DUNDEE REIT DECEMBER 31, 2004 FINANCIAL RESULTS

Toronto, February 21, 2005 DUNDEE REIT (D.UN-TSX) today reported strong financial results for the year ended, December 31, 2004.

- **Q4 revenue up 30% to $50.1 million**
- **Q4 net operating income up 34% to $26.3 million**
- **Q4 funds from operations up 30% to $14.2 million, including the impact of $0.9 million in one-time charges**
- **Year end occupancy rises to 94.5%**
- **Year end debt-to-gross book value 55.2% (49.2% excluding convertible debenture)**
- **$273 million in acquisitions completed in 2004**
- **$111.2 million in acquisitions completed or under contract in 2005, average cap rate approximately 9.1%**
- **Only 5% of debt subject to renewal in 2005**

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 today, Monday, February 21, 2005 at 3:00 p.m. (ET). To access the conference call, please dial 416-641-6652 in Toronto and Overseas or 1-800-470-5906 elsewhere in Canada and the United States. A taped replay of the call will be available from February 21, 2005 at 5:00 p.m. (ET) to February 28, 2005 at 11:59 p.m. (ET). Please dial 416-626-4100 and enter passcode 21233166 to access the replay.

SELECTED FINANCIAL INFORMATION	**Twelve Months Ended December 31,**		**Three Months Ended December 31,**	
(unaudited) (000's except per unit amounts)	**2004**	**2003**	**2004**	**2003**
Rental property revenues	$ 187,180	$ 143,235	$ 50,098	$ 38,545
Net operating income ("NOI") (1)	101,873	72,053	26,267	19,590
Funds from operations ("FFO") (2)	59,153	34,274	14,205	10,911
FFO excluding straight-line rent	54,889	34,274	13,316	10,911
Net income	4,353	11,295	3,027	3,574
Distributable income (3)	52,072	21,310	12,542	10,851
Book value of rental properties	1,057,231	915,050		
Debt	693,155	579,168		
Debt-to-gross book value	55.2%	55.9%		
Per unit data				
FFO	2.50		0.58	0.59
FFO (excluding straight-line rent)	2.32		0.54	0.59
Net income	0.27		0.18	0.32
Distributable income	2.20		0.51	0.59
Distributions	2.20		0.55	0.55
Units				
REIT Units, Series A outstanding			16,820	12,094
LP Class B Units, Series 1 outstanding			7,924	7,211
Total number of units outstanding			24,744	19,305
Occupancy rate			94.5%	92.7%

"2004 was a great year for Dundee REIT in many respects," said Michael Cooper, President and CEO. "We acquired $273 million of high quality properties that, together with acquisitions late in 2003, contributed $27 million to our net operating income for the year. A significant proportion of our debt was renewed, resulting in a lower average interest rate, an extension of our average term to maturity and only 5% of our debt maturing within the next year compared to 27% a year ago. The markets remain challenging but we do anticipate some improvements and we are excited about the year ahead."

FINANCIAL HIGHLIGHTS

In 2004, Dundee REIT acquired $273 million of high quality office, industrial and flex space properties comprising 2.1 million square feet. The impact of these acquisitions, together with those completed late in 2003, contributed to the approximate 30% increase in revenue for both the three- and twelve-month periods. Net operating income increased by 34% to $26.3 million in the quarter and 41% to $101.9 million for the twelve-month period. Acquisitions were the primary driver behind this growth, contributing $8.2 million and $27.2 million for the three- and twelve-month periods. In addition, the rent supplement and the adoption of the straight-line method of rental revenue recognition contributed $1.6 million in the fourth quarter.

NOI from comparative properties decreased by 5% or $0.9 million in the quarter. Approximately 45% or $0.4 million of this decrease is the result of one-time prior year recovery adjustments. The remaining $0.5 million is primarily the result of a decrease in occupancy in the Québec office portfolio, the drop in the U.S. exchange rate impacting the results from our U.S. retail property together with the short-term impact of free rent tenant inducement periods. Comparative NOI should improve once the free rent periods conclude and tenants begin paying cash rent. Portfolio occupancy improved at year-end and, coupled with leasing activity completed in 2005, management anticipates results to further improve in 2005.

Funds from operations ("FFO") grew by 30% to $14.2 million in the fourth quarter, largely as a result of acquisitions as well as improved occupancy rates in the Western Canada office portfolio. Comparable FFO, excluding the impact of straight-line rent, increased 22% to $13.3 million. On a per unit basis, FFO in the fourth quarter was $0.58 (excluding straight-line rent - $0.54), a slight decline over the comparative quarter mainly due to the impact of a one-time charge for Deferred Trust Units relating to a permanent reduction in overhead as well as the various items referenced above that had an impact on NOI.

During the fourth quarter, the Trusts' debt-to-gross book value ratio was 55.2%, at the very low end of its target range of 55-60% debt. Maintaining such a low level of debt and high cash balances impacted performance. Had the Trust been able to invest its cash, through acquisitions, and maintain a debt level in the middle of the range rather than the bottom end, both FFO and distributable income would have improved. The Trust intends to acquire more property in 2005 and increase its debt ratio in order to improve FFO for unitholders.

Distribution Reinvestment and Unit Purchase Plan ("DRIP") enrolment is high – Dundee REIT benefits from a significant participation rate in its DRIP, with 39% of the total units outstanding enrolled at year end. Distributions declared in the quarter totalled $13.5 million. Of this amount, $5.2 million was reinvested in additional units of Dundee REIT. "Our high reinvestment-to-cash payout ratio allows us to retain a significant amount of cash, which can then be used for acquisitions," commented Mr. Cooper.

Taxation of Distributions – 48% of distributions paid to Unitholders in respect of the tax year ending December 31, 2004 are tax deferred. Management estimates that 55% of the distributions to be made by the REIT in 2005 will be tax deferred.

• PORTFOLIO

Portfolio occupancy rises 1.8% to 94.5% and average in-place net rents rise – During the fourth quarter Dundee REIT recorded a net increase in occupied space of 32,000 square feet. Leases representing approximately 1,073,000 square feet expired or were terminated during the quarter and approximately 1,114,000 square feet of new leases or renewals were completed. A net increase in occupied space of 32,000 square feet was recorded. The overall weighted average percentage of occupied and committed space across the Trust's office portfolio increased to 93.6% (December 31, 2003 – 92.4%), the industrial portfolio to 95.2% (December 31, 2003 – 93.1%), and retail to 93.3% (December 31, 2003 – 92.5%). At year-end, average in-place rents in the Trust's office and industrial portfolios rose to $14.35 and $5.78 per square foot, respectively (December 31, 2003 - $13.11 and $4.71, respectively).

"We are starting 2005 with solid occupancy rates and a growing portfolio that gets stronger with each acquisition we complete," said Mr. Cooper. Throughout 2005, approximately 1.6 million square feet or 12% of leases will mature.

OPERATIONAL HIGHLIGHTS

2004 Acquisition Activity

During the year, Dundee REIT completed $273 million of acquisitions comprising approximately 2.1 million square feet. These properties are all of extremely high quality and have low normalized leasing and maintenance capital expenditure requirements. The acquisitions 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 increasing the average term to maturity of the REIT's debt.

	Property Type	Interest Acquired	Acquired GLA (sq. ft.)	Year end Occupancy	Purchase Price ($000's)	Date Acquired
Pauls Portfolio, Toronto and Calgary	Office/ Flex Industrial	100%	1,598,000	98%	$ 169,500	February 19, 2004
222-230 Queen Street, Ottawa (1)	Office	16.4%	34,000	100%	$ 6,000	January 1 and March 1, 2004
720 Bay, Toronto	Office	50%	124,000	100%	$ 26,000	May 5, 2004
Geo-X Building, Calgary	Flex Industrial	100%	36,000	100%	$ 6,600	May 12, 2004
Montréal Portfolio, Montreal	Office	100%	323,000	100%	$ 64,600	June 21, 2004
TOTAL			2,115,000		$ 272,700	

(1) Represents purchase of balance of the property.

2005 Acquisition Activity

Altogether, acquisitions completed or under contract in 2005 include 811,000 square feet of well leased office buildings and 222,000 square feet of industrial properties with an average lease term of 4.8 years. The combined capitalization rate of these assets, excluding 2280 Alfred-Nobel, is 9.1%. Approximately 48% of the space is leased to the government or government agencies. In addition, for the first time, Dundee REIT has acquired a vacant building: 2280 Alfred-Nobel Blvd, Montréal. This is an 86,000 square foot, three year old, high quality vacant office building located within Technoparc Saint-Laurent, where the Trust acquired a 323,000 square foot portfolio last year for $64.6 million, or $180 per square foot. This building is being acquired for $64 per square foot and will increase the Trust's portfolio within Technoparc Saint-Laurent by 25%. The Trust believes that, given their presence in the area and the desirability of this asset, they should be able to lease the building and receive a very attractive return.

ACQUIRED IN 2005	Property Type	Interest	Acquired GLA (sq. ft.)	Occupancy	Purchase Price ($000's)	Date Acquired
2599 Speakman Drive, Mississauga	Office	100%	114,000	100%	$ 9,300	January 13, 2005
1219 Corporate Drive, Burlington	Industrial	100%	103,000	100%	$ 6,400	January 31, 2005
UNDER CONTRACT						
204 King Street East, Toronto	Office	100%	134,000	100%	$ 20,000	
2580 Avenue Dollard, Montréal	Industrial	100%	90,000	100%	$ 4,300	
1000 St. Jean, Montréal	Office	100%	112,000	98%	$ 15,000	
2280 Alfred-Nobel Blvd., Montréal	Office	100%	86,000	0%	$ 5,200	
EPCOR Centre, Edmonton (1)	Office	10%	19,000	100%	$ 1,500	
2465 St. Laurent Blvd., Ottawa	Office	100%	62,000	100%	$ 8,300	
400 Cooper Street, Ottawa	Office	100%	175,000	92%	$ 26,000	
56 Wellesley St. W., Toronto (1)	Office	50%	108,000	100%	$ 13,600	
120 Valleywood Dr., Markham (1)	Industrial	50%	30,000	100%	$ 1,600	
			1,033,000		$ 111,200	

(1) Represents purchase of the balance of the property

Each of the properties described above are located in the Trust's target markets, are in close proximity to assets already owned by the Trust and further enhance rental income stability. Mr. Cooper went on to say, "we are very pleased with our opportunities to grow this year. With two acquisitions already completed, another $95.5 million under contract and a healthy pipeline of other acquisitions, we hope acquisition activity in 2005 will exceed that accomplished in 2004 and further improve our portfolio."

Disposition Activity

An important component of our strategy includes the continuous and active analysis of the performance of our properties - identifying strengths and weaknesses of individual properties and our portfolio as a whole and identifying properties for capital improvements or properties for disposal that no longer fit with our investment strategy.

DISPOSITIONS	Property Type	Interest Sold	GLA (sq. ft.)	Gross Proceeds ($000's)	Date Sold
Centennial Mall, Brampton	Retail	50%	89,000	$ 6,000	February 11, 2004
6500 Kitimat Road, Mississauga	Industrial	100%	60,000	$ 5,200	June 30, 2004
2000 rue Halpern, Montréal	Industrial	20%	105,000	$ 3,400	July 22, 2004
Northgate Mall, Regina	Retail	100%	331,000	$ 44,800	December 13, 2004
2301-2311 Royal Windsor Drive, Mississauga	Industrial	25%	51,000	$ 2,300	January 14, 2005
			636,000	$ 61,700	

CAPITAL INITIATIVES

- **Debt** – Dundee REIT completed a significant amount of debt renewals in 2004 resulting in a reduction of the weighted average interest rate to 6.62% as at December 31, 2004 (December 31, 2003 – 6.93%) and a longer weighted average term to maturity of 65 months (2003 – 54 months). At December 31, 2004, the proportion of the Trust's debt maturing within one year was reduced considerably to 4.7% from 26.7% the prior year. Dundee REIT has historically maintained a very conservative debt ratio, with a current debt-to-gross book value of 55.2%, or 49.2% excluding the convertible debenture. Given the Trust's target level of debt of between 55-60%, Dundee REIT has the capacity to acquire up to approximately $150 million of properties.
- **Convertible Unsecured Debenture Issue** - On June 21, 2004, the Trust completed a public offering of $75.0 million principal amount of convertible unsecured debentures (the "Debentures"). The Debentures bear interest at 6.5% per annum, payable semi-annually on June 30th and December 31st each year, and mature on June 30, 2014. The Debentures are convertible into 40 REIT Units, Series A per $1,000 of face value, representing a conversion price of $25.00 per unit. On or after June 30, 2008, but prior to June 30, 2010, the Debentures may be redeemed at par plus accrued and unpaid interest, provided that the market price for the Trust's units is not less than $31.25.
- **New equity issue** – On February 19, 2004, the Trust completed a public offering of 4,537,000 REIT Units, Series A at $24.25 per Unit for gross proceeds of $110.0 million, including $10.0 million arising from the exercise of the over-allotment option by the underwriters.

ACCOUNTING POLICY CHANGE

The Canadian Institute of Chartered Accountants recently issued EIC-151 dealing with the accounting for exchangeable securities issued by subsidiaries of income trusts. EIC-151 provides that specific conditions must be met in order to include exchangeable securities issued by subsidiaries of income trusts as part of unitholders' equity. If the specific conditions are not met, the exchangeable securities must be presented as non-controlling interest or debt, depending on the circumstances. EIC-151 must be applied retroactively, with restatement of prior periods.

Notwithstanding that Dundee REIT's exchangeable shares have substantially the same rights as the Trust's units in terms of distributions, voting rights and residual equity, the exchangeable shares do not meet the specific conditions contained in EIC-151 for classification as equity. As a result, Dundee REIT has reclassified its exchangeable shares of $148.3 million from equity to non-controlling interest, which is neither debt nor equity. This change in accounting policy was applied retroactively. Accordingly, as at December 31, 2003, unitholders' equity was reduced by $144.9 million. This change in accounting policy had no impact on Dundee REIT's liquidity position, distributable income or key performance indicators.

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 and www.sedar.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 13.2 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.

FOOTNOTES

(1) NOI - revenue less operating expenses.

(2) FFO - net income, adjusted for future income tax, depreciation and amortization, and gain (loss) on sale, dilution gain and provision for impairment 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.

- 30 -

For further information, please contact:

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

J. Michael Knowlton
Executive Vice-President and Chief Financial Officer
(416) 365-2325
mknowlton@dundeereit.com