DUNDEE REIT SEPTEMBER 30, 2003 FINANCIAL RESULTS

Toronto, November 13, 2003, DUNDEE REIT (D.UN-TSX) today reported its financial results for the quarter ended September 30, 2003.

- **Net operating income ("NOI") (1) up 11% to $20.0 million**
- **Funds from operations ("FFO") (2) up 47% to $10.2 million**
- **Net income up 116% to $6.3 million**
- **Distributable income (3) $10.5 million**
- **Total revenue up 2% to $37.1 million**

SELECTED FINANCIAL INFORMATION (unaudited) (in thousands of dollars)	For the three months ended September 30 2003	2002
Rental property revenues	$ 37,116	$ 36,424
Net operating income	19,953	17,937
Funds from operations	10,239	6,954
Net Income	6,282	2,909
Distributable income	10,459	n/a
Per unit data		
Net income	$ 0.38	
Distributable income	0.64	-
Distributions	0.55	-
Units		
REIT Units, Series A outstanding	9,433,671	-
LP Class B Units, Series 1 outstanding	7,029,252	-
Total number of units outstanding	16,462,923	-
Payout ratio	86%	-
Occupancy rate	93.6%	93.6%

Michael Cooper, President and Chief Executive Officer and Jeff Barnes, Executive Vice-President and Chief Financial Officer will be holding a conference call to discuss the results on Thursday, November 13, 2003 at 11:00 a.m. (ETN). To access the conference call please dial (416) 641-6675 in Toronto and overseas or 1-800-428-5596 elsewhere in Canada and the United States. A taped replay of the call will be available from November 13, 2003 at 1:00 p.m. (ETN) to November 20, 2003 at 11:59 p.m. (ETN). Please dial (416) 626-4100 and enter pass code 21165554.

FINANCIAL HIGHLIGHTS

- **Revenue properties NOI increased 11% or $2.0 million** – Increased occupancy in the Toronto and Ottawa office portfolios as well as in the Toronto and Western Canada retail portfolios account for approximately $1.0 million while the remaining growth is attributable to the income supplement.
- **Distributable income was $10.5 million** – In the Management Information Circular dated May 23, 2003 management committed to distributing at least 80% of distributable income to unitholders and estimated annualized distributions of $2.20. In the quarter Dundee REIT generated $10.5 million of distributable income representing $0.64 per REIT Unit, Series A. The company paid out $0.55 per REIT Unit, Series A representing a payout ratio of 86%.

- **Distribution Reinvestment and Unit Purchase Plan ("DRIP") enrolment is high** – Dundee REIT launched its DRIP during the quarter. In connection with the distributions paid to all unitholders for the months of August and September, 47% and 54% respectively of the total amount of the distributions were reinvested in additional units.

PORTFOLIO

- **Overall weighted average percentage of occupied and committed space has remained high at 93.6% (2002 – 93.6%)** – Occupancy across our stabilized industrial portfolio was 94.2% (2002 – 94.6%), the office portfolio was 92.9% (2002 – 92.2%) and retail was 93.0% (2002 – 93.2%). The average rent across our portfolio is $7.83 per square foot and this compares to our estimated current average market rate of $8.42, representing a discount of about 7%.

CAPITAL INITIATIVES

- **New Equity Issue** – During the quarter Dundee REIT filed a Preliminary Prospectus with respect to a new issue of REIT Units, Series A. Subsequent to quarter end, the Trust closed on the offering of 2,600,000 REIT Units, Series A at $21.70 per Unit for gross proceeds of $56.4 million. The gross proceeds include $5.1 million arising from the exercise of the over-allotment option by the underwriters.

  With the completion of offering Dundee REIT had a debt-to-gross book value ratio of 53%. Based on its debt-to-gross book value limit of 65%, Dundee REIT has more than $300 million of acquisition capacity.

- **Debt renewal** – In the three months ended September 30, there was no debt turnover in the portfolio; however, in the first quarter of 2003 we completed the refinancing of a portfolio of six industrial buildings, located in Montréal, which accounts for $6.5 million of new debt placed and $4.7 million of lump sum repayments. This refinancing replaced loans with a historic face rate of 6.82% and a marked-to-market rate of 6.5% with new 5-year mortgages at a face rate of 6.30%. In addition, we renewed a $4.8 million mortgage maturing at the beginning of the quarter for a two-year period and reduced the interest rate from 8.59% to 5.17%.

  In the second quarter, we refinanced an existing $19.9 million mortgage on a portfolio of three office and two industrial buildings located in Toronto. The new five-year mortgage is in the amount of $24.0 million and the interest rate was reduced to 6.15% from 6.42%. Furthermore, we completed a $40.0 million refinancing of a portfolio of 26 buildings located in Montréal at a rate of 7.16% and extended the maturity date of the outstanding balance of approximately $28.5 million to May 2011 from December 2004. Effective December 2004, this refinancing will also replace existing loans at a rate of 8.02% with a new rate of 7.16%. In addition, we refinanced existing mortgages on a retail property totalling $3.5 million at a blended rate of 6.71% with a new one-year $3.6 million loan at 5.27%. We replaced the financing on an industrial building in the amount of $5.3 million at 5.97% for a five-year term. The existing loan was $4.4 million at 7.25%.

  Our weighted average interest rate is 7.14% as at September 30, 2003 (June 30, 2003 – 7.19%, December 31, 2002 – 7.24%) and the weighted average term to maturity is 51 months (2002 – 51 months).

OPERATIONAL HIGHLIGHTS

Acquisition Activity

- **Telus Tower, Calgary** – Dundee REIT today announced that it has entered into an agreement with a strategic partner for Dundee REIT to acquire a 50% interest in the 28 storey, 705,000 square foot Telus Tower in Calgary, Alberta. The purchase price for the building is approximately $136 million. Constructed in 1981, this Class A office tower is located on the edge of the financial core of downtown Calgary and is approximately 93% leased to Telus Communications until 2016 with the balance leased to the Alberta government and local tenants.

  The transaction is still subject to certain regulatory approvals and lender consent.

- **Palladium Corporate Centre, Ottawa** - Subsequent to quarter end, Dundee REIT entered into an agreement to acquire the Palladium Corporate Centre, a 229,000 square foot Class A office complex located in suburban Ottawa, Ontario for approximately $37 million. The three building complex, completed in 2001, is under long-term lease to three high quality tenants, with all three leases running until 2011.

The acquisition consists of two stages. The REIT has acquired an interest in a second mortgage in the property and in a second transaction, expected to close by year-end, Dundee REIT will acquire a 100% interest in the property itself and assume the existing first mortgages, in the principal amount of approximately $31 million and a weighted average interest rate of approximately 7.30%.

Together, these properties represent acquisitions of more than $105 million for Dundee REIT. Both of these transactions are consistent with the REIT's strategy of acquiring high quality office and industrial properties in Canada's largest markets as well as increasing the average rent and lease term while reducing the overall average cost and increase the average term to maturity of the REIT's debt.

OUTLOOK

While we are pleased with our success so far, we recognize that credibility can only come with history and an established track record of delivering predictable and sustainable financial results and cash distributions. To this end we will continue to grow internally by anticipating and meeting the needs of our tenants, making Dundee REIT their preferred landlord. We will continue to manage our portfolio actively – looking ahead to see how our properties can best be employed and moving promptly to reposition them when warranted. We will also grow through the acquisition of assets in our target markets.

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 11.1 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.

Our Financial Statements and Supplementary Operating Information Package will also be available on our web site at 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.

(3) Distributable income is not a measure defined by generally accepted accounting principles and therefore may not be comparable to similar measures presented by other real estate investment trusts. Distributable income is defined in our Declaration of Trust.

NOI and FFO 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 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.

(Financial statements and supplementary information attached)

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For further information, please contact:

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

Jeff B. Barnes
Executive Vice-President and Chief Financial Officer
(416) 365-3543
jbarnes@dundeereit.com

DUNDEE REAL ESTATE INVESTMENT TRUST
BALANCE SHEETS
(Unaudited)

		Dundee REIT Consolidated		Commercial Real Estate Division of Dundee Realty Corporation ("Division of DRC") Combined	
(in thousands of dollars)	Note	September 30, 2003	June 30, 2003	June 30, 2003	December 31, 2002
ASSETS					
Rental properties	3	$ 810,918	$ 811,339	$ 811,339	$ 822,415
Deferred costs	4	36,120	34,802	34,802	31,725
Amounts receivable	5	6,459	6,172	5,866	5,582
Prepaid expenses		7,676	6,516	6,516	3,845
Cash and short-term deposits		8,459	4,681	4,681	5,644
		$ 869,632	$ 863,510	$ 863,204	$ 869,211
LIABILITIES					
Debt	7	$ 505,743	$ 505,592	$ 505,592	$ 504,159
Amounts payable and accrued liabilities	8	21,028	16,191	16,191	14,620
Future income tax liability		7,967	8,000	64,902	59,838
		534,738	529,783	586,685	578,617
EQUITY					
Unitholders' Equity	9	334,894	333,727	-	-
Divisional Equity		-	-	276,519	290,594
		$ 869,632	$ 863,510	$ 863,204	$ 869,211

See accompanying notes to the consolidated financial statements

DUNDEE REAL ESTATE INVESTMENT TRUST
STATEMENTS OF NET INCOME
(Unaudited)

		For the Three Months Ended September 30		For the Nine Months Ended September 30		
		2003	2002	2003		2002
		Dundee REIT Consolidated	Division of DRC Combined	Dundee REIT Consolidated	Division of DRC Combined	Division of DRC Combined
(in thousands of dollars)	Note			July 1 to Sept. 30	January 1 to June 30	
RENTAL PROPERTIES						
Revenues		$ 37,166	$ 36,424	$ 37,166	$ 74,540	$ 108,664
Operating expenses		17,213	18,487	17,213	38,493	53,685
NET OPERATING INCOME		19,953	17,937	19,953	36,047	54,979
OTHER EXPENSES						
Interest	10	9,227	9,011	9,227	18,275	26,288
Depreciation of rental properties		2,266	1,980	2,266	4,439	6,061
Amortization of deferred leasing costs		1,392	1,201	1,392	2,897	3,322
General and administrative		994	1,715	994	3,339	4,665
		13,879	13,907	13,879	28,950	40,336
OTHER INCOME						
Interest and fee income, net		190	260	190	656	711
INCOME BEFORE INCOME AND LARGE CORPORATIONS TAXES		6,264	4,290	6,264	7,753	15,354
INCOME TAXES						
Current income and large corporations taxes		15	517	15	1,965	2,226
Future income taxes		(33)	864	(33)	1,675	3,090
		(18)	1,381	(18)	3,640	5,316
NET INCOME		$ 6,282	$ 2,909	$ 6,282	$ 4,113	$ 10,038
NET INCOME PER UNIT						
Basic and diluted	11	$ 0.38		$ 0.38		

See accompanying notes to the consolidated financial statements

DUNDEE REAL ESTATE INVESTMENT TRUST
CONSOLIDATED STATEMENT OF UNITHOLDERS' EQUITY
(Unaudited)

	For the Three Months Ended September 30, 2003			
(in thousands of dollars)	REIT Units, Series A	LP Class B Units, Series 1	Cumulative Foreign Currency Translation Adjustment	Total
UNITHOLDERS' EQUITY, JUNE 30, 2003	$ 193,081	$ 142,374	$ (1,728)	$ 333,727
Net income	3,608	2,674	-	6,282
Distributions	(5,156)	(3,826)	-	(8,982)
Units issued under Unit Purchase Plans	1,251	-	-	1,251
Units issued under Distribution Reinvestment Plans	133	2,539	-	2,672
Deferred Unit Incentive Plan	9	-	-	9
Change in foreign currency translation adjustment	-	-	(65)	(65)
UNITHOLDERS' EQUITY, END OF PERIOD	$ 192,926	$ 143,761	$ (1,793)	$ 334,894

COMMERCIAL REAL ESTATE DIVISION OF DUNDEE REALTY CORPORATION
COMBINED STATEMENT OF DIVISIONAL EQUITY
(Unaudited)

	For the period from	
(in thousands of dollars)	January 1, 2003 to June 30, 2003	January 1, 2002 to Sept. 30, 2002
DIVISIONAL EQUITY, BEGINNING OF PERIOD	$ 290,594	$ 299,174
Net income	4,113	10,038
Change in foreign currency translation adjustment	(2,471)	(841)
Funds transferred to Dundee Realty Corporation	(15,717)	(28,877)
DIVISIONAL EQUITY, END OF PERIOD	$ 276,519	$ 279,494

See accompanying notes to the consolidated financial statements

DUNDEE REAL ESTATE INVESTMENT TRUST
STATEMENTS OF CASH FLOWS
(Unaudited)

		For the Three Months Ended September 30		For the Nine Months Ended September 30		
		2003	2002	2003		2002
		Dundee REIT Consolidated	Division of DRC Combined	Dundee REIT Consolidated	Division of DRC Combined	Division of DRC Combined
(in thousands of dollars)	Note			July 1 to Sept. 30	January 1 to June 30	
GENERATED FROM (UTILIZED IN) OPERATING ACTIVITIES						
Net income		$ 6,282	$ 2,909	$ 6,282	$ 4,113	$ 10,038
Non-cash items:						
Depreciation of rental properties		2,266	1,980	2,266	4,439	6,061
Amortization of deferred leasing costs		1,392	1,201	1,392	2,897	3,322
Future income taxes		(33)	864	(33)	1,675	3,090
		9,907	6,954	9,907	13,124	22,511
Deferred leasing costs		(1,551)	(1,639)	(1,551)	(2,921)	(3,981)
Change in non-cash working capital items		1,201	(3,414)	1,201	(621)	29
		9,557	1,901	9,557	9,582	18,559
GENERATED FROM (UTILIZED IN) INVESTING ACTIVITIES						
Investment in rental properties		(1,353)	(2,435)	(1,353)	(4,309)	(10,945)
Acquisition of rental properties		-	(679)	-	(861)	(903)
Change in restricted cash		424	716	424	(106)	(155)
		(929)	(2,398)	(929)	(5,276)	(12,003)
GENERATED FROM (UTILIZED IN) FINANCING ACTIVITIES						
Mortgage principal repayments		(2,150)	(2,788)	(2,150)	(7,094)	(7,812)
Mortgage debt placed		-	39,879	-	50,918	106,931
Mortgage lump sum repayments		-	(32,675)	-	(32,411)	(80,467)
Term debt principal repayments		(230)	(174)	(230)	(1,071)	(850)
New term debt placed		-	6,443	-	-	6,341
Distributions paid	9	(3,297)	-	(3,297)	-	-
Units issued		1,251	-	1,251	-	-
Financing activities before net funds transferred from the Division		(4,426)	10,685	(4,426)	10,342	24,143
Net funds transferred from the Division		-	(11,762)	-	(15,717)	(28,877)
		(4,426)	(1,077)	(4,426)	(5,375)	(4,734)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		4,202	(1,574)	4,202	(1,069)	1,822
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD		1,582	5,017	1,582	2,651	1,621
CASH AND CASH EQUIVALENTS, END OF PERIOD		5,784	3,443	5,784	1,582	3,443
Restricted cash	6	2,675	3,133	2,675	3,099	3,133
CASH AND SHORT-TERM DEPOSITS		$ 8,459	$ 6,576	$ 8,459	$ 4,681	$ 6,576

See accompanying notes to the consolidated financial statements

(All dollar amounts in thousands, except unit or per unit amounts)

1. BASIS OF FINANCIAL STATEMENT PRESENTATION

Dundee Real Estate Investment Trust ("Dundee REIT") is an open-ended investment trust created pursuant to an amended and restated Declaration of Trust under the laws of the Province of Ontario.

Dundee REIT was formed in connection with the reorganization of the business of Dundee Realty Corporation ("DRC") on June 30, 2003 pursuant to which substantially all of the Commercial Real Estate Division of DRC and a 50% joint interest in its property management business were transferred to Dundee REIT (the "Transfer").

These financial statements present:

- the financial position of Dundee REIT at September 30, 2003 and the results of its operations and its cash flows from the commencement of its operations on June 30, 2003 to September 30, 2003, and
- the financial position of the Commercial Real Estate Division of DRC (the "Division" or "Division of DRC") at June 30, 2003 and the results of the Division's operations and its cash flows for periods prior to and including June 30, 2003.

The assets and liabilities of the Division acquired in the Transfer have been measured by Dundee REIT under the continuity of interests accounting method at DRC's historical carrying amounts at June 30, 2003 as there was no substantive change in the ultimate ownership interests in the Division. Because the continuity of interests method of accounting has been used, the financial position, results of operations and cash flows of the Division have been presented as comparative information for Dundee REIT.

The combined financial statements of the Division present the financial position, results of operations and cash flows of the Division, had the Division been accounted for on a stand-alone basis, and include the Division's proportionate share of the assets, liabilities, revenues and expenses of joint ventures in which it participates. The Division was not a legal entity. Management has derived all balances except for general and administrative expenses, income taxes and capital and large corporations taxes from the financial records of DRC specific to the properties and entities acquired. Capital, large corporations taxes and general and administrative expenses have been allocated to the Division based on the net book value of the properties acquired by Dundee REIT relative to the total net book value of the properties of DRC. Income taxes have been determined based on the operation of the Division, as if it were a taxable entity.

The combined financial statements of the Division are not necessarily indicative of the results that would have been attained if the Division had been operated as a separate legal entity during the periods presented and therefore are not necessarily indicative of future operating results. No adjustments have been made to the Divisional financial statements to reflect incremental changes to the cost structure as a result of the Transfer.

References herein to the "Trust" refer collectively to Dundee REIT subsequent to June 30, 2003 and to the Division for periods prior to and including June 30, 2003.

Certain of the comparative figures have been reclassified to conform to the current period's financial statement presentation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements follow the same accounting policies and the methods of their application as used in the audited financial statements of Dundee REIT as at June 30, 2003 and the Division for the six months ended and as at June 30, 2003, which were included in the Dundee REIT prospectus dated October 29, 2003 (the "Prospectus").

The disclosures in these interim financial statements do not conform in all respects with the requirements of Canadian generally accepted accounting principles ("GAAP") for annual financial statements and should be read in conjunction with the financial statements of the Division for the six months ended and as at June 30, 2003 and Dundee REIT as at June 30, 2003 included in the Prospectus. These statements are, however, in conformity in all material respects with the requirements of GAAP for interim financial statements as recommended in the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 1751, "Interim financial statements".

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the recorded amounts of assets and liabilities and the disclosure of contingent assets and liabilities as at the date of the financial statements, as well as reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

3. RENTAL PROPERTIES

	Dundee REIT Consolidated		Division of DRC Combined	
	September 30, 2003	June 30, 2003	June 30, 2003	December 31, 2002
Land	$ 139,508	$ 139,548	$ 139,548	$ 143,198
Equipment	5,654	5,658	5,658	5,498
Buildings and building improvements	702,647	700,778	700,778	704,363
	847,809	845,984	845,984	853,059
Accumulated depreciation	(36,891)	(34,645)	(34,645)	(30,644)
TOTAL	$ 810,918	$ 811,339	$ 811,339	$ 822,415

During the three months ended September 30, 2003, non-cash changes in working capital items related to investment in rental properties amounted to $344 (three months ended September 30, 2002 - $506; six months ended June 30, 2003 - $1,587; nine months ended September 30, 2002 - $6,088).

4. DEFERRED COSTS

	Dundee REIT Consolidated		Division of DRC Combined	
	September 30, 2003	June 30, 2003	June 30, 2003	December 31, 2002
Deferred leasing costs	$ 23,519	$ 21,817	$ 21,817	$ 20,657
Deferred recoverable costs	8,971	9,061	9,061	7,250
Deferred financing costs	2,307	2,358	2,358	2,219
Other deferred costs	1,323	1,566	1,566	1,599
TOTAL	$ 36,120	$ 34,802	$ 34,802	$ 31,725

Deferred leasing costs are net of accumulated amortization of $12,597 at September 30, 2003, (June 30, 2003 - $11,207; December 31, 2002 - $13,220).

5. AMOUNTS RECEIVABLE

Amounts receivable and deposits are net of credit adjustments of $2,689 at September 30, 2003 (June 30, 2003 - $2,954; December 31, 2002 - $2,780).

6. RESTRICTED CASH

Restricted cash primarily represents tenant rent deposits and cash held as security for mortgages.

7. DEBT

	Dundee REIT Consolidated		Division of DRC Combined	
	September 30, 2003	June 30, 2003	June 30, 2003	December 31, 2002
Mortgages	$ 420,349	$ 420,468	$ 420,468	$ 417,437
Term debt	85,394	85,124	85,124	86,722
TOTAL	$ 505,743	$ 505,592	$ 505,592	$ 504,159

Dundee REIT has a demand revolving credit facility available up to a formula-based maximum amount that can be borrowed at any time up to but not to exceed $20 million, bearing interest generally at the bank prime rate plus 1% or bankers' acceptance rates. The facility is secured by a first ranking collateral mortgage for $22 million on two of the Trust's properties and a second ranking collateral mortgage for $7 million on a third property. Dundee REIT is required to maintain certain financial and other covenants. At September 30, 2003, $2,925 (June 30, 2003 - $2,925) was utilized under the facility in the form of letters of guarantee.

Mortgages and term debt are secured by charges on specific revenue properties. DRC continues to be contingently liable for certain debt obligations of Dundee REIT.

The weighted average interest rates for the fixed and floating components of debt are as follows:

	Weighted Average Interest Rates				Debt Amount		
	Sept. 30, 2003	June 30, 2003	December 31, 2002	Maturity Dates	Sept. 30, 2003	June 30, 2003	December 31, 2002
FIXED RATE							
Mortgages	7.12%	7.16%	7.28%	2003 to 2013	$ 420,349	$ 420,468	$ 417,437
Term debt	7.70%	7.70%	7.71%	2003 to 2006	65,926	65,570	62,357
TOTAL FIXED RATE	7.20%	7.23%	7.33%		486,275	486,038	479,794
VARIABLE RATE							
Term debt	5.55%	6.04%	5.53%	2004	19,468	19,554	24,365
TOTAL DEBT	7.14%	7.19%	7.24%		$ 505,743	$ 505,592	$ 504,159

Variable rate debt outstanding at September 30, 2003 bears interest generally at the rate of bankers' acceptance plus 2.75% (June 30, 2003 – plus 2.75%; December 31, 2002 – plus 2.75%).

8. AMOUNTS PAYABLE AND ACCRUED LIABILITIES

	Dundee REIT Consolidated		Division of DRC Combined	
	September 30, 2003	June 30, 2003	June 30, 2003	December 31, 2002
Trade payables	$ 3,098	$ 1,681	$ 1,681	$ 2,959
Accrued liabilities and other payables	13,369	9,802	9,802	6,605
Deposits	3,534	3,526	3,526	3,396
Deferred revenue	1,027	1,182	1,182	1,660
TOTAL	$ 21,028	$ 16,191	$ 16,191	$ 14,620

9. UNITHOLDERS' EQUITY

	REIT Units, Series A	LP Class B Units, Series 1	Total Units
Number of units, June 30, 2003	9,370,192	6,909,245	16,279,437
Issued under the Unit Purchase Plan	57,159	-	57,159
Issued under the Distribution Reinvestment Plans	6,320	120,007	126,327
Number of units, September 30, 2003	9,433,671	7,029,252	16,462,923

Special REIT Units can only be issued in conjunction with LP Class B Units, Series 1. At September 30, 2003 there were 7,029,252 Special REIT Units outstanding corresponding with the outstanding LP Class B Units, Series 1. These Special REIT Units are recorded at nominal value.

Distributions

The following table sets out Dundee REIT's distributions for the three months ended September 30, 2003:

	Total
Distributions declared	$ 8,982
Less: Distributions payable	(3,013)
Less: Distributions to participants in the Distribution Reinvestment Plans	(2,672)
Net cash distributions paid	$ 3,297

Deferred Unit Incentive Plan

The Deferred Unit Incentive Plan provides for the grant of Deferred Trust Units and Income Deferred Trust Units to trustees, officers and employees, and affiliates and their service providers. Deferred Trust Units are granted at the discretion of the trustees while Income Deferred Trust Units are granted to Deferred Trust Unit holders based on distributions paid on the REIT Units, Series A. Once vested, each Deferred Trust Unit and Income Deferred Trust Unit will entitle the holder to receive a REIT Unit, Series A at no cost. Deferred Trust Units vest evenly over three to five years on the anniversary date of the grant while Income Deferred Trust Units vest on the same date as the associated Deferred Trust Unit. Subject to an election for certain participants to postpone receipt of REIT Units, Series A, such units will be issued immediately after vesting. Up to a maximum of 500,000 Deferred Trust Units and Income Deferred Trust Units are issuable under the Deferred Unit Incentive Plan. At September 30, 2003, 88,200 Deferred Trust Units had been granted. Compensation expense will be recorded based on the fair market value at the date of grant amortized as earned over the vesting period. During the period ended September 30, 2003, $9 of compensation expense was recorded and is included in General and administrative expenses. As no Deferred Trust Units have vested, no REIT Units, Series A have been issued to date under the plan.

Distribution Reinvestment and Unit Purchase Plan

In August 2003, Dundee REIT established a Distribution Reinvestment and Unit Purchase Plan for holders of REIT Units, Series A and REIT Units, Series B.

The Distribution Reinvestment Plan allows unitholders, other than unitholders who are resident of or present in the United States, to elect to have all cash distributions from Dundee REIT reinvested in additional REIT Units, Series A. Unitholders, who so elect, receive an additional distribution of REIT Units, Series A equal to 4% of each cash distribution that was reinvested. A similar distribution reinvestment arrangement exists for holders of LP Class B Units, Series 1.

The Unit Purchase Plan allows existing unitholders to purchase additional REIT Units, Series A of Dundee REIT. Participation in the Unit Purchase Plan is optional and subject to certain limitations on the maximum number of additional REIT Units, Series A that may be acquired.

No commissions, service charges or brokerage fees are payable by participants in connection with these plans.

10. INTEREST

Interest incurred, capitalized and charged to earnings is recorded as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30		
	2003	2002	2003		2002
	Dundee REIT Consolidated	Division of DRC Combined	Dundee REIT Consolidated	Division of DRC Combined	Division of DRC Combined
			July 1 to Sept. 30	January 1 to June 30	
Interest expense incurred, at stated rate of debt	$ 9,017	$ 8,883	$ 9,017	$ 17,965	$ 26,192
Amortization of deferred financing costs	285	211	285	465	523
Marked-to-market adjustment to rate	(75)	(83)	(75)	(155)	(251)
Interest capitalized	-	-	-	-	(176)
INTEREST EXPENSE	$ 9,227	$ 9,011	$ 9,227	$ 18,275	$ 26,288

Certain debt assumed on acquisitions completed in prior years has been adjusted to fair value using the market interest rate at the time of the acquisition (“marked-to-market”). This marked-to-market adjustment is amortized to interest expense and principal repayments over the remaining life of the debt.

Interest capitalized includes interest on general and specific debt on revenue properties under development.

Cash interest paid in the three months ended September 30, 2003 is $6,290 (three months ended September 30, 2002 - $8,612; six months ended June 30, 2003 - $20,928; nine months ended September 30, 2003 - $26,128).

11. NET INCOME PER UNIT

For the three months ended September 30, 2003, the weighted average number of units outstanding was as follows:

	Units outstanding
REIT Units, Series A	9,381,232
LP Class B Units, Series 1	6,950,137
Total weighted average number of units outstanding	16,331,369

For the three months ended September 30, 2003, all 88,200 Deferred Trust Units were excluded from the computation of diluted per unit amounts because they would not have a dilutive effect.

12. SEGMENTED INFORMATION

The Trust's rental properties have been segmented into office, industrial and retail components because of the marketing, leasing and operating strategies unique to each. This segmentation is consistent with the method used by DRC in its annual audited financial statements for the year ended December 31, 2002.

The accounting policies of the segments are as described in the summary of significant accounting policies. The Trust does not allocate interest expense to these segments, since leverage is viewed as a corporate function. The decision as to where to incur the debt is largely based on minimizing the cost of debt and is not specifically related to the segments. Similarly, income taxes, and general and administrative expenses are not allocated to the segment expenses. All inter-segment sales have been eliminated from the financial statements and the following tables.

A. By Activity

Dundee REIT For the Three Months Ended September 30, 2003	Office	Industrial	Retail	Total
OPERATIONS				
Revenues	$ 21,769	$ 9,861	$ 5,536	$ 37,166
Operating expenses	(10,927)	(3,518)	(2,768)	(17,213)
Depreciation of rental properties	(1,234)	(646)	(386)	(2,266)
Amortization of deferred leasing costs	(767)	(378)	(247)	(1,392)
SEGMENT INCOME	$ 8,841	$ 5,319	$ 2,135	$ 16,295
SEGMENT ASSETS	$ 417,228	$ 253,011	$ 140,679	$ 810,918
CAPITAL EXPENDITURES				
Investment in rental properties	$ (745)	$ (303)	$ (305)	$ (1,353)
Deferred leasing costs	(1,306)	(156)	(89)	(1,551)
TOTAL CAPITAL EXPENDITURES	$ (2,051)	$ (459)	$ (394)	$ (2,904)

Division of DRC For the Three Months Ended September 30, 2002	Office	Industrial	Retail	Total
OPERATIONS				
Revenues	$ 20,916	$ 9,889	$ 5,619	$ 36,424
Operating expenses	(11,792)	(3,661)	(3,034)	(18,487)
Depreciation of rental properties	(1,147)	(580)	(253)	(1,980)
Amortization of deferred leasing costs	(705)	(334)	(162)	(1,201)
SEGMENT INCOME	$ 7,272	$ 5,314	$ 2,170	$ 14,756
CAPITAL EXPENDITURES				
Investment in rental properties	$ (1,369)	$ (12)	$ (1,054)	$ (2,435)
Acquisition of rental properties	-	(679)	-	(679)
Deferred leasing costs	(799)	(224)	(616)	(1,639)
TOTAL CAPITAL EXPENDITURES	$ (2,168)	$ (915)	$ (1,670)	$ (4,753)

Division of DRC For the Six Months Ended June 30, 2003	Office	Industrial	Retail	Total
OPERATIONS				
Revenues	$ 42,965	$ 19,760	$ 11,815	$ 74,540
Operating expenses	(23,874)	(8,260)	(6,359)	(38,493)
Depreciation of rental properties	(2,433)	(1,262)	(744)	(4,439)
Amortization of deferred leasing costs	(1,533)	(777)	(587)	(2,897)
SEGMENT INCOME	$ 15,125	$ 9,461	$ 4,125	$ 28,711
SEGMENT ASSETS	$ 417,222	$ 253,456	$ 140,661	$ 811,339
CAPITAL EXPENDITURES				
Investment in rental properties	$ (2,086)	$ (1,688)	$ (535)	$ (4,309)
Acquisition of rental properties	-	(3)	(858)	(861)
Deferred leasing costs	(1,314)	(946)	(661)	(2,921)
TOTAL CAPITAL EXPENDITURES	$ (3,400)	$ (2,637)	$ (2,054)	$ (8,091)

Division of DRC **For the Nine Months Ended** **September 30, 2002**	Office	Industrial	Retail	Total
OPERATIONS				
Revenues	$ 62,540	$ 28,766	$ 17,358	$ 108,664
Operating expenses	(33,018)	(11,178)	(9,489)	(53,685)
Depreciation of rental properties	(3,313)	(1,693)	(1,055)	(6,061)
Amortization of deferred leasing costs	(1,937)	(918)	(467)	(3,322)
SEGMENT INCOME	$ 24,272	$ 14,977	$ 6,347	$ 45,596
CAPITAL EXPENDITURES				
Investment in rental properties	$ (9,375)	$ (105)	$ (1,465)	$ (10,945)
Acquisition of rental properties	(24)	(679)	(200)	(903)
Deferred leasing costs	(2,162)	(870)	(949)	(3,981)
TOTAL CAPITAL EXPENDITURES	$ (11,561)	$ (1,654)	$ (2,614)	$ (15,829)

B. By Country

Dundee REIT **For the Three Months Ended September 30, 2003**	Canada	U.S.	Total
OPERATIONS			
Revenues	$ 34,686	$ 2,480	$ 37,166
Operating expenses	(15,866)	(1,347)	(17,213)
Depreciation of rental properties	(2,079)	(187)	(2,266)
Amortization of deferred leasing costs	(1,337)	(55)	(1,392)
SEGMENT INCOME	$ 15,404	$ 891	$ 16,295
SEGMENT ASSETS	$ 750,799	$ 60,119	$ 810,918
CAPITAL EXPENDITURES			
Investment in rental properties	$ (1,063)	$ (290)	$ (1,353)
Deferred leasing costs	(1,551)	-	(1,551)
TOTAL CAPITAL EXPENDITURES	$ (2,614)	$ (290)	$ (2,904)

Division of DRC **For the Three Months Ended September 30, 2002**	Canada	U.S.	Total
OPERATIONS			
Revenues	$ 33,613	$ 2,811	$ 36,424
Operating expenses	(16,898)	(1,589)	(18,487)
Depreciation of rental properties	(1,898)	(82)	(1,980)
Amortization of deferred leasing costs	(1,214)	13	(1,201)
SEGMENT INCOME	$ 13,603	$ 1,153	$ 14,756
CAPITAL EXPENDITURES			
Investment in rental properties	$ (2,281)	$ (154)	$ (2,435)
Acquisition of rental properties	(679)	-	(679)
Deferred leasing costs	(1,289)	(350)	(1,639)
TOTAL CAPITAL EXPENDITURES	$ (4,249)	$ (504)	$ (4,753)

Division of DRC **For the Six Months Ended June 30, 2003**	Canada	U.S.	Total
OPERATIONS			
Revenues	$ 69,115	$ 5,425	$ 75,540
Operating expenses	(35,481)	(3,012)	(38,493)
Depreciation of rental properties	(4,055)	(384)	(4,439)
Amortization of deferred leasing costs	(2,792)	(105)	(2,897)
SEGMENT INCOME	$ 26,787	$ 1,924	$ 28,711
SEGMENT ASSETS	$ 751,221	$ 60,118	$ 811,339
CAPITAL EXPENDITURES			
Investment in rental properties	$ (3,987)	$ (322)	$ (4,309)
Acquisition of rental property	(861)	-	(861)
Deferred leasing costs	(2,751)	(170)	(2,921)
TOTAL CAPITAL EXPENDITURES	$ (7,599)	$ (492)	$ (8,091)

Division of DRC **For the Nine Months Ended September 30, 2002**	Canada	U.S.	Total
OPERATIONS			
Revenues	$ 100,219	$ 8,445	$ 108,664
Operating expenses	(49,156)	(4,529)	(53,685)
Depreciation of rental properties	(5,519)	(542)	(6,061)
Amortization of deferred leasing costs	(3,256)	(66)	(3,322)
SEGMENT INCOME	$ 42,288	$ 3,308	$ 45,596
CAPITAL EXPENDITURES			
Investment in rental properties	$ (10,474)	$ (471)	$ (10,945)
Acquisition of rental properties	(903)	-	(903)
Deferred leasing costs	(3,463)	(518)	(3,981)
TOTAL CAPITAL EXPENDITURES	$ (14,840)	$ (989)	$ (15,829)

Reconciliations of segmented operating results and assets to net income and total assets are as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30		
	2003	2002	2003		2002
	Dundee REIT Consolidated	Division of DRC Combined	Dundee REIT Consolidated	Division of DRC Combined	Division of DRC Combined
			July 1 to Sept. 30	January 1 to June 30	
NET INCOME					
Segment income	$ 16,295	$ 14,756	$ 16,295	$ 28,711	$ 45,596
Interest expense	(9,227)	(9,011)	(9,227)	(18,275)	(26,288)
General and administrative expenses	(994)	(1,715)	(994)	(3,339)	(4,665)
Interest and fee income, net	190	260	190	656	711
Income taxes	18	(1,381)	18	(3,640)	(5,316)
NET INCOME	$ 6,282	$ 2,909	$ 6,282	$ 4,113	$ 10,038

	Dundee REIT Consolidated		Division of DRC Combined	
	September 30, 2003	June 30, 2003	June 30, 2003	December 31, 2002
ASSETS				
Segment assets	$ 810,918	$ 811,339	$ 811,339	$ 822,415
Deferred costs	36,120	34,802	34,802	31,725
Amounts receivable	6,459	6,172	5,866	5,582
Prepaid expenses	7,676	6,516	6,516	3,845
Cash and short-term deposits	8,459	4,681	4,681	5,644
TOTAL ASSETS	$ 869,632	$ 863,510	$ 863,204	$ 869,211

13. OTHER RELATED PARTY TRANSACTIONS AND ARRANGEMENTS

From time to time Dundee REIT and its subsidiaries enter into transactions with related parties that are conducted under normal commercial terms.

At September 30, 2003, Dundee REIT, Dundee Properties Limited Partnership ("DPLP"), an indirect subsidiary, and Dundee Management Limited Partnership ("DMLP"), an entity under joint control with DRC, were parties to the following arrangements:

Master Property Management Agreement

DPLP has entered into a property management agreement ("Management Agreement") with DMLP to provide customary property management services to DPLP. The Management Agreement also authorizes DMLP, subject to certain restrictions, to contract on behalf of DPLP with third parties for the provision of certain services as provided for in DMLP's annual operating plan. DMLP is entitled to be reimbursed by DPLP for its reasonable costs for such services. The Management Agreement provides for a base management fee of 3.5% of gross revenues generated from the managed properties, as well as construction fees, and leasing administration fees for services provided.

This Management Agreement also provides that DRC will pay a rent supplement to DPLP for a five-year period in the case of certain specified office and retail premises and a three-year period in the case of certain specified industrial premises. DRC will pay an amount equal to the difference between (i) the amount that is the "total net rent" less amortized leasing costs with respect to the specified premises plus the additional rents that would be payable with respect to such premises if such premises were leased pursuant to the applicable standard lease for each premises and (ii) the amount that is the actual base rent and additional rent received by DPLP for such premises, after deduction for amortization of leasing costs including, but not limited to, tenant inducements, landlords work, free rent and leasing commissions paid by DPLP to lease any such premises.

Administrative Services Agreement

Dundee REIT and certain subsidiaries have entered into an administrative services agreement ("Services Agreement") with DMLP whereby DMLP will provide certain administrative services to Dundee REIT and its subsidiaries. The Services Agreement provides for a broad range of management and general administrative services, certain asset management services and certain administrative and support services. The agreement provides for a fee sufficient to reimburse DMLP for the actual costs incurred and is not intended to have a profit component. In addition, DMLP will provide, for a fee, services related to property acquisition, property financing or refinancing and equity financing. DMLP has also entered into a similar administration and support services agreement with DRC to provide certain administration services to DRC and its subsidiaries ("DRC Services Agreement").

For the three months ended September 30, 2003, the portion of fees received from or paid to related parties under the above arrangements were as follows:

Fees Received		
Rent supplement, included in rental properties revenue	$	1,098
Fees received by Dundee REIT under the DRC Services Agreement,		
Services fees, netted against rental property operating expenses	$	113
Fees Paid		
Fees paid by Dundee REIT under the Management Agreement		
Management fees, included in rental property operating expenses	$	664
Construction fees, capitalized to the related assets	$	158
Lease administration fees, included in deferred leasing costs	$	97
Fees paid by Dundee REIT under the Services Agreement		
Acquisition and financing fees, capitalized to the related assets	$	107

Included in Amounts receivable is $950 relating to the above agreements. At June 30, 2003, Amounts receivable included a demand promissory note from DRC for $306 issued in exchange for 15,000 REIT Units, Series A. The demand promissory note was interest bearing at 5.05% and was repaid on August 29, 2003.

Included in Accrued liabilities and other payables is $545 relating to the above agreements. In addition, there is a non-interest bearing note to DRC in the amount of $1,760. This obligation was the result of certain cash balances included as part of the Transfer on June 30, 2003 and was repaid on November 6, 2003.

Substantially all of Dundee REIT's services are to be provided by DMLP and accordingly, Dundee REIT relies on DMLP to continue to provide such services.

14. COMMITMENTS AND CONTINGENCIES

Dundee REIT and its operating subsidiaries are contingently liable under guarantees that are issued in the normal course of business and with respect to litigation and claims that arise from time to time. In the opinion of management, any liability that may arise from such contingencies would not have a material adverse effect on the financial statements of Dundee REIT.

15. SUBSEQUENT EVENTS

On October 8, 2003, Dundee REIT announced that it entered into an agreement to acquire the Palladium Corporate Centre, an office complex located in Ottawa, Ontario, for a purchase price of approximately $37,200, subject to final adjustments and closing costs. The acquisition will be effected in two separate transactions. In the first transaction, the Trust acquired an interest in a second mortgage on the property for approximately $2,900. In the second transaction, the Trust will acquire 100% of the property and assume existing first mortgages having an aggregate principal amount of approximately $31,200. The second transaction is subject to further negotiation with the holder of the first mortgages and is expected to be completed by December 31, 2003.

On October 15, 2003:

- 16,631 REIT Units, Series A and 63,765 LP Class B Units, Series 1 were issued under the Distribution Reinvestment Plan; and
- 9,651 REIT Units, Series A were issued under the Unit Purchase Plan.

On October 29, 2003, Dundee REIT entered into an underwriting agreement whereby Dundee REIT raised gross proceeds of $56,420 on November 5, 2003 pursuant to a public offering (the "Offering") through the issuance of 2,600,000 REIT Units, Series A at a price of $21.70 per unit. Costs related to the Offering, including underwriters' fees, are estimated to be $4,821 and will be charged directly to Unitholders' equity. The net proceeds are intended to be used to repay certain indebtedness related to Dundee REIT's properties and for general purposes, including funding possible future acquisitions, including the acquisition of the Palladium Campus in Ottawa.

On November 13, 2003, the Trust announced it had entered into an agreement to acquire a 50% interest in the Telus Tower in Calgary, Alberta. The purchase price is approximately $68 million and is to be financed through the assumption of an existing mortgage and approximately $24 million in cash. The transaction is still subject to certain regulatory approvals and lender consent.