



## DUNDEE REIT COMPLETES CALGARY PORTFOLIO ACQUISITION

*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, JUNE 15, 2006, DUNDEE REIT (D.UN – TSX)** announced today that it has completed the acquisition of a six building, 822,040 square foot office portfolio in downtown and suburban Calgary. The total purchase price for the portfolio was approximately \$218.3 million after closing costs and is expected to generate an unlevered return of 7.3% in the first year, after taking into account the income supplement mentioned below and management fees generated by the portfolio. The acquisition was funded, in part, through the recently completed equity offering as well as the assumption of approximately \$23.4 million of mortgage debt and \$100.0 million of new financing at an average interest rate of 5.43%.

The portfolio houses 121 tenants, and includes Alberta Infrastructure, AltaLink, Hatch Acres, SNC Lavalin, Industrial Alliance, Telus and Calgary Health Region as major tenants. The ten largest tenants, which range between 18,000 and 59,000 square feet, occupy over 40% of the space. The overall occupancy rate of the portfolio is approximately 97%. The average remaining lease term across the portfolio is 4.5 years and the average in-place net rent is \$15.47. The portfolio is also subject to a rent supplement from the vendors for a one-year term in the amount of \$1.4 million.

	Location	GLA	Year Built/ Renovated	Occupancy
McFarlane Tower	Downtown	236,277	1979/2003	99%
840 – 7 <sup>th</sup> Avenue	Downtown	259,192	1979/2001	98%
AltaLink Place	Downtown	76,755	1979/2002	100%
Mount Royal Place	Beltline	56,399	1979/2004	100%
Franklin Atrium	Suburban	142,656	1981	90%
Franklin Building	Suburban	50,761	1978/2001	100%
		822,040		97%

One of the attractions of this transaction is the lease maturity profile, as one third of the leases expire over the next four years. “With rental rates at an all time high and in-place rents well below current market levels, we anticipate considerable upside over the longer term,” said Michael Knowlton, President and Chief Operating Officer.

Lease maturity profile of the acquired assets:

	Current Vacancy	2006	2007	2008	2009	2010 and thereafter	Total
Square Feet	22,114	47,618	88,183	65,063	65,555	533,507	822,040
Percentage	2.7%	5.8%	10.7%	7.9%	8.0%	64.9%	100.0%

Average expiring rents across the portfolio:

	2006	2007	2008	2009	2010 and thereafter
Portfolio Average	\$15.69	\$12.37	\$12.54	\$12.46	\$16.69

“Aside from the obvious benefit of acquiring properties in the hottest real estate market in Canada, this transaction helps us to further grow our office segment. Since the end of March, we have added over 1.5 million square feet of office space to our portfolio,” said Michael Cooper, Chief Executive Officer of Dundee REIT. To date in 2006, Dundee REIT has completed \$408.6 million of acquisitions and has an additional \$73.1 million under contract.

In line with its strategy to exit the retail segment, at the beginning of June Dundee REIT completed the sale of 50% of Greenbriar Mall, a 795,390 square foot mall in Atlanta, Georgia for approximately \$16.0 million. Dundee REIT has also entered into an agreement to sell its only other retail property,

Kameyosek Shopping Centre in Edmonton. This sale is expected to close by the end of the second quarter of 2006.

With the closing of all these transactions, Dundee REIT anticipates its portfolio in Alberta and Western Canada will generate approximately 37% of total net operating income and its office portfolio will generate approximately 74% of total net operating income.

	Owned Gross Leasable Area (square feet)						
	June 15, 2006					March 31, 2006	
	Office <sup>(1)</sup>	Industrial	Retail	Total	%	Total	%
Québec	1,827,301	3,335,982	-	5,163,283	29	5,086,205	31
National Capital Region	1,600,439	-	-	1,600,439	9	1,600,439	10
Toronto Region	2,726,979	2,380,126	-	5,107,105	29	4,965,094	30
Alberta	2,052,170	2,372,972	46,143	4,471,285	26	3,576,682	22
Western Canada	914,145	-	-	914,145	5	275,047	2
Total Canada	9,121,034	8,089,080	46,143	17,256,257	98	15,503,467	95
United States	-	-	397,695	397,695	2	795,390	5
<b>Total</b>	<b>9,121,034</b>	<b>8,089,080</b>	<b>443,838</b>	<b>17,653,952</b>	<b>100</b>	<b>16,298,857</b>	<b>100</b>
Percentage	52%	46%	2%			100%	

(1) Excludes properties under redevelopment

Aside from the revenue property transactions discussed above, Dundee REIT has also entered into a strategic joint venture with Urbacon Investments Limited to develop prestige industrial and office properties in major Canadian markets. This joint venture constitutes a new pipeline of properties for Dundee REIT, as it has the first option to buy any of the properties developed by the joint venture at a price below market value. To date, Dundee REIT has provided \$5.9 million in mezzanine financing for the development of a parcel of land north of Toronto.

Dundee REIT is an unincorporated, open-ended real estate investment trust and is Canada's leading provider of high quality, affordable office premises. It is focused on owning, acquiring, leasing and managing mid-sized urban and suburban office and industrial properties in Canada. Dundee REIT's diversified portfolio consists of approximately 17.8 million square feet of gross leasable area, located primarily in its target markets of Toronto, Ottawa, Montréal, Calgary and Edmonton. 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).

*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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