



DUNDEE REIT ADDS \$475 MILLION OF PROPERTIES IN Q1 2011 AND REPORTS SOLID FIRST QUARTER RESULTS

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 12, 2011 DUNDEE REIT (D.UN-TSX) today posted strong financial results for the quarter ended March 31, 2011. Dundee REIT's management team will discuss the Trust's financial results at its annual meeting, being held today at 4:00 p.m. (ET) at the Toronto Board of Trade, East Ballroom, First Canadian Place, Suite 350, 100 King Street West in Toronto.

In addition, senior management will be hosting a conference call tomorrow, May 13, 2011 at 10:00 a.m. (ET). Please dial (416) 695-6616 or 1-800-355-4959 to access the conference call. A taped replay of the call will be available from May 13, 2011 at 12:00 p.m. (ET) to June 13, 2011 at 11:59 p.m. (ET). You may access the replay by dialling 905-694-9451 or 1-800-408-3053 and using passcode 8063108.

The conference call will also be webcast. To access the 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.

HIGHLIGHTS

- **Occupancy rate remains high at 96.1%**
- **58% growth in net operating income ("NOI") over the comparative quarter**
- **\$475 million of acquisitions closed in Q1**
- **Enterprise value of \$3.3 billion; quality of cash flows significantly improved**
- **Increase in market cap to \$1.8 billion**
- **5.39% weighted average interest rate; 2.7 times interest coverage ratio**
- **Cash fully deployed, operating at debt-to-gross book value of 54% (pre-IFRS)**

SELECTED FINANCIAL INFORMATION (unaudited) (\$000's except unit and per unit amounts)	Three Months Ended March 31, 2011	Three Months Ended Dec. 31, 2010	Three Months Ended March 31, 2010
Investment properties revenue ⁽⁴⁾	\$ 91,005	78,726	\$ 57,829
Net operating income ("NOI") ⁽¹⁾	53,992	45,946	34,182
Funds from operations ("FFO") ⁽²⁾	32,864	28,147	18,653
Adjusted funds from operations ("AFFO") ⁽³⁾	28,762	22,200	16,636
Asset value of investment properties and equity accounted investments	3,044,348	2,538,741	
Debt ⁽⁴⁾	1,527,853	1,296,851	
Per unit data (basic)			
FFO	0.63	0.61	0.61
AFFO	0.55	0.55	0.54
Distributions	0.55	0.55	0.55
Units (period end)			
REIT Units, Series A	50,801,757	45,896,203	31,389,693
REIT Units, Series B	16,316	16,316	16,316
LP Class B Units, Series 1	3,487,841	3,481,733	3,461,324
Total number of units	54,305,914	49,394,252	34,867,333
Occupied and committed space	96.1%	96.1%	97.0%

"The first quarter of 2011 marks the beginning of a new era for Dundee REIT after transforming the company to become the leading Canadian office REIT. Our portfolio is geographically diversified across the country, our market cap has reached \$1.8 billion and Dundee REIT's stock market liquidity has significantly increased, making our units highly attractive to a broad range of investors," said Michael Cooper, Chief Executive Officer.

FINANCIAL HIGHLIGHTS

- **Net operating income up 58% to \$54.0 million** – investment properties NOI increased by \$19.8 million over the same quarter in 2010, mainly reflecting contributions from acquisitions. Comparative NOI has decreased slightly by 1% after 22 consecutive quarters of year over year growth, mainly due to a vacancy in our Calgary office portfolio and a lease termination in our Toronto office portfolio. However, a significant amount of this space has since been committed for occupancy to commence in the second quarter.
- **Funds from operations up 76% to \$32.9 million** – FFO increased by \$14.2 million over the same quarter in 2010, mainly as a result of acquisitions. FFO per unit increased to \$0.63 year over year, or approximately 3%, reflecting growth from accretive acquisitions in 2010 and 2011.
- **Adjusted funds from operations increased by 73% to \$28.8 million** – AFFO increased by \$12.1 million over the same quarter in 2010, primarily due to acquisitions. On a per unit basis, AFFO increased by 2% compared to the comparative period, reflecting accretive acquisitions, partially offset by declines related to the timing of deploying capital raised to finance the Trust's growth.

ACQUISITION HIGHLIGHTS

During the first quarter of 2011, the Trust completed approximately \$475 million of acquisitions, followed by another \$16.6 million subsequent to the end of the quarter. The transactions closed to date combined with a very active acquisition pipeline bode well for another record year for Dundee REIT.

Acquisitions	Property Type	Approx. GLA (sq. ft.)	Purchase Price (\$000's) ⁽¹⁾	Date	Cap rate ⁽²⁾
Saskatoon Square, Saskatoon,	office	209,600	50,000	January 4, 2011	
400 Cumberland Street, Ottawa	office	174,921	38,300	January 17, 2011	
Realex Properties Corp.	office/industrial	1,837,300	373,430	February 8, 2011	
55 King Street West, Kitchener	office	124,100	13,000	March 31, 2011	
586 Argus Road, Oakville	office	74,570	16,560	May 2, 2011	
Total closed in 2011		2,420,461	\$ 491,290		7.8

(1) Purchase price excludes transactions costs

(2) Cap rates are based on acquisition prices

"We continue to find opportunities to grow and improve our business. With approximately \$491 million of transactions closed to date in 2011 and an active acquisition pipeline, we are excited about sourcing opportunities that continue to provide increased value to our business and make it safer and more profitable," said Michael Cooper.

OPERATIONAL HIGHLIGHTS

Portfolio occupancy remains high at 96.1% – the overall percentage of occupied and committed space remained high at 96.1% (December 31, 2010 – 96.1%; March 31, 2010 – 97.0%) and average in-place rents increased by 21 basis points to \$14.50 per square foot since the end of 2010 due to higher average rental rates for properties acquired during the first quarter of 2011 (December 31, 2010 – \$14.29; March 31, 2010 – \$15.22). In-place rents remain approximately 5% below existing market rents.

	Total portfolio occupancy		Comparative properties occupancy	
	March 31, 2011 (%)	December 31, 2010 (%)	March 31, 2011 (%)	December 31, 2010 (%)
Office				
Western Canada	95.7	94.2	95.2	94.2
Calgary	94.8	94.5	94.2	94.5
Toronto	96.3	98.0	97.9	98.0
Eastern Canada	97.4	96.6	96.7	96.6
Total office	95.8	95.8	96.0	95.8
Industrial				
Western Canada	90.5	86.4	86.4	86.4
Calgary	96.5	97.3	96.4	97.3
Toronto	100.0	100.0	100.0	100.0
Eastern Canada	99.3	98.9	99.3	98.9
Total industrial	97.0	96.9	96.7	96.9
Overall	96.1	96.1	96.2	96.1

CAPITAL INITIATIVES

- **New equity issues** – On February 4, 2011, the Trust completed a public offering and issued 4,749,500 REIT A Units at a price of \$30.30 per unit for gross proceeds of \$143.9 million. All of the proceeds have been deployed.
- **Debt** – During the first quarter, the Trust placed \$36.1 million of new debt at a weighted average interest rate of 4.87% and assumed an additional \$201.3 million of mortgages in connection with the acquisition of Realex Properties Corporation at a weighted average interest rate of 5.68%. These activities reduced the overall weighted average interest rate to 5.39%, a slight decrease of 4 basis points since the end of 2010 (December 31, 2010 – 5.43%; March 31, 2010 – 5.65%). The Trust is operating at a debt level of 54% based on a pre-IFRS book value.

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 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 14.7 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.

FOOTNOTES

- (1) NOI – investment property revenues less operating expenses, excluding redevelopment and income from disposed properties.
- (2) FFO - net income, adjusted for fair value adjustments on investment property and financial instruments, gain on sale, and amortization of equipment.
- (3) 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.
- (4) Investment properties revenue includes revenue from equity accounted investments and debt includes debt related to equity accounted investments.

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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For further information, please contact:

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

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