

The new name for
Dundee Industrial REIT

DUNDEE INDUSTRIAL REIT ANNOUNCES RECORD AFFO PER UNIT AND NAME CHANGE TO DREAM INDUSTRIAL REIT

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, MAY 5, 2014, DUNDEE INDUSTRIAL REIT (DIR.UN-TSX) today announced its financial results for the three months ended March 31, 2014.

HIGHLIGHTS

- **Adjusted Funds From Operations (“AFFO”) per unit grew by 18% from Q1 2013 and 2.6% from Q4 2013** – AFFO for the three months ended March 31, 2014 was 19.7 cents compared to 16.7 cents for the three months ended March 31, 2013 and 19.2 cents for the three months ended December 31, 2013.
- **Occupancy increases to 96.3% from 95.7% at December 31, 2013** – The Trust completed another strong quarter of leasing to date with 400,000 square feet commencing, reflecting a tenant renewal ratio of 80%, new leasing transactions of 183,000 square feet and renewals of 218,000 square feet.
- **Stable capital structure** – Leverage remained stable at 52.4% with interest coverage of 2.9 times and a weighted average term to maturity on debt of 4.2 years.
- **Continued opportunities for rent growth** – Estimated market rental rates exceed in place rents by approximately 6.0%.
- **Capital recycling activities** – Portfolio optimization activities underway include a 65% occupied property under contract for sale for gross proceeds of \$11.2 million with an expected closing in May and the purchase of a 50% interest in the Trust’s only co-owned property for \$2.3 million, which is also expected to close in May.

As previously announced in the Trust’s 2013 annual report, we are moving into a new and exciting time in our business and following our annual meeting today, Dundee Industrial REIT’s name will be **Dream Industrial REIT**.

SELECTED FINANCIAL INFORMATION

(unaudited)

(\$000’s except unit and per unit amounts)

	Three Months Ended		
	March 31, 2014	December 31, 2013	March 31, 2013
Investment properties revenue	\$ 40,914	\$ 41,149	\$ 29,250
Net operating income (“NOI”) ⁽¹⁾	27,215	27,060	19,892
Funds from operations (“FFO”) ⁽¹⁾	17,044	16,872	11,993
Adjusted funds from operations (“AFFO”) ⁽¹⁾	14,006	13,630	9,275
Investment properties value	1,532,065	1,540,791	1,148,845
Debt	836,061	840,382	659,504
Per unit data (basic)			
AFFO – basic and diluted	\$ 0.197	\$ 0.192	\$ 0.167
FFO – basic	0.239	0.237	0.216
FFO – diluted	0.234	0.233	0.215
Distributions	0.17	0.17	0.17
FFO payout ratio (%)	71.1%	71.7%	78.7%
AFFO payout ratio (%)	86.3%	88.5%	101.8%
Units (period end)			
REIT Units	55,063,083	54,921,726	46,749,543
LP Class B Units, Series 1	16,282,096	16,282,096	16,282,096
Total number of units	71,345,179	71,203,822	63,031,639
Portfolio gross leasable area (sq. ft.)	15,599,084	15,663,357	11,434,418
Occupied and committed space	96.3%	95.7%	96.5%

See footnotes on page 3

“We are pleased with our continued strong operating metrics which reflect our focus on internal growth and operating our properties well.” said Randy Cameron, President and Chief Executive Officer. “This, along with strong fundamentals for industrial real estate support continued growth in net operating income and adjusted funds from operations.”

Subsequent to March 31, the Trust obtained a commitment to extend the maturity date of its credit facility to June 2016 from October 2014, and increase the size from \$50 million to \$75 million. This provides the Trust with additional financial flexibility as it refinances debt and recycles capital.

FINANCIAL HIGHLIGHTS

- **AFFO Growth** – AFFO for the quarter was \$14.0 million or 0.197 cents on a per unit basis. AFFO per unit for the quarter was 18% higher than the same period in the prior year and 2.6% higher compared to the fourth quarter of 2013.
- **Increase in FFO per unit** – FFO for the quarter was \$17.0 million or 23.9 cents per unit. FFO per unit for the quarter increased 10.6% compared to the same period in the prior year and was 0.8% higher than the fourth quarter of 2013.
- **Total NOI of \$27.2 million for the quarter** – Total NOI has grown 37% compared to the same period last year primarily as a result of acquisitions completed in the second quarter of 2013. Comparative property NOI over the fourth quarter of 2013 increased by 1.1%.

OPERATIONAL HIGHLIGHTS

- **Leasing Profile** – Leasing activity during the first quarter included 183,000 square feet of new leases, 218,000 square feet of renewals and a net decrease in committed space for future occupancy of 51,000 square feet, compared to 271,000 square feet of expiries and 16,000 square feet of early terminations. At period-end, the Trust had 740,000 square feet of vacant space, of which 158,000 square feet is committed for future occupancy. The average remaining lease term at March 31, 2014 is 4.6 years.
- **Portfolio occupancy at 96.3%** – Overall occupancy (including committed space) improved to 96.3% compared to 95.7% at end of the fourth quarter of 2013.
- **Estimated market rents 6.0% above average in-place rents** – At quarter-end, estimated market rents were approximately 6.0% above the Trust’s current average in-place rental rate of \$6.96 per square foot (December 31, 2013 – \$6.92). The 6.0% difference between in-place and market rent provides the Trust with opportunities for rental rate growth.

	GLA (in millions of sq. ft.)	Occupancy (%)	Average lease term (years)	Average in-place rent (per sq. ft.)	Estimated market rent (per sq. ft.)
Western Canada	4.2	98.3	4.3	\$ 8.66	\$ 9.73
Ontario	4.9	98.0	4.3	6.11	6.23
Quebec	3.7	93.8	6.1	5.95	6.16
Eastern Canada	2.8	93.4	3.4	7.12	7.35
Total	15.6	96.3	4.6	\$ 6.96	\$ 7.38

CAPITAL STRUCTURE

The Trust’s capital structure remained stable during the quarter, with leverage at a stable 52.4% and interest coverage of 2.9 times.

Key performance indicators ⁽²⁾	March 31, 2014	December 31, 2013
Level of debt (debt-to-total assets) ⁽³⁾	52.4%	52.6%
Interest coverage ratio ⁽⁴⁾	2.9 times	2.9 times
Average face interest rate on all debt	4.17%	4.18%
Debt — average term to maturity (years)	4.2	4.1

See footnotes on page 3

During the quarter, the Trust entered into an agreement to sell a 65,000 square foot property in Calgary to a major tenant in the property for \$11.2 million. The property is 65% occupied and has been reclassified to asset held for sale and excluded from our operating statistics for the current quarter. The sale is expected to close in May.

The Trust has waived conditions on the acquisition of our partner's 50% interest in a 26,000 square foot property in Edmonton for \$2.3 million, the only property in which we had a co-ownership interest. This transaction is also expected to close in May.

OUTLOOK

For the remainder of 2014, management will be primarily focused on operations and growing rental income by leveraging the strength in our major markets. We are also recycling capital on an opportunistic basis to continue to improve the quality of our portfolio and exploring intensification opportunities.

CONFERENCE CALL

Senior management will host a conference call to discuss the results tomorrow, May 6, 2014 at 9:00 a.m. (ET). To access the conference call, please dial 1-866-229-4144 in Canada and the United States or 416-216-4169 elsewhere and use passcode 9411 711#. 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 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 205 primarily light industrial properties comprising approximately 15.6 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 three months ended March 31, 2014, December 31, 2013 and March 31, 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 three months ended March 31, 2014 and December 31, 2013 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

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

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