



## DUNDEE REIT POSTS 7% INCREASE IN Q4 COMPARATIVE NET OPERATING INCOME

*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, FEBRUARY 21, 2008 DUNDEE REIT (D.UN-TSX)** today posted strong financial results for the quarter and year ended December 31, 2007. Dundee REIT's management team will be holding a conference call to discuss the results on Friday, February 22 at 9:00 a.m. (ET). To access the conference call, please dial (416) 340-2220 in Toronto and overseas or 1-866-226-1798 elsewhere in Canada and the United States. A taped replay of the call will be available from February 22, 2008 at 11 a.m. (EST) to March 7, 2008 at 11:59 p.m. (EST). Please dial 416-695-5800 or 1-800-408-3053 and use passcode 3248788 to access the replay. The call will also be available via webcast at [www.dundeereit.com](http://www.dundeereit.com).

### FINANCIAL HIGHLIGHTS

- Q4 rental property revenues up 33% over Q4 2006 to \$42.9 million
- Q4 net operating income ("NOI") up 38% to \$26.5 million; comparative properties NOI up 7%
- Q4 funds from operations ("FFO") per unit up 3% to \$0.76
- Occupancy remains high at 96.7%
- Year-end weighted average interest rate lowered to 5.76%
- Interest coverage ratio of 2.51 times
- \$665.5 million in acquisitions completed in 2007
- Return of \$1.6 billion to unitholders through the sale of the Eastern Real Estate Portfolio to GE Real Estate ("GE") for \$2.3 billion

<b>SELECTED FINANCIAL INFORMATION</b> <small>(unaudited) (\$000's except unit and per unit amounts)</small>	Three Months Ended <b>Dec. 31, 2007</b>	Three Months Ended Sept. 30, 2007	Three Months Ended Dec. 31, 2006	Year Ended <b>Dec. 31, 2007</b>	Year Ended Dec. 31, 2006
Rental property revenues	<b>\$ 42,921</b>	\$ 40,464	\$ 32,242	<b>\$ 155,161</b>	\$ 102,389
Net operating income ("NOI") <sup>(1)</sup>	<b>26,456</b>	25,658	19,107	<b>97,679</b>	60,216
Funds from operations ("FFO") <sup>(2)</sup>	<b>16,127</b>	29,332	29,167	<b>114,539</b>	97,269
Adjusted funds from operations ("AFFO") <sup>(3)</sup>	<b>11,054</b>	22,079	22,954	<b>87,484</b>	75,402
Book value of rental properties	<b>1,004,198</b>	947,309	1,816,811		
Debt	<b>680,479</b>	595,173	1,153,794		
<b>Per unit data (basic)</b>					
FFO	<b>0.76</b>	0.77	0.74	<b>3.00</b>	2.82
AFFO	<b>0.52</b>	0.58	0.58	<b>2.29</b>	2.19
Distributions	<b>0.55</b>	0.55	0.55	<b>2.20</b>	2.20
<b>Units (period end)</b>					
REIT Units, Series A	<b>17,072,154</b>	17,027,880	34,854,553		
REIT Units, Series B	<b>476,316</b>	476,316	-		
LP Class B Units, Series 1	<b>3,315,349</b>	3,315,349	8,565,095		
Total number of units	<b>20,863,819</b>	20,819,545	43,419,648		
Occupied and committed space	<b>96.7%</b>	97.0%	96.4%		

"Over the last four years we have added considerable value to Dundee REIT," said Michael Cooper, Vice Chairman and Chief Executive Officer. "A significant part of this value was crystallized in 2007 with the return of \$1.6 billion to unitholders. Moving forward, we will continue to deploy our capital well, pursue strategic growth, benefit from our significant organic growth potential and once again create value."

## FINANCIAL HIGHLIGHTS

- **Rental properties NOI up 38% to \$26.5 million** – rental properties NOI increased by 38% over the prior year fourth quarter. Acquisitions were the primary driver behind this growth, contributing \$4.9 million for the three-month period.
- **Comparative properties NOI up 7%** – comparative NOI increased by 7% and 9% for the three- and twelve-month periods, respectively, driven by rising rental rates across the portfolio. For the three-month period, comparative office and industrial NOI increased by 6% and 8%, respectively, and for the 12-month period by 8% and 13%.
- **Funds from operations per unit grew by 3% to \$0.76** – on a per unit basis, FFO increased by 3% to \$0.76, primarily due to additional revenue generated by acquisitions as well as growth in rising rental rates. For the twelve-month period, FFO per unit increased 6% to \$3.00 from \$2.82.
- **Adjusted funds from operations per unit decreased by 10% to \$0.52** – for the quarter, AFFO per unit decreased to \$0.52 from \$0.58, largely due to the impact of the sale of the Eastern real estate portfolio. Improvements in AFFO for the twelve months to \$2.29 from \$2.19 reflect the impact of acquisitions and the benefits of effectively managing leasing and capital costs.
- **Reinstatement of Distribution Reinvestment Plan (“DRIP”)** – in connection with the sale of our Eastern real estate portfolio, the DRIP was suspended in June 2007. Starting with the January 2008 distribution, payable on February 15, 2008, the DRIP has been reinstated.
- **Reorganization of the Trust and qualification under “REIT Exception”** – as of January 1, 2008, the Trust has satisfied certain specified conditions (“REIT Exception”) and will not be subject to the specified investment flow-through trust (“SIFT”) Rules and the Normal Growth Guidelines.

## OPERATIONAL HIGHLIGHTS

- **Portfolio occupancy remains strong at 96.7%** – the overall percentage of occupied and committed space remains strong at 96.7% and the average in-place net rent increased by more than one-third to \$13.49 per square foot. “The fundamentals in our portfolio remain very strong. Our properties are well occupied and we continue to secure large rent increases as leases expire.” said Michael Knowlton, President and Chief Operating Officer.

	Occupancy		Average In-place Net Rent (per sq. ft.)	
	Dec. 31, 2007	Dec. 31, 2006	Dec. 31, 2007	Dec. 31, 2006
Office	96.7%	97.0%	\$ 16.30	\$ 13.67
Industrial	96.7%	95.6%	6.71	5.47
Total	96.7%	96.4%	13.49	10.00

## ACQUISITION AND DISPOSITION HIGHLIGHTS

During the fourth quarter of 2007, Dundee REIT acquired two properties for \$52.5 million, adding 149,000 square feet to its portfolio. Throughout 2007, the Trust completed \$665.5 million of acquisitions, including \$296.4 million of assets in Western Canada, that are part of the Trust’s ongoing portfolio.

2007 Acquisitions	Property Type	Interest Acquired	GLA (sq.ft.)	Occupancy on Acquisition	Purchase Price (\$000’s)	Date Acquired
30 and 55 St. Clair Avenue West, Toronto *	Office	100%	426,000	96%	\$ 110,798	January 9, 2007
625 Agnes Street, New Westminster	Office	100%	83,000	88%	14,587	January 24, 2007
Aspen Portfolio, Calgary	Office	100%	543,000	99%	172,130	March 13, 2007
HCI Portfolio, Vaughan, Burlington and Mississauga *	Industrial	100%	2,100,000	98%	237,721	May 1, 2007
501 Applewood Crescent, Vaughan *	Industrial	100%	76,000	100%	6,787	May 1, 2007
154 University Avenue, Toronto *	Office	100%	67,000	100%	13,784	May 10, 2007
4400 Dominion Street, Burnaby	Office	100%	91,000	93%	18,637	June 27, 2007
Airport Corporate Centre, Calgary	Office	100%	148,000	100%	38,207	July 6, 2007
Development property, Yellowknife	Office	100%	-	-	366	August 30, 2007
435 4 <sup>th</sup> Avenue, Calgary	Office	100%	89,000	100%	35,735	October 9, 2007
960 Quayside Drive, New Westminster	Office	100%	60,000	95%	16,726	November 29, 2007
<b>Total</b>			<b>3,683,000</b>	<b>98%</b>	<b>\$ 665,478</b>	

\* Sold to GE

Acquisitions completed during 2006 and 2007 have increased NOI by approximately \$4.9 million for the three-month period and \$26.6 million for the twelve-month period.

During the third quarter, Dundee REIT sold a 16.5 million square foot portfolio of properties located primarily in Ontario, Québec and Newfoundland (the “Eastern Portfolio”) to GE for a total purchase price of approximately \$2.3 billion, including the assumption of liabilities by GE relating to the Eastern Portfolio. The Trust’s operating portfolio now comprises office and industrial properties located primarily in Western Canada.

#### Acquisitions subsequent to year-end

Subsequent to year-end, the Trust acquired the AIR MILES Tower, a 322,000 square foot office building located in downtown Toronto for approximately \$92.4 million.

### **CAPITAL INITIATIVES**

- **\$1.6 billion returned to unitholders; reduction in units outstanding** – On closing of the sale of the Eastern Portfolio to GE, Dundee REIT received cash proceeds of approximately \$1.48 billion, all of which were used to redeem approximately 29.9 million outstanding units for \$47.50 per unit. In addition, GE invested \$165 million and purchased approximately 3.5 million outstanding units at a purchase price of \$47.50 per unit, giving GE an approximate 16% equity interest in Dundee REIT. As a result, a total of 33.4 million issued and outstanding REIT units were acquired, representing approximately 66% of the voting units of the Trust that were then issued and outstanding.
- **New equity issues** – On March 12, 2007, the Trust completed a public offering of 3,700,000 REIT Units, Series A at a price of \$40.75 per unit for gross proceeds of \$150.8 million. On March 29, 2007, the Trust issued an additional 495,000 REIT Units, Series A pursuant to the exercise of an over-allotment option for gross proceeds of approximately \$20.2 million, increasing the total gross proceeds of the offering to approximately \$170.9 million. The proceeds from the offering were used to fund acquisitions.
- **Convertible debenture issues** – On January 14, 2008, Dundee REIT completed the public offering of \$125.0 million principal amount of convertible unsecured subordinated debentures with a coupon rate of 6.0% per annum due December 31, 2014. The net proceeds of this offering were approximately \$119.5 million (after deducting underwriters’ fees and expenses of the offering). The net proceeds of the offering will be used for general trust purposes, including for funding possible future acquisitions.
- **Conversion of debentures** – During the year, the Trust issued 2,739,923 REIT Units, Series A upon the conversion of \$78.1 million of the principal amount of 6.5% and 5.7% debentures. Subsequent to year-end, an additional 7,178 REIT Units, Series A were issued upon the conversion of \$0.2 million of the principal amounts of 6.5% and 5.7% debentures.
- **Debt** – During the fourth quarter, the Trust entered into \$155 million of new mortgage financing at an average interest rate of 5.5%, lowering its overall weighted average interest rate to 5.76% (December 31, 2006 – 5.95%). The interest coverage ratio climbed to 2.51 times (December 31, 2006 – 2.46 times), reflecting the Trust’s ability to cover interest expense requirements. After factoring the convertible debenture, the Trust enters 2008 with \$160 million of cash, \$16.4 million of variable rate debt exposure and only \$19.3 million of debt maturities.

Information appearing in this news release is a select summary of results. The financial statements and management’s discussion and analysis for the Trust, as well as its Supplementary Information Package are available at [www.dundeereit.com](http://www.dundeereit.com) and on [www.sedar.com](http://www.sedar.com).

Dundee REIT is an unincorporated, open-ended real estate investment trust and provides high quality, affordable business premises. It is focused on owning, acquiring, leasing and managing mid-sized urban and suburban office and industrial properties in Canada. Dundee REIT’s portfolio currently consists of approximately 7.0 million square feet of gross leasable area, located primarily in Western Canada. Dundee REIT’s portfolio is well diversified by geographic location and tenant mix. For more information, please visit [www.dundeereit.com](http://www.dundeereit.com).

## FOOTNOTES

- (1) NOI – rental property operating revenue less rental property operating expenses excluding redevelopment properties and discontinued operations.
- (2) FFO - net income, adjusted for future income tax, depreciation and amortization, gain (loss) on sale, internalization of property manager, non-controlling interest and other amortization from continuing and discontinued operations.
- (3) AFFO – distributable income (as defined in Dundee REIT's Declaration of Trust) adjusted for the Trust's estimates of normalized leasing costs and normalized non-recoverable recurring capital expenditures.

NOI, FFO and AFFO 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 or income trusts.

*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, that 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](http://www.dundeereit.com).*

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