



DUNDEE INDUSTRIAL REIT TO ACQUIRE NATIONAL INDUSTRIAL PORTFOLIO FOR \$498 MILLION

ALSO ANNOUNCES PUBLIC OFFERING OF UNITS AND CONVERTIBLE DEBENTURES

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TORONTO, NOVEMBER 28, 2012 DUNDEE INDUSTRIAL REIT (TSX: DIR.UN) today announced that it has entered into an agreement with KingSett Capital (“KingSett”) to acquire a 5.3 million square foot portfolio of industrial properties (the “Portfolio”) for approximately \$498.5 million. In order to provide funding for the acquisition, Dundee Industrial REIT (the “REIT” or “Dundee Industrial”) also announced that it has entered into an agreement to sell, on a bought deal public offering basis, 11.8 million units at a price of \$10.60 per unit for gross proceeds of \$125.1 million and \$75.0 million of 5.25% convertible unsecured subordinated debentures due 2019 (together, the “Public Offering”) to a syndicate of underwriters led by TD Securities Inc. Concurrent with the purchase of the Portfolio and in addition to the Public Offering, in order to satisfy a portion of the purchase price for the Portfolio, \$25.0 million of units and \$25.0 million of unsecured subordinated convertible debentures will be issued to an affiliate of KingSett, in each case at the same price and on the same terms as those sold to the public under the Public Offering.

Highlights:

- **Positions Dundee Industrial as market leader** – Upon completion of the acquisition of the Portfolio, Dundee Industrial will own a nationally diversified portfolio totalling 11.3 million square feet of gross leasable area, cementing its position as Canada’s largest industrial REIT.
- **Excellent locations, geographically diversified across core markets** – The Portfolio comprises 5.3 million square feet of gross leaseable area in Calgary, Halifax, Greater Toronto Area and Greater Montreal Area. The portfolio will broaden the REIT’s geographic diversity and will also provide additional scale in Calgary and Halifax.
- **Immediately accretive** – The transaction is immediately accretive to the REIT. Management anticipates that after the acquisition, estimated 2013 AFFO will increase to \$0.79. The Portfolio has a year-one capitalization rate of 6.3%.
- **Conservative capital structure** – Upon completion of the transaction, Dundee Industrial’s secured debt-to-enterprise value will be 47% (including convertible debentures, but excluding those issued on the exercise of the over-allotment option - 55%). The forecast 2013 payout ratio of 95% at the time of its IPO is projected to decrease to 85% post-acquisition.

“We are very pleased with the reception Dundee Industrial received upon its IPO and since,” said Michael Cooper, Chairman of the Executive Committee, Dundee Industrial REIT. “At a very early stage, we have created the market leading platform in the Canadian industrial sector and we believe that there are many more opportunities ahead to continue growing profitably.”

Portfolio overview:

The Portfolio being acquired is an excellent strategic fit within Dundee Industrial’s current portfolio. It will significantly increase the REIT’s position in four of Canada’s largest and most significant industrial markets, including by adding 1.2 million square feet of gross leasable area in Calgary and 1.7 million square feet in Halifax.

“In keeping with our current portfolio, these assets are highly appealing to tenants, they are well-located within markets that we know and we believe that they will continue to enjoy high occupancy and increasing net operating income,” said Scott Hayes, President and Chief Executive Officer, Dundee Industrial.

The Portfolio complements the REIT's existing assets in terms of asset type and quality, as well as other key portfolio metrics. The Portfolio has a current occupancy rate of 95%, a weighted average lease term of approximately 3.6 years and an average in-place rent of \$6.84 per square foot.

	Gross leaseable area (sq. ft.)			Geographic distribution of NOI		
	Initial Portfolio	Acquired Portfolio	Pro forma	Initial portfolio	Acquired Portfolio	Pro forma
Atlantic Canada	454,954	1,736,549	2,191,503	6%	36%	18%
Quebec	1,726,785	1,437,316	3,164,101	27%	20%	24%
Ontario	924,338	860,655	1,784,993	13%	14%	14%
Saskatchewan	860,168	-	860,168	12%	-	7%
Alberta	2,022,580	1,223,888	3,246,468	41%	30%	36%
British Columbia	17,405	-	17,405	1%	-	1%
Total	6,006,230	5,258,408	11,264,638	100%	100%	100%

The pro forma impact of the acquisition on the REIT's key portfolio metrics is detailed below:

Portfolio	At time of closing of IPO	Pro forma the acquisition
Gross leasable area (square feet)	6.01 million	11.26 million
Number of properties	77	156
Average remaining lease term (years)	6.8	5.2
Average in-place rent (per square foot)	\$7.68	\$7.30
Average market rent (per square foot)	\$7.93	\$7.53
Average tenant size (square feet)	15,600	11,850
Number of tenants	380	910
NOI by Multi-tenant / Single-tenant	49% / 51%	62% / 38%
Occupancy rate (%)	97%	96%

Public Offering overview:

Dundee Industrial today announced a public offering consisting of 11,800,000 units at a price of \$10.60 per unit for gross proceeds of \$125,080,000 and \$75.0 million aggregate principal amount of 5.25% convertible unsecured subordinated debentures due 2019 (the "Debentures") at a price of \$1,000 per Debenture, for aggregate gross proceeds of approximately \$200.0 million. The Public 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 1,770,000 units and \$11.25 million additional aggregate principal amount of Debentures, exercisable, in whole or in part, for a period of 30 days following the closing of the Public Offering. The underwriters have the option to exercise the over-allotment option, if at all, for units, Debentures or any combination of units and Debentures. If the over-allotment option is exercised in full, the gross proceeds of the Public Offering will total approximately \$230.1 million.

The Debentures will bear interest at a rate of 5.25% per annum, be payable semi-annually in arrears on the last day of June and December of each year commencing on June 30, 2013, and will mature on December 31, 2019 (the "Maturity Date"). The Debentures will be convertible at the holder's option into units at any time prior to the earlier of the Maturity Date and the date fixed for redemption at a conversion price of \$13.80 per unit, subject to adjustment in certain circumstances.

In addition, \$25.0 million of units at a price of \$10.60 per unit and \$25.0 million of Debentures at a price of \$1,000 per \$1,000 of Debentures will be issued to an affiliate of KingSett, which will enter into a lock-up agreement with the REIT expiring on the 180th day following closing of the Public Offering in regards to units and Debentures of the REIT owned by the affiliate of KingSett.

The Public Offering is scheduled to close on or about December 13, 2012, and is subject to regulatory approval, including the approval of the Toronto Stock Exchange. Units and Debentures sold to the affiliate of KingSett will be qualified by a separate prospectus or prospectus supplement with no participation by any underwriters.

Investment overview:

“The transaction improves the REIT in many ways,” said Mario Barrafato, Chief Financial Officer, Dundee Industrial. “We receive immediate growth in AFFO while at the same time improving our risk profile by increasing both our market capitalization and geographic diversification, and pushing out our debt maturity profile.”

Dundee Industrial will acquire the Portfolio for a purchase price of approximately \$498.5 million, equating to a value of approximately \$94.80/square foot. Year 1 NOI is expected to be \$31.5 million, resulting in a capitalization rate of 6.3%. Including property management income, the capitalization rate increases to 6.6%.

The acquisition will be financed with:

- the previously described Public Offering;
- the issuance of \$25.0 million of units and \$25.0 million of Debentures to an affiliate of KingSett;
- the assumption of \$146.0 million existing mortgage debt, with an average term of 3.9 years. The effective interest rate on the assumed debt is 3.0% after giving effect to the vendors’ buy down of existing rates;
- \$72.0 million of new mortgage debt with an expected average interest rate of 3.2% and an average term of 6.1 years; and
- the REIT intends to draw on its existing credit facility to fund the remaining portion of the purchase price.

The acquisition is subject to certain closing conditions typical for transactions of this type, including lender consents. The acquisition is scheduled to close on December 19 , 2012. The Public Offering is not conditional upon the closing of the acquisition, although the acquisition is conditional on closing of the Public Offering. There can be no assurance that all conditions to closing of the acquisition will be satisfied or waived.

The following table highlights certain key financial performance indicators:

	At the time of closing of IPO	Pro forma the acquisition and the financings referred to above ⁽¹⁾
Market capitalization (millions)	\$340.4	\$548.8
Enterprise value	\$662.8	\$1,216.2
Average term to maturity (years)	4.61	4.7
Debt-to-enterprise value	49%	55%
Debt-to -enterprise value (excl. convertibles)	49%	47%
Average interest rate	4.7%	4.0%
Payout ratio	95%	85%

⁽¹⁾ Based on a price of \$10.84 per unit.

Management believes that this portfolio is an ideal fit and meets the REIT’s strategic objectives of investing in industrial properties with attractive yield, growing and diversifying its portfolio to mitigate risk and reducing its cost of capital and optimizing the value and cash flow of its portfolio.

This press release is not an offer of securities for sale in the United States. The units and Debentures 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 Industrial REIT is an unincorporated, open-ended real estate investment trust. Dundee Industrial owns a portfolio of 77 primarily light industrial properties comprising approximately 6.01 million square feet of gross leasable area in key industrial markets across Canada. Its objective is to build upon and grow its portfolio and to provide stable, sustainable and growing distributions to its unitholders. For more information, please visit www.dundeeindustrial.com.

This press release contains forward-looking statements with respect to Dundee Industrial 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”, “expect”, “estimate”, “anticipate”, “intend”, “believe” or “continue” or the negative thereof or similar variations. The actual results and performance of Dundee Industrial 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 Industrial REIT. 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 Industrial REIT 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 Industrial and persons acting on its behalf. The assumptions made in making forward-looking statements are referred to in the public filings of Dundee Industrial REIT. Unless otherwise stated, all forward-looking statements speak only as of the date of this press release. Except as required by applicable law, Dundee Industrial specifically disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future developments or otherwise.

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