Pure Multi-Family REIT LP

Interim Consolidated Financial Statements

Period Ended September 30, 2012

Expressed in United States dollars

UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Limited Partnership discloses that its auditors have not reviewed the unaudited interim consolidated financial statements for the period ended September 30, 2012.

Expressed in United States dollars

	September 30, 2012
ASSETS	
Non-current assets	
Investment properties (note 4)	**$ 69,183,076**
Current assets	
Prepaid expenses	**98,125**
Mortgage reserve fund (note 5)	**1,607,988**
Deposits (note 6)	**22,572,580**
Amounts receivable	**418,621**
Cash held in trust	**10,000**
Cash and cash equivalents	**3,818,845**
	28,526,159
TOTAL ASSETS	**$ 97,709,235**
LIABILITIES	
Non-current liabilities	
Mortgages payable (note 7)	**$ 43,047,544**
Current liabilities	
Mortgages payable – current portion (note 7)	**13,804**
Rental deposits	**91,107**
Unearned revenue	**15,634**
Accounts payable and accrued liabilities	**1,846,100**
	1,966,645
TOTAL LIABILITIES	**45,014,189**
PARTNERS' CAPITAL (note 8)	**52,695,046**
TOTAL LIABILITIES AND PARTNERS' CAPITAL	**$ 97,709,235**

Nature of business and basis of presentation (note 1 and 2)

Subsequent events (note 13)

Approved on behalf of the Board of Directors of the General Partner,
Pure Multi-Family REIT (GP) Inc.:

"Robert W. King" Director
Robert W. King

"Darren T. Latoski" Director
Darren T. Latoski

The accompanying notes are an integral part of these consolidated financial statements

Expressed in United States dollars

	Limited Partners Class A	Limited Partners Class B	General Partner	Accumulated Earnings (Deficit)	Total
Balance, May 8, 2012	$ -	$ -	$ -	$ -	$ -
General partner contribution	-	-	20	-	20
Issuance of units	57,500,000	1,000,000	-	-	58,500,000
Offering costs	(5,086,419)	-	-	-	(5,086,419)
Distributions to unitholders	-	-	-	(980,526)	(980,526)
Net income for the period	-	-	-	261,971	261,971
Balance, September 30, 2012	**$ 52,413,581**	**$ 1,000,000**	**$ 20**	**$ (718,555)**	**$ 52,695,046**

Expressed in United States dollars

	From date of formation on May 8, 2012 to September 30, 2012	Three months ended September 30, 2012
REVENUES		
Rental	$ 1,324,858	$ 1,324,858
OPERATING EXPENSES		
Insurance	44,088	44,088
Property management	38,948	38,948
Property taxes	148,215	148,215
Property operating expenses	491,885	491,885
	723,136	723,136
NET RENTAL INCOME	601,722	601,722
NET FINANCE INCOME (EXPENSES)		
Interest income	2,236	2,236
Mortgage interest	(218,511)	(218,511)
	(216,275)	(216,275)
NET OTHER INCOME (EXPENSES)		
Other income	17,060	17,060
General and administrative	(79,948)	(79,948)
Fair value adjustments to investment properties (note 4)	(60,588)	(60,588)
	(123,476)	(123,476)
NET INCOME AND COMPREHENSIVE INCOME	$ 261,971	$ 261,971
Earnings per Class A unit		
Basic and diluted	$ 0.02	$ 0.02
Weighted average number of Class A units		
Basic and diluted	11,355,422	11,355,422
Earnings per Class B unit		
Basic and diluted	$ 0.07	$ 0.07
Weighted average number of Class B units		
Basic and diluted	200,000	200,000

The accompanying notes are an integral part of these consolidated financial statements

Expressed in United States dollars

		From date of formation on May 8, 2012 to September 30, 2012
Cash provided by (used in)		
OPERATIONS		
Net income	$	261,971
Items not involving cash:		
Amortization of mortgage transaction costs		4,334
Fair value adjustments to investment property (note 4)		60,588
Interest income		(2,236)
Mortgage interest		214,177
Changes in non-cash working capital items:		
Increase in amounts receivable		(418,621)
Increase in prepaid expenses		(98,125)
Increase in accounts payable and accrued liabilities		1,766,719
Increase in unearned revenue		15,634
Increase in rental deposits		91,107
		1,895,548
INVESTING		
Capital additions to and acquisitions of investment properties		(69,243,664)
Deposits		(22,572,580)
Cash held in trust		(10,000)
Interest received		2,236
		(91,824,008)
FINANCING		
Distributions to unitholders		(980,526)
General partner capital contribution		20
Mortgage interest paid		(134,796)
Mortgage proceeds received		43,680,000
Mortgage reserve fund		(1,607,988)
Payment of mortgage transaction costs		(622,986)
Proceeds from issuance of units		58,500,000
Unit offering costs		(5,086,419)
		93,747,305
Net change in cash and cash equivalents		3,818,845
Cash and cash equivalents, beginning of period		-
CASH AND CASH EQUIVALENTS, END OF PERIOD	$	3,818,845

1. PURE MULTI-FAMILY REIT LP INFORMATION

Pure Multi-Family REIT LP ("Pure Multi") is a limited partnership formed under the *Limited Partnership Act* (Ontario) to invest in multi-family real estate properties in the United States. Pure Multi was established by Pure Multi-Family Management Limited Partnership (the "Managing GP"), its managing general partner, and Pure Multi-Family REIT (GP) Inc. (the "Governing GP"), its governing general partner, pursuant to the terms of the Partnership Agreement. Pure Multi's head office and address for service is located at 910 – 925 West Georgia Street, Vancouver, British Columbia, V6C 3L2. A copy of the Partnership Agreement can be obtained from Pure Multi or on SEDAR at www.sedar.com.

Pure Multi was established, among other things, for the purposes of:

a) acquiring Common Shares and a Series A Preferred Share of Pure US Apartments REIT Inc. (the "US REIT");

b) temporarily holding cash and investments for the purposes of paying the expenses and liabilities of Pure Multi and making distributions to Unitholders;

c) in connection with the undertaking set out above, reinvesting income and gains of Pure Multi and taking other actions besides the mere protection and preservation of Pure Multi Property.

The principal business of Pure Multi will be to issue Units and to acquire and hold Common Shares and a Series A Preferred Share of the US REIT. The US REIT was established, among other things, for the purposes of acquiring, owning and operating multi-family real estate properties in the United States.

These interim consolidated financial statements were authorized for issue by the Board of Directors of the Governing GP on November 8, 2012.

2. BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE

a. Statement of compliance

These interim consolidated financial statements have been prepared under International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") incorporating interpretations issued by the IFRS Interpretations Committee ("IFRICs"). These interim consolidated financial statements have been prepared in accordance with IAS 34, *Interim Financial Reporting,* and the accounting policies that Pure Multi expects to adopt in its December 31, 2012 annual consolidated financial statements. These accounting policies are based on the IFRS and IFRICs that Pure Multi expects to be applicable at that time.

b. Basis of measurement

These interim consolidated financial statements have been prepared on a historical cost basis, except for investment properties which have been measured at fair value.

The preparation of these interim financial statements requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying Pure Multi's accounting policies. Areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3(N).

c. Functional and presentation currency

These consolidated financial statements are presented in United States dollars, which is Pure Multi's functional currency.

d. Presentation of financial statements

Pure Multi uses a classified statement of financial position. The consolidated statement of financial position distinguishes between current and non-current assets and liabilities. Current assets and liabilities are those expected to be recovered or settled within twelve months from the reporting date and non-current assets and liabilities are those where the recovery or settlement is expected to occur more than twelve months from the reporting date. Pure Multi classifies the statements of income and comprehensive income using the function of expense method, which classifies expenses according to their functions, such as costs of operation or administrative activities.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these interim consolidated financial statements are set out below. The accounting policies have been applied consistently by group entities unless otherwise stated.

A. Basis of consolidation

The interim consolidated financial statements comprise the financial statements of Pure Multi and its subsidiaries, over which Pure Multi has control. Control exists when Pure Multi has the power to govern the financial and operating policies of an entity so as to obtain benefit from its activities. The financial statements of subsidiaries are consolidated from the date that control commences and continue to be consolidated until the date that control ceases.

Intra-group transactions and balances are eliminated in preparing the interim consolidated financial statements. The interim consolidated financial statements reflect the financial position, results of operations and cash flows of Pure Multi and its subsidiaries.

B. Property acquisitions and business combinations

Where property is acquired, management considers the substance of the agreement in determining whether the acquisition represents the acquisition of a property or a business combination. The basis of the judgment is set out in note 3(N).

Where such acquisitions are not judged to be a business combination, they are treated as asset acquisition. The cost to acquire the property is allocated between the identifiable assets acquired and liabilities assumed based on their relative fair values at the acquisition date. Otherwise, acquisitions are accounted for as a business combination.

C. Investment properties

Investment properties comprise properties held to earn rental revenue or for capital appreciation or both. Investment properties are measured initially at cost including transaction costs. Transaction costs include transfer taxes, professional fees for legal services and initial leasing commissions to bring the property to the condition necessary for it to be capable of operating.

Subsequent to initial recognition, investment properties are measured at fair value. Pure Multi defines fair value to be the value a third party is willing to pay, in an arm's length transaction, for an investment property. Therefore, the fair value of recently acquired investment property would be the purchase price. Any subsequent valuations performed on an investment property, after acquisition date, would be the new basis for the fair value recorded on the investment property. Gains or losses arising from changes in fair values are included in the statement of income and comprehensive income in the period in which they arise.

An investment property is derecognized when it has been disposed of or permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the statement of income and comprehensive income in the period of retirement or disposal.

Gains or losses on the disposal of an investment property are determined as the difference between net disposal proceeds and the carrying value of the asset on the date the transaction occurred.

D. Leases

Leases are classified according to the substance of the transaction. Leases that transfer substantially all the risks and benefits of ownership from Pure Multi to the lessees are accounted for as finance leases. All current leases of Pure Multi are operating leases.

E. Revenue recognition

Rental revenue is recognized on a straight line basis over the term of the lease subject to ultimate collection being reasonably assured. Revenue includes recoveries of specified operating expenses, in accordance with the terms of the lease agreements. Recoveries are recognized in the period in which the related operating expense was incurred and collectability is reasonably assured.

F. Finance income (expenses)

Finance income (expenses) consists of interest income and mortgage interest. Finance income is recognized in the period in which it is earned, while finance expenses are recognized in the period in which they are incurred.

G. Translation of foreign currency

The functional and reporting currency of Pure Multi is United States dollars. Pure Multi has some transactions in Canadian dollars. Monetary items are translated at the exchange rate in effect at the balance sheet date and non-monetary items are translated at historical exchange rates. Revenue and expense items are translated at the exchange rate in effect on the dates they occur. Realized and unrealized exchange gains and losses are included in earnings.

H. Financial instruments

Non-derivative financial assets and non-derivative financial liabilities are initially recognized at fair value, and their subsequent measurement is dependent on their classification as described below. The classification depends on the purpose for which the financial instruments were acquired or issued, their characteristics and Pure Multi's designation of such instruments.

Pure Multi classifies its financial instruments as follows:

Cash and cash equivalents	Loans and receivables
Cash held in trust	Loans and receivables
Amounts receivable	Loans and receivables
Mortgage reserve fund	Loans and receivables
Deposits	Loans and receivables
Accounts payable and accrued liabilities	Other financial liabilities
Mortgages payable	Other financial liabilities

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. These assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are accounted for at amortized cost, using the effective interest rate method, less any impairment losses.

Non-derivative financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are accounted for at amortized cost, using the effective interest rate method.

I. Fair value

The fair value of a financial instrument is the amount that a third party is willing to pay in an arm's length transaction. In certain circumstances, the initial fair value may be based on other observable current market transactions, without modification or on a valuation technique using market based inputs.

Fair value measurements recognized in the statement of financial position are categorized in accordance with the following levels:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Quoted prices in active markets for similar assets or liabilities or valuation techniques where significant inputs are based on observable market data.
- Level 3: Valuation techniques for which any significant input is not based on observable market data.

Each type of fair value is categorized based on the lowest level input that is significant to the fair value measurement in its entirety.

J. Impairment of financial assets

At each reporting date, Pure Multi assesses whether there is objective evidence that a financial asset is impaired. If a financial asset carried at amortized cost is impaired, the amount of the loss is measured as the difference between the amortized cost of the loan or receivable and the present value of the estimated future cash flows, discounted using the instrument's original effective interest rate. The loss is recognized in impairment expense.

K. Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and cash held at banks.

L. Income taxes

Pure Multi is not subject to tax under Part I of the Income Tax Act (Canada) (the "Tax Act"). Each partner of Pure Multi is required to include in computing the partner's income for a particular taxation year the partner's share of the income or loss of Pure Multi for its fiscal year ending in or on the partner's taxation year-end, whether or not any of that income or loss is distributed to the partner in the taxation year. Accordingly, no provision has been made for Canadian income taxes under Part I of the Tax Act.

The Tax Act contains certain provisions (the "SIFT Measures") which levy tax on certain trusts and partnerships that are specified investment flow-through entities ("SIFTs") in defined circumstances. Certain distributions attributable to a SIFT's "non-portfolio earnings" will not be deductible in computing a SIFT's income and the SIFT will be subject to Canadian income tax on such distributions at regular Canadian corporate rates. Management believes that Pure Multi is not a SIFT and therefore not subject to the SIFT Measures. Management further believes that Pure Multi would not have any non-portfolio earnings for the reporting period. Accordingly, no provision has been made for tax under the SIFT Measures. Management intends to continue to operate Pure Multi in such a manner so as to remain exempt from the SIFT Measures on a continuous basis in the future. If Pure Multi becomes a SIFT it will be subject to federal and provincial income taxes at regular Canadian corporate rates on its non-portfolio earnings, if any, distributed to unitholders.

Pure Multi's subsidiary, the US REIT, intends to timely make and maintain an election to be taxed as a U.S. real estate investment trust ("REIT") under the U.S. Internal Revenue Code (the "Code") and to take the necessary steps to qualify as a REIT pursuant to the Code. In order for the US REIT to qualify as a REIT, the US REIT must meet a number of organizational and operational requirements, including a requirement to make annual distributions to its shareholders equal to a minimum of 90% of its REIT taxable income, computed without regards to a dividends paid deduction and net capital gains. As a REIT, the US REIT generally will not be subject to U.S. federal income tax on its taxable income to the extent such income is distributed to shareholders annually. Management believes that all REIT conditions necessary to eliminate income taxes for the reporting period have been met, and accordingly no provision for US federal and state income taxes has been made.

Management intends to operate the US REIT in such a manner so as to qualify as a REIT on a continuous basis in the future. However, actual qualification as a REIT will depend upon meeting, through actual annual operating results, the various conditions imposed by the Code. If the US REIT fails to qualify as a REIT in any taxable year, it will be subject to US federal and state income taxes at regular US corporate rates, including any applicable alternative minimum tax. In addition, the US REIT may not be able to requalify as a REIT for the four subsequent taxable years. Even if the US REIT qualifies for taxation as a REIT, the US REIT may be subject to certain US state and local taxes on its income and property, and to US federal income and excise taxes on its undistributed taxable income and/or specified types of income in certain circumstances.

M. Operating segments

Pure Multi currently operates in one business segment, the owning and operating of multifamily apartment properties in the sun-belt area in the United States. The primary format for segment reporting is based on geographical region and is consistent with the internal reporting provided to the chief operating decision-maker, determined to be the general partners.

N. Significant accounting judgments and estimates

Judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of revenues, expenses, assets and liabilities are reviewed on an ongoing basis. Actual results may differ from these estimates.

a. Judgments

In the process of applying Pure Multi's accounting policies, management has made the following critical judgments, which have the most significant effects on the amounts recognized in the consolidated financial statements:

(i) Deferred income tax

Canadian deferred income taxes are not recognized in Pure Multi's consolidated financial statements on the basis that Pure Multi does not pay any income tax as disclosed in note 3(L).

(ii) Asset acquisitions

The US REIT acquires individual real estate properties. At the time of acquisition, the US REIT considers whether or not the acquisition represents the acquisition of a business. The US REIT accounts for an acquisition as a business combination where an integrated set of activities is acquired in addition to the property. More specifically, consideration is made to the extent to which significant processes are acquired and, in particular, the extent of ancillary services provided by the property (e.g., maintenance, cleaning, security, bookkeeping, etc.).

When the acquisition of a property does not represent a business, it is accounted for as an acquisition of a group of assets and liabilities. The cost of the acquisition is allocated to the assets and liabilities acquired based upon their relative fair values, and no goodwill or deferred tax is recognized.

b. Estimates

The significant areas of estimation include the following:

(i) Valuation of investment properties

The fair value of the investment properties is determined by management, using recognized valuation techniques supported, in certain instances, by independent real estate valuation experts.

The determination of the fair value of investment properties requires the use of estimates such as future cash flows from assets (based on factors such as tenant profiles, future revenue streams and overall repair and condition of the property), capitalization rates and discount rates applicable to those assets. These estimates are based on market conditions existing at the reporting date.

The following approaches, either individually or in combination, are used by management, together with the appraisals, in their determination of the fair value of the investment properties:

The Income Approach derives market value by estimating the future cash flows that will be generated by the property and then applying an appropriate capitalization rate or discount rate to those cash flows. This approach can utilize the direct capitalization method and/or the discounted cash flow analysis.

The Direct Comparison Approach involves comparing or contrasting the recent sale, listing or optioned prices of properties comparable to the subject and adjusting for any significant differences between them.

Management reviews each appraisal obtained and ensures the assumptions used by the appraisers are reasonable and the final fair value amount reflects those assumptions used in the various approaches above. Where an appraisal is not obtained at the reporting date, management reviews the approaches described above, for each investment property, and estimates the fair value.

The significant assumptions used by management in estimating the fair value of investment properties are set out in note 4.

O. Allocation of net income or net loss

Where Distributable Cash, as described in the Prospectus dated July 3, 2012, was paid in respect of a Fiscal Year, the Net Income of Pure Multi in respect of that Fiscal Year shall be allocated among the Partners on the following basis:

a) first, to the Governing GP 0.01% of the Net Income of Pure Multi to a maximum of $100 per annum;

b) as to the balance:

(i) to the Class A Unitholders, as a class, an amount equal to the balance multiplied by a fraction, the numerator of which is the sum of the distributions received by the Class A Unitholders in respect of the Fiscal Year and the denominator of which is the total distributions made by Pure Multi in respect of the Fiscal Year and the amount so determined shall be allocated to each Class A Unitholder by multiplying such amount distributed by a fraction, the numerator of which is the sum of distributions received by such Class A Unitholder with respect to such Fiscal Year and the denominator of which is the aggregate amount of distributions made by Pure Multi to the Class A as a group with respect to such Fiscal Year; and

(ii) to the Class B Unitholders, *pro rata*, an amount equal to the balance multiplied by a fraction, the numerator of which is the sum of the distributions received by the Class B Unitholders in respect of the Fiscal Year and the denominator of which is the total distributions made by Pure Multi in respect of the Fiscal Year.

Where no Distributable Cash was paid in respect of a Fiscal Year, Net Income of Pure Multi in respect of that Fiscal Year shall be allocated among the Partners on the following basis:

a) first, to the Governing GP 0.01% of the Net Income of Pure Multi to a maximum of $100 per annum;

b) as to the balance:

(i) to the Class A Unitholders of record at the end of each month ending in such Fiscal Year, *pro rata* in accordance with their respective Proportionate Shares, the Class A Unit Percentage of the balance divided by 12; and

(ii) to the Class B Unitholders of record at the end of each month ending in such Fiscal Year, *pro rata* in accordance with their respective Proportionate Shares the Class B Unit Percentage of the balance divided by 12.

Net Loss of Pure Multi in respect of that Fiscal Year shall be allocated among the Partners on the following basis:

a) to the Class A Unitholders who were holders of Units at the end of each month ending in such Fiscal Year, *pro rata* in accordance with their respective Proportionate Shares and to the extent of their capital accounts, the Unit Percentage of the Net Loss divided by 12;

b) to the Class B Unitholders who were holders of Class B Units at the end of each month ending in such Fiscal Year, *pro rata* in accordance with their respective Proportionate Shares and to the extent of their capital accounts, the Class B Unit Percentage of the Net Loss divided by 12; and.

c) as to the balance, to the Governing GP.

P. Provisions

Provisions are recognized by Pure Multi when: i) Pure Multi has a present legal or constructive obligation as a result of past events; ii) it is probable that an outflow of resources will be required to settle the obligation; and iii) the amount can be reasonably estimated. If the time value of money is material, provisions are discounted using a current rate that reflects the risk profile of the liability, and the increase to the provision due to the passage of time will be recognized as interest expenses.

Q. Future accounting policy changes

a. Financial instruments: classification and measurement

In November 2009, as part of the IASB's project to replace International Accounting Standard ("IAS") 39, *Financial Instruments: Recognition and Measurement*, the IASB issued the first phase of IFRS 9, *Financial Instruments*, which introduces new requirements for the classification and measurement of financial assets. The standard was revised in October 2010 to include requirements regarding classification and measurement of financial liabilities and is applicable for annual periods starting on or after January 1, 2015. The full impact of the changes in accounting for financial instruments will not be known until the IASB's project has been completed.

b. Joint arrangements

In May 2011, the IASB issued IFRS 11, *Joint Arrangements*. This new standard replaces IAS 31, *Interests in Joint Ventures*. The new standard eliminates the option to proportionately consolidate interests in certain types of joint ventures and will be effective for Pure Multi's year-end beginning January 1, 2015. The adoption of IFRS 11 is not expected to have a significant impact on Pure Multi's consolidated financial statements.

c. Consolidated financial statements

In May 2011, the IASB issued IFRS 10, *Consolidated Financial Statements*. This new standard replaces IAS 27, *Consolidated and Separate Financial Statements*, and SIC 12, *Consolidation – Special Purpose Entities*. The new standard establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities and will be effective for Pure Multi's year-end beginning January 1, 2013, with early adoption permitted. The adoption of IFRS 10 is not expected to have a significant impact on Pure Multi's consolidated financial statements.

Expressed in United States dollars

d. Disclosure of interests in other entities

In May 2011, the IASB issued IFRS 12, *Disclosure of Interests in Other Entities*. This new standard includes disclosure requirements about subsidiaries, joint ventures and associates. Additional disclosures include judgments and assumptions made in determining how to classify involvement with another entity, interests that non-controlling interests have in the consolidated entities and the nature and risks associated with interests in other entities. IAS 28, *Investments in Associates*, has been amended and will set the requirements for the application of the equity method when accounting for investments in associates. This standard will be effective for Pure Multi's year-end beginning January 1, 2013, with early adoption permitted. The adoption of IFRS 12 is not expected to have a significant impact on Pure Multi's consolidated financial statements.

e. Fair value measurement

In May 2011, the IASB issued IFRS 13, *Fair Value Measurement*. This new standard establishes a single source of guidance for fair value measurements when fair value is permitted or required by IFRS. The standard also requires enhanced disclosures when fair value is applied. This standard will be effective for Pure Multi's year-end beginning January 1, 2013, with early adoption permitted. Pure Multi is currently evaluating the impact of IFRS 13 on its consolidated financial statements.

4. INVESTMENT PROPERTIES

On July 12, 2012, Pure Multi, through the US REIT, acquired Windscape Apartment Homes ("Windscape"), located in Grand Prairie, Texas, for a purchase price of $8,378,785, plus standard closing costs and adjustments. This acquisition was financed with cash and a new seven year mortgage in the amount of $5,090,000.

On July 12, 2012, Pure Multi, through the US REIT, acquired Oakchase Apartments ("Oakchase"), located in Arlington, Texas, for a purchase price of $13,580,133, plus standard closing costs and adjustments. This acquisition was financed with cash and a new five year mortgage in the amount of $8,940,000.

On July 18, 2012, Pure Multi, through the US REIT, acquired Stoneleigh at Valley Ranch ("Valley Ranch"), located in Irving, Texas, for a purchase price of $22,600,000, plus standard closing costs and adjustments. This acquisition was financed with cash and a new ten year mortgage in the amount of $13,680,000.

On September 26, 2012, Pure Multi, through the US REIT, acquired two properties, which Pure Multi is managing and operating as one property since acquisition date; Springmist Apartments and Sunset Point Apartments (collectively known as "Sunset Point"), located in Arlington, Texas, for a combined purchase price of $24,569,000, plus standard closing costs and adjustments. These acquisitions were financed with cash and a new ten year mortgage in the amount of $15,970,000.

		2012
Balance, at May 8, 2012	$	-
Acquisitions		69,188,506
Capital additions		55,158
Change in fair value of investment properties		(60,588)
Balance, September 30, 2012	$	69,183,076

The investment properties are pledged as security against the mortgages payable.

Expressed in United States dollars

The fair value of the investment properties has been determined on a market value basis. As set out in note 3, in arriving at their estimates of market values, management and the independent appraisers have used their market knowledge and professional judgment and did not rely solely on historical transactional comparisons.

The appraisals were performed by accredited independent appraisers with recognized and relevant professional qualifications and with recent experience in the location and category of the investment property being valued. Management reviews each appraisal and ensures that the assumptions used below are reasonable and the final fair value amount reflects those assumptions used in the determination of the fair market values of the properties.

Pure Multi does not obtain appraisals for each property at each reporting date. Where Pure Multi does not obtain an appraisal for a specific investment property at the reporting date, management reviews specific indicators (i.e. market conditions, discount rate changes, etc.) and determines whether a change in fair value has occurred.

The significant assumptions made relating to the valuations are set out below:

	September 30, 2012	
	Weighted average	Range
Capitalization rate	6.42%	5.50% - 7.00%

5. MORTGAGE RESERVE FUND

The mortgage reserve fund consists of cash on deposit requested by the lenders to be retained in escrow to pay for any repairs to the properties and certain costs. These funds will be released to pay the respective obligations or once certain conditions are met, such as completion of repairs. The term of the mortgage reserve fund is within 12 months.

6. DEPOSITS

Deposits consist of refundable and non-refundable deposits, held pursuant to agreements of purchase and sale, which are to be used solely for the acquisition of properties.

7. MORTGAGES PAYABLE

The mortgages payable are recorded at amortized cost and bear a weighted effective interest rate of 3.48% as at September 30, 2012.

The mortgages payable are secured by charges on Pure Multi's investment properties.

The amount of mortgages payable on September 30, 2012 was $43,061,348. Included in mortgages payable are the related unamortized mortgage transaction costs of $618,652 as at September 30, 2012, which are amortized over the terms of the mortgages, using the effective interest rate method.

Expressed in United States dollars

Principal repayments, as of September 30, 2012, based on scheduled repayments to be made on the mortgages payable over the next five years and thereafter are as follows:

2012	$	-
2013		57,080
2014		249,449
2015		479,494
2016		492,720
Thereafter		42,401,257
	$	43,680,000

8. PARTNERS' CAPITAL

The capital of Pure Multi consists of an unlimited number of units of Pure Multi and the interest held by the Governing GP. The Governing GP has made a capital contribution of $20 to Pure Multi and has no further obligation to contribute capital.

On May 30, 2012, the Managing GP subscribed for 200,000 Class B Units (each a "Class B Unit") of Pure Multi and paid consideration of $5.00 per Class B Unit for aggregate proceeds to Pure Multi of $1,000,000, which entitles the Class B Unitholders, initially, a 5% interest in Pure Multi.

On July 10, 2012, Pure Multi issued 10,000,000 Class A Units (each a "Class A Unit") of Pure Multi at a price of $5.00 per unit, for total gross proceeds of $50,000,000, less standard offering costs.

On July 18, 2012, Pure Multi issued 1,500,000 Class A Units at a price of $5.00 per unit for total gross proceeds of $7,500,000, less standard offering costs.

Pure Multi is authorized to issue an unlimited number of Class A Units and Class B Units.

The capital of Pure Multi is divided into Class A Units and Class B Units. The Class A Units are the subject of the Offering described in the Prospectus dated July 3, 2012. The Class B Units were subscribed for by the Managing GP on May 30, 2012. Except as set out in the LP Agreement and described in the Prospectus, no Class A Unit or Class B Unit has any preference or priority over another.

The Class A Units will share in a 95% equity interest in all distributions and all net assets of Pure Multi and the Managing GP, as the holder of the Class B Units, will share in a 5% equity interest in all distributions and all net assets of Pure Multi. These respective interests, which are called the Class A Unit Percentage Interest and Class B Unit Percentage Interest, will remain fixed, notwithstanding the issue of further Class A Units, until the occurrence of a Determination Event, as described below. Following the occurrence of a Determination Event, the number of Class A Units to which the Class B Unitholder is entitled upon exercising Conversion Rights becomes fixed, and future issuances of Class A Units will result in a decline in the Class B Unit Percentage Interest.

All distributions will be made to the holders of the Class A Units and the Class B Units in accordance with the Class A Unit Percentage Interest and Class B Unit Percentage Interest, respectively. As further detailed in the LP Agreement, until a Determination Event occurs, distributions from Pure Multi will generally be made 95% to the Class A Units and 5% to the Class B Units.

Pursuant to the LP Agreement, the Class B Unitholders as a class are entitled to convert some or all of their Class B Units into Class A Units based on the Specified Ratio. Upon the Class B Unitholders exercising their Conversion Rights, they will own that number of Class A Units which is equal to the Class B Unit Percentage Interest (initially 5%) of all Class A Units outstanding after such conversion. The Class B Unit Percentage Interest will remain fixed at 5% notwithstanding the issue of further Class A Units, until the occurrence of a Determination Event. Following the occurrence of a Determination Event, the number of Class A Units to which the Class B Unitholder is entitled upon exercising Conversion Rights becomes fixed, and future issuances of Class A Units will result in a decline in the Class B Unit Percentage Interest. A Determination Event is the earliest to occur of the following: (a) Pure Multi's Market Capitalization exceeding $300,000,000 for a period of 10 consecutive trading days; (b) an arm's length take-over bid being made for the Units, provided that not less than 51% of the Class A Units not held by the offer or are taken-up in such bid; and (c) substantially all of the assets of Pure Multi being sold or Pure Multi being liquidated.

The Conversion Rights may be exercised by the Managing GP at any time provided that:

(a) Pure Multi is legally entitled to comply with its obligations in connection with the exercise of the Conversion Rights; and

(b) the Class B Unitholder who exercises the Conversion Rights complies with all applicable securities laws.

Upon the exercise of the Conversion Rights, the Class B Unitholders will receive that number of Class A Units which is equal to the Specified Ratio multiplied by the number of outstanding Class B Units. As such, pursuant to the terms of the LP Agreement, the Class B Unitholders will receive such number of Class A Units representing the same Class B Unit Percentage Interest in the net assets of Pure Multi as was previously designated in the form of Class B Units. Subject to applicable laws, Pure Multi will redesignate all the interests of Class B Unitholders into Units at the Specified Ratio, as defined in the Prospectus dated July 3, 2012, effective as of the date that Pure Multi receives a notice of exercise of the Conversion Rights. Upon such occurrence, the interests of Class B Unitholders will be redesignated as Class A Units. The Class B Units will not be required to be redeemed or cancelled.

Pursuant to the LP Agreement, the Managing GP or any Affiliate or Associate of the Managing GP which is then the Class B Unitholder, has agreed that it will not dispose of more than one-third of the class A Units received by it upon the conversion of the Class B Units in each consecutive twelve month period ending after the first anniversary of the earlier of: (i) the date a Determination Event occurs; and (ii) the date upon which the conversion is completed. This limitation will not apply where the Conversion Rights have been exercised in connection with a takeover bid or a sale of substantially all of Pure Multi's assets.

9. CAPITAL MANAGEMENT

Pure Multi defines capital as the aggregate of partners' capital and long term debt. Pure Multi's objectives in managing capital are to maintain a level of capital that complies with investment and debt restrictions pursuant to the initial offering prospectus; complies with existing debt covenants, if any; funds its business strategies; and builds long-term partners' value. Pure Multi's capital structure is approved by the board of directors of the Governing GP through its periodic reviews.

Expressed in United States dollars

The Limited Partnership Agreement (the ”LP Agreement”) provides for a maximum indebtedness level of up to 70% of the gross book value. The term "indebtedness" means any obligation of Pure Multi for borrowed money (including the face amount outstanding under any convertible debentures and any outstanding liabilities of Pure Multi arising from the issuance of subordinated notes but excluding any premium in respect of indebtedness assumed by Pure Multi for which Pure Multi has the benefit of an interest rate subsidy), but excludes trade accounts payable, distributions payable to unitholders, accrued liabilities arising in the ordinary course of business and short-term acquisition credit facilities. The LP Agreement defines “gross book value” as the book value of the assets of Pure Multi plus the amount of accumulated depreciation and amortization in respect of such assets (and related intangible assets), the amount of future income tax liability arising out of indirect acquisitions and excluding the amount of any receivable reflecting interest rate subsidies on any debt assumed by Pure Multi. Pure Multi’s indebtedness is 44.1% as at September 30, 2012. Pure Multi was in compliance with all restrictions during the period ended September 30, 2012.

There were no changes in Pure Multi’s approach to capital management during the period ended September 30, 2012. The capital structure consisted of the following components at September 30, 2012:

		September 30, 2012
Capital		
Mortgages payable	$	43,061,348
Partners’ capital		52,695,046
Total capital	$	95,756,394

As Pure Multi did not form until May 8, 2012, there is no comparison period. During the period ended September 30, 2012, Pure Multi issued Class A units, Class B units, received a general partner capital contribution and obtained four new mortgages on its property acquisitions. These increases to partners’ capital were partially offset by the distributions paid to unitholders.

10. FINANCIAL INSTRUMENTS

Fair value of financial instruments

For certain of Pure Multi’s financial instruments, including cash and cash equivalents, cash held in trust, amounts receivable, mortgage reserve fund, deposits, and accounts payable and accrued liabilities, the carrying amounts approximate the fair values due to the short-term nature of the instruments.

The fair values of the mortgages payable have been calculated based on discounted future cash flows using discount rates that reflect current market conditions for instruments having similar terms and conditions. Discount rates are either provided by lenders or are observable in the open market.

Expressed in United States dollars

The following table presents the carrying amounts and fair values of Pure Multi's financial instruments:

	September 30, 2012	
	Carrying Amount	Fair Value
Mortgages payable	$ 43,061,348	$ 47,007,107
Accounts payable and accrued liabilities	1,846,100	1,846,100
Deposits	22,572,580	22,572,580
Mortgage reserve fund	1,607,988	1,607,988
Amounts receivable	418,621	418,621
Cash held in trust	10,000	10,000
Cash and cash equivalents	3,818,845	3,818,845

Financial risk management

The board of directors of the Governing GP has the overall responsibility for the establishment and oversight of Pure Multi's risk management framework. Pure Multi's risk management policies are established to identify and analyze the risks faced by Pure Multi, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and in response to Pure Multi's activities.

In the normal course of business, Pure Multi, through the US REIT, is exposed to a number of risks that can affect its operating performance. These risks, and the actions taken to manage them, are as follows:

a. Credit risk

Credit risk is the risk of financial loss to Pure Multi if a tenant, customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from Pure Multi's receivables from tenants.

Pure Multi's exposure to credit risk is influenced mainly by the individual characteristics of each tenant. Pure Multi minimizes the risk by checking tenants' credit histories, requesting security deposits and initiating a prompt collection process. All trade receivables are current.

b. Interest rate risk

Interest rate risk arises from the possibility that the value of, or cash flows related to, a financial instrument will fluctuate as a result of changes in market interest rates. Pure Multi is exposed to interest rate risk from the interest rate differentials between the market rate and the rates used on these financial instruments.

Pure Multi manages its financial instruments and interest rate risks based on its cash flow needs and with a view to minimizing interest expense. Whenever possible, Pure Multi, through the US REIT, tries to secure fixed interest rate mortgages. Since all of the mortgages payable bear interest at fixed rates, Pure Multi does not face significant interest rate risk.

The interest rate profile of Pure Multi's interest-bearing financial instruments was:

		Face Value
		September 30, 2012
Fixed rate instruments		
Fixed rate mortgages payable	$	43,680,000
Variable rate instruments		
Variable rate mortgages payable		-

c. ***Liquidity risk***

Liquidity risk is the risk that Pure Multi will not be able to meet its financial obligations as they fall due. Real estate property investments tend to be relatively illiquid, with the degree of liquidity generally fluctuating in relation to demand for and the perceived desirability of such investments. Such illiquidity may tend to limit Pure Multi's ability to vary its portfolio promptly in response to changing economic or investment conditions. If Pure Multi were required to liquidate the investment properties, the proceeds to Pure Multi might be significantly less than the aggregate carrying value of such property.

Pure Multi's approach to managing liquidity is to ensure that it will have sufficient cash available to meet its liabilities when due. In addition, Pure Multi intends to refinance any mortgages which mature within six months.

			September 30, 2012
MORTGAGES PAYABLE	Nominal interest rate	Year of maturity	Face value
Oakchase	3.28%	2017	$ 8,940,000
Windscape	3.52%	2019	5,090,000
Valley Ranch	3.51%	2022	13,680,000
Sunset Point	3.54%	2022	15,970,000
Total mortgages principal payable			43,680,000
Unamortized mortgage transaction costs			(618,652)
Total carrying value of mortgages payable			$ 43,061,348

d. ***Currency risk***

Pure Multi is exposed to minimal currency risk since a small portion of the expenses is in Canadian dollars.

e. ***Environmental risk***

Pure Multi, through the US REIT, is subject to various federal, state and municipal laws relating to the environment. On acquisition, Pure Multi conducts environmental inspections of its properties and appropriate testing by qualified environmental consultants when required to ensure compliance with all applicable environmental laws.

11. LEASES

Pure Multi, through the US REIT, has entered into lease agreements on its investment properties. The residential property leases typically have lease terms of 1 to 12 months. Future minimum rental revenue to be earned under non–cancellable operating leases is $4,106,030 as at September 30, 2012.

12. RELATED PARTY TRANSACTIONS

Asset Management Agreement

The Managing GP, pursuant to the Asset Management Agreement, will provide asset management, administrative and reporting services to Pure Multi as its managing general partner. The Asset Management Agreement also requires the Managing GP to provide Pure Multi with support services consisting of office space and equipment and the necessary clerical and secretarial personnel for the administration of its day-to-day activities, at no cost. The Asset Management Agreement may be terminated by Pure Multi at any time upon the occurrence of certain events of default and at any other time upon not less than 60 days notice, without bonus or penalty. In lieu of the fees typically associated with a third party asset management agreement, the Managing GP will only be entitled to a reimbursement of any reasonable costs and expenses (including legal and audit costs but excluding personnel costs) that it incurs providing asset management services to Pure Multi and will not be entitled to any other remuneration or compensation for its services.

Tipton Asset Group, Inc. ("Tipton") is the property manager for Pure Multi. Pure Multi is related to Tipton by virtue of having officers and directors in common. Tipton charged $38,948 in property management fees during the period ended September 30, 2012. All fees were paid during the period and there was no amount outstanding at September 30, 2012.

Initially, the directors of the Governing GP who are not affiliated with or employees of the Managing GP will receive annual compensation in the amount of $12,500, plus $500 for attendance at meetings of the directors or any committee. As well, the Governing GP will indirectly reimburse such directors for any out of pocket expenses, including out of pocket expenses for attending meetings. Pure Multi will reimburse the Governing GP for such amounts. In addition, Pure Multi will obtain insurance coverage for such directors. Compensation will be reviewed on an annual basis, giving consideration to Pure Multi's growth and the extent of its portfolio.

Pure Multi compensates the independent directors of the Governing GP through annual compensation. The amount paid and or accrued for during the period ended September 30, 2012 was $10,875.

Voting Agreement

Pure Multi and Sunstone Multi-Family Investments Inc., which owns 100% of the outstanding shares of the Governing GP have entered into a voting agreement (the ‘‘Voting Agreement’’) that provides Pure Multi with a number of rights. Pursuant to the Voting Agreement, Sunstone Multi-Family Investments Inc. has agreed that any voting rights with respect to the Governing GP will be voted in favour of the election of directors approved by Pure Multi. For these purposes, Pure Multi may maintain, from time-to-time, an approved slate of nominees or provide direction with respect to the approval or rejection of any matter in the form of general guidelines, policies or procedures in which case no further approval or direction will be required. Any such general guidelines, policies or procedures may be modified by Pure Multi in its discretion.

In addition, pursuant to the Voting Agreement, Sunstone Multi-Family Investments Inc. has also agreed that any voting rights with respect to the Governing GP will be voted in accordance with the direction of the Unitholders of Pure Multi with respect to the approval or rejection of the following matters relating to the Governing GP:

(a) any sale of all or substantially all of its assets,

(b) any merger, amalgamation, consolidation, business combination or other material corporate transaction, except in connection with any internal reorganization that does not result in a change of control,

(c) any plan or proposal for a complete or partial liquidation or dissolution, or any reorganization or any case, proceeding or action seeking relief under any existing laws or future laws relating to bankruptcy or insolvency,

(d) any amendment to the LP Agreement; or

(e) any commitment or agreement to do any of the foregoing.

In addition, pursuant to the Voting Agreement, Sunstone Multi-Family Investments Inc. has agreed that it will not cause the Governing GP to resign as the Governing GP except with the prior consent of the Unitholders of Pure Multi. The Voting Agreement also contains restrictions on transfers of the shares of the Governing GP, except that Sunstone Multi-Family Investments Inc. may transfer shares of the Governing GP to any of its Affiliates.

13. SUBSEQUENT EVENTS

a) Purchase of Prairie Creek Villas ("Prairie Creek")

On October 11, 2012, Pure Multi, through the US REIT, acquired Prairie Creek, located in Richardson, Texas, for a purchase price of $52,500,000, plus standard closing costs and adjustments. This acquisition was financed with cash and a mortgage assumption in the amount of $32,645,789, with approximately a 6 year and 5 month term remaining, bearing an interest rate of 6.02% per annum.

b) Issuance of Units

On October 18, 2012, Pure Multi completed the closing of a public offering of 4,860,000 Class A Units and the closing of the over-allotment option in full of 729,000 Class A Units on a bought deal basis, at a price of $5.15 per Class A Unit for total gross proceeds of $28,783,350.

c) Purchase of Stoneleigh at Bear Creek ("Bear Creek")

On October 31, 2012, Pure Multi, through the US REIT, acquired Bear Creek, located in Euless, Texas, for a purchase price of $49,350,000, plus standard closing costs and adjustments. This acquisition was financed with cash and a new 7 year mortgage in the amount of $32,080,000, bearing an interest rate of 3.45% per annum.