



## DUNDEE REIT POSTS STRONG Q2 FINANCIAL RESULTS AND REACHES \$1 BILLION MARKET CAP

*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 5, 2010 DUNDEE REIT (D.UN-TSX)** today posted strong financial results for the quarter ended June 30, 2010. Dundee REIT's management team will be holding a conference call today at 4:00 p.m. (ET) to discuss the results. To access the conference call, please dial (416) 695-6622 in Toronto and overseas or 1-800-355-4959 elsewhere in Canada and the United States. A taped replay of the call will be available from August 5, 2010 at 6:00 p.m. (ET) to August 19, 2010 at 11:59 p.m. (ET). Please dial 416-695-5800 or 1-800-408-3053 and use passcode 3172123 to access the replay. The call will also be available via webcast at [www.dundeereit.com](http://www.dundeereit.com).

### HIGHLIGHTS

#### Strong operations:

- **Occupancy rate remains high at 96.6%**
- **38% growth in net operating income ("NOI")**
- **2% growth in comparative NOI**
- **\$528 million of acquisitions completed year to date in Toronto, Ottawa, Montréal, Regina and Edmonton in 2010 with another \$85 million currently in the pipeline**

#### Solid financial position:

- **\$334 million of equity raised in 2010**
- **5.66% weighted average interest rate**
- **2.7 times interest coverage ratio**
- **Further reduction of debt-to-gross book value to 52.5%**

<b>SELECTED FINANCIAL INFORMATION</b> (unaudited) (\$000's except unit and per unit amounts)	<b>Three Months Ended June 30, 2010</b>	Three Months Ended March 31, 2010	Three Months Ended June 30, 2009	<b>Six Months Ended June 30, 2010</b>	Six Months Ended June 30, 2009
Rental property revenues	<b>\$ 64,374</b>	\$ 61,010	\$46,387	<b>\$125,384</b>	\$94,529
Net operating income ("NOI") <sup>(1)</sup>	<b>41,499</b>	37,625	30,168	<b>79,124</b>	60,316
Funds from operations ("FFO") <sup>(2)</sup>	<b>25,054</b>	22,104	17,138	<b>47,158</b>	34,062
Adjusted funds from operations ("AFFO") <sup>(3)</sup>	<b>20,101</b>	16,636	12,713	<b>36,737</b>	25,003
Book value of rental properties	<b>1,602,757</b>	1,411,150	1,111,649		
Debt	<b>1,044,077</b>	1,002,513	868,522		
<b>Per unit data (basic)</b>					
FFO	<b>0.69</b>	0.72	0.82	<b>1.40</b>	1.62
AFFO	<b>0.55</b>	0.54	0.61	<b>1.09</b>	1.19
Distributions	<b>0.55</b>	0.55	0.55	<b>1.10</b>	1.10
<b>Units (period end)</b>					
REIT Units, Series A	<b>36,194,611</b>	31,389,693	17,301,556		
REIT Units, Series B	<b>16,316</b>	16,316	16,316		
LP Class B Units, Series 1	<b>3,468,469</b>	3,461,324	3,454,188		
Total number of units	<b>39,679,396</b>	34,867,333	20,772,060		
<b>Occupied and committed space</b>	<b>96.6%</b>	97.0%	94.2%		

"We continue to follow through on our strategy of growing our business, further diversifying our portfolio, providing sustainable returns to our unitholders and, with the company's market cap reaching \$1 billion, making our company more attractive to a broader range of investors," said Michael Cooper, Chief Executive Officer.

## FINANCIAL HIGHLIGHTS

- **Rental properties NOI up 38% to \$41.5 million** – rental properties NOI increased by 38% over the prior year second quarter. Properties acquired at the end of 2009 and in 2010 were the primary drivers behind this growth.
- **Comparative properties NOI up 2% to \$28.0 million** – comparative NOI increased by 2% over the prior year second quarter, reflecting incremental improvements in both occupancy and rental rates. “This marks our 20<sup>th</sup> consecutive quarter of comparative year-over-year NOI growth, highlighting the strength of our portfolio and the operations team behind it,” said Michael Knowlton, President and Chief Operating Officer.
- **Adjusted funds from operations increased by 58% to \$20.1 million** – for the quarter, AFFO increased to \$20.1 million from \$12.7 million in the prior year, primarily due to acquisitions. On a per unit basis, AFFO increased by 2% compared to the first quarter of 2010 as the Trust accretively deployed its capital. On a year-over-year basis, AFFO decreased by 10% mainly due to deleveraging and carrying cash on the balance sheet.

## OPERATIONAL HIGHLIGHTS

- **Portfolio occupancy remains high at 96.6%** – the overall percentage of occupied and committed space increased to 96.6% compared to 94.2% a year ago. The average in-place net rent increased to \$15.43 per square foot (March 31, 2010 - \$15.22; December 31, 2009 - \$15.30).

	Occupancy		
	June 30, 2010	Dec. 31, 2009	June 30, 2009
Office			
British Columbia	96.1	95.3	96.2
Alberta	94.5	95.2	95.1
Saskatchewan & NWT	98.0	98.7	99.3
Ontario	98.3	99.1	95.7
Total Office	96.6	96.7	96.0
Total Industrial	96.8	90.6	89.3
Total Portfolio	96.6	95.4	94.2

## ACQUISITION HIGHLIGHTS

In the first six months of 2010, the Trust completed \$477 million of acquisitions, followed by another \$51 million subsequent to the end of the second quarter and \$85 million currently in the pipeline. The properties the Trust acquired and has under contract have strong tenant profiles, average in-place net rents below market rents and will further add to the diversification of Dundee REIT's portfolio.

Location	Property Type	Approx. GLA (sq. ft.)	Purchase Price (\$millions)	Closing Date	Cap Rate
Adelaide Place, Toronto	Office	654,249	217.5	January 18, 2010	
Aviva Corporate Centre, Toronto	Office/Redevelopment	436,704	45.9	February 10, 2010	
10130 – 103 <sup>rd</sup> Street, Edmonton	Office	265,625	87.8	April 16, 2010	
2340 St. Laurent Blvd., Ottawa	Industrial	114,724	11.3	April, 26, 2010	
4915 52 Street, Yellowknife	Redevelopment		0.7	April 30, 2010	
Financial Building, Regina	Office	65,763	14.2	May 4, 2010	
30 Eglinton Avenue West, Mississauga	Office	164,987	38.5	May 31, 2010	
625 Cochrane Drive, Markham	Office	161,997	29.9	June 18, 2010	
Valleywood Corporate Centre, Markham	Office	154,116	31.6	June 18, 2010	
<b>Total Closed in Q1 &amp; Q2</b>		<b>2,018,165</b>	<b>477.4</b>		<b>7.8%</b>
Acquisitions closed subsequent to quarter-end		603,985	50.7		
Acquisitions under contract and pipeline	Office/industrial	999,071	85.0		
<b>TOTAL CLOSED, UNDER CONTRACT &amp; PIPELINE</b>		<b>3,621,221</b>	<b>613.1</b>		<b>8.1%</b>

“We are very pleased that we will exceed our acquisition target for 2010. With \$136 million of acquisitions closed and under contract since the end of Q2 alone at a cap rate of over 9%, we will be in a position to pursue high quality assets for the balance of the year and still achieve an average cap rate of about 8%,” said Michael Cooper, Chief Executive Officer.

## CAPITAL INITIATIVES

- **New equity issues** – On June 2, 2010, the Trust completed its third equity offering in 2010 and issued 4,100,000 REIT A Units at a price of \$24.40 per unit for gross proceeds of \$100.0 million. On June 17, 2010, an additional 615,000 REIT A Units were issued pursuant to the exercise of the over-allotment option for gross proceeds of \$15.0 million, increasing the equity raised in 2010 to \$333.7 million.
- **Debt** – During the quarter, the Trust assumed \$49.0 million in mortgages in connection with property acquisitions. The Trust's overall weighted average interest rate remains stable at 5.66% (March 31, 2010 – 5.65%; December 31, 2009 – 5.75%) and its interest coverage ratio increased to 2.7 times (March 31, 2010 – 2.6 times; December 31, 2009 – 2.3 times). The Trust further reduced its conservative level of debt-to-gross book value to 52.5% (March 31, 2010 – 54.7%; December 31, 2009 – 59.3%).

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](http://www.dundeereit.com) and on [www.sedar.com](http://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 9.9 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](http://www.dundeereit.com).

## FOOTNOTES

- <sup>(1)</sup> NOI – rental property revenues less operating expenses, excluding redevelopment and discontinued operations.
- <sup>(2)</sup> FFO - net income, adjusted for future income tax, depreciation and amortization, gain on sale, and other amortization from continuing and discontinued operations.
- <sup>(3)</sup> 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](http://www.dundeereit.com).*

- 30 -

For further information, please contact:

Michael J. Cooper  
Vice Chairman and  
Chief Executive Officer  
(416) 365-5145  
[mcooper@dundeereit.com](mailto:mcooper@dundeereit.com)

J. Michael Knowlton  
President and  
Chief Operating Officer  
(416) 365-2325  
[mknowlton@dundeereit.com](mailto:mknowlton@dundeereit.com)

Mario Barrafato  
Senior Vice-President and  
Chief Financial Officer  
(416) 365-4132  
[mbarrafato@dundeereit.com](mailto:mbarrafato@dundeereit.com)