



## DUNDEE REIT POSTS 41% INCREASE IN Q3 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, NOVEMBER 9, 2006 DUNDEE REIT (D.UN-TSX)** today posted strong financial results for the quarter ended September 30, 2006. Dundee REIT's management team will be holding a conference call to discuss the results today at 4:00 p.m. (ET). To access the conference call, please dial (416) 695-5259 in Toronto and overseas or 1-888-789-0089 elsewhere in Canada and the United States. A taped replay of the call will be available from November 9, 2006 at 6:00 p.m. (ET) to November 16, 2006 at 11:59 p.m. (ET). Please dial 416-695-5275 or 1-888-509-0081 and use passcode 632650 to access the replay. The call will also be available via webcast at [www.dundeereit.com](http://www.dundeereit.com).

### FINANCIAL HIGHLIGHTS

- Q3 rental property revenues up 34% over Q3 2005 to \$76.8 million
- Q3 comparative properties net operating income ("NOI") up 3% to 25.7 million, total NOI up 41%
- Q3 funds from operations ("FFO") up 57% to \$26.9 million, FFO per unit up 9% to \$0.74
- Occupancy increased to 96.2%
- Debt-to-gross book value down to 56.0% (50.0% assuming conversion of all debentures)
- Weighted average interest rate lowered to 5.96%
- \$77.9 million in acquisitions closed in Q3
- Market capitalization of \$1.3 billion

<b>SELECTED FINANCIAL INFORMATION</b> (unaudited) (\$000's except unit and per unit amounts)	<b>Three Months Ended Sept. 30, 2006</b>	<b>Three Months Ended June 30, 2006</b>	<b>Three Months Ended Sept. 30, 2005</b>	<b>Nine Months Ended Sept. 30, 2006</b>	<b>Nine Months Ended Sept. 30, 2005</b>
Rental property revenues	\$ 76,778	\$ 66,051	\$ 57,385	\$ 205,799	\$ 160,224
Net operating income ("NOI") <sup>(1)</sup>	45,398	38,307	32,169	118,608	88,238
Funds from operations ("FFO") <sup>(2)</sup>	26,890	21,929	17,181	68,101	48,491
Net income (loss)	6,823	(6,746)	2,223	3,266	9,324
Distributable income ("DI") <sup>(3)</sup>	23,869	20,499	15,990	62,350	43,883
Book value of rental properties	1,725,611	1,675,869	1,282,168		
Debt	1,187,380	1,161,923	936,236		
Debt-to-gross book value	56.0%	56.7%	61.7%		
<b>Per unit data (basic)</b>					
FFO	0.74	0.67	0.68	2.08	1.93
Net income (loss)	0.19	(0.23)	0.13	0.12	0.55
Distributable income	0.66	0.63	0.63	1.91	1.75
Distributions	0.55	0.55	0.55	1.65	1.65
<b>Units (period end)</b>					
REIT Units, Series A outstanding	28,964,094	27,136,213	17,204,683		
LP Class B Units, Series 1 outstanding	8,834,204	8,825,453	8,337,365		
Total number of units outstanding	37,798,298	35,961,666	25,542,048		
Occupied and committed space	96.2%	95.9%	96.1%		

"The third quarter marks another milestone in our growth. With the accretive benefit of acquisitions and comparative property growth, our funds from operations have reached an all-time high of \$0.74 per unit, further improving the sustainability of our distributions. And with five quarters of increasing financial performance, our unit price has risen by 29% since June 30, 2006, as investors are starting to recognize that we are executing our strategy and producing the desired results," said Michael Cooper, Vice Chairman and Chief Executive Officer.

The Trust reported total NOI of \$45.4 million for the third quarter, up 41% largely as a result of additional revenue generated by acquisitions and a strong performance by our office portfolio nationally. NOI from comparative properties is up by 3% to \$25.7 million, reflecting occupancy growth as well as some improvement in rental rates.

As a result of the growth in the Trust's office portfolio, net operating income from office assets was \$34.5 million, a 49% increase over Q3 2005, and now represents approximately 76% of the total NOI. The NOI from the industrial portfolio was \$10.9 million, representing a 21% increase over the comparative period.

FFO was \$26.9 million, a 57% improvement fuelled by the contribution from acquisitions, improved occupancy and a reduction in the weighted average interest rate. On a per unit basis, FFO increased by 9% to \$0.74 (2005 - \$0.68).

Participation in the Distribution Reinvestment Plan ("DRIP") remains high. At September 30, 2006, approximately 30% of the total units outstanding were enrolled in the DRIP, including 8% of REIT Units, Series A and 100% of LP Class B Units, Series 1. For the nine-month period, the Trust's cash distribution payout ratio was 68%.

## OPERATIONAL HIGHLIGHTS

- **Portfolio occupancy remains strong at 96.2%** - the overall percentage of occupied and committed space was 96.2% and the average in-place net rent increased to \$9.71 per square foot.

	Occupancy			Average In-place Net Rent (per sq. ft.)		
	Sept. 30, 2006	Dec. 31, 2005	Sept. 30, 2005	Sept. 30, 2006	Dec. 31, 2005	Sept. 30, 2005
Office	<b>96.4%</b>	96.3%	95.5%	<b>\$ 13.42</b>	\$ 13.58	\$ 13.72
Industrial	<b>95.9%</b>	96.2%	97.0%	<b>5.40</b>	5.24	5.16
Total	<b>96.2%</b>	96.3%	96.3%	<b>9.71</b>	9.36	9.29

## ACQUISITION HIGHLIGHTS

During the third quarter the Trust completed \$77.9 million of acquisitions, totalling 0.7 million square feet. In addition to revenue properties, acquisitions included three parcels of land for future development in Toronto, Edmonton and Surrey. Year-to-date, the Trust has completed \$494.9 million of acquisitions, adding 2.9 million square feet to its portfolio. The acquisitions completed during the third quarter have an average capitalization rate of 9.2% and an average lease term of 7.0 years. In addition, the Trust has entered into various agreements to acquire approximately 0.4 million square feet of properties for approximately \$77.8 million.

Q3 2006 Acquisitions	Property Type	Interest Acquired	GLA (sq.ft.)	Occupancy on Acquisition	Purchase Price (\$000's)	Date Acquired
Tullamore Business Park, Brampton	land	60%	-	-	\$ 3,224	July 4, 2006
Victoria Tower, Regina	office	100%	144,164	100%	17,815	July 21, 2006
100 Legacy Road, Ottawa	industrial	100%	103,379	100%	8,906	August 1, 2006
10079 Jasper Avenue, Edmonton	land	10%	-	-	310	August 4, 2006
Aviva Corporate Centre, Toronto	office/industrial	100%	436,803	100%	43,961	September 13, 2006
Station Tower Lands, Surrey	land	100%	-	-	3,728	September 21, 2006
<b>Total</b>			<b>684,346</b>	<b>100%</b>	<b>\$ 77,944</b>	

## CAPITAL INITIATIVES

- **Debt** – Dundee REIT's debt renewals and new debt placed in the third quarter resulted in a further reduction of the weighted average interest rate by 7 basis points to 5.96% from 6.03% at June 30, 2006 (December 31, 2005 – 6.16%; September 30, 2005 – 6.17%). The Trust's debt-to-gross book value decreased to 56.0% (December 31, 2005 - 59.3%; September 30, 2005 – 61.7%). The assumed conversion of all 6.5% and 5.7% Debentures would decrease the debt-to-gross book value to 50.0%.

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.dundereit.com](http://www.dundereit.com) and on [www.sedar.com](http://www.sedar.com).

Dundee REIT is an unincorporated, open-ended real estate investment trust and is Canada's leading provider of 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's portfolio consists of approximately 18.4 million square feet of gross leasable area, located primarily in its target markets of Toronto, Ottawa, Montréal, Calgary and Edmonton. Its portfolio is well diversified by geographic location and tenant mix. For more information, please visit [www.dundereit.com](http://www.dundereit.com).

## FOOTNOTES

- (1) NOI – rental property operating revenue less rental property operating expenses.
- (2) FFO - net income, adjusted for future income tax, depreciation and amortization, gain (loss) on sale, provision for impairment in value of rental property, internalization of property manager, non-controlling interest, dilution gain and other amortization.
- (3) Distributable income is defined in our Declaration of Trust.

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.

*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.dundereit.com](http://www.dundereit.com).*

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For further information, please contact:

Michael J. Cooper  
Vice Chairman and  
Chief Executive Officer  
(416) 365-5145  
[mcooper@dundereit.com](mailto:mcooper@dundereit.com)

J. Michael Knowlton  
President and  
Chief Operating Officer  
(416) 365-2325  
[mknowlton@dundereit.com](mailto:mknowlton@dundereit.com)

Mario Barrafato  
Senior Vice-President and  
Chief Financial Officer  
(416) 365-4132  
[mbarrafato@dundereit.com](mailto:mbarrafato@dundereit.com)