rental properties NOI increased by 30% over the prior year first quarter. Acquisitions were the primary driver behind this growth, contributing \$5.4 million for the three-month period.
- **Comparative properties NOI up 1% to \$18.5 million** – comparative NOI increased by 1% over the prior year first quarter, mainly reflecting rising rental rates on renewals in Western Canada. Comparative office NOI remained flat while comparative industrial NOI increased by 4%.
- **Funds from operations per unit grew by 4% to \$0.74** – on a per unit basis, FFO increased by 4% to \$0.74, primarily due to additional revenue generated by acquisitions as well as growth in rising rental rates.
- **Adjusted funds from operations per unit decreased by 11% to \$0.50** – for the quarter, AFFO per unit decreased to \$0.50 from \$0.56, largely reflecting the impact of the sale of the Eastern real estate portfolio as well as dilution arising from surplus cash.
- **Reinstatement of Distribution Reinvestment Plan (“DRIP”)** – in connection with the sale of our Eastern real estate portfolio, the DRIP was suspended in June 2007. Starting with the January 2008 distribution, payable on February 15, 2008, the DRIP has been reinstated. Participation in the DRIP continues to be high. During the first quarter, the Trust’s cash distribution payout ratio was 73%.

OPERATIONAL HIGHLIGHTS

- **Portfolio occupancy remains strong at 95.0%** – the overall percentage of occupied and committed space remains strong at 95.0% and the average in-place net rent increased by more than one-third to \$14.12 per square foot compared to the same quarter last year and by 4.7% compared to the fourth quarter of 2007. “The fundamentals in our portfolio remain very strong. We continue to capture rental uplifts in our portfolio as space comes up for renewal.” said Michael Knowlton, President and Chief Operating Officer.

	Occupancy			Average In-place Net Rent (per sq. ft.)		
	March 31, 2008	Dec. 31, 2007	March 31, 2007	March 31, 2008	Dec. 31, 2007	March 31, 2007
Office	96.0%	96.7%	97.0%	\$ 16.82	\$ 16.30	\$ 13.66
Industrial	92.3%	96.7%	97.0%	6.86	6.71	5.45
Total	95.0%	96.7%	97.0%	14.12	13.49	10.16

- **Energy efficiency and environmental excellence** – Dundee REIT completed a major retrofit of the exterior cladding of the Bellanca Building, a 52,000 square foot, 10-storey office building in Yellowknife in 2007 with the goal of capturing greater energy efficiency. In addition to improving tenant comfort, fuel consumption decreased by 25% in Q1 2008, one of the coldest winters on record. The building also achieved a 10% savings in power consumption. The success of this project has received the *Energy Efficiency Commercial Award* from the Arctic Energy Alliance and the *2008 Award for Environmental Excellence* from the Associations of Professional Engineers, Geologists, and Geophysicists of the Northwest Territories and Nunavut.

ACQUISITION HIGHLIGHTS

During the quarter, the Trust acquired the AIR MILES Tower, a 322,557 square foot office building located in downtown Toronto for approximately \$92.2 million with no assumed debt. We also have under contract an interest in the IBM Corporate Park in Calgary. This three-building complex comprises 357,000 square feet, is of exceptionally high quality and has a blue chip tenant base. Dundee REIT is acquiring one third of the property for approximately \$59 million with the remaining interest being acquired by a European institutional partner. Dundee REIT will manage the property.

CAPITAL INITIATIVES

- **Convertible debenture issues** – On January 14, 2008, Dundee REIT completed the public offering of \$125.0 million principal amount of convertible unsecured subordinated debentures with a coupon rate of 6.0% per annum due December 31, 2014. The net proceeds of this offering were approximately \$119.2 million (after deducting underwriters’ fees and expenses of the offering). The net proceeds of the offering will be used for general trust purposes, including for funding possible future acquisitions.

- **Debt** – The Trust’s average interest rate remains low at 5.93%, however, increased slightly compared to 5.76% at December 31, 2007 (March 31, 2007 – 5.88%) mainly due to the issuance of \$125.0 million of convertible debentures with a coupon rate of 6% per annum. The interest coverage ratio remains strong at 2.35 times (December 31, 2007 – 2.51 times), reflecting the Trust’s ability to cover interest expense requirements.

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 provides 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 portfolio currently consists of approximately 7.0 million square feet of gross leasable area, located primarily in Western Canada. Dundee REIT’s 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, internalization of property manager, non-controlling interest and other amortization from continuing and discontinued operations.
- (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.

- 30 -

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