



DUNDEE INTERNATIONAL REIT ANNOUNCES \$568 MILLION ACQUISITION OF OFFICE PORTFOLIO IN GERMANY AND \$220 MILLION OFFERING OF UNITS

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TORONTO, February 4, 2013 DUNDEE INTERNATIONAL REIT (DI.UN – TSX) (“Dundee International” or the “REIT”) today announced that it has entered into an agreement (the “Purchase Agreement”) with SEB Asset Management (“SEB”), the SEB Group’s specialist real estate asset manager in Germany, to acquire a 1.5 million square foot portfolio of office properties in Germany (the “Portfolio”) for approximately \$568 million (€420 million) from investment funds managed by SEB. In order to provide partial funding for the acquisition, the REIT also announced that it has entered into an agreement to sell, on a bought deal basis, 20,200,000 units of the REIT at a price of \$10.90 per unit (the “Equity Offering”) for gross proceeds of \$220 million to a syndicate of underwriters led by TD Securities Inc.

“Germany continues to present a very attractive investment environment. With this remarkable portfolio of 1.5 million square feet of high quality office space, we will continue the transformation of our business, improve the cash flow of the REIT’s portfolio and solidify our position as a significant owner and operator of real estate in the German office market,” said Michael Cooper, Vice Chairman of the REIT.

Highlights:

- **Excellent locations in largest office markets in Germany** – The properties in the Portfolio are in desirable locations in some of Germany’s largest office markets, including Frankfurt, Hamburg, Munich, Cologne and Düsseldorf.
- **Modern, institutional quality portfolio** – The Portfolio consists of institutional quality office assets having an average age of less than 10 years, with 37% of the portfolio completed in the last five years. The well-leased Portfolio features modern design and is currently 94% occupied.
- **Further diversification of tenant profile** – The acquisition of the Portfolio will increase the REIT’s tenant diversity with the addition of major tenants such as Google, BNP Paribas Fortis and AIG and will reduce the gross rental income (“GRI”) contributed by Deutsche Post to approximately 43% of the REIT’s total GRI.
- **Immediately accretive** – Based on the anticipated interest rates on the mortgage financing being sought by the REIT, the acquisition will be immediately accretive to the REIT’s adjusted funds from operations per unit.
- **Increased scale and market capitalization** – The acquisition will significantly increase Dundee International’s scale and market capitalization, improving liquidity for unitholders.



Portfolio Overview:

The acquisition of the Portfolio will enhance the quality of the REIT's asset base and increase its holdings in Germany's largest and most significant office markets, with 75% of the Portfolio, as measured by gross leasable area ("GLA"), located in Germany's top seven office markets. The Portfolio has a current occupancy rate of 94%, a weighted average lease term of over 5.4 years and an average in-place rent of approximately \$23.61 per square foot.

With the addition of the Portfolio, the REIT will further diversify its tenant profile by adding a number of globally recognized tenants to the REIT's roster, including Google, BNP Paribas Fortis and AIG, who together contributed approximately 28% to the Portfolio's overall GRI as of January 2013.

The following table provides certain information about the 11 properties comprising the Portfolio.

Property address	Approx. GLA (sq. ft.)	Year built / renovated	Occupancy (%)
Cäcilienkloster 2, 6, 8, 10, Cologne	200,900	2009	100
Vordernbergstrasse 6/HeilbronnerStrasse 35 (Z-UP), Stuttgart	88,600	2009	84
Speicherstrasse 55 (Werthaus), Frankfurt	151,800	2009	100
ABC-Strasse 19 (ABC Bogen), Hamburg	158,400	2000	96
Schlossstrasse 8, Hamburg	165,200	1998	85
Moskauer Strasse 25 – 27, Düsseldorf	217,200	2003	95
Westendstrasse 160–162 / Barthstrasse 24–26, Munich	122,200	1993 / 1996	82
Reichskanzler-Müller-Strasse 21-25, Mannheim	100,500	2008	95
Am Stadtpark 2 (Parcside), Nuremberg	94,600	2004	99
Lörracher Strasse 16-16a, Freiburg	56,000	1992	100
Bertoldstrasse 48 / Sedanstrasse 7, Freiburg	121,100	1998	100
Total GLA and Average Occupancy	1,476,500		94%

"The scale of this transaction and the quality and location of the assets will improve both our risk profile and the quality of our cash flow. Including this transaction, we will have added \$1 billion of properties in excellent locations to our portfolio since February 2012. These accretive acquisitions will not only add significant value to our portfolio but will also create increased efficiencies across our business," said Jane Gavan, CEO of the REIT.

The pro forma impact on the REIT's key portfolio metrics of the acquisitions and dispositions completed and under contract since the end of the third quarter 2012, including the Portfolio, is detailed below:

Portfolio Metrics	As at September 30, 2012	Pro forma reflecting acquisitions and dispositions completed and under contract ⁽¹⁾
GLA (square feet)	12,925,252	14,957,258
Number of properties	294	299
Average remaining lease term (years)	5.5	5.5
Average in-place rent (per square foot)	\$ 7.60	\$ 10.76
Average market rent (per square foot)	\$ 8.09	\$ 10.97
Occupancy rate (%)	82%	85%

(1) Since September 30, 2012, the REIT has acquired approximately 682,900 square feet of GLA for an aggregate purchase price of approximately \$169.8 million and disposed of 154,400 square feet of GLA for an aggregate sale price of approximately \$8.8 million. In addition to the Portfolio, the REIT currently has two acquisitions under contract, being the previously disclosed Neue Mainzer Strasse 28 property in Frankfurt and the Dillwächter Strasse 5 / Tübinger Strasse 11 property in Munich, comprising in aggregate 205,200 square feet of GLA. The REIT currently has six small dispositions under contract comprising approximately 178,000 square feet of GLA.

Transaction Overview:

Dundee International will acquire the Portfolio for an aggregate purchase price of approximately \$568 million (€420 million), implying a going-in capitalization rate of 6.5%. The purchase price is expected to be funded using approximately \$354 million of new mortgage debt, the net proceeds from the Equity Offering and cash on hand.

The REIT has completed its due diligence on the Portfolio. The acquisition remains subject to certain conditions in the REIT's favour, including obtaining competition clearance from the German Federal Cartel Office, waivers of municipal pre-emptive rights and mortgage financing. The REIT's financing condition runs until March 18, 2013. Based on negotiations with lenders, the REIT expects to secure mortgage financing for the Portfolio prior to such date. As a result, the REIT anticipates that closing of the acquisition of the Portfolio will occur towards the end of the first quarter of 2013.

"With this transaction, Dundee International will have more than doubled the size of its portfolio based on GRI since going public in August 2011. Our goal continues to be to diversify our tenant base and to extend our debt maturities. Upon closing the acquisitions under contract, including the Portfolio, we estimate Deutsche Post will contribute 43% of the REIT's overall GRI, down from more than 85% at the time of the REIT's initial public offering," said Ms. Gavan. "This transaction will enhance our portfolio with high quality assets in major cities across Germany, while significantly increasing the REIT's scale and bringing our market capitalization to over \$1 billion."

The pro forma impact on the REIT's key financial performance indicators of the acquisitions and dispositions completed and under contract since the end of the third quarter 2012, including the Portfolio, is detailed below:

	As at September 30, 2012	Pro forma reflecting acquisitions and dispositions completed and under contract ⁽¹⁾
Enterprise value (millions)	\$ 1,208	\$ 2,214 ⁽²⁾
Average term to maturity of debt (years)	4.3	5.5
Debt-to-book value (excluding convertible debentures)	42%	50%
Debt-to-book value	55%	57%
Weighted average interest rate	4.12%	3.50%

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(2) Based on a price per unit of the REIT of \$11.39

Equity Offering:

In order to provide partial funding for the acquisition of the Portfolio, the REIT has entered into an agreement to sell 20,200,000 units at a price of \$10.90 per unit for gross proceeds of approximately \$220 million. The Equity Offering is being sold on a bought deal basis to a syndicate of underwriters led by TD Securities Inc. The REIT has granted the underwriters an over-allotment option to purchase up to an additional 3,030,000 units, exercisable, in whole or in part, for a period of 30 days following the closing of the Equity Offering. If the over-allotment option is exercised in full, the gross proceeds of the Equity Offering will total approximately \$253 million.

The REIT expects to file a preliminary short form prospectus relating to the issuance of the units with the securities commissions or other similar regulatory authorities in each of the provinces of Canada

on or before February 8, 2013. Closing of the Equity Offering is expected to occur on or about March 5, 2013, and is subject to regulatory approval, including the approval of the Toronto Stock Exchange.

Debt financing:

The REIT is seeking mortgage financing for the Portfolio from four German lenders for an aggregate amount of approximately \$354 million at an expected average interest rate of 2.74% and an average term to maturity of 6.8 years. The mortgage financing will be secured by a discrete pool of assets in the Portfolio specific to each lender. The lenders are in advanced stages of obtaining credit committee approval for the financing.

This press release is not an offer of securities for sale in the United States. The units being offered have not been and will not be registered under the United States Securities Act of 1933 and accordingly are not being offered for sale and may 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 pursuant to an exemption from the registration requirements of that Act.

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 13.5 million square feet of gross leasable area of office, industrial and mixed use properties across Germany. For more information, please visit www.dundeeinternational.com.

This press release contains forward-looking statements with respect to Dundee International and its operations, strategy, financial performance and financial condition, as well as with respect to the acquisition of the Portfolio. These statements generally can be identified by the use of forward-looking words such as "forecast", "may", "will", "would", "expect", "estimate", "anticipate", "intend", "believe" or "continue" or the negative thereof or similar variations. The actual results and performance of Dundee International and the Portfolio discussed herein could differ materially from those expressed or implied by such statements. See the risk factors in the public filings of Dundee International. Such statements are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations. Some important factors that could cause actual results to differ materially from expectations include, among other things, general economic and market factors, competition, the failure to receive any required approvals or consents in connection with the acquisition of the Portfolio or the failure to satisfy or waive any other condition to the acquisition of the Portfolio, the failure of Dundee International to realize expected benefits from the acquisition of the Portfolio, the performance of the Portfolio generally, changes in securities or other laws or regulations or the application thereof. The cautionary statements qualify all forward-looking statements attributable to Dundee International and persons acting on its behalf. The assumptions made in making forward-looking statements are referred to in the public filings of Dundee International. Unless otherwise stated, all forward-looking statements speak only as of the date of this press release. Except as required by applicable law, Dundee International specifically disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future developments or otherwise. Additional information about these assumptions and risks and uncertainties is contained in Dundee International's filings with securities regulators, including its latest annual information form and MD&A. These filings are also available at Dundee International's website at www.dundeeinternational.com.

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