

DUNDEE INDUSTRIAL REIT ANNOUNCES SOLID RESULTS FOR FIRST FULL FISCAL YEAR

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, FEBRUARY 25, 2014, DUNDEE INDUSTRIAL REIT (DIR.UN-TSX) today announced its financial results for the three and twelve months ended December 31, 2013.

HIGHLIGHTS

- **Growth in adjusted funds from operations (“AFFO”) since IPO of 12% per unit – During the three months ended December 31, 2013, AFFO was 19 cents per unit compared to 17 cents in the same period in the prior year. For the year ended December 31, 2013, AFFO was 74 cents per unit, an increase of 9% from the annualized Q4 2012 results.**
- **Occupancy increases to 95.7% – The Trust completed its strongest quarter of leasing to date with 751,000 square feet completed, reflecting a tenant renewal ratio of 70%, new leasing transactions of 249,000 square feet and an increase in space committed for future occupancy of 55,000 square feet. This brings total leasing for the year to 2.1 million square feet reflecting a 70% renewal ratio.**
- **Maintained a strong and stable capital structure – Leverage remained stable at 52.6% with interest coverage of 2.9 times and a weighted average term to maturity on debt of 4.1 years.**
- **Continued opportunities for rent growth – Estimated market rental rates exceed in place rents by approximately 6.4%.**
- **Completion of first full fiscal year – Since its initial public offering (“IPO”) on October 4, 2012, the portfolio has grown from 6.0 million square feet to 15.7 million square feet, increasing its geographic diversification and establishing its market presence and its leasing, property management and operating platforms.**

SELECTED FINANCIAL INFORMATION (unaudited) (\$000's except unit and per unit amounts)	Three Months Ended		Year Ended	Period Ended
	December 31, 2013	September 30, 2013	December 31, 2013	December 31, 2012 ⁽¹⁾
Investment properties revenue	\$ 41,149	\$ 37,842	\$ 142,944	\$ 17,202
Net operating income (“NOI”) ⁽²⁾	27,060	27,221	98,927	12,535
Funds from operations (“FFO”) ⁽²⁾	16,859	17,126	61,550	8,452
Adjusted funds from operations (“AFFO”) ⁽²⁾	13,630	13,729	49,164	6,492
Investment properties value	1,540,791	1,536,125	1,540,791	1,147,410
Debt	840,382	838,151	840,382	649,845
Per unit data (basic)				
FFO	\$ 0.24	\$ 0.24	\$ 0.93	\$ 0.22
AFFO	0.19	0.19	0.74	0.17
Distributions	0.17	0.17	0.69	0.16
FFO payout ratio (%)	70.8%	70.8%	74.2%	72.7%
AFFO payout ratio (%)	89.5%	89.5%	93.2%	94.1%
Units (period end)				
REIT Units	54,921,726	54,784,387	54,921,726	36,257,538
LP Class B Units, Series 1	16,282,096	16,282,906	16,282,096	16,198,747
Total number of units	71,203,822	71,066,483	71,203,822	52,456,285
Portfolio gross leasable area (sq. ft.)	15,663,357	15,661,717	15,663,357	11,438,195
Occupied and committed space	95.7%	95.1%	95.7%	96.3%

See footnotes on page 3

“We are pleased with the results for the Trust’s first full fiscal year,” said Randy Cameron, President and Chief Executive Officer. “Our efforts in 2014 will be focused on continuing to leverage the strong leasing fundamentals in our major markets, exploring value-add intensification initiatives in our properties and improving the quality of our portfolio through opportunistic capital recycling.”

FINANCIAL HIGHLIGHTS

- **AFFO per unit growth since IPO on October 4, 2012** – AFFO for the quarter was \$13.6 million or 19 cents on a per unit basis, bringing total AFFO for the year to \$49.2 million and 74 cents per unit. AFFO per unit for the quarter was 12% higher than the same period in the prior year and stable compared to the third quarter of 2013.
- **Increase in FFO per unit** – FFO for the quarter was \$16.9 million or 24 cents per unit, and \$61.6 million or 93 cents per unit for the year. FFO for the quarter increased 9% compared to the same period in the prior year and was stable compared to the third quarter of 2013.
- **Total NOI of \$27.1 million for the quarter and \$98.9 million for the year** – NOI has grown since the first quarter after the IPO as a result of acquisitions, and was stable compared to the third quarter of 2013.

OPERATIONAL HIGHLIGHTS

- **Leasing Profile** – Leasing activity during the fourth quarter included 249,000 square feet of new leases, 447,000 square feet of renewals and a net increase in committed space for future occupancy of 55,000 square feet, compared to 641,000 square feet of expiries and 11,000 square feet of early terminations. At period-end, the Trust had 877,000 square feet of vacant space, of which 208,000 square feet is committed for future occupancy. The average remaining lease term at December 31, 2013 is 4.7 years. This activity brings the Trust’s total leasing volume for the year to 2.1 million square feet, with a 70% renewal ratio.
- **Portfolio occupancy at 95.7%** – Overall occupancy (including committed space) improved to 95.7% compared to 95.1% at end of the third quarter of 2013. Occupancy at December 31, 2012 was 96.3%.
- **Estimated market rents 6.4% above average in-place rents** – At quarter-end, estimated market rents were approximately 6.4% above the Trust’s current average in-place rental rate of \$6.92 per square foot (September 30, 2013 – \$6.89). The difference between in-place and market rent provides the Trust with opportunities for rental rate 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	96.7	4.3	\$ 8.60	\$ 9.66
Central Canada	8.6 million	96.1	5.2	6.01	6.16
Eastern Canada	2.8 million	93.0	3.5	7.11	7.45
Total	15.7 million	95.7	4.7	\$ 6.92	\$ 7.36

CAPITAL STRUCTURE

The Trust’s capital structure remained stable during the year, with leverage at a stable 52.6% and interest coverage of 2.9 times.

Key performance indicators ⁽³⁾	December 31, 2013	December 31, 2012
Level of debt (debt-to-total assets) ⁽⁴⁾	52.6%	54.2%
Interest coverage ratio ⁽⁵⁾	2.9 times	3.0 times
Average face interest rate on all debt	4.18%	4.19%
Debt — average term to maturity (years)	4.1	4.1

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On February 24, 2014, the Trust completed a \$56 million refinancing of maturing mortgages on a portfolio of eight of its properties in Halifax. Net proceeds after repayment of the existing mortgage amounted to \$21 million, which were used to repay other maturing mortgages and the outstanding balance on the demand revolving credit facility. The new mortgage term was five years at a fixed rate of 3.31%.

OUTLOOK

After more than a year of operations, management has solidified Dundee Industrial REIT's size and presence in key markets, strengthening the platform and achieving AFFO and FFO per unit growth. With acquisitions completed year-to-date, the Trust now owns a nationally diversified portfolio totalling 15.7 million square feet of gross leasable area which is generating solid operating performance.

For 2014, we will be focused on continuing to grow rents by leveraging the continuing strength in our major markets, exploring intensification opportunities in our portfolio, and recycling capital on an opportunistic basis to continue to improve the quality of our portfolio.

CONFERENCE CALL

Senior management will host a conference call to discuss the results tomorrow, February 26, 2014 at 2:00 p.m. (ET). To access the call, please dial: (416) 216-4169 or toll free at 1-866-229-4144 and using passcode 9411711#. A taped replay of the call will be available for 90 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 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) The Trust was formed on July 20, 2012 with no operating activity from July 20, 2012 to October 3, 2012. The Trust completed its IPO on October 4, 2012. Thus the prior year period reflects operating results from October 4, 2012 to December 31, 2012.

(2) 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.

(3) The key performance indicators include the results of operations for the year ended December 31, 2013 and for the period from October 4, 2012 to December 31, 2012.

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

(5) The interest coverage ratio for the year ended December 31, 2013 and for the period from July 20, 2012 to December 31, 2012, 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.

For further information, please contact:

Dundee Industrial REIT

Michael Cooper
Chairman, Executive Committee
(416) 365-5145
mcooper@dundeeindustrial.com

Randy Cameron
President & Chief Executive Officer
(403) 270-2480
rcameron@dundeeindustrial.com

John Todd
Chief Financial Officer
(416) 365-8963
jtodd@dundeeindustrial.com