



DUNDEE REIT REPORTS STRONG SECOND QUARTER RESULTS, 12.5% GROWTH IN FFO 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, AUGUST 8, 2012, DUNDEE REIT (D.UN-TSX) today posted strong financial results for the three and six months ended June 30, 2012, evidencing the strength of its operations and the success of its acquisition strategy.

HIGHLIGHTS

- **\$3.9 billion market capitalization – the largest office REIT and third largest REIT in Canada**
- **Acquired two-thirds interest in AAA Class Scotia Plaza in downtown Toronto**
- **12.5% and 15% increases in per unit funds from operations (“FFO”) for the three and six month periods**
- **9% and 11% increases in per unit adjusted funds from operations (“AFFO”) for the three and six month periods**
- **1.9% and 2.3% growth in comparative properties net operating income (“NOI”) for the three and six month periods**
- **Occupancy strong at 95.6%**
- **Average in-place net rents 12% below estimated market rents**
- **Weighted average interest rate down to 4.48% from 4.96% at December 31, 2011**
- **51.2% debt-to-gross book value; 2.7 times interest coverage ratio**

SELECTED FINANCIAL INFORMATION

(unaudited)	Three Months Ended			Six Months Ended	
(\$000's except unit and per unit amounts)	June 30, 2012	March 31, 2012	June 30, 2011	June 30, 2012	June 30, 2011
Investment properties revenue ⁽¹⁾	\$ 181,195	\$ 150,040	\$ 95,556	\$ 331,235	\$ 186,561
Net operating income (“NOI”) ⁽¹⁾⁽²⁾	105,200	87,206	57,638	192,341	111,191
Funds from operations (“FFO”) ⁽³⁾	66,633	55,071	35,491	121,704	68,355
Adjusted funds from operations (“AFFO”) ⁽⁴⁾	55,961	46,653	31,286	102,614	60,048
Investment properties value ⁽¹⁾	6,939,139	6,035,422	3,138,782		
Debt ⁽¹⁾	3,648,702	3,312,656	1,643,753		
Per unit data (basic)					
FFO	\$ 0.72	\$ 0.74	\$ 0.64	\$ 1.46	\$ 1.27
AFFO	0.61	0.63	0.56	1.23	1.11
Distributions	0.55	0.55	0.55	1.10	1.10
Units (period end)					
REIT Units, Series A	96,587,015	85,835,238	56,333,865		
REIT Units, Series B	16,316	16,316	16,316		
LP Class B Units, Series 1	3,517,370	3,511,837	3,493,736		
Total number of units	100,120,701	89,363,391	59,843,916		
Portfolio gross leasable area (square feet) ⁽⁵⁾	27,582,915	26,135,970	14,985,763		
Occupied and committed space	95.6%	95.6%	96.5%		

See footnotes on page 3.

“The transformation of Dundee REIT continues,” said Michael Cooper, CEO. “We have become the leading office REIT in Canada, dramatically increased our AFFO per unit over the last three years, and we have improved the quality of our business and assets, as evidenced by the addition of a two-thirds interest in Scotia Plaza this quarter.”

Senior management will be hosting a conference call to discuss the results tomorrow, August 9, 2012 at 9:00 a.m. (ET). To access the call, please dial: 416-340-2216 or toll free at 1-866-226-1792. A taped replay of the call will be available for 30 days by dialling 905-694-9451 or 1-800-408-3053 and using passcode 4283032. To access the conference call via webcast, please go to Dundee REIT’s website at ww.dundeereit.com and click on the link for News & Events, then click on Calendar of Events. The webcast will be archived for 30 days.

FINANCIAL HIGHLIGHTS

- **Net operating income up 83% or \$47.6 million** – Driven by income from acquired properties, NOI increased by 83% over the prior year comparative period and by 21% over Q1 2012. On a comparative properties basis, NOI is up 2% over Q1 2011 driven by occupancy increases in Edmonton, Vancouver, Saskatchewan and Toronto. Comparative NOI is up \$0.1 million over Q1 2012, with a \$0.2 million increase in the office portfolio being offset by a \$0.1 million decrease in the industrial portfolio.
- **Funds from operations per unit up 12.5%** – FFO per unit is \$0.72, up \$0.08, or 12.5%, over Q2 2011, reflecting the impact of accretive acquisitions as well as comparative NOI growth and refinancings completed at lower rates.
- **Adjusted funds from operations per unit up 9% to \$0.61** – AFFO per unit was \$0.61, up \$0.05, or 9%, over Q2 2011 primarily reflecting the impact of accretive acquisitions completed in 2011 and 2012, comparative NOI growth and the impact of new financing being completed at lower rates.

ACQUISITION HIGHLIGHTS

During the second quarter, the Trust completed the acquisition of a two-thirds interest in Scotia Plaza as well as a 100% interest in a Windsor, Ontario Class A office property. Year-to-date, the Trust has completed \$2.4 billion of acquisitions adding 9.3 million square feet of gross leasable area to its national portfolio.

Acquisitions	Property type	Approx. GLA (sq. ft.)	Purchase price (\$000's) ⁽¹⁾	Date
5001 Yonge Street, Toronto	office	309,138	\$ 107,775	January 19, 2012
67 Richmond Street West, Toronto	office	44,996	13,500	January 30, 2012
Whiterock Portfolio	office/industrial/retail	7,368,679	1,419,899	March 2, 2012
Parking lots, Saskatoon		9,567	18,000	March 12, 2012
1 Riverside Drive, Windsor	Office	235,915	34,765	April 26, 2012
Scotia Plaza (two-thirds ownership interest)	Office	1,317,795	844,339	June 15, 2012
Total closed and under contract in 2012		9,286,090	\$ 2,438,278	

(1) Purchase prices exclude transaction costs

OPERATIONAL HIGHLIGHTS

Portfolio occupancy remains ahead of national industry averages at 95.6% – The overall percentage of occupied and committed space across the Trust's portfolio remained strong at 95.6%. The average occupancy rate across the office portfolio remained solid at 95.2% (March 31, 2012 – 95.2%, December 31, 2011 – 95.4%), well above the national industry average of 91.8%. The average occupancy rate across the Trust's industrial was 97.1%, down quarter-over-quarter but up over year-end (March 31, 2012 – 97.4%, December 31, 2011 – 96.6%) and also ahead of the national industry average of 93.7%.

Leasing activity – The strength of Dundee REIT's leasing team and the appeal of its properties is demonstrated by their ability to renew leases and attract new tenants to their portfolio. During the quarter, leasing activity across the office portfolio included 571,700 square feet of renewals and 180,300 square feet of new leasing. Leasing activity across the industrial portfolio included 56,500 square feet of renewals and 95,800 square feet of new leasing. In addition, a total of 229,500 square feet of vacancy is committed for future occupancy.

Average in-place net rents 12% below market rents – Average in-place office and industrial rents remain approximately 13% and 2% below estimated market rents, respectively. Estimated market rents continue to rise across all regions, including in Calgary where they increased for the seventh consecutive quarter. On a total portfolio basis, the Trust's average in-place net rent was \$15.16 per square foot, up from \$14.07 in Q1 2012, primarily reflecting the impact of Scotia Plaza, which has in-place net rental rates of \$31.45.

Update on portfolio review – Management has previously stated that, after a period of aggressively growing and changing its portfolio, it is turning its focus to a thorough portfolio analysis with a view to pruning assets that may no longer fit within its strategy and redeploying the capital into assets that offer greater potential upside. A variety of assets have been reclassified as held for sale. Currently, the Trust has one 92,600 square foot office building in Edmonton, Alberta and three retail properties totalling 101,000 square feet in Atlantic Canada under contract for sale. In addition, management is at various stages of marketing and negotiation with respect to the sale of other properties and is still in the process of reviewing its options with respect to its industrial assets.

CAPITAL INITIATIVES

- **New equity issues** – In connection with the acquisition of Scotia Plaza, on June 12, 2012, Dundee REIT issued 10,392,550 REIT A Units at \$35.90 per unit, for gross proceeds of \$373.1 million.
- **Mortgage Bond issue** - In connection with the acquisition of Scotia Plaza, on June 15, 2012, special purpose subsidiaries of Dundee REIT and H&R REIT, it's joint venture partner in the Scotia Plaza acquisition, completed the sale of \$650.0 million aggregate principal amount of 7-year first mortgage bonds (of which \$433.3 million is allocated to Dundee REIT). The first mortgage bonds are non-recourse to Dundee REIT, are secured by a first-ranking charge on Scotia Plaza and bear interest at 3.21% per annum. DBRS Limited has assigned the bonds an A (high) rating with a stable trend.
- **Debt** – During the quarter, the Trust repaid the \$220.0 million bridge loan facility used to complete the acquisition of Whiterock. The facility was converted into a revolving credit facility with a 1-year term and, at June 30, 2012, there was \$145.0 million drawn on the facility. During the quarter, the Trust made \$17.0 million in principal repayments on mortgages and term debt, and made \$35.8 million in lump sum repayments. The Trust also placed new mortgage debt of \$51.0 million in the quarter.

	June 30, 2012	December 31, 2011
Financing activities		
Average effective interest rate ⁽¹⁾	4.48%	4.96%
Level of debt (debt-to-gross book value) ⁽²⁾	51.2%	49.0%
Interest coverage ratio ⁽³⁾	2.7 times	2.6 times
Proportion of total debt due in current year	5.2%	7.5%
Debt — average term to maturity (years)	4.8	5.2
Variable rate debt as percentage of total debt	4.7%	1.3%

(1) Average effective interest rate is calculated as the weighted average interest rate of all interest bearing debt, including debt related to equity accounted investments.

(2) Level of debt is determined as total debt, including debt related to equity accounted investments, divided by total assets (including total assets of equity accounted investments and adjusted for accumulated amortization on property and equipment).

(3) The interest coverage ratio for the period, including results from equity accounted investments, is calculated as net rental income plus interest and fee income, less general and administrative expenses, all divided by interest expense on debt.

Other information

Information appearing in this news release is a select summary of results. The condensed consolidated 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. Dundee REIT is focused on owning, acquiring, leasing and managing well-located, high-quality central business district and suburban office properties. Its portfolio currently comprises approximately 27.6 million square feet of gross leasable area in major urban centres 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) Metrics include results and balances of equity accounted investments.

(2) NOI – net rental income, excluding net rental income from properties held for sale.

(3) FFO - net income, adjusted for items including fair value adjustments on investment properties and financial instruments, gains 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.

(5) Excludes development and redevelopment properties and properties held for sale.

Non-IFRS supplemental measures

NOI, FFO and AFFO are key measures of performance used by real estate operating companies; however, they are not defined by International Financial Reporting Standards (“IFRS”), do not have standard meanings and may not be comparable with other industries or income trusts.

Forward looking information

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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