



DUNDEE REIT TO ISSUE \$75 MILLION IN CONVERTIBLE DEBENTURES

FOR IMMEDIATE RELEASE

Toronto, May 20, 2004, DUNDEE REIT (D.UN – TSX) today announced that it has entered into an agreement to sell to a syndicate of underwriters led by TD Securities Inc. and Scotia Capital Inc., on a bought deal basis, \$75,000,000 principal amount of Convertible Unsecured Subordinated Debentures (the “Debentures”) with a coupon rate of 6.5% per annum payable semi-annually on June 30 and December 31 commencing on December 31, 2004. The Debentures will mature on June 30, 2014 (the “Maturity Date”). In addition, Dundee REIT has granted the syndicate an over-allotment option, exercisable for a period of up to 30 days after the closing, to purchase up to an additional 11,250 Debentures at the issue price, which, if exercised, would increase the gross proceeds of the offering to \$86,250,000. The net proceeds of the offering will be used for general trust purposes, including for funding possible future acquisitions. The offering is expected to close on or about June 21, 2004 and is subject to regulatory approval.

The Debentures will be convertible at the holder's option into Trust units at any time prior to the earlier of the Maturity Date and the date fixed for redemption at a conversion price of \$25.00 per Trust unit, subject to customary adjustment events (the “Conversion Price”). The Debentures will not be redeemable before June 30, 2008. On and after June 30, 2008 and prior to June 30, 2010, the Debentures may be redeemed in whole or in part from time to time at Dundee REIT's option provided that the market price for the Trust's units is not less than 125% of the Conversion Price. On and after June 30, 2010, the Debentures may be redeemed in whole or in part from time to time at Dundee REIT's option at a price equal to their principal amount plus accrued interest. Subject to regulatory approval, Dundee REIT may satisfy its obligation to repay the principal amount of the Debentures on redemption or at maturity, in whole or in part, by delivering that number of Trust units equal to the amount due divided by 95% of the market price for the units at that time, plus accrued interest in cash.

The Debentures have not been and will not be registered under the United States Securities Act of 1933 and accordingly will not be offered, sold or delivered, directly or indirectly within the United States, its possessions and other areas subject to its jurisdiction or to, or for the account or for the benefit of a U.S. person, except in limited circumstances.

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.

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For further information, please contact:

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