



DUNDEE REIT REPORTS STRONG 2012 YEAR-END RESULTS, DISTRIBUTION INCREASE AND COO APPOINTMENT

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, FEBRUARY 20, 2013, DUNDEE REIT (D.UN-TSX) today announced its financial results for the three and twelve months ended December 31, 2012, posting gains in comparative property performance and adjusted funds from operations per unit.

HIGHLIGHTS

- 4 cent increase to annualized distribution
- Appointment of Ana Radic as COO
- Completed \$575.5 million sale of Industrial Portfolio and \$104.8 million sale of other of non-core properties
- Redeemed \$126.5 million of convertible debentures, reducing debt level and interest costs
- 48% debt-to-gross book value; 2.7 times interest coverage ratio; 5.1 year average term to maturity
- 6.3% increase in per unit funds from operations (“FFO”) for the 12-month period
- 3.4% increase in per unit adjusted funds from operations (“AFFO”) for the 12-month period
- 2.6% growth in comparative properties net operating income (“NOI”) for the 12-month period
- Occupancy strong at 95.1%; average in-place net rents 12% below estimated market rents

SELECTED FINANCIAL INFORMATION

(unaudited) (\$000's except unit and per unit amounts)	Three Months Ended			Years ended December 31,	
	December 31, 2012	September 30, 2012	December 31, 2011	2012	2011
Investment properties revenue ⁽¹⁾	\$ 191,999	\$ 187,327	\$ 126,912	\$ 686,564	\$ 404,774
Net operating income (“NOI”) ⁽¹⁾⁽²⁾	105,853	105,367	70,065	385,821	229,439
Funds from operations (“FFO”) ⁽³⁾	68,905	72,879	48,210	263,488	159,397
Adjusted funds from operations (“AFFO”) ⁽⁴⁾	58,060	61,286	41,047	221,960	137,675
Investment properties value ⁽¹⁾	6,536,722	6,895,755	4,426,383		
Debt ⁽¹⁾	3,314,594	3,580,610	2,254,756		
Per unit data (basic)					
FFO	\$ 0.68	\$ 0.72	\$ 0.73	\$ 2.86	\$ 2.69
AFFO	0.57	0.61	0.62	2.41	2.33
Distributions	0.55	0.55	0.55	2.20	2.20
Units (period end)					
REIT Units, Series A	97,618,625	96,984,321	66,193,060		
REIT Units, Series B	16,316	16,316	16,316		
LP Class B Units, Series 1	3,528,658	3,522,835	3,506,107		
Total number of units	101,163,599	100,523,472	69,715,483		
Portfolio gross leasable area (sq. ft.) ⁽⁵⁾	22,948,293	22,365,500	18,941,594		
Occupied and committed space ⁽⁵⁾	95.1	95.1%	95.6%		

See footnotes on page 4.

“Dundee REIT is entering its tenth year better and stronger than ever,” said Michael Cooper, Vice Chairman and CEO of Dundee REIT. “We have a portfolio of high quality assets that are producing consistent results and a strong, conservative balance sheet. Overall, our business has never been in better shape.”

Senior management will host a conference call to discuss the results tomorrow, February 21, 2013 at 2:00 p.m. (ET). To access the call, please dial: 416-849-5525 or toll free at 1-866-200-6965 and using passcode 63895136#. A taped replay of the call will be available for 30 days by dialling 646-216-7204 or 1-866-206-0173 and using passcode 279189#. To access the conference call via webcast, please go to Dundee REIT's website at www.dundeereit.com and click on the link for News & Events, then click on Calendar of Events. The webcast will be archived for 30 days.

PORTFOLIO ACTIVITY

The Trust was very active in the commercial property investment markets throughout the year. Acquisitions completed throughout 2012 totalled \$2.6 billion and added 9.9 million square feet of high quality office properties to its portfolio. In addition, the Trust remained focused on pruning its portfolio, completing the sale of \$680.2 million of non-strategic assets totalling 5.8 million square feet.

Acquisitions

In the fourth quarter, Dundee REIT acquired a co-owner's interest in nine suburban properties in Edmonton for \$75.8 million and also acquired its co-owner's interest in State Street Financial Centre in downtown Toronto for approximately \$77.3 million.

Year-ended December 31, 2012	Property type	Approx. GLA (sq. ft.)	Purchase price (\$'000's)*	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	1,419,700	March 2, 2012
Parking lots, Saskatoon	-	9,567	18,000	March 12, 2012
1 Riverside Drive, Windsor	office	235,915	35,800	April 26, 2012
Scotia Plaza (two-thirds ownership interest)	office	1,317,795	844,339	June 15, 2012
Transamerica Portfolio (ROI Share at 60%)	office	373,121	74,902	October 4, 2012
30 Adelaide St. E., Toronto (share at 50%)	office	206,967	77,250	December 28, 2012
Total closed in 2012		9,866,178	2,591,266	

*Purchase price excludes transaction costs.

Dispositions

During the quarter, the Trust completed the disposition of its industrial portfolio for gross proceeds of approximately \$575.5 million and also completed the sale of other non-strategic assets for gross proceeds of approximately \$104.8 million.

Year-ended December 31, 2012	Property type	Disposed GLA (sq. ft.)	Gross Proceeds (\$'000) ⁽¹⁾	Mortgages discharged (\$'000)	Date disposed
ARAM Building Calgary	office	36,428	\$ 7,700	\$ -	2-Feb-12
West Chambers, Edmonton	office	92,560	24,200	6,786	15-Aug-12
4250 Albert Street, Regina	retail	41,238	9,600	5,126	15-Aug-12
885 Don Mills, Toronto	office	59,449	8,975	4,547	30-Aug-12
12804 137th Avenue, Edmonton	retail	54,514	18,900	12,633	14-Sep-12
Bisma Centre, Calgary	office	27,496	9,200	-	19-Sep-12
998 Parkland Drive, Halifax	retail	33,857	7,170	4,624	4-Oct-12
193 Malpeque, Charlottetown	retail	41,573	5,100	-	4-Oct-12
655 University Ave., Charlottetown	retail	26,043	3,800	2,357	4-Oct-12
Industrial Portfolio	industrial	5,134,114	575,469	225,592	4-Oct-12
7102 7220 Barlow Trail SE, Calgary	industrial	234,676	10,150	-	30-Nov-12
Total		5,781,948	680,264	\$ 261,665	
625 University Park Drive, Regina	retail	17,145	5,182	-	31-Jan-13
2640, 2510 – 2550 Quance Street, Regina	retail	69,554	16,300	-	31-Jan-13
Closed in 2013		86,699	\$ 21,482	\$ -	

⁽¹⁾ Gross proceeds before transaction costs.

OPERATIONAL HIGHLIGHTS

- **Portfolio occupancy remains strong at 95.1%** – The overall percentage of occupied and committed space across the Trust's remained strong at 95.1%, consistent with that of Q3 2012 and well ahead of the national industry average of 91.5%. On a comparative property basis, occupancy is up 10 basis points over Q3 2012 to 95.2%.
- **Leasing activity** – During the quarter, leasing activity included 277,000 square feet of new leasing and 497,000 square feet of renewals, reducing vacancy by approximately 44,000 square feet over the prior quarter. In addition, approximately 163,500 square feet of gross leasable area was committed for future occupancy at period end.
- **Average in-place net rents 12% below market rents** – The portfolio average in-place rent was \$17.22 per square foot, up from \$17.18 at September 30, 2012, yet remaining approximately 12% below estimated market rents.
- **Adding depth to the management team** – The Board of Trustees is pleased to announce that Ana Radic has been appointed as Chief Operating Officer of Dundee REIT. Ana is currently the Senior Vice President, Eastern Canada for Dundee REIT. Ana first worked with Dundee from 1997-2007, at which time her employment was transferred to GE Real Estate when Dundee sold its portfolio in Eastern Canada. Ana re-joined Dundee in 2010 and has been instrumental in re-building the Trusts' platform in Eastern Canada.

FINANCIAL HIGHLIGHTS

- **Comparative property NOI up \$1.4 million, or 4%** – Comparative property NOI was up \$1.4 million, or 4%, on a quarterly basis and up \$4.3 million, or 3% year-over-year, driven largely by leasing activity resulting in both occupancy and rental rate increases across the Calgary and Western Canada portfolios. Total NOI for the quarter is up \$28.7 million, or 37%, including \$35.0 million generated by properties acquired in 2012. Year-over-year, total NOI is up \$158.1 million, or 61%, including 151.1 million generated by properties acquired during the year.
- **Year-over-year FFO and AFFO per unit up 6% and 3%, respectively** – On an annual basis, accretive acquisitions and comparative property growth contributed to per unit increases in FFO and AFFO of \$0.17 and \$0.08, respectively. Compared with Q3 2012, FFO and AFFO per unit decreased by \$0.04 and \$0.04, respectively, largely reflecting the temporary drag of cash on hand from asset sales completed early in the quarter not being redeployed until quarter end.
- **4 cent increase to annualized distribution rate** – The Trust also announced that the Board of Trustees has approved an increase in Dundee REIT's annualized distributions to \$2.24 per unit, an increase of 1.8%, or 4 cents per unit, from the previous distribution of \$2.20 per unit on an annualized basis, commencing with the April 30, 2013 record date.

"I'm very pleased that we have been able to redeploy the cash proceeds from the sale of our industrial portfolio in a way that generates a high return and reduces our leverage," said Mario Barrafato, Chief Financial Officer of Dundee REIT.

CAPITAL INITIATIVES

The Trust remains focused on balance sheet management, redeploying excess cash received from asset sales in the fourth quarter to reduce its overall debt level. On December 31, 2012, \$126.5 million was utilized by the Trust to redeem four series of its convertible debentures bearing interest at a weighted average face rate of 6.0% (6.8% effective rate factoring in costs); contributing to a reduction of debt-to-gross book value to 48.0% (September 30, 2012 – 50.5%, December 31, 2011 – 49.0%) and decreasing its weighted average interest rate.

Key performance metrics	December 31, 2012	December 31, 2011
Financing activities⁽⁶⁾		
Average effective interest rate ⁽⁷⁾	4.33%	4.96%
Level of debt (debt-to-gross book value) ⁽⁸⁾	48.0%	49.0%
Interest coverage ratio ⁽⁹⁾	2.7 times	2.6 times
Proportion of total debt due in current year	10.4%	7.5%
Debt — average term to maturity (years)	5.1 years	5.2 years
Variable rate debt as percentage of total debt	4.3%	1.3%

See footnotes on page 4

Other information

Information appearing in this news release is a select summary of results. The 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 23.1 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 and exclude discontinued operations.
- (2) NOI – net rental income, exclude net rental income from properties held for sale and discontinued operations.
- (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, and the current period also excludes discontinued operations – industrial properties.
- (6) The key performance indicators for December 31, 2012, exclude the results of operations and the debt of discontinued operations.
- (7) Average effective interest rate is calculated as the weighted average interest rate of all interest bearing debt, including debt related to equity accounted investments.
- (8) 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).
- (9) 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.

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, which 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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