



DUNDEE REIT REPORTS SOLID Q3 FINANCIAL 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 6, 2013, DUNDEE REIT (D.UN-TSX) today announced its financial results for the three and nine months ended September 30, 2013. Senior management will host a conference call to discuss the results tomorrow, November 7, 2013 at 2:00 p.m. (ET).

HIGHLIGHTS

- **AFFO per unit up 3.3% over prior quarter and Q3 2012** – AFFO per unit was \$0.63 per unit compared to \$0.61 per unit in both the prior quarter and Q3 2012;
- **Portfolio occupancy remains strong at 94.6%** - occupancy rate at quarter end was 94.6%, remaining well above the national average; 962,000 square feet of leasing in the quarter at higher rates;
- **1.4% comparative property net operating income (“NOI”) growth** – comparative property NOI was up \$1.0 million or 1.4% over Q3 2012, largely driven by higher rental rates achieved on new leasing and contractual rent steps;
- **\$140.3 million of acquisitions** – 277,000 square feet of office space added to the portfolio in Calgary and Regina, well-leased at 98.4% occupancy;
- **Strong and conservative capital structure maintained** – leverage at 47.0% compared to 46.4% in the prior quarter. Down from 50.5% at Q3 2012 as a result of deleveraging efforts; and
- **Embedded rent growth potential remains strong** – average in-place net rents are approximately 10% below estimated market rents.

SELECTED FINANCIAL INFORMATION

(unaudited) (\$000's except unit and per unit amounts)	Three Months Ended			Nine Months Ended	
	Sept. 30, 2013	June 30, 2013	Sept. 30, 2012	Sept. 30, 2013	Sept. 30, 2012
Investment properties revenue ⁽¹⁾	204,320	\$ 198,226	187,327	592,113	494,565
Net operating income (“NOI”) ⁽¹⁾⁽²⁾	115,972	112,128	105,003	335,333	278,727
Comparative properties NOI	70,216	69,800	69,218	209,276	206,972
Funds from operations (“FFO”) ⁽³⁾	79,298	76,040	72,879	228,005	194,583
Adjusted funds from operations (“AFFO”) ⁽⁴⁾	68,298	64,880	61,286	194,792	163,900
Investment properties value ⁽¹⁾	7,302,728	7,144,652	6,895,755		
Debt ⁽¹⁾	3,595,119	3,470,657	3,580,610		
Debt-to-GBV	47.0%	46.4%	50.5%		
Per unit data (basic)					
FFO	\$ 0.73	\$ 0.72	\$ 0.72	\$ 2.16	\$ 2.18
AFFO	0.63	0.61	0.61	1.85	1.84
Distributions	0.56	0.56	0.55	1.67	1.65
Units (period end)					
REIT Units, Series A	104,979,020	104,609,576	96,984,321		
REIT Units, Series B	-	-	16,316		
LP Class B Units, Series 1	3,538,457	3,538,457	3,522,835		
Total number of units	108,517,477	108,148,033	100,523,472		
Portfolio gross leasable area (square feet) ⁽⁵⁾					
Occupied and committed space	24,538,758	24,246,403	22,365,500		
	94.6%	94.9%	95.1%		

See footnotes on page 4.

“We continue to be pleased with the financial and operating performance of our diversified portfolio of assets and our ability to deliver reliable and growing cash flows to our unitholders. Our scale and concentration of our assets affords us great opportunities to accommodate the changing needs of tenants in a variety of ways and our irreplaceable central business district assets offer us with unrealized value add potential as the movement to intensify central business districts continues,” said Michael Cooper, Vice Chairman and CEO of Dundee REIT.

PORTFOLIO INVESTMENT ACTIVITY

In keeping with our strategy to intensify in the key business districts of major Canadian markets, Dundee REIT completed two office property acquisitions totalling \$140.3 million during the quarter. The properties comprise approximately 277,000 square feet and have a weighted average occupancy rate of 98.4% and a weighted average lease term of 5.8 years. These acquisitions are located in key business districts in Calgary and Regina, and enhance the quality and diversification of the Trust's portfolio.

Acquisitions during the quarter consisted of the following properties:

- IBM Corporate Centre, Calgary (\$125.0 million) - a 357,000 square foot institutional quality, Class A office campus consisting of three buildings in Calgary's Beltline constructed in three phases between 2002 and 2008. The complex, in which the Trust has held a 33% ownership interest and managed since 2008, is over 98% occupied, with a weighted average lease term of over 5 years and in-place rents that are approximately 5-10% below market rents. Key tenants include Newalta, IBM, Intact Insurance and Jardine Lloyd Thompson.
- 4561 Parliament Avenue, Regina (\$15.3 million) - a 39,000 square foot, three storey office building nearing completion in suburban Regina just south of the airport. Upon completion, the building is expected to obtain a LEED Silver environmental certification. The building offers ample surface parking and is 100% pre-leased to two tenants, KGS Group (a regional engineering firm) and Dundee Realty Corporation. Both leases are for ten years and are at market rental rates.

OPERATIONAL HIGHLIGHTS

- **Portfolio occupancy remains strong at 94.6%** – the overall percentage of occupied and committed space remains strong at 94.6% and the average in-place net rent increased by 3.3% to \$17.74 per square foot compared to Q3 2012.
- **Leasing activity** – During the quarter, leases totalling approximately 994,000 square feet of GLA expired or were terminated and leasing activity included 329,000 square feet of new leases and 633,000 square feet of renewals, all at higher rental rates. With 2013 remaining expiries being at rates approximately 5.4% below market, the Trust is confident it will capture rent increases as leasing is completed.
- **Average in-place net rents 10.0% below market rents** – The Trust continues to capture rental rate gains in connection with leasing activity. At the end of Q3, the portfolio average in-place rent was \$17.74 per square foot, up from \$17.43 at June 30, 2013 and from \$17.22 at December 31, 2012, yet remaining approximately 10.0% below estimated market rents.

FINANCIAL HIGHLIGHTS

- **1.4% growth in comparative properties net operating income ("NOI")** – comparative property NOI was up \$1.0 million, or 1.4%, over Q3 2012, with increases across most regions, driven by higher rental rates achieved on new leasing done over the past year and the benefit of step rents.
- **AFFO per unit increased 3.3% and diluted FFO per unit increased 1.4% over Q3 2012** – increases over Q3 2012 reflect comparative property NOI growth, accretion from acquisitions and savings on refinancing of maturing debt, offset by the effects of continued deleveraging of the Trust's balance sheet.

"In the current environment, we continue to maintain occupancy above the national average as we focus on tenant retention and attracting prospective tenants by delivering operational excellence," said Ana Radic, Chief Operating Officer.

CAPITAL INITIATIVES

- **Normal course issuer bid** – During the quarter, the Trust purchased for cancellation 57,000 REIT A Units under the normal course issuer bid at an average price of \$28.91 per unit and a total cost of approximately \$1.6 million. Subsequent to quarter end, an additional 276,100 REIT A Units were purchased for cancellation at an average price of \$28.35 per unit and a total cost of approximately \$7.8 million.

- **\$125 million unsecured debentures offering subsequent to Q3 2013** – on October 9, 2013, the Trust issued \$125 million Series B floating senior unsecured debentures (“Series B Debentures”). The Series B Debentures bear interest at a rate of 3-month CDOR plus 170 basis points with a maturity date of January 9, 2017. DBRS Limited has assigned the Series B Debentures a BBB (low) rating with a stable trend.

Key performance metrics	September 30, 2013	December 31, 2012
Financing activities⁽⁶⁾		
Weighted average face interest rate	4.28%	4.50%
Level of debt (debt-to-gross book value) ⁽⁷⁾	47.0%	48.0%
Interest coverage ratio ⁽⁸⁾	2.9 times	2.7 times
Debt-to-EBITDFV	7.78 years	8.13 years
Debt — average term to maturity (years)	4.8 years	5.1 years
Variable rate debt as percentage of total debt	5.8%	4.3%

See footnotes on page 4

CONFERENCE CALL

Senior management will host a conference call to discuss the results tomorrow, November 7, 2013 at 2:00 p.m. (ET). To access the call, please dial: (647) 317-3471 or toll free at 1-866-551-3680 and use passcode 51250372#. 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. A taped replay of the conference call and the webcast will be available 90 days.

Other information

Information appearing in this news release is a select summary of results. The 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 24.5 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, exclude 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 prior period also excludes discontinued operations – industrial properties.
- (6) The key performance indicators for December 31, 2012, exclude the results of operations and the debt of discontinued operations.
- (7) 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).
- (8) 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.

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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