DUNDEE REIT REPORTS STRONG Q2 PERFORMANCE INDICATIVE OF SUCCESSFUL ACQUISITION STRATEGY

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, AUGUST 3, 2011 DUNDEE REIT (D.UN-TSX) today posted strong financial results for the quarter ended June 30, 2011, evidencing the success of the Trusts acquisition strategy and the strength of its operations.

HIGHLIGHTS

- **58% increase in funds from operations ("FFO") over Q2 2010, 3% increase on a per unit basis**
- **Occupancy rises to 96.5% driven by 1.6% increase in Calgary comparative portfolio**
- **50% growth in net operating income ("NOI") over Q2 2010 and 8% growth quarter-over-quarter**
- **$42.0 million of acquisitions completed in Q2; $316.9 million completed subsequent to quarter-end**
- **Year-to-date acquisitions total $1.6 billion, including $756.1 million under contract**
- **Enterprise value of $3.4 billion**
- **Increase in market cap to $2.0 billion**
- **$214.8 million new mortgage financing at 4.7% with an average 8-year term**
- **Weighted average interest rate declines to 5.3%**

SELECTED FINANCIAL INFORMATION

(unaudited)	**Three Months Ended**			Six Months Ended	
($000's except unit and per unit amounts)	**June 30, 2011**	March 31, 2011	June 30, 2010	June 30, 2011	June, 2010
Investment properties revenue [1]	**$ 95,556**	$ 91,005	$ 61,727	$ 186,561	$ 119,556
Net operating income ("NOI") [2]	**58,323**	53,992	38,836	112,355	72,976
Funds from operations ("FFO") [3]	**35,491**	32,864	22,479	68,355	41,132
Adjusted funds from operations ("AFFO") [4]	**31,286**	28,762	20,101	60,048	36,737
Asset value of investment properties and equity accounted investments	**3,138,782**	3,044,348	1,919,175		
Debt [1]	**1,643,753**	1,527,853	1,044,077		
Per unit data (basic)					
FFO	**0.64**	0.63	0.62	1.27	1.23
AFFO	**0.56**	0.55	0.55	1.11	1.09
Distributions	**0.55**	0.55	0.55	1.10	1.10
Units (period end)					
REIT Units, Series A	**56,333,865**	50,801,757	36,194,611		
REIT Units, Series B	**16,316**	16,316	16,316		
LP Class B Units, Series 1	**3,493,736**	3,487,841	3,468,469		
Total number of units	**59,843,917**	54,305,914	39,679,396		
Occupied and committed space	**96.5%**	96.1%	96.6%		

"Once again, we delivered solid performance in the second quarter. The real excitement, however, came after quarter-end with the announcement of the Blackstone portfolio acquisition and the closing of the 1.0 million square foot office property in downtown Montreal" said Michael Cooper, Chief Executive Officer. "With the highly accretive acquisitions completed to-date, a low cost of debt and more efficient cash management, we are positioned to deliver compelling growth over the next couple of years," added Mr. Cooper.

FINANCIAL HIGHLIGHTS

- **Net operating income up 50% to $58.3 million** – NOI increased by $19.5 million over Q2 2010, mainly reflecting contributions from acquisitions. Comparative NOI was down by less than 1%, reflecting two office lease terminations offset by increased occupancy in the industrial portfolio. Quarter-over-quarter, NOI is up by 8% (1% on a comparative basis), driven primarily by occupancy growth in the office portfolio.
- **Funds from operations up 58% to $35.5 million** – FFO increased by $13.0 million over Q2 2010, mainly reflecting the impact of accretive acquisitions completed in 2010 and 2011, offset by dilution relating to holding cash at period end. FFO per unit was $0.64, up 3% over Q2 2010, again reflecting acquisitions in completed in 2010 and 2011.
- **Adjusted funds from operations increased by 56% to $31.3 million** – AFFO increased by $11.2 million over Q2 2010, primarily due to acquisitions. On a per unit basis, AFFO increased by nearly 2%, reflecting accretive acquisitions, partially offset by declines related to the timing of deploying capital raised to finance growth. Subsequent to quarter-end the Trust deployed its cash in connection with the acquisition of an office property in Montreal.

ACQUISITION HIGHLIGHTS

During the first six months of the year, Dundee REIT has completed $516.7 million of acquisitions, including $42.0 million in Q2. Subsequent to quarter end the REIT acquired 700 de la Gauchetière, a 28-storey, 1.0 million square foot Class A office building located in the heart of downtown Montréal and 13888 Wireless Way in Burnaby, BC. In addition, $756.1 million of properties have been secured under contract, comprising 3.0 million square feet of office buildings primarily located in downtown core markets.

Acquisitions	Property type	Approx. GLA (sq. ft.)	Purchase price ($000's) [1]	Date	Cap rate[2]
Saskatoon Square, Saskatoon, SK	office	209,593	$ 50,000	January 4, 2011	
400 Cumberland Street, Ottawa, ON	office	174,921	38,300	January 17, 2011	
Realex Properties Corp., ON/AB/BC	office/industrial	1,837,277	373,430[3]	February 8, 2011	
55 King Street West, Kitchener, ON	office	124,100	13,000	March 31, 2011	
586 Argus Road, Oakville, ON	office	74,570	16,560	May 2, 2011	
Morgex Building, Edmonton, AB	office	39,750	9,900	May 19, 2011	
Multivesco Portfolio, Gatineau, QC	office/industrial	148,198	15,535	June 9, 2011	
		2,608,409	516,725		
700 de la Gauchetière, Montréal, QC	office	1,014,047	277,750	July 11, 2011	
13888 Wireless Way, Richmond, BC	office	116,530	31,800	July 12, 2011	
81 Wright and 170 Joseph Zatzman, Halifax, NS	office	108,211	7,350	July 27, 2011	
Total closed in 2011		**3,847,197**	**$ 833,625**		**7.27%**
Under contract		2,986,104	756,092		
Total closed and under contract in 2011		**6,833,301**	**$ 1,589,717**		**7.14%**

(1) Purchase prices exclude transaction costs
(2) Cap rates are based on acquisition prices and exclude management income
(3) Investment property value on Realex Properties Corp. share acquisition

"Since the fall of 2009 we've completed, or placed under contract, $2.6 billion of acquisitions, all of which make Dundee REIT a stronger investment today and into the future. We will continue to pursue opportunities as they arise and, in the meantime, will focus on operations, asset management and repositioning our portfolio as necessary." said Michael Cooper.

OPERATIONAL HIGHLIGHTS

Portfolio occupancy rises to 96.5% – the overall percentage of occupied and committed space remained high at 96.5% (March 31, 2011 – 96.1%; June 30, 2010 – 96.6%). On a comparative property basis, occupancy is up nearly 1.5% quarter-over-quarter. In-place rents remain approximately 6% below existing market rents, providing an opportunity to capture increases through leasing activity. Average in-place rents were $14.37 per square foot up from $14.29 per square foot at December 31, 2010 and down slightly from $15.43 at June 30, 2010. Throughout the remainder of 2011, approximately 1.1 million square feet of space will expire, of which 513,000 square feet or 46% has been committed.

	Total portfolio occupancy		Comparative properties occupancy[2]	
	June 30, 2011 (%)	March 31, 2011 (%)	**June 30, 2011 (%)**	March 31, 2011 (%)
Office				
Western Canada	**95.4**	95.7	**95.4**	95.7
Calgary	**96.4**	94.8	**96.4**	94.8
Toronto	**96.1**	96.3	**96.1**	96.3
Eastern Canada	**97.5**	97.4	**97.2**	97.4
Total office	**96.1**	95.8	**96.1**	95.8
Industrial				
Western Canada	**99.5**	90.5	**99.5**	90.5
Calgary	**94.9**	96.5	**94.9**	96.5
Toronto	**100.0**	100.0	**100.0**	100.0
Eastern Canada	**99.4**	99.3	**99.4**	99.3
Total industrial	**97.9**	97.0	**97.9**	97.0
Overall[1]	**96.5**	96.1	**97.5**	96.1

(1) Excludes redevelopment properties and discontinued properties.
(2) Comparative properties include all properties owned by the Trust on both dates during the comparative period.

CAPITAL INITIATIVES

- **New equity issues** – On June 14, 2011, the Trust completed a public offering and issued 4,660,000 REIT A Units at a price of $33.30 per unit for gross proceeds of $155.2 million. On June 29, 2011, the Trust issued an additional 699,000 REIT A Units, pursuant to the over-allotment option granted to the underwriters, for gross proceeds of $23.3 million. Subsequent to quarter-end, the Trust announced a bought deal equity offering pursuant to which 5,037,000 REIT A Units will be issued at a price of $32.40 for gross proceeds of $163.2 million. The Trust has granted the underwriters an over-allotment option to purchase up to an additional 694,500 REIT A Units at a price of $32.40.
- **Debt** – During the second quarter, the Trust placed $214.8 million of new debt with an 8-year average term to maturity and a weighted average interest rate of 4.70%. As a result, the Trust's overall weighted average interest rate declined to 5.30 (March 31, 2011 – 5.39%; June 30, 2010 – 5.66%).

SUBSEQUENT EVENTS

Dundee REIT's portfolio has undergone a significant transformation in the last year and a half. With the activity undertaking since quarter-end, the portfolio has continued to evolve with a greater emphasis on central business district office properties. The acquisition of 700 de la Gauchetière, a 28-storey, 1.0 million square foot Class A office building located in the heart of downtown Montréal, has strengthened the REITs position in this market and utilized the cash carried on its balance sheet at quarter end. The portfolio of 24 office properties the Trust has agreed to acquire from affiliates of Blackstone Real Estate Advisors LP ("Blackstone") and Slate Properties Inc. ("Slate") will add 2.7 million square feet to its established office portfolios in Toronto, Ottawa, Calgary and Edmonton. The properties are all well-leased downtown office properties, the bulk of which are situated in the heart of Toronto's vibrant financial district.

On a gross leaseable area percentage basis, the acquisitions have increased Dundee REIT's weighting in Toronto and Eastern Canada.

	Owned gross leasable area (sq. ft.)					
	Proforma June 30, 2011				June 30, 2011	
	Office	Industrial	Total	%	Total	%
Western Canada	3,284,076	554,753	3,838,829	21	3,293,280	22
Calgary	3,932,781	1,287,351	5,220,132	28	4,641,375	31
Toronto	5,743,076	499,605	6,242,681	34	4,946,073	33
Eastern Canada	2,014,871	1,212,211	3,227,082	17	2,105,035	14
Total [1]	14,974,804	3,553,920	18,528,724	100	14,985,763	100
Percentage	81%	19%	100%			

(1) Excludes redevelopment properties.

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 16.1 million square feet of gross leasable area across Canada. Dundee REIT's portfolio is well diversified by geographic location and tenant mix. For more information, please visit www.dundeereit.com.

FOOTNOTES

(1) Investment properties revenue includes revenue from equity accounted investments and debt includes debt related to equity accounted investments.

(2) NOI – investment property revenues less operating expenses, excluding redevelopment and income from disposed properties.

(3) FFO - net income, adjusted for fair value adjustments on investment property and financial instruments, gain on sale, and amortization of equipment.

(4) AFFO – FFO adjusted for amortization of debt costs, deferred unit compensation expense, straight line rent and 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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