



## **DUNDEE INTERNATIONAL REIT ANNOUNCES UPDATE ON DEUTSCHE POST'S 2014 TERMINATION RIGHTS**

*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, SEPTEMBER 3, 2013 - DUNDEE INTERNATIONAL REIT (DI.UN – TSX)** is pleased to provide an update with respect to Deutsche Post's 2014 lease termination rights in respect of 59 properties.

Of the total 1.9 million square feet of gross leasable area ("GLA") subject to Deutsche Post's 2014 termination rights, Dundee International REIT ("REIT") has leased or entered into negotiations to lease, sell or redevelop approximately 1.3 million square feet, or 67% of the total space subject to termination.

In June 2013, the REIT and Deutsche Post agreed to extend Deutsche Post's termination rights in respect of 54 buildings to August 31, 2013 in order to find a mutually beneficial way to address Deutsche Post's future space requirements. The REIT is pleased to announce that Deutsche Post has agreed to continue to lease approximately 764,000 square feet, or 74% of the space it occupies in the 54 buildings, beyond June 30, 2014. Of the 764,000 square feet, Deutsche Post has agreed to amend its leases for approximately 619,000 square feet by extending the term of such leases for 5 years commencing July 1, 2014 and to waive its 2014 termination rights with respect to the balance of such space.

As previously described in our press release dated June 24, 2013, the REIT had received notice of termination in respect of 5 properties representing 613,000 square feet of space effective July 1, 2014. Of the space terminated by Deutsche Post in these properties, approximately 261,000 square feet, or 43%, has already been leased, is in lease negotiations, or has been identified for redevelopment or sale.

The REIT is presently in discussions with Deutsche Post to lease back additional terminated space. As well, the REIT is in discussions with Postbank to remain as a direct tenant in a large number of the locations in which Postbank presently sublets space from Deutsche Post. If these discussions are successful, the REIT expects to lease an additional 258,000 square feet of the terminated space within 90 days.

After factoring in the Deutsche Post leases, asset planning activities including active lease discussions, planned sales and redevelopment, this leaves 641,000 square feet of space, or only 4% of the REIT's total GLA, to be addressed by the REIT.

CEO Jane Gavan commented: "We are pleased with the outcome of the negotiations with Deutsche Post and with the terms of the agreement reached between us, which we believe are beneficial to both parties. By working with Deutsche Post over the past few years we were able to generate better solutions to their needs that work for us as well. As a result of these efforts, we have retained them as a tenant in many of our properties for extended terms which will mean greater cash flow stability and value creation. We are pleased that by dealing with Deutsche Post pro-actively, we have retained them as a tenant in approximately three times more space than they retained in 2012."

As part of the overall deal, the REIT has also agreed to provide Deutsche Post with an annual rent reduction of €1.7 million per year, effective as of July 1, 2014. Based on recent inflation rates in Germany, we anticipate that prior to July 1, 2014 this reduction in annual rent will be substantially offset by CPI rent adjustments provided in the terms of the Deutsche Post leases. In addition, the REIT will make a one-time payment to Deutsche Post of €1.45 million to be used to improve the buildings and the tenant's space.

The following table is a summary of the foregoing:

<b>Deutsche Post 2014 Termination Rights</b>	<b>GLA (in sq. ft.)</b>	<b>% of total</b>
Total subject to 2014 termination rights	1,924,306	100%
Deutsche Post 5-year lease extension	619,381	
Deutsche Post waiver of 2014 termination rights	<u>144,951</u>	
	764,332	40%
Space terminated in June 2013		
Redevelopment under negotiation	203,250	
Dispositions under negotiation	39,022	
Completed leases	<u>18,986</u>	
	261,258	14%
Space subject to active lease negotiations	258,163	13%
<b>Space addressed or in progress</b>	<b>1,283,753</b>	<b>67%</b>
<b>Space left to redevelop, re-lease or dispose</b>	<b>640,553</b>	<b>33%</b>

“The REIT’s team in Germany has developed a focused, asset-by-asset strategy which, together with today’s agreement with Deutsche Post, and ten months in advance of the effective termination, already addresses over two-thirds of the GLA that was subject to the 2014 terminations. I have full confidence in our German team, who will continue to look for and execute on opportunities to maximize value within our Deutsche Post portfolio.” said Jane Gavan, CEO.

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 15.4 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).

*This press release contains forward-looking information within the meaning of applicable securities legislation. This information can be identified by the use of words such as “may”, “will”, “would”, “expect”, “anticipate”, “believe” or “continue” or the negative thereof or similar variations. The actual results and performance could differ materially from those expressed or implied by such information. 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. Forward-looking information is also 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 and competition for acquisitions remains consistent with the current climate. 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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