



DUNDEE REIT MARCH 31, 2005 FINANCIAL RESULTS

Toronto, May 5, 2005, DUNDEE REIT (D.UN-TSX) today reported its financial results for the quarter ended March 31, 2005.

- Revenue up 18% to \$50.8 million over prior year
- Net operating income up 18% to \$27.1 million over prior year
- Funds from operations up 12% to \$15.4 million over prior year
- Occupied and committed space rises to 95.2%
- Debt-to-gross book value 56.4% (50.7% excluding the 6.5% convertible debenture)
- \$111 million in acquisitions completed in 2005

SELECTED FINANCIAL INFORMATION (unaudited) (\$000's except per unit amounts)	Three Months Ended March 31, 2005	Three Months Ended December 31, 2004	Three Months Ended March 31, 2004
Rental property revenues	\$ 50,793	\$ 50,098	\$ 42,908
Net operating income ("NOI") ⁽¹⁾	27,068	26,267	22,849
Funds from operations ("FFO") ⁽²⁾	15,358	14,205	13,672
Net income	3,681	3,027	4,157
Distributable income ("DI") ⁽³⁾	13,684	13,268	12,372
Book value of rental properties	1,095,770	1,057,231	1,061,395
Debt	731,183	693,155	639,196
Debt-to-gross book value	56.4%	55.2%	52.9%
Per unit data			
FFO	0.62	0.58	0.64
Net income	0.22	0.18	0.29
Distributable income	0.55	0.53	0.58
Distributions	0.55	0.55	0.55
Units (period end)			
REIT Units, Series A outstanding	16,855	16,820	16,677
LP Class B Units, Series 1 outstanding	8,098	7,924	7,378
Total number of units outstanding	24,953	24,744	24,055
Occupied and committed space	95.2%	94.5%	93.6%

"Financial performance for the quarter exceeded our expectations and we are very pleased that funds from operations were higher than last year," said Michael Cooper, President and CEO. "Acquisitions completed over the past 12 months contributed to an overall 18% increase in NOI while our comparative properties continue to produce consistent results, notwithstanding the challenges in the current marketplace."

FINANCIAL HIGHLIGHTS

- **Rental properties NOI \$27.1 million** – Net operating income for the three month period grew by \$4.2 million or 18% compared to the same quarter last year due primarily to contributions from acquisitions. These contributions offset the loss in income resulting from the sale of Northgate Mall in late 2004 and 2301-2311 Royal Windsor Drive in early 2005. On a comparative basis, NOI remained relatively consistent period over period, reflecting the stability of the properties.
- **Distributable income was \$13.7 million** – In the three months ended March 31, 2005, Dundee REIT generated \$13.7 million of distributable income, representing \$0.55 per unit. During the quarter, the Trust declared distributions totalling \$0.55 per unit.

- **Distribution Reinvestment and Unit Purchase Plan (“DRIP”) enrolment is high** – At March 31, 2005, approximately 39% of the Trust’s total units were enrolled in the DRIP, including 9.0% of REIT Units, Series A and 100% of LP Class B Units, Series 1. As a result of this high level of participation in the DRIP, the Trust’s cash payout ratio for distributions was 61%.

PORTFOLIO

- **Portfolio occupied and committed space increased to 95.2% as of March 31, 2005** - During the quarter, Dundee REIT recorded a net increase in occupied space of 61,000 square feet. Leases representing 384,000 square feet expired or were terminated during the quarter and approximately 445,000 square feet of new leases or renewals were completed. The overall percentage of occupied and committed space across Dundee REIT’s office portfolio increased to 94.0% (December 31, 2004 – 93.6%) and the industrial portfolio increased to 96.3% (December 31, 2004 – 95.2%). The average in-place rents in the office and industrial portfolios were \$14.15 and \$5.76 per square foot respectively (December 31, 2004 - \$14.35 and \$5.78 respectively). Approximately 1.3 million square feet will be expiring throughout the remainder of 2005. Dundee REIT has extensive experience in managing its lease maturities and does not anticipate any significant changes in occupancy.

OPERATIONAL HIGHLIGHTS

To date in 2005, Dundee REIT has completed \$111 million in acquisitions and has entered into contracts to acquire a further \$108 million. The office and industrial assets acquired are located in the Trust’s core markets, are comparable with its existing portfolio but tend to be newer and have longer lease terms. Based on current market conditions, the initial yield on these acquisitions is in excess of 8.5%. “We will continue to expand our office and industrial presence in our target markets by pursuing opportunities that will not only grow our portfolio in size but also improve the overall quality of our portfolio and contribute to our results,” said Mr. Cooper. “Given the goal of growing our adjusted funds from operations on a per unit basis, we are, and will continue to be, very selective about which opportunities we will pursue. Completing acquisitions that will merely increase our size will actually make it more difficult for us to grow our distributions.”

Acquisition Activity

	Property Type	Interest Acquired	Acquired GLA	Quarter End Occupancy	Purchase Price (\$000’s)	Date Acquired
2599 Speakman Drive, Mississauga	Office	100%	114,000	100%	\$ 9,635	January 13, 2005
1219 Corporate Drive, Burlington	Industrial	100%	103,000	100%	6,590	January 31, 2005
204-214 King Street East, Toronto	Office	100%	135,000	100%	20,398	February 25, 2005
2580 Avenue Dollard, Montréal	Industrial	100%	90,000	100%	4,673	March 2, 2005
Epcor Centre, Edmonton ⁽¹⁾	Office	10%	19,200	100%	1,529	March 4, 2005
2465 St. Laurent Blvd., Ottawa	Office	100%	62,000	100%	8,606	March 8, 2005
TOTAL			523,200		\$ 51,431	

⁽¹⁾ Represents purchase of the balance of the property.

Acquisition Activity subsequent to the end of Q1, 2005

	Property Type	Interest Acquired	Acquired GLA	Occupancy on Acquisition	Purchase Price (\$000’s)	Date Acquired
56 Wellesley Street West, Toronto ⁽¹⁾	Office	50%	108,000	100%	\$ 13,600	April 1, 2005
120 Valleywood Drive, Markham ⁽¹⁾	Industrial	50%	29,500	100%	1,600	April 1, 2005
2280 Alfred-Nobel, Montréal	Office	100%	86,000	-	5,250	April 8, 2005
1000 Boulevard St. Jean, Montréal	Office	100%	112,000	98%	15,000	April 14, 2005
22000 Trans Canada and 115 Hymus Blvd., Montréal	Industrial	100%	371,000	100%	23,800	April 18, 2005
TOTAL			706,500		\$ 59,250	

⁽¹⁾ Represents purchase of the balance of the property

The Trust has also entered into various agreements to acquire approximately 695,000 square feet of office and 112,000 square feet of flex/industrial properties in its key markets for approximately \$108 million. The average occupancy in these properties is 97%.

CAPITAL INITIATIVES

- **Convertible Debentures** – on April 1, 2005, the Trust completed its public offering of \$100 million principle amount of convertible unsecured subordinated debentures that bear interest at 5.7% (“5.7% Debentures”). The 5.7% Debentures pay interest semi-annually on March 31st and September 30th, and mature on March 31, 2015. The Debentures were sold at par on a bought-deal basis. The net proceeds of the offering are being used to repay existing debt and to fund acquisitions closing in the second quarter.
- **Debt** – Dundee REIT’s weighted average interest rate was reduced by 11 basis points during the quarter to 6.51% as at March 31, 2005 (December 31, 2004 – 6.62%).

Information appearing in this news release is a select summary of results. The financial statements and management’s discussion and analysis for the Trust will be available at www.sedar.com and will also be available with the Supplementary Information Package at www.dundeereit.com.

Dundee REIT is an unincorporated, open-ended real estate investment trust. We are a provider of high quality, affordable business premises. We focus on owning, acquiring, leasing and managing mid-sized urban and suburban office and industrial properties in Canada. Our diversified portfolio consists of approximately 13.7 million square feet of gross leasable area, located primarily in our target markets of Toronto, Ottawa, Montréal, Calgary and Edmonton. Our portfolio is well diversified by asset type, geographic location and tenant mix. For more information, please visit www.dundeereit.com.

FOOTNOTES

- (1) NOI - revenue less operating expenses.
- (2) FFO - net income, adjusted for future income tax, depreciation and amortization, and gain (loss) on sale and provision for diminution in value of assets and other amortization.
- (3) DI is defined in our Declaration of Trust and has been restated for Q1 2004 using the new definition for distributable income as outlined in Appendix A of the Trust’s Management Information Circular dated March 14, 2005.

NOI and FFO are key measures of performance used by real estate operating companies; NOI, FFO and DI are not defined by generally accepted accounting principles (GAAP), do not have standard meanings and may not be comparable with other industries and companies.

All statements in this press release that do not directly and exclusively relate to historical facts constitute forward-looking statements. These statements represent Dundee Real Estate Investment Trust’s intentions, plans, expectations, and beliefs, and are subject to risks, uncertainties, and other factors, of which many are beyond the control of the Trust. These factors could cause actual results to differ materially from such forward-looking statements. Dundee Real Estate Investment Trust disclaims any intention or obligation to update or revise any forward-looking statements, as a result of new information, future events or otherwise.

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