



## DUNDEE REIT SEPTEMBER 30, 2005 FINANCIAL RESULTS

Toronto, November 10, 2005, DUNDEE REIT (D.UN-TSX) today reported its financial results for the quarter ended September 30, 2005.

- Revenue up 21% to \$58.0 million over prior year third quarter
- Net operating income up 20% to \$32.5 million over prior year third quarter
- Funds from operations up 10% to \$17.2 million over prior year third quarter
- Occupied and committed space rises to 96.1% from 94.3% at September 30, 2004
- Debt-to-gross book value 61.7% (50.6% excluding the convertible debentures)
- Decrease of average interest rate to 6.17% from 6.65% at September 30, 2004
- \$58 million in acquisitions completed in the third quarter and \$148 million under contract

Michael Cooper, President and Chief Executive Officer and Michael Knowlton, Executive Vice-President and Chief Financial Officer will be holding a conference call to discuss the results on Monday, November 14, 2005 at 1:00 p.m. (ET). To access the conference call, please dial 416-695-7896 in Toronto and Overseas or 1-877-888-4483 elsewhere in Canada and the United States. A taped replay of the call will be available from November 14, 2005 at 3:00 p.m. (ET) to November 21, 2005 at 11:59 p.m. (ET). Please dial 416-695-5275 or 1-888-509-0081 and use reservation number T599085D to access the replay.

<b>SELECTED FINANCIAL INFORMATION</b> (unaudited) (\$000's except unit and per unit amounts)	<b>Three Months Ended September 30, 2005</b>	Three Months Ended June 30, 2005	Three Months Ended September 30, 2004	<b>Nine Months Ended September 30, 2005</b>	Nine Months Ended September 30, 2004
Rental property revenues	<b>\$ 58,030</b>	\$ 53,378	\$ 47,983	<b>\$ 162,201</b>	\$ 137,082
Net operating income ("NOI") <sup>(1)</sup>	<b>32,465</b>	29,601	26,984	<b>89,134</b>	75,606
Funds from operations ("FFO") <sup>(2)</sup>	<b>17,181</b>	15,952	15,566	<b>48,491</b>	44,939
Net income	<b>2,223</b>	3,420	5,375	<b>9,324</b>	1,326
Distributable income ("DI") <sup>(3)</sup>	<b>15,990</b>	14,209	13,966	<b>43,883</b>	40,138
Book value of rental properties	<b>1,282,168</b>	1,244,097	1,062,962		
Debt	<b>936,236</b>	886,733	695,309		
Debt-to-gross book value	<b>61.7%</b>	60.7%	55.8%		
<b>Per unit data (basic)</b>					
FFO	<b>0.68</b>	0.64	0.64	<b>1.93</b>	1.92
Net income	<b>0.13</b>	0.20	0.32	<b>0.55</b>	0.08
Distributable income	<b>0.63</b>	0.57	0.57	<b>1.75</b>	1.72
Distributions	<b>0.55</b>	0.55	0.55	<b>1.65</b>	1.65
<b>Units (period end)</b>					
REIT Units, Series A outstanding	<b>17,204,683</b>	16,904,915	16,776,929		
LP Class B Units, Series 1 outstanding	<b>8,337,365</b>	8,278,728	7,745,994		
Total number of units outstanding	<b>25,542,048</b>	25,183,643	24,522,923		
Occupied and committed space	<b>96.1%</b>	95.8%	94.3%		

"For some time now, we have been talking about all of the improvements that are being made to our business. I am pleased that these improvements are now beginning to show in our results." said Michael Cooper, President and CEO. "Our occupancy is at an all-time high, our capital is fully deployed, our acquisitions are showing the results that we anticipated, there is growth in our comparative property portfolio and we have achieved record funds from operations."

## FINANCIAL HIGHLIGHTS

- **Rental properties NOI up 20% to \$32.5 million** – Net operating income for the three month period grew by \$5.5 million or 20% compared to the same quarter last year, primarily due to contributions from acquisitions. Comparative NOI improved as well, reflecting increased occupancy in the Ontario office and Montréal and Western Canada industrial portfolios.
- **Funds from operations up 10% to \$17.2 million** – On a per unit basis, FFO increased by \$0.04 in the third quarter compared to the same quarter last year, primarily due to the impact of acquisitions, as well as certain one-time items contributing \$0.2 million during the quarter and a decrease in the weighted average interest rate.
- **Distributable income up 14% to \$16.0 million** – In the three months ended September 30, 2005, Dundee REIT generated \$16.0 million of distributable income, representing \$0.63 per unit or an increase of \$0.06 compared to both the same quarter last year and the three months ended June 30, 2005. During the quarter, the Trust declared distributions totalling \$0.55 per unit.
- **Distribution Reinvestment and Unit Purchase Plan (“DRIP”) enrolment is high** – At September 30, 2005, approximately 45% of the Trust’s total units were enrolled in the DRIP, including 19% 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 was 56.9% of declared distributions for the first nine months of 2005.

## OPERATIONAL HIGHLIGHTS

- **Portfolio occupied and committed space increased to 96.1% – the 7<sup>th</sup> consecutive quarterly increase** - During the first nine months of 2005, Dundee REIT recorded a net increase in occupied space of 111,464 square feet. Leases representing 1.7 million square feet expired or were terminated during the nine months and approximately 1.8 million 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 95.0% (September 30, 2004 – 94.3%) and the industrial portfolio increased to 97.2% (September 30, 2004 – 94.4%). The average in-place rents in the office and industrial portfolios were \$14.15 and \$5.88 per square foot, respectively (September 30, 2004 - \$14.40 and \$5.77 respectively).

## ACQUISITION HIGHLIGHTS

Four of the five acquisitions completed in the quarter are located in the Trust’s current markets. “Given our desire to grow and the current acquisition market” said Michael Cooper, “we have started to look beyond our existing markets for accretive investments that also complement our portfolio. The Scotia Centre in St. John’s, Newfoundland is the best building in that market and we are pleased to have added this property to our portfolio.”

### *Acquisitions Completed in the Third Quarter*

	Property Type	Interest Acquired	Occupancy on acquisition	Acquired GLA	Purchase Price (\$000’s)	Date Acquired
199 Traders Blvd. East, Mississauga	Industrial	100%	100%	77,000	\$ 7,246	August 9, 2005
Scotia Centre, St. John’s	Office	100%	100%	190,000	33,370	August 18, 2005
9975-9995 boul. de Catania, Brossard	Industrial	100%	95%	124,000	15,989	August 30, 2005
1523-1531 rue Berlier, Laval	Industrial	100%	100%	6,000	540	August 30, 2005
3913-3917 81st Avenue, Leduc	Under development	100%	-	-	718	September 23, 2005
<b>TOTAL</b>				<b>397,000</b>	<b>\$ 57,863</b>	

In the third quarter, the Trust completed \$58 million in new acquisitions at an average capitalization rate of 8.0%, bringing the year-to-date total to \$279 million. Subsequent to quarter end, the Trust has entered into agreements to acquire 376,000 square feet of properties for approximately \$37.4 million. In addition, the Trust has approximately \$110.7 million of properties under contract, subject to various conditions, comprising 1.1 million square feet. The average capitalization rate for all properties acquired or under contract in 2005 is 8.5%.

## CAPITAL INITIATIVES

- **Decrease of weighted average interest rate** – Dundee REIT’s weighted average interest rate was reduced by 45 basis points during the first nine months of 2005 to 6.17% as at September 30, 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](http://www.sedar.com) and will also be available with the Supplementary Information Package at [www.dundeereit.com](http://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 15.6 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](http://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 Q3 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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