



## DUNDEE INTERNATIONAL REIT CONTINUES GROWTH THROUGH ACQUISITIONS AND ATTRACTIVE DEBT FINANCING

*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, AUGUST 8, 2012 DUNDEE INTERNATIONAL REIT (DI.UN-TSX)** today reported its quarterly financial results for the period ended June 30, 2012. Dundee International REIT's management team will be holding a conference call on Thursday, August 9 at 2:00 p.m. (ET) to discuss the results. To access the conference call, please dial 416-340-2219 in Toronto and overseas or 1-866-226-1793 elsewhere in Canada and the United States. A taped replay of the call will be available from Thursday, August 9, 2012 at 4:00 p.m. (ET) to September 7, 2012 at 11:59 p.m. (ET). Please dial 905-694-9451 or 1-800-408-3053 and use passcode 5050075 to access the replay. The call will also be available via webcast at [www.dundeeinternational.com](http://www.dundeeinternational.com)

### HIGHLIGHTS

- **doubleU – the Trust's most recent acquisition was acquired at a cap rate of 6.4%, and financed at a 5-year face rate of 2.09%**
- **\$153 million of accretive acquisitions closed in 2012 at an average cap rate of 7.0%**
- **Finalized commitment letter for a credit facility, providing additional financing capacity of up to €45 million**

### ACQUISITIONS

On July 19, 2012, the Trust completed the acquisition of a high-quality multi-tenant office building located at Derendorfer Allee 4 in Düsseldorf for approximately \$56 million with an average remaining lease term of over seven years. The Trust acquired the property from developer Projektentwicklung, a large German development group, at a cap rate of 6.4% and obtained mortgage financing at 58% loan-to-value with a face rate of 2.09%. The 142,000 square foot building, which is fully leased, was completed in early 2012 and will further enhance the quality of Dundee International REIT's portfolio. "We are excited about adding another high-quality property in one of the most desirable markets in Germany to our portfolio", said Jane Gavan, CEO of Dundee International REIT.

Year to date, the Trust has completed approximately \$153 million of acquisitions comprising over 623,000 square feet of high quality office space. The properties were acquired at an average cap rate of 7.0% and were partially financed through debt at 57% loan-to-value and an average effective interest rate of 2.38%.

Acquisitions	Property type	Approx. GLA (sq. ft.)	Purchase price (\$ millions) <sup>(1)</sup>	Date
Grammophon Büropark, Hannover	office	212,000	\$ 34.1	February 29, 2012
Karl-Martell-Strasse 60, Nuremberg	office	269,000	62.8	April 26, 2012
doubleU (Derendorfer Allee 4), Düsseldorf	office	142,000	55.8	July 19, 2012
<b>Total closed in 2012</b>		<b>623,000</b>	<b>\$ 152.8</b>	

## OPERATING AND FINANCIAL HIGHLIGHTS

	For the three months ended June 30, 2012	Financial forecast for the three months ended June 30, 2012	For the six months ended June 30, 2012	Financial forecast for the six months ended June 30, 2012
<b>Operations</b>				
Occupancy rate (period-end)	88%			
In-place rent per square foot	\$ 7.56			
<b>Operating results</b> <sup>(2)</sup>				
Investment properties revenue	\$ 34,896	\$ 36,161	\$ 68,970	\$ 72,106
Net rental income	20,904	21,112	41,641	42,014
Funds from operations ("FFO") <sup>(3)</sup>	11,767	11,942	23,529	23,601
Adjusted funds from operations ("AFFO") <sup>(4)</sup>	11,231	11,284	22,415	22,274
<b>Financing</b>				
Weighted average interest rate (period-end)	4.21%	4.45%	4.21%	4.45%
Interest coverage ratio	3.05 times	2.58 times	2.91 times	2.57 times
<b>Per unit amounts</b>				
<b>Basic:</b>				
FFO <sup>(3)</sup>	\$ 0.21	\$ 0.25	\$ 0.44	\$ 0.49
AFFO <sup>(4)</sup>	0.20	0.24	0.42	0.47
Distribution rate	0.20	0.20	0.40	0.40
<b>Basic (excluding impact of undeployed cash):</b>				
FFO <sup>(3)</sup>	0.24	0.25	0.50	0.49
AFFO <sup>(4)</sup>	0.23	0.24	0.48	0.47

**Occupancy** – The overall weighted average occupancy rate across our portfolio increased to 88.3 % at June 30, 2012 compared to 87.8% at the end of 2011. Overall occupied space increased to 11.3 million square feet at the end of the second quarter from 10.8 million square feet at December 31, 2011, largely due to the acquisitions of Grammophon Büroпарк and Karl-Martell-Strasse 60 at the end of February 2012 and April 2012, respectively. Excluding the impact of acquisitions, occupancy in our initial portfolio increased to 87.9% at the end of the second quarter, compared to 87.2% and 87.8% at the time of our IPO and the end of 2011, respectively.

**In-place rents** – In-place rents in our office segment have increased significantly in the second quarter due to the acquisition of Karl-Martell-Strasse 60 in Nuremberg, a high quality office property fully leased to a leading German insurance company until 2026 and an increase in in-place rents from our Initial Properties due to the rent adjustment in relation to an increase in the consumer price index for Germany. In-place rents in the mixed use and industrial segments remain below market rents, allowing for rental uplifts as space gets renewed or re-leased. Overall, average market rents in our portfolio remain approximately 7% above in-place rents.

June 30, 2012

Property type	Owned GLA (sq. ft.)	Weighted average occupancy	Average remaining lease term (years)	In-place rent (per sq. ft.)	Market rent (per sq. ft.)
Office	1,371,806	90.0%	6.74	\$ 11.88	\$ 11.24
Mixed use	9,190,867	88.1%	5.43	7.22	7.86
Industrial	2,245,960	87.8%	5.81	6.24	7.07
<b>Total</b>	<b>12,808,633</b>	<b>88.3%</b>	<b>5.64</b>	<b>\$ 7.56</b>	<b>\$ 8.09</b>

**Funds from operations** – FFO for the three months ended June 30, 2012 was \$11.8 million or \$0.21 per unit. Excluding the impact of undeployed cash to be used for acquisitions, FFO per unit would be \$0.24 per unit.

**Adjusted funds from operations** – AFFO for the three months ended June, 2012 was \$11.2 million or \$0.20 per unit. Excluding the impact of undeployed cash, AFFO per unit would be \$0.23 per unit.

## CAPITAL INITIATIVES

**Equity** – On July 31, 2012, the Trust had 56,535,312 units outstanding. At the July 31<sup>st</sup> closing price of \$10.73 per unit, the Trust's market capitalization was \$607 million.

**Public offering of units** – On April 17, 2012, the Trust closed a public offering of units pursuant to which it issued 4,600,000 Units and the current holder of the Exchangeable Notes exchanged the equivalent of \$46.0 million of Exchangeable Notes into 4,600,000 Units, both of which were sold to the syndicate of underwriters and included the exercise of an over-allotment option of 1,200,000 Units.

**Financing** – During the second quarter and subsequent to quarter end, the Trust obtained two mortgages for its recently acquired properties Karl-Martell-Strasse 60 in Nuremberg in the amount of \$34.7 million (€26.7 million) bearing interest at a face rate 2.45% and doubleU in Düsseldorf in the amount of \$32.2 million (€26.0 million) at a face rate of 2.09%.

Subsequent to quarter end, the Trust finalized a commitment for a revolving credit facility with a Canadian bank, providing additional financing capacity of €10 million of operating funds and up to €35 million as a bridge-to-mortgage financing.

Key performance indicators with respect to the Trust's financing activities are:

	June 30, 2012	December 31, 2011
<i>Financing activities</i>		
Weighted average interest rate	4.21%	4.36%
Level of debt (debt-to-book value)	56%	56%
Interest coverage ratio	2.91 times	2.67 times
Debt-to-EBITDFV (years)	8.6	8.0
Debt – average term to maturity (years)	4.6	5.1
Variable rate debt as percentage of total debt	14%	15%

As at June 30, 2012, the Trust had a debt-to-book value of 56% (or 42%, if Debentures are excluded), had a weighted average interest rate of 4.21% for all of its interest-bearing debt and an interest coverage ratio of 2.91 times, reflecting the Trust's ability to cover its interest expense requirements.

Information appearing in this news release is a select summary of results. The financial statements and management's discussion and analysis for the Trust are available at [www.dundeeinternational.com](http://www.dundeeinternational.com) and on SEDAR at [www.sedar.com](http://www.sedar.com).

Dundee International REIT is an unincorporated, open-ended real estate investment trust that provides investors with the opportunity to invest in commercial real estate exclusively outside of Canada. Dundee International REIT's portfolio currently consists of approximately 12.9 million square feet of gross leasable area of office, industrial and mixed use properties across Germany. For more information, please visit [www.dundeeinternational.com](http://www.dundeeinternational.com).

## FOOTNOTES

- (1) Purchase price excludes transaction costs
- (2) Operating results were converted into Canadian dollars from euros using the following average exchange rates: the three- and six-month actuals were converted at \$1.296:€1 and \$1.304:€1, respectively; the three- and six-month forecast amounts were converted at \$1.365:€1
- (3) FFO - net income, adjusted for fair value adjustments on investment property and financial instruments, property acquisition costs, amortization of equipment, deferred income taxes and interest expense on Exchangeable Notes.
- (4) AFFO – FFO adjusted for amortization of debt costs, deferred unit compensation expense, straight line rent and the Trust's estimates of normalized leasing costs and normalized non-recoverable recurring capital expenditures.

FFO and AFFO are key measures of performance used by real estate operating companies; however, they are not defined by International Financial Reporting Standards ("IFRS"), do not have standard meanings and may not be comparable with other industries or income trusts.

*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 International 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, global 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 Canadian and German economies remain 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 International 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 International REIT's filings with securities regulators, including its latest annual information form and MD&A. These filings are also available at Dundee International REIT's website at [www.dundeeinternational.com](http://www.dundeeinternational.com).*

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