



DUNDEE REIT REPORTS STRONG THIRD 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, NOVEMBER 5, 2012, DUNDEE REIT (D.UN-TSX) today announced its financial results for the three and nine months ended September 30, 2012, posting gains across its key metrics, including per unit funds from operations and adjusted funds from operations as well as comparative property growth.

HIGHLIGHTS

- **6% and 12% increases in per unit funds from operations (“FFO”) for the three and nine month periods**
- **5% and 8% increases in per unit adjusted funds from operations (“AFFO”) for the respective periods**
- **1.6% and 2.1% growth in comparative properties net operating income (“NOI”) for the respective periods**
- **Occupancy strong at 95.1%; average in-place net rents 12% below estimated market rents**
- **\$389 million in refinancings contribute to reduction in overall cost of debt**
- **4.48% average effective interest rate; 5.3 year average term to maturity**
- **50.5% debt-to-gross book value; 2.8 times interest coverage ratio**
- **Completes sale of Industrial portfolio; closes on sale of \$70.9 million of non-core properties**
- **DBRS Assigns BBB (low) Stable trend credit rating**

(unaudited) (\$000's except unit and per unit amounts)	Three Months Ended			Nine Months Ended	
	September 30, 2012	June 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011
Investment properties revenue ⁽¹⁾	\$ 187,327	\$ 168,008	\$ 109,150	\$ 494,565	\$ 277,862
Net operating income (“NOI”) ⁽¹⁾⁽²⁾	105,367	95,846	62,579	279,968	159,372
Funds from operations (“FFO”) ⁽³⁾	72,879	66,633	42,832	194,583	111,187
Adjusted funds from operations (“AFFO”) ⁽⁴⁾	61,286	55,961	36,580	163,900	96,628
Investment properties value ⁽¹⁾	6,895,755	6,939,138			
Debt ⁽¹⁾	3,580,610	3,648,702			
Per unit data (basic)					
FFO	\$ 0.72	\$ 0.72	\$ 0.68	\$ 2.18	\$ 1.95
AFFO	0.61	0.61	0.58	1.84	1.70
Distributions	0.55	0.55		1.65	1.65
Units (period end)					
REIT Units, Series A	96,984,321	96,587,015	61,574,976		
REIT Units, Series B	16,316	16,316	16,316		
LP Class B Units, Series 1	3,522,835	3,517,370	3,499,953		
Total number of units	100,523,472	100,120,701	65,091,245		
Portfolio gross leasable area (sq. ft.) ⁽⁵⁾					
Occupied and committed space ⁽⁵⁾	22,365,500	27,582,915	18,844,422		
	95.1%	95.6%	95.8%		

See footnotes on page 3.

“This was a remarkable quarter for Dundee REIT,” said Michael Cooper, CEO. “With the sale our industrial portfolio, our strategic transition into a pure-play office REIT is now complete. And with another quarter of AFFO and comparative property NOI growth, our results clearly demonstrate the performance capabilities of our portfolio.”

Senior management will host a conference call to discuss the results tomorrow, November 6, 2012 at 9:00 a.m. (ET). To access the call, please dial: 416-849-5525 or toll free at 1-866-200-6965 and using passcode 77440651#. 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 276890#. 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.

FINANCIAL HIGHLIGHTS

- **Comparative property NOI up \$0.6 million, or 1.6%** – Driven largely by increased occupancy in the Vancouver, Edmonton and Ottawa portfolios, comparative property NOI increased by \$0.6 million, or 1.6%, over the prior year comparative quarter. For the nine month period, comparative property NOI is up by 2%, or \$2.6 million. Total NOI is up \$42.8 million, or 68%, including \$42.5 million generated by properties acquired in 2012.
- **Funds from operations per unit up \$0.04, or 6%** – FFO per unit is up \$0.04, or 6%, over the prior year comparative quarter, reflecting the impact of accretive acquisitions as well as comparative property NOI growth and the impact of strategic financing activities. This was offset slightly by foregone FFO arising from property dispositions. For the nine month period, FFO per unit is up \$0.23, or 12%. On a fully diluted basis, FFO per unit was up by 6% and 11% for the three and nine month periods, respectively.
- **Adjusted funds from operations per unit up 5% to \$0.61** – AFFO per unit was up \$0.03, or 5%, over Q3 2011 primarily reflecting the impact of accretive acquisitions completed in 2011 and 2012, comparative NOI growth and the impact of strategic financing activity. This was offset slightly by foregone FFO arising from property dispositions. For the nine month period, AFFO per unit was up \$0.14, or 8%.

PORTFOLIO ACTIVITY

During the quarter, the Trust completed the disposition of five non-strategic properties for total gross proceeds of approximately \$70.9 million. The Trust did not complete any acquisitions during the third quarter.

Three months ended September 30, 2012	Property type	Disposed GLA (sq. ft.)	Gross Proceeds (\$000) ⁽¹⁾	Mortgages discharged (\$000)	Date disposed
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
Total		275,257	70,875	29,092	

(1) Gross proceeds before transaction costs.

Subsequent to quarter-end, the Trust essentially completed its transition into a pure-play office REIT with the sale of 77 industrial properties to Dundee Industrial REIT for total consideration of approximately \$575.9 million, including approximately \$136.3 million in cash, the assumption of debt and a 44.1% retained interest in Dundee Industrial REIT. The Trust also completed the sale of three other non-core assets for total gross proceeds of approximately \$16.1 million.

In addition, subsequent to quarter-end, the Trust acquired a co-owner's interest in nine suburban properties in Edmonton for \$72.7 million.

OPERATIONAL HIGHLIGHTS

Portfolio occupancy remains ahead of national industry average at 95.1% – The overall percentage of occupied and committed space across the Trust's comparative property portfolio and its total portfolio remained strong at 95.1%, consistent with that of Q2 2012 and remaining well above the national industry average of 91.7%.

Leasing activity – During the quarter, leasing activity included 298,600 square feet of new leasing and 569,200 square feet of renewals. And, while vacancy at period-end had increased by 19,500 square feet, this was more than offset by 189,300 square feet of future commitments.

Average in-place net rents 12% below market rents – The portfolio average in-place rent was \$17.18 per square foot, up from \$17.04 at June 30, 2012, reflecting increases across all markets. In addition, portfolio average in-place rents remain approximately 12% below estimated market rents.

CAPITAL INITIATIVES

- **Refinancing activity** –The Trust continues to actively manage its balance sheet in order to reduce interest costs, replace short-term debt with long term secured debt, extend term to maturity and free up credit facilities. During the quarter, the Trust repaid \$402.6 million of debt with an interest rate of 4.74%. Included in these amounts were a \$145.0 million repayment of a revolving credit facility and the discharge of mortgages related to asset sales. The Trust also completed financing or refinancings totalling \$389.2 million at a weighted average interest rate of 3.96%, and with an average 7-year term to maturity. In addition, the Trust made \$16.8 million in principal repayments on mortgages and term debt.

	September 30, 2012	December 31, 2011
Financing activities		
Average effective interest rate ⁽¹⁾	4.48%	4.96%
Level of debt (debt-to-gross book value) ⁽²⁾	50.5%	49.0%
Interest coverage ratio ⁽³⁾	2.8 times	2.6 times
Proportion of total debt due in current year	1.7%	7.5%
Debt — average term to maturity (years)	5.3	5.2
Variable rate debt as percentage of total debt	2.1%	1.3%

(1) Average effective interest rate is calculated as the weighted average interest rate of all interest bearing debt, including debt related to equity accounted investments.

(2) 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).

(3) 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.

- **DBRS BBB (low), Stable Rating** – DBRS has assigned Dundee REIT’s Senior Unsecured Debentures a rating of BBB (low) with a Stable trend. DBRS indicated that the rating reflects the strength of Dundee REIT’s portfolio, comprising good-quality office properties that are well-located within established central business district and suburban office markets, its well-diversified tenant base, including a large number of high-credit-quality tenants, and its conservative financial profile with good coverage ratios.

Other information

Information appearing in this news release is a select summary of results. The condensed 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 22.4 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, excluding 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.

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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