



DUNDEE INDUSTRIAL REIT REPORTS 12% GROWTH IN AFFO PER UNIT AND CFO APPOINTMENT

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 6, 2013, DUNDEE INDUSTRIAL REIT (DIR.UN-TSX) today announced its financial results for the three and six months ended June 30, 2013.

HIGHLIGHTS

- **11.8% increase in Adjusted Funds From Operations (“AFFO”) per unit** - AFFO per unit of 19 cents compared to 17 cents in the previous quarter, resulting from the combined impacts of acquisitions and improved operating results from the existing portfolio.
- **Portfolio size increased by 37% to 15.7 million square feet** – By completing the previously announced acquisitions of the CanFirst Portfolio and C2C Industrial Properties Inc. (“C2C”), the Trust added \$381 million of industrial properties to its portfolio, further expanding its national footprint, diversifying the portfolio, strengthening its cash flow and providing the scale to strengthen the operating platform.
- **Bench strength continues to grow** – Dedicated team members continue to be added, with John Todd being appointed as the Trust’s Chief Financial Officer.
- **Maintained a strong and stable capital structure while growing the balance sheet** – Grew asset base by almost \$400 million since December 31, 2012, while maintaining stable or improving debt metrics over that period; leverage decreased to 53.0% compared to 54.3% at December 31, 2012, debt maturities continued to be lengthened and staggered, with over 99% of debt now at fixed rates.
- **Continued opportunities for rent growth** – More than 490,000 square feet of GLA leased during the quarter at incrementally higher rates per square foot. Estimated current market rents are 4% above all future expiring rents. Occupancy of 95.8% at quarter end.

SELECTED FINANCIAL INFORMATION			
(unaudited)			
(\$000's except unit and per unit amounts)			
	June 30, 2013	Three Months Ended March 31, 2013	Six Months Ended June 30, 2013
Investment properties revenue	\$ 34,703	\$ 29,250	\$ 63,953
Net operating income (“NOI”) ⁽¹⁾	24,754	19,892	44,646
Funds from operations (“FFO”) ⁽¹⁾	15,572	11,993	27,565
Adjusted funds from operations (“AFFO”) ⁽¹⁾	12,530	9,275	21,805
Investment properties value	1,532,034	1,148,845	1,532,034
Debt	845,652	659,504	845,652
Per unit data (basic)			
FFO	\$ 0.23	\$ 0.22	\$ 0.45
AFFO	0.19	0.17	0.36
Distributions	0.17	0.17	0.34
Units (period end)			
REIT Units	54,289,786	46,749,543	54,289,786
LP Class B Units, Series 1	16,282,096	16,282,096	16,282,096
Total number of units	70,571,882	63,031,639	70,571,882
Portfolio gross leasable area (sq. ft.)	15,659,340	11,434,418	15,659,340
Occupied and committed space	95.8%	96.5%	95.8%

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“We are pleased with the progress we have made in growing and diversifying the portfolio, while maintaining a strong balance sheet and making incremental improvements to our operations,” said Randy Cameron, President and CEO, Dundee Industrial REIT. “In the coming months our team will be focused on operational effectiveness and efficiency, while executing on our strategies with respect to managing our human capital, tenant relationships and properties.” said Mr. Cameron.

FINANCIAL HIGHLIGHTS

Q2 2013 is the second full quarter of operations since the Trust acquired its initial property portfolio in October 2012. Results are in line with expectations:

- **11.8% increase in AFFO per unit** - AFFO for the quarter was \$12.5 million, representing an increase of \$3.2 million or 35.1% over the first quarter. AFFO per unit was \$0.19, up two cents, or 11.8%, over Q1 2013. The increase in AFFO is largely due to the effect of acquisitions during the quarter and increases in NOI from property operations and leasing. The C2C and CanFirst acquisitions contributed 0.7 cents to the increase in the quarter. The full quarter effect of these acquisitions, including the deployment of cash on hand from the March equity offering, would have been an additional one cent per unit of AFFO.
- **4.5% increase in FFO per unit** - Q2 2013 FFO was \$15.6 million, representing an increase of \$3.6 million, or 29.8%, over the first quarter. FFO per unit was \$0.23, up one cent, or 4.5% over Q1 2013. The increase in FFO per unit is slightly muted compared to the increase in AFFO per unit, due to the effects of deferred compensation expense, which are recognized in FFO but not AFFO. FFO includes approximately \$0.2 million or 0.3 cents per unit of additional deferred compensation expense recognized during the quarter, related to the departure of certain executives.
- **24.4% increase in NOI** - Q2 2013 NOI was \$24.8 million, representing an increase of \$4.9 million, or 24.4%, over the first quarter, \$3.9 million of which was due to acquisitions completed during the quarter. NOI includes approximately 0.3 cents per unit of items that management considers one-time or non-recurring in nature.

OPERATIONAL HIGHLIGHTS

- **Leasing Profile** – Leasing activity during the second quarter included approximately 130,000 square feet of new leases and approximately 363,000 square feet of renewals, compared to approximately 553,000 square feet of expiries and early terminations. At period-end, the Trust had approximately 747,000 square feet of vacant space, of which 91,000 square feet is committed for future occupancy. The average remaining lease term at June 30, 2013 is 4.8 years.
- **Portfolio occupancy** – At June 30, 2013, occupancy remained strong at 95.8%. There was approximately 60,000 square feet of negative absorption in the quarter, primarily resulting from the departure of one significant tenant occupying 50,000 square feet with annual base rent of approximately \$0.2 million. Occupancy was also affected by the acquisition of the C2C portfolio, which had 94.8% occupancy on closing. As announced in the last quarter, a 115,000 square foot tenant with annualized base rent of approximately \$1.0 million, which had previously declared bankruptcy, surrendered the space in July. Management anticipates that the short term impact on NOI of this vacancy will be gradually mitigated during the remainder of 2013 and through 2014 through leasing activity and contractual rent increases.
- **Average in-place rents 5% below market rents** – At quarter-end, the portfolio average in-place rent was \$6.90 per square foot (March 31, 2013 - \$7.18), approximately 5% below estimated market rents, which continues to provide the Trust with opportunities for rent growth.

	GLA (sq. ft.)	Occupancy (%)	Average lease term (years)	Average in-place rent (per sq. ft.)	Estimated market rent (per sq. ft.)
Western Canada	4.3 million	95.6	4.35	\$ 8.52	\$ 9.49
Central Canada	8.6 million	96.3	5.40	6.05	6.05
Eastern Canada	2.8 million	94.6	3.79	7.01	7.31
Total	15.7 million	95.8	4.83	\$ 6.90	\$ 7.22

- **Bench strength continues to grow** – Dedicated team members continue to be added across the company, including the appointment of John Todd to succeed Mario Barrafato as Chief Financial Officer effective July 20, 2013. Mr. Barrafato has served as Chief Financial Officer since Dundee Industrial REIT's formation in October 2012 and will continue to serve as a resource to Mr. Todd, ensuring a seamless transition.

Mr. Todd has accumulated more than 20 years of real estate and business experience, most recently as Senior Vice President, Finance at First Capital Realty Inc., where he was responsible for financing, forecasting, business planning, investment analysis, transaction support and valuations. Before progressing into this role at First Capital, Mr. Todd also served as Vice President and Chief Accounting Officer. Prior to joining First Capital, Mr.

Todd held progressive positions at O&Y REIT and O&Y Properties Corporation, including Vice President and Controller.

CAPITAL STRUCTURE

- **Issued 7.5 million units on the acquisition of C2C** – On May 15, 2013, the Trust issued 7,460,654 units as consideration for approximately 95% of the outstanding shares of C2C, valued at \$78.8 million based on the closing price of the Trusts units on the TSX on that date. Since completing its Initial Public Offering in October 2012, the Trust has raised \$363 million of additional equity capital from public offerings and as consideration for acquisitions, increasing the public float by approximately 33.9 million units and resulting in an 81% increase in total market capitalization since IPO.

On July 19, 2013, the remaining 5% of outstanding C2C shares were tendered in exchange for 387,399 additional Trust units.

- **Assumed \$195 million in debt on acquisitions completed** – During the quarter, the Trust assumed \$175 million of mortgages with a weighted average face rate and term to maturity of 3.68% and 3.8 years, respectively. The trust also assumed \$20 million in convertible debentures with a face rate of 6.75% and term to maturity of 4.5 years, convertible into Trust units at a conversion price of \$12.37 per unit.

Key performance indicators ⁽²⁾	June 30, 2013	December 31, 2012
Level of debt (debt-to-total assets) ⁽³⁾	53.0%	54.3%
Interest coverage ratio ⁽⁴⁾	2.8 times	3.0 times
Average face interest rate on all debt	4.19%	4.19%
Debt — average term to maturity (years)	4.5	4.1

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The above key performance indicators are compared to December 31, 2012, as the March 31, 2013 balance sheet reflected \$120 million in excess cash resulting from the equity offering completed in March to fund the acquisitions in the second quarter.

OUTLOOK

After nine months of operations, management has solidified Dundee Industrial REIT as the market leader in Canada, while strengthening the Trust's foot print in key markets, leveraging the platform and achieving operating results that are consistent with expectations. With acquisitions completed in the second quarter, the Trust now owns a nationally diversified portfolio totalling 15.7 million square feet of gross leasable area.

Management will continue to remain opportunistic with respect to acquisitions of industrial properties that meet the Trust's criteria. However, at this time Management is not seeing significant acquisition opportunities in the Trust's target markets that would be materially accretive to key operating metrics.

For the remainder of 2013, Management expects to be primarily focused on enhancing the manner in which we operate our assets, manage our human capital, while instituting best practices and strengthening our relationships with our tenants.

CONFERENCE CALL

Senior management will host a conference call to discuss the results tomorrow, August 7, 2013 at 2:00 p.m. (ET). To access the call, please dial: (647) 317-3471 or toll free at 1-866-551-3680 and using passcode 75234459#. A taped replay of the call will be available for 30 days. To access the conference call via webcast, please go to Dundee Industrial REIT's website at www.dundeeindustrial.com and, in the Investor Centre, click on Calendar of Events. The webcast will be archived for 90 days.

Other information

Information appearing in this news release is a select summary of results. The condensed consolidated financial statements and management's discussion and analysis for the Trust, as well as its Supplementary Information Package will be available at www.dundeeindustrial.com and on www.sedar.com.

Dundee Industrial REIT is an unincorporated, open-ended real estate investment trust. Dundee Industrial REIT owns a portfolio of 206 primarily light industrial properties comprising approximately 15.7 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 cash distributions to its unitholders. For more information, please visit www.dundeeindustrial.com.

FOOTNOTE

(1) NOI, 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.

(2) The key performance indicators include the results of operations for the period from January 1, 2013 to June 30, 2013.

(3) Level of debt is determined as total debt before deferred financing costs and mark-to-market adjustments, divided by total assets.

(4) The interest coverage ratio for the period, is calculated as net rental income plus interest and fee income, less general and administrative expenses, plus deferred unit compensation expense, all divided by interest expense on debt, excluding deferred financing and mark-to-market adjustments.

Forward looking information

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 Industrial REIT’s control, which 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, general 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 general economy remains 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 Industrial 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 Industrial REIT’s filings with securities regulators, including its latest annual information form and MD&A. These filings are also available at Dundee Industrial REIT’s website at www.dundeeindustrial.com.

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