



## DUNDEE REIT POSTS 10% INCREASE IN Q4 2008 ADJUSTED FUNDS FROM OPERATIONS

*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 17, 2009 DUNDEE REIT (D.UN-TSX)** today posted strong financial results for the quarter and year ended December 31, 2008. Dundee REIT's management team will be holding a conference call to discuss the results on Wednesday, February 18 at 9:00 a.m. (EST). To access the conference call, please dial 416-340-2220 in Toronto and overseas or 1-866-226-1798 elsewhere in Canada and the United States. A taped replay of the call will be available from February 18, 2009 at 11 a.m. (EST) to March 4, 2009 at 11:59 p.m. (EST). Please dial 416-695-5800 or 1-800-408-3053 and use passcode 3278630 to access the replay. The call will also be available via webcast at [www.dundeereit.com](http://www.dundeereit.com).

### FINANCIAL HIGHLIGHTS

- Q4 rental property revenues up 18% over Q4 2007 to \$50.4 million
- Q4 net operating income ("NOI") up 17% to \$30.8 million; comparative properties NOI up 7%
- Q4 funds from operations ("FFO") per unit up 8% to \$0.82
- Q4 adjusted funds from operations ("AFFO") per unit up 10% to \$0.57
- Occupancy stays high at 96.7%
- Year-end weighted average interest rate at 5.83%
- Strong year-to-date interest coverage ratio of 2.30 times
- Strong balance sheet with \$124 million of cash and available borrowing lines

<b>SELECTED FINANCIAL INFORMATION</b> <small>(unaudited) (\$000's except unit and per unit amounts)</small>	<b>Three Months Ended Dec. 31, 2008</b>	<b>Three Months Ended Sept. 30, 2008</b>	<b>Three Months Ended Dec. 31, 2007</b>	<b>Year Ended Dec. 31, 2008</b>	<b>Year Ended Dec. 31, 2007</b>
Rental property revenues	<b>\$ 50,419</b>	\$ 47,748	\$ 42,697	<b>\$ 187,461</b>	\$ 154,213
Net operating income ("NOI") <sup>(1)</sup>	<b>30,756</b>	29,442	26,378	<b>115,829</b>	97,171
Funds from operations ("FFO") <sup>(2)</sup>	<b>16,985</b>	15,827	16,127	<b>64,652</b>	114,539
Adjusted funds from operations ("AFFO") <sup>(3)</sup>	<b>11,745</b>	10,716	11,054	<b>43,855</b>	87,484
Book value of rental properties	<b>1,137,107</b>	1,145,136	1,004,198		
Debt	<b>872,314</b>	884,571	680,479		
Cash	<b>69,267</b>	96,493	37,727		
<b>Per unit data (basic)</b>					
FFO	<b>0.82</b>	0.75	0.76	<b>3.06</b>	3.00
AFFO	<b>0.57</b>	0.50	0.52	<b>2.08</b>	2.29
Distributions	<b>0.55</b>	0.55	0.55	<b>2.20</b>	2.20
<b>Units (period end)</b>					
REIT Units, Series A	<b>16,947,240</b>	17,068,948	17,072,154		
REIT Units, Series B	<b>16,316</b>	476,316	476,316		
LP Class B Units, Series 1	<b>3,454,188</b>	3,454,189	3,315,349		
Total number of units	<b>20,417,744</b>	20,999,453	20,863,819		
Occupied and committed space	<b>96.7%</b>	95.8%	96.7%		
Office	<b>96.6%</b>	97.6%	96.7%		
Industrial	<b>97.0%</b>	90.9%	96.7%		

"With a strong balance sheet, continuing high occupancy levels and growth from our comparative portfolio, Dundee REIT is positioned very well during increasingly uncertain economic times," said Michael Cooper, Vice Chairman and Chief Executive Officer.

## FINANCIAL HIGHLIGHTS

- **Rental properties NOI up 17% to \$30.8 million** – rental properties NOI increased by 17% and 19% for the three- and twelve-month periods, respectively. Strong comparable property growth and acquisitions were the primary drivers behind this growth.
- **Comparative properties NOI up 7% to \$19.9 million** – comparative NOI increased by 7% and 3% for the three- and twelve-month periods, respectively, driven by rising rental rates and increases in occupancy across the Western Canadian portfolio. Comparative office and industrial NOI each increased by 7% for the three-month period, and by 2% and 5%, respectively, for the 12-month period.
- **Funds from operations per unit grew by 8% to \$0.82** – on a per unit basis, FFO increased by 8% to \$0.82 over the prior year fourth quarter, primarily due to growth from our comparative properties as well as acquisitions. For the twelve-month period, FFO per unit increased by 2% to \$3.06 from \$3.00.
- **Adjusted funds from operations per unit increased by 10% to \$0.57** – for the quarter, AFFO per unit increased to \$0.57 from \$0.52, largely due to the impact of comparative property growth. For the twelve-month period, AFFO decreased to \$2.08 from \$2.29, largely reflecting the impact of the sale of the Eastern Portfolio as well as dilution arising from surplus cash.
- **Liquidity of \$124 million** – the Trust ended the quarter with \$69.3 million of cash and an unused operating line of \$55.0 million. Dundee REIT's cash balance decreased by \$27.2 million over the third quarter of 2008, primarily due to the purchase of REIT A Units for \$16.4 million under the normal course issuer bid, the principal repayment of \$3.8 million of debt, and \$2.9 million for building improvements, with the remainder due to the timing of working capital receipts and disbursements.

## OPERATIONAL HIGHLIGHTS

- **Portfolio occupancy remains strong at 96.7%** – the overall percentage of occupied and committed space remains strong at 96.7% and the average in-place net rent increased by 13% to \$15.30 per square foot. "We continued to capture rent increases for new leases and renewals, leading to substantial growth in our operating results in the fourth quarter," said Michael Knowlton, President and Chief Operating Officer.

	Occupancy		Average In-place Net Rent (per sq. ft.)	
	Dec. 31, 2008	Dec. 31, 2007	Dec. 31, 2008	Dec. 31, 2007
Office	96.6%	96.7%	\$ 17.94	\$ 16.30
Industrial	97.0%	96.7%	7.35	6.71
Total	96.7%	96.7%	15.30	13.49

## ACQUISITION HIGHLIGHTS

Throughout 2008, the Trust completed \$160.8 million of acquisitions.

2008 Acquisitions	Property Type	Interest Acquired	GLA (sq.ft.)	Occupancy on Acquisition	Purchase Price (\$000's)	Date Acquired
Air Miles Tower, Toronto	office	100%	322,557	92%	\$ 91,988	January 31, 2008
IBM Corporate Park, Calgary	office	33%	118,804	100%	57,300	May 14, 2008
4370 Dominion Street, Burnaby	office	100%	63,943	99%	11,484	July 10, 2008
<b>Total</b>			<b>505,304</b>	<b>95%</b>	<b>\$ 160,772</b>	

Subsequent to year end, a put option has been exercised by a co-owner of an office building in downtown Toronto and the Trust will purchase the co-owner's 50% interest in the building for \$25.4 million and will assume debt of approximately \$20.6 million.

## CAPITAL INITIATIVES

- **Normal course issuer bid** – On September 23, 2008, the Trust received TSX approval to renew its normal course issuer bid and has the ability to purchase for cancellation up to a maximum of 1,326,762 REIT A Units through the facilities of the TSX. During the fourth quarter, the Trust purchased for cancellation 652,900 REIT Units, Series A at an average price of \$25.16 per unit.

- **Debt** – As a result of various financing activities, the overall weighted average interest rate remains stable at 5.83% (December 31, 2007 – 5.76%). The year-to-date interest coverage ratio continues to be strong at 2.3 times (December 31, 2007 – 2.5 times). Excluding the impact of low-yielding surplus cash, interest coverage would be 2.5 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](http://www.dundeereit.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](http://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](http://www.dundeereit.com).*

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