MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION FOR THE PERIOD FROM JULY 20, 2012 TO SEPTEMBER 30, 2012

The following management's discussion and analysis ("MD&A") of the financial condition and results of operations has been prepared as of October 31, 2012 and should be read in conjunction with the Dundee Industrial Real Estate Investment Trust (the "Trust") interim financial statements (the "interim financial statements") for the period from July 20, 2012 to September 30, 2012 and the Trust's long form prospectus dated September 26, 2012, as referred to herein, as well as the reference to forward-looking statements within this report. All financial information is reported in Canadian dollars and has been prepared in accordance with International Financial Reporting Standards ("IFRS") unless otherwise noted. This MD&A has been prepared by, and is the responsibility of, the Trust's management.

Additional information about the Trust filed with the Canadian securities commissions is available on-line at www.sedar.com.

RESPONSIBILITY OF MANAGEMENT

Management is responsible for the information disclosed in this MD&A. Management has in place the appropriate information systems, procedures and controls to ensure information used internally by management and disclosed externally is materially complete and reliable.

FORWARD-LOOKING STATEMENTS

In various places in the MD&A, there are forward-looking statements reflecting management's current expectations regarding future economic conditions, results of operations, financial performance and other matters affecting the Trust. Forward-looking statements include information regarding possible or assumed future results of transactions as well as statements proceeded by, followed by or that include the words "believes", "expects", "anticipates", "estimates", "intends" or similar expressions. Important factors, in addition to those discussed in this document, could affect the future results of the Trust and could cause those results to differ materially from those expressed in any forward-looking statements.

BUSINESS OVERVIEW

The Trust is a newly established real estate investment trust formed to invest in industrial real estate in Canada.

Our objectives are to:

- manage our investments to provide growing cash flows and stable and sustainable returns through adapting our strategy and tactics to changes in the real estate industry and the economy;
- build and maintain a growth-oriented portfolio of primarily industrial properties;
- provide predictable and sustainable cash distributions to unitholders on a tax efficient basis and prudently manage distributions over time;
- capitalize on internal growth and seek accretive acquisition opportunities in major industrial markets with strong tenant covenants and long lease terms; and
- grow the value of our assets and maximize the long-term value of our units through active and efficient management of our assets.

OVERALL PERFORMANCE

Except for the formation and initial capitalization of the Trust, there were no transactions related to the Trust's performance that occurred during the period from formation on July 20, 2012 to September 30, 2012.

RESULTS OF OPERATIONS

For the period from July 20, 2012 to September 30, 2012, the Trust had not yet commenced operations.

LIQUIDITY AND CAPITAL RESOURCES

As at September 30, 2012, the Trust had not yet commenced operations. In connection with Dundee Property Limited Partnership's ("DPLP") formation of the Trust, DPLP contributed $10 in cash to the Trust. DPLP is a subsidiary of Dundee Real Estate Investment Trust ("Dundee REIT"). On October 4, 2012, the Trust completed its initial public offering as more fully discussed under "Subsequent Events".

FINANCIAL INSTRUMENTS

Pursuant to the Declaration of Trust dated July 20, 2012, DPLP contributed $10 in cash to the Trust. It is in the management's opinion that the Trust is not exposed to significant interest, currency or credit risks from the cash. The fair value of the financial instrument approximates their carrying value.

RELATED PARTY TRANSACTIONS AND ARRANGEMENTS

From time to time, the Trust enters into transactions with related parties that are conducted under normal commercial terms. Effective October 4, 2012, the Trust has an asset management agreement (the "Asset Management Agreement") with Dundee Realty Corporation (DRC), a subsidiary of Dundee Corporation, pursuant to which DRC provides certain asset management services to the Trust.

Asset Management Agreement
The Asset Management Agreement provides for a broad range of asset management services for the following fees:

- Base annual management fee calculated and payable on a monthly basis, equal to 0.25% of the purchase price paid by the Trust for properties, (which, in respect of the Initial Properties, will be the sum of the purchase prices reflected in the Acquisition Agreement and the Return On Innovation Capital Ltd. ("ROI") Purchase Agreement).
- Incentive fee equal to 15% of our AFFO per Unit in excess of $0.80 per Unit, increasing annually by 50% of the increase in the consumer price index.
- Capital expenditures fee equal to 5% of all hard construction costs incurred on each capital project with costs in excess of $1.0 million, excluding work done on behalf of tenants or any maintenance capital expenditures.
- Acquisition fee equal to: (a) 1.0% of the purchase price of a property, on the first $100 million of properties in each fiscal year; (b) 0.75% of the purchase price of a property on the next $100 million of properties acquired in each fiscal year; and (c) 0.50% of the purchase price on properties in excess of $200 million in each fiscal year. DRC will not receive an acquisition fee from the Trust in respect of the Acquisition; however, DRC will receive the applicable acquisition fee in respect of the ROI Transaction pursuant to the Asset Management Agreement.
- Financing fee equal to 0.25% of the amount of debt and equity relating to all financing transactions completed to a maximum of actual expenses incurred by DRC in supplying services relating to financing transactions. DRC will not receive a financing fee in respect of the Acquisition, the ROI Transaction or the Offering.

In addition, the Trust will reimburse DRC for all reasonable actual out-of-pocket costs and expenses incurred in connection with the performance of the services described in the Asset Management Agreement or such other services which the Trust and DRC agree in writing are to be provided from time to time by DRC.

Related Party Transactions
There were no related party transactions for the period from July 20, 2012 to September 30, 2012. Transactions completed subsequent to September 30, 2012 are described under "Subsequent Events".

OFF-BALANCE SHEET ARRANGEMENTS

There were no off-balance sheet arrangements at September 30, 2012.

PROPOSED TRANSACTIONS

Except those items as discussed below under "Subsequent Events", there were no significant proposed transactions as at September 30, 2012.

SUBSEQUENT EVENTS

a) *Initial Public Offering*

On October 4, 2012, the Trust completed its initial public offering of 15,500,000 Units, at a price of $10 per Unit for gross proceeds of $155,000,000. Concurrently with the initial public offering, Dundee Corporation and a Trustee purchased 1,750,000 Units and 750,000 Units respectively, at a price of $10 per Unit for gross proceeds totaling $25,000,000. On October 17, 2012, the Trust issued an additional 2,325,000 Units, pursuant to the exercise of the over-allotment option granted to the underwriters, for gross proceeds of $23,250,000. Costs related to the initial public offering, including fees payable to the underwriters, are estimated to be approximately $15,319,000 (including costs of the over-allotment option) and will be charged directly to unitholder's equity.

b) Acquisition

On October 4, 2012**,** the Trust completed the purchase of 77 industrial properties (the "Initial Properties") totaling approximately 6.0 million square feet of gross leasable area from Dundee REIT and affiliates of Return On Innovation Capital Ltd. for a total purchase price of $659,726,424 (excluding acquisition costs), subject to working capital adjustments. The purchase price for the 77 industrial properties was satisfied by cash consideration of $177,489,989, the issuance of $160,346,310 of Class B limited partnership units of the Trust's subsidiary, Dundee Industrial Limited Partnership (LP B Units), which are exchangeable for Units of the Trust, promissory notes payable to Dundee REIT of $42,000,000, and the assumption of mortgages with a fair value of $279,890,125.

The identifiable assets acquired and liabilities and contingent liabilities assumed in this business combination will be measured initially at their fair value at the date of acquisition, and goodwill, if any, will be recognized. Management is in the process of completing its preliminary accounting for the acquisition. Acquisition costs of approximately $3,000,000, which includes an acquisition fee under the Asset Management Agreement of $838,000, will be expensed in net income in connection with the acquisition.

Sources and uses of cash

The Trust's sources and (uses) of cash after the completion of the initial public offering and acquisition are estimated to be as follows:

Initial public offering of Units (including over-allotment)	$	178,250,000
Units issued to Dundee Corporation		17,500,000
Units issued to a Trustee		7,500,000
Secured operating credit facility (note 3 (c))		8,500,000
Payment to vendors for purchase of Initial Properties		(177,489,989)
Offering costs and expenses		(15,319,000)
Acquisition costs		(3,000,000)
Cash added to the working capital of the Trust	$	15,941,011

c) Secured Operating Credit Facility

On October 4, 2012, the Trust entered into a secured operating credit facility, bearing interest generally at the bank's prime rate plus 0.9% or at bankers' acceptance rate plus 1.9%. The facility is available up to a formula-based maximum not to exceed $35,000,000 and is secured by a first-ranking collateral mortgage on nine properties. The facility expires on October 4, 2014. At October 4, 2012, the Trust drew $8,500,000 to fund acquisition related costs. The facility was subsequently repaid with the proceeds of the over-allotment option relating to the Trust's initial public offering. As at October 31, 2012, no amounts were drawn on the facility.

d) *Promissory Notes Payable to Dundee REIT*

On October 4, 2012, the Trust entered into promissory notes payable to subsidiaries of Dundee REIT totaling $42,000,000. The promissory notes payable bear interest at 3.1% and are due on the later of (i) the date of closing of and funding of the last of the outstanding financing currently being assessed by the Trust and (ii) January 2, 2013. The Trust has the option to prepay all or a portion of the promissory notes payable prior to the maturity date.

e) *Amendment to the Declaration of Trust*

On October 4, 2012, the Trust amended and restated its Declaration of Trust to, among other things, authorize the Trust to issue an unlimited number of Special Trust Units and to create and issue preferred units in addition to Units.

<u>Special Trust Units</u>

Special Trust Units may only be issued in connection with or in relation to the issuance of exchangeable securities, including the Trust's LP B Units, for the purpose of providing voting rights with respect to the Trust to the holders of such securities. Special Trust Units will not be transferable separately from the exchangeable securities to which they are attached and will be automatically transferred upon the transfer of such exchangeable securities. In connection with the Acquisition, on October 4, 2012, 16,034,631 Special Trust Units were issued.

<u>Preferred Units</u>

The Trust is authorized to create and issue preferred units in one or more classes with rights, privileges, restrictions and conditions as may be determined by the Trustees. No preferred units have been created at this time.

f) *October 2012 Monthly Distribution*

On October 18, 2012, a distribution for the month of October 2012 in the amount of $0.05081 per Unit for the period from October 4, 2012 to October 31, 2012 was declared by the Trust. The distribution will be payable on November 15, 2012 to unitholders on record as at October 31, 2012.

USE OF ESTIMATES

The preparation of the interim financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the amounts reported in the interim financial statements and accompanying disclosures. Although these estimates are based on management's knowledge of current events and actions the Trust may undertake in the future, actual results may differ from the estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

OTHER RISKS AND UNCERTAINTIES

All real property investments are subject to elements of risk. General economic conditions, local real estate markets, supply and demand for leased premises, competition from other available premises and various other factors affect such investments.

The Trust's primary risk upon the acquisition of the industrial properties will be the potential for declining revenue arising from increased vacancies, declining rental rates, fluctuating interest rates and currency rates.

Refer to the long form prospectus for a more complete discussion of risks relating to the initial public offering and the acquisition discussed under "Subsequent Events".