



DUNDEE REIT COMPLETES ACQUISITION OF 1.6 MILLION SQUARE FOOT PORTFOLIO

FOR IMMEDIATE RELEASE

Toronto, February 23, 2004, DUNDEE REAL ESTATE INVESTMENT TRUST (D.UN – TSX) announced today that it has completed its acquisition of 1.525 million square feet of newly constructed office, industrial and flex space properties located in the Toronto and Calgary markets for approximately \$155 million. The transaction also includes a \$9.8 million mezzanine loan for additional development assets, which includes 28 acres of vacant development land in Toronto. In addition, Dundee REIT has an option to acquire a recently completed 73,000 square foot office building currently being leased.

The portfolio of completed properties consists of nine flex industrial properties and three office properties in Calgary totalling approximately 596,000 square feet and three flex industrial properties, four industrial warehouse properties and one office property in Toronto totalling approximately 928,000 square feet. The average age of the buildings in the portfolio is about three years. They are all state-of-the-art facilities and are clustered in high-end business parks. There are currently 66 high-quality and diverse tenants in the portfolio, many with internationally recognizable names, such as Siemens, UPS, Bell Canada, Royal Bank and Pfizer.

The 28 acres of vacant development lands are adjacent to properties in the portfolio within Airport Corporate Centre West in Mississauga. The land is already serviced and can accommodate approximately 400,000 square feet of additional development. Dundee REIT has entered into a series of agreements with the developer, which provides Dundee with the first option to purchase the properties, once their development is complete, at a price that is below market value.

The portfolio of completed properties is expected to generate an unlevered return of 8.4% and a levered return in excess of 11.5%. Dundee REIT intends to acquire up to a further 400,000 square feet of buildings as the land is developed into flex industrial space. The option to acquire the development assets upon completion at a price below market will contribute to the overall return of the portfolio.

These properties are an ideal fit with Dundee REIT's existing portfolio and align with its strategy of owning and managing office and industrial properties in Montréal, Ottawa, Toronto, Calgary and Edmonton. New properties of such exceptional quality are rarely available in Toronto and Calgary, especially in one large portfolio. The properties add to the REIT's current holdings in two of its key markets, they improve the overall quality of its portfolio, lengthen the average lease term, increase the overall occupancy and average net rent, and build upon its existing management platform. The acquisition also moves Dundee REIT's portfolio closer to its target office/industrial mix.

Since commencing operations as a REIT in July 2003, Dundee REIT has acquired a total of 2.1 million square feet of properties. Together with the transaction announced today, Dundee REIT's property acquisitions total \$260 million. These properties are all of extremely high quality and have low normalized leasing and maintenance capital expenditure requirements. They will generate an average yield of approximately 8.9% before debt and provide a return on equity of over 13%. Dundee REIT now has a total portfolio of 13.1 million square feet, including 4.3 million square feet of office, 7.5 million square feet of industrial and 1.3 million square feet of retail properties.

Flex space offers the most affordable business premises for tenants. Features of flex space include upgraded industrial space with a large office component including high ceilings and the flexibility to create unique, non-traditional work environments. Tenants benefit from easy access to their space, generous free parking, lower taxes and greater control over operating costs and security.

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 13.1 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.

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