



DUNDEE REIT POSTS 18% INCREASE IN Q1 ADJUSTED FUNDS FROM OPERATIONS 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, MAY 11, 2009 DUNDEE REIT (D.UN-TSX) today posted strong financial results for the quarter ended March 31, 2009. Dundee REIT's management team will discuss the Trust's financial results at its annual and special meeting, being held today at 4:00 p.m. (EST) at the Toronto Board of Trade, East Ballroom, First Canadian Place, Suite 350, 100 King Street West in Toronto.

WEBCAST

The meeting will also be webcast. To access the simultaneous webcast, please visit our website at www.dundeereit.com and click on the link for News & Events, then click on Calendar of Events. The webcast will be archived within two hours after the end of the meeting and will be available for 90 days.

FINANCIAL HIGHLIGHTS

- Q1 rental property revenues up 13% over Q1 2008 to \$50.0 million
- Q1 net operating income ("NOI") up 13% to \$30.5 million; comparative properties NOI up 9% to \$25.0 million
- Q1 funds from operations ("FFO") per unit up 9% to \$0.81
- Q1 adjusted funds from operations ("AFFO") per unit up 18% to \$0.59
- Occupancy remains high at 96.5%
- Strong interest coverage ratio of 2.36 times
- Strong balance sheet with \$124 million of cash and available borrowing lines at quarter end

SELECTED FINANCIAL INFORMATION (unaudited) (\$000's except unit and per unit amounts)	Three Months Ended March 31, 2009	Three Months Ended Dec. 31, 2008	Three Months Ended March 31, 2008
Rental property revenues	\$ 49,976	\$ 50,419	\$ 44,044
Net operating income ("NOI") ⁽¹⁾	30,533	30,756	26,981
Funds from operations ("FFO") ⁽²⁾	16,924	16,985	15,697
Adjusted funds from operations ("AFFO") ⁽³⁾	12,290	11,745	10,635
Book value of rental properties	1,133,681	1,139,071	1,085,192
Debt	869,077	872,314	794,446
Per unit data (basic)			
FFO	0.81	0.82	0.74
AFFO	0.59	0.57	0.50
Distributions	0.55	0.55	0.55
Units (period end)			
REIT Units, Series A	17,248,270	16,947,240	17,143,922
REIT Units, Series B	16,316	16,316	476,316
LP Class B Units, Series 1	3,454,188	3,454,188	3,354,851
Total number of units	20,718,774	20,417,744	20,975,089
Occupied and committed space	96.5%	96.7%	95.0%

"Overall, our business is in excellent shape. We continue to maintain significant liquidity and our financial results this quarter are among our best ever," said Michael Cooper, Vice Chairman and Chief Executive Officer.

FINANCIAL HIGHLIGHTS

- **Rental properties NOI up 13% to \$30.5 million** – rental properties NOI increased by 13% over the prior year first quarter. Significant growth in our comparative portfolio and properties acquired in 2008 were the primary drivers behind this growth.
- **Comparative properties NOI up 9% to \$25.0 million** – comparative NOI increased by 9% over the prior year first quarter, mainly reflecting higher in-place occupancy, increases in rental rates on renewals and contractual rent increases.
- **Funds from operations per unit grew by 9% to \$0.81** – on a per unit basis, FFO increased by 9% to \$0.81 compared to the same period in 2008, primarily due to rising rental rates and high occupancy.
- **Adjusted funds from operations per unit increased by 18% to \$0.59** – for the quarter, AFFO per unit increased significantly to \$0.59 from \$0.50, primarily due to strong performance from our portfolio as well as our property management function.

OPERATIONAL HIGHLIGHTS

- **Portfolio occupancy remains strong at 96.5%** – the overall percentage of occupied and committed space remains strong at 96.5%. Our average in-place net rent increased by 10% to \$15.55 per square foot compared to the same quarter last year and by 1.6% compared to the fourth quarter of 2008. “We are pleased with the progress we have made so far this year with respect to new leasing and renewals. While market rents have declined overall, we continue to lease space at rates higher than our expiring rates” said Michael Knowlton, President and Chief Operating Officer.

	Occupancy			Average In-place Net Rent (per sq. ft.)		
	March 31, 2009	Dec. 31, 2008	March 31, 2008	March 31, 2009	Dec. 31, 2008	March 31, 2008
Office	96.4%	96.6%	96.0%	\$18.19	\$ 17.94	\$ 16.82
Industrial	96.9%	97.0%	92.3%	7.49	7.35	6.86
Total	96.5%	96.7%	95.0%	15.55	15.30	14.12

CAPITAL INITIATIVES

Debt – The Trust’s average interest rate continues to be low at 5.81%, a further decrease compared to 5.83% at December 31, 2008 (March 31, 2008 – 5.93%). The year-to-date interest coverage ratio remains strong at 2.4 times (December 31, 2008 – 2.3 times; March 31, 2008 – 2.4 times).

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.dundeeit.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 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.dundeeit.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.

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