PURE
MULTI-FAMILY REIT LP

PURE Farmer's Market, Dallas, TX

Q3 2017

QUARTERLY REPORT

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PURE
MULTI-FAMILY REIT LP

To Our Unitholders,

Q3 2017 proved to be a very active quarter as we continued our property management internalization and looked to complete high-quality acquisitions using the net proceeds from our two CAD $92 Million equity offerings, which were completed during Q2.

You may recall that we announced our intention to internalize property management in May 2017.

As a result, we incurred initial set-up costs while we established a new property management office in Plano Texas. We also experienced a duplication of costs while transitioning from 3rd party property management. These costs were largely anticipated but caused some noise in our quarterly results.

During Q3, we commenced our new **property management internalization software conversion** and have transitioned one hundred percent of our properties to the internalized platform. In addition, we ceased paying property management fees to our third-party property management firm on September 30, 2017.

We anticipate our vertically-integrated property management platform will be able to generate market, operational and financial data in real time, improve some of our leasing processes, and achieve cost savings over the coming quarters.

Transactions

During Q3 we secured a US$23M new first **mortgage financing on Pinnacle at Union Hills**, a previously- announced 264 unit Class A property, located in North Phoenix. The new first mortgage financing bears a fixed interest rate of 3.32% per annum for a term of seven years.

On July 11th, we acquired the US$48.8 million, 306 Unit Class A multi-family apartment community **PURE at La Villita** located in the prestigious Las Colinas sub-market of Dallas. We funded the purchase of PURE at La Villita with cash on hand and new first mortgage financing in the amount of US$24.4 million, bearing a fixed interest rate of 3.81% per annum for a term of 15 years.

And subsequent to the end of the quarter, on October 2nd, we acquired **PURE Farmers Market** a 340 Unit Core multi-family apartment community, located in Dallas, Texas for a purchase price of US$66.35 Million.

The property is located adjacent to the newly transformed Dallas Farmers Market, a 26,000 square foot open- air farmer’s pavilion offering local seasonal produce, naturally raised meats, eggs, cheeses, and other goods from local food artisans.

PURE Farmers Market is an exciting live, work and play asset in a core setting, just minutes away from the Dallas Central Business District, the largest employment centre in North Texas. The Deep Ellum entertainment district is minutes away, featuring over one hundred popular restaurants, bars and entertainment venues.

We funded the purchase of Farmers Market with proceeds from the equity offering which closed on June 30, 2017 and new first mortgage financing in the amount of US$33.5 million, bearing a fixed interest rate of 3.67% per annum for a term of twelve years.

Harvey

In the last week of August, the devastating **Tropical Storm Harvey** caused chaos and massive destruction by dumping over 50 inches of rain over four days in and around the city of Houston, and other regions in South Texas.

Fortunately, Pure Multi-Family's two Houston properties escaped with very minimal damage related to Harvey, with incurring approximately $61,500 of damage up to the end of the quarter, and we did not require the filing of an insurance claim.

We would like to thank our Pure Multi-Family team in Dallas and especially our team on the ground in Houston for all their efforts during this time. Our Property managers really did go above and beyond the call of duty to look after our residents and employees (some of whom lost their homes).

It was a very unfortunate situation for many families in Houston and our thoughts are with all of the impacted communities as they embark on rebuilding their homes.

Deleveraging

The **Debt to Gross Book Value Ratio** across our portfolio was 50.8% in Q3. We have made a conscious effort to incrementally over-equitize new acquisitions to decrease our leverage ratios as we grow.

Although deleveraging our balance sheet creates a negative impact on payout ratios in the near term, we believe it is the right thing to do for the long-term success of Pure Multi-Family.

Yours truly,

"Steve Evans"

Stephen J. Evans
Chief Executive Officer

PURE MULTI-FAMILY REIT LP

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

For the three and nine months ended September 30, 2017

Dated: November 15, 2017

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SECTION I

FORWARD-LOOKING DISCLAIMER

The following management's discussion and analysis ("MD&A") of the results of operations and the financial condition of Pure Multi-Family REIT LP ("Pure Multi-Family") for the three and nine months ended September 30, 2017 should be read in conjunction with Pure Multi-Family's unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2017 and audited consolidated financial statements for the year ended December 31, 2016, available on SEDAR at www.sedar.com and on Pure Multi-Family's website at www.puremultifamily.com. Historical results, including trends which might appear, should not be taken as indicative of future operations or results.

Certain information in this MD&A contains forward-looking information within the meaning of applicable securities laws (also known as forward-looking statements) including, among others, statements made or implied under the headings "Outlook", "Results of Operations", "Financial Condition", "Liquidity and Capital Resources" and "Risks and Uncertainties" relating to Pure Multi-Family's objectives, strategies to achieve those objectives, beliefs, plans, estimates, projections and intentions; and similar statements concerning anticipated future events, results, circumstances, performance or expectations that are not historical facts. Forward-looking statements generally can be identified by words such as "outlook", "believe", "expect", "may", "anticipate", "should", "intend", "estimates" and similar expressions.

In particular, certain statements in this MD&A discuss Pure Multi-Family's anticipated future events. These statements include, but are not limited to:

(i) Pure Multi-Family's growth strategy, including the accretive acquisition of properties and the anticipated extent of the accretion of any acquisitions, which could be impacted by demand for properties and the effect that demand has on acquisition capitalization rates and changes in the cost of capital;
(ii) maintaining occupancy levels and rental revenue, which could be impacted by changes in demand for Pure Multi-Family's properties, financial circumstances of tenants, including tenant defaults, the effects of general economic conditions and supply of competitors' properties in proximity to Pure Multi-Family's properties;
(iii) overall indebtedness levels, which could be impacted by the level of acquisition activity Pure Multi-Family is able to achieve, fair value of its properties and future financing opportunities;
(iv) tax status of Pure US Apartments REIT Inc., which can be impacted by regulatory changes enacted by governmental authorities;
(v) anticipated distributions and payout ratios, which could be impacted by capital expenditures, results of operations and capital resource allocation decisions;
(vi) obtaining and maintaining adequate insurance for Pure Multi-Family's properties; and
(vii) anticipated interest rates and exchange rates.

Forward-looking statements are provided for the purpose of presenting information about management's current expectations and plans relating to the future and readers are cautioned that such statements may not be appropriate for other purposes. Forward-looking statements involve significant risks and uncertainties and should not be read as guarantees of future performance or results. Those risks and uncertainties include, among other things, risks related to: unit prices; liquidity; credit risk and tenant concentration; interest rate and other debt related risk; tax risk; ability to access capital markets; lease rollover risk; competition for real property investments; environmental matters; changes in legislation; and indebtedness of Pure Multi-Family.

Management believes that the expectations reflected in forward-looking statements are based upon reasonable assumptions and information currently available, which include, management's current expectations, estimates and assumptions that: proposed acquisitions will be completed on the terms and basis agreed to by Pure Multi-Family, property acquisition and disposition prospects and opportunities will be consistent with Pure Multi-Family's experience over the past 12 months, the multi-family residential real estate market in the "Sunbelt" region in the United States will remain strong, the global economic environment will remain stable, interest rates will remain low relative to historic norms, and Pure Multi-Family's business strategy, plans, outlook, projections, targets and operating costs will be consistent with Pure Multi-Family's experience over the past 12 months, Pure Multi-Family will be able to maintain occupancy at current levels, tenants will not default on lease terms, governmental regulations and taxation will not change to adversely affect Pure Multi-Family's business and financial results, and Pure Multi-Family will be able to obtain adequate insurance and financing; however, management can give no assurance that actual results will be consistent with these forward-looking statements.

Readers are cautioned that the foregoing list of factors that may affect future results is not exhaustive. When relying on forward-looking statements to make decisions with respect to Pure Multi-Family, investors and others should carefully consider the foregoing factors and other uncertainties and potential events.

These forward-looking statements are made as of November 15, 2017 and Pure Multi-Family assumes no obligation to update or revise them to reflect new events or circumstances, except as required by law.

BASIS OF PRESENTATION

Unless otherwise noted, all financial information has been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The financial information included in this MD&A for the three and nine months ended September 30, 2017 includes material information up to November 15, 2017. Except as otherwise stated in this MD&A, all dollar amounts in this MD&A, including per unit amounts, are stated in U.S. dollars.

All references herein to "consolidated" refer to amounts as reported under IFRS. All references to "Pure Multi's interest" refer to a non-IFRS measure presented on a proportionally consolidated basis and assumes Pure Multi-Family prorates and accrues property tax liability and expense based on the time period of ownership throughout a given reporting year. For a reconciliation of Pure Multi-Family's results of operations (consolidated to Pure Multi's interest), see "Results of Operations Reconciliation".

Certain figures in this MD&A are non-IFRS measures, including, Pure Multi's interest, Funds from Operations or FFO, Adjusted Funds from Operations or AFFO, same property net rental income, same property revenue, same property average monthly rent per occupied unit, rental revenue - same property, rental revenue - properties acquired/sold, net rental income - same property and net rental income - properties acquired/sold. For an IFRS to non-IFRS reconciliation, see "Results of Operations Reconciliation" and "Liquidity and Capital Resources – Funds from Operations and Adjusted Funds from Operations".

OVERVIEW

About Pure Multi-Family

Pure Multi-Family is a Canadian-based, vertically integrated, internally managed, publicly traded vehicle which offers investors exclusive exposure to U.S. multi-family real estate assets. It offers investors the ability to participate in monthly distributions, with potential for capital appreciation, stemming from ownership of quality apartment assets located in core cities within the Southwestern and Southeastern portions of the U.S., including states such as Texas, Arizona, Georgia and Nevada (collectively, the "Sunbelt").

Pure Multi-Family is a limited partnership formed under the Limited Partnership Act (Ontario) to indirectly invest in multi-family real estate properties in the United States. Pure Multi-Family 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 a Limited Partnership Agreement (the "LP Agreement"), dated May 8, 2012, as amended and restated May 28, 2015 and as amended August 21, 2015, and as may be amended from time to time. Pure Multi-Family's head office and address for service is located at 910 – 925 West Georgia Street, Vancouver, British Columbia, V6C 3L2. Pure Multi-Family's property management office is located at 450 – 5810 Tennyson Parkway, Plano, Texas, 75024. A copy of the LP Agreement can be obtained from the Chief Financial Officer of Pure Multi-Family and is available on SEDAR at www.sedar.com.

Pure Multi-Family, through Pure US Apartments REIT Inc. (the "US REIT"), was established for, among other things, the purposes of acquiring, owning and operating multi-family real estate properties in the United States.

Third Quarter Operational and Financial Highlights *(all metrics stated at Pure Multi's interest [(1)])*

As at	**September 30, 2017**	December 31, 2016	December 31, 2015
Number of properties	**20**	15	14
Number of residential units	**6,515**	5,229	4,437
Portfolio average year of construction	**2006**	2006	2003
Physical occupancy	**95.8%**	92.8%	96.2%
Leased occupancy	**97.1%**	94.9%	97.3%
Investment properties *(000's)*	**$ 1,013,652**	$ 778,547	$ 613,682
Mortgages payable *(000's)*	**$ 543,906**	$ 447,827	$ 354,202
Weighted average effective interest rate on mortgages payable	**3.72%**	3.74%	3.72%
Loan to gross book value	**50.8%**	55.2%	54.6%

Pure Multi's interest *($000's, except per unit basis) (all per unit amounts based on basic weighted average number of units outstanding)*	**For the nine months ended September 30, 2017**	For the nine months ended September 30, 2016	**For the three months ended September 30, 2017**	For the three months ended September 30, 2016
Total rental revenue [(3)]	**$ 66,898**	$ 56,298	**$ 24,257**	$ 19,864
Total operating expense [(3)]	**32,116**	24,878	**11,888**	9,158
Total net rental income [(3)]	**34,782**	31,420	**12,369**	10,706
Net rental income margin	**52.0%**	55.8%	**51.0%**	53.9%
Basic weighted average number of units outstanding				
Class A units	**66,297,478**	50,255,692	**76,729,771**	52,660,126
Class B units	**200,000**	200,000	**200,000**	200,000
Funds from operations ("FFO") [(2)(3)]	**15,157**	15,624	**4,938**	4,409
per Class A unit	**0.22**	0.30	**0.06**	0.08
per Class B unit	**2.93**	3.86	**0.83**	1.06
Payout ratio	**130.3%**	96.1%	**150.7%**	121.1%
Adjusted funds from operations ("AFFO") [(2)(3)]	**14,073**	14,720	**4,557**	4,093
per Class A unit	**0.20**	0.28	**0.06**	0.07
per Class B unit	**2.72**	3.64	**0.77**	0.99
Payout ratio	**140.3%**	102.0%	**163.3%**	130.4%

Notes:

(1) *The adjustments from the IFRS measure to Pure Multi's interest (non-IFRS measure) is limited to the prorating and accrual of the property tax liability and expense on all portfolio investments, based on the time period of ownership throughout the given reporting year. As a result, any unrelated balances presented correspond directly to the IFRS financial statements.*

(2) *Restated FFO and AFFO amounts for the three and nine months ended September 30, 2016 to remove amortization of transaction costs and mortgage prepayment expense.*

(3) *For an IFRS to non-IFRS reconciliation, see "Results of Operations Reconciliation" and "Liquidity and Capital Resources – Funds from Operations and Adjusted Funds from Operations".*

During the nine months ended September 30, 2017, Pure Multi-Family acquired five investment properties, comprising 1,286 residential units, with an average year of construction of 2006, for a combined purchase price of $206,000,000. These properties were acquired with cash on hand and new mortgage financing in the amount of $99,500,000.

Pure Multi-Family continues to maintain a conservative debt profile with a current average interest rate on mortgages payable of 3.72% per annum and an average mortgage term to maturity of 9.0 years.

For the three months ended September 30, 2017, rental revenue was $24,257,449 and net rental income was $12,369,416, representing increases of $4,393,603, or 22.1%, and $1,663,472, or 15.5%, respectively, compared to the same period in the prior year. For the nine months ended September 30, 2017, rental revenue was $66,898,285 and net rental income was $34,782,184, representing increases of $10,599,810, or 18.8%, and $3,361,712, or 10.7%, respectively, over the same period in the prior year.

For the three and nine months ended September 30, 2017, the net rental income margin decreased to 51.0% and 52.0%, respectively, from 53.9% and 55.8%, respectively during the same periods in the prior year. The decrease in net rental income margins were primarily driven by an increase in property tax expense and ongoing stabilizing of newly acquired and newly build, investment properties.

Pure Multi-Family earned an average monthly rent per occupied unit of $1,249, or $1.366 per square foot, across its portfolio for the three months ended September 30, 2017 (three months ended September 30, 2016 - $1,224 or $1.317 per square foot), representing an increase in the average monthly rent per occupied unit of 2.1%, over the same period in the prior year. For the nine months ended September 30, 2017, Pure Multi-Family earned an average monthly rent per occupied unit of $1,244, or $1.363 per square foot, across its portfolio (nine months ended September 30, 2016 - $1,201 or $1.294 per square foot), representing an increase in the average monthly rent per occupied unit of 4.1%, over the same period in the prior year.

For the three months ended September 30, 2017, the FFO payout ratio increased to 150.7% from 121.1% and the AFFO payout ratio increased to 163.3% from 130.4%, compared to the same period in the prior year. For the nine months ended September 30, 2017, the FFO payout ratio increased to 130.3% from 96.1% and the AFFO payout ratio increased to 140.3% from 102.0%, compared to the same period in the prior year. The increases to the FFO and AFFO payout ratios for the three and nine months ended September 30, 2017, compared to the same periods in the prior year, were primarily due to the bought deal equity offerings completed during the current year combined with the timing of the deployment of the proceeds used for acquisitions therefrom, an increase in property tax expenses, the additional general and administrative expense incurred due to the internalization of the property management and asset management functions, and the lowering of the overall leverage of Pure Multi-Family's statement of financial position.

Two of managements primary objectives during the quarter ended September 30, 2017 were to improve portfolio occupancy and to complete the internalization of property management. Both objectives were successfully achieved, as portfolio physical occupancy increased to 95.0% and portfolio leased occupancy increased to 97.1% during the three months ended September 30, 2017, compared to 93.7% and 96.5%, respectively, during the three months ended June 30, 2017, and all investment properties were successfully transitioned in-house from third party property management, during the same quarter.

In late August, the devastating Tropical Storm Harvey hit landfall in Southeast Texas and delivered tremendous rainfall to the city of Houston over four days. Pure Multi-Family were fortunate to report only minor damage to its two Houston apartment communities. Pure Multi-Family incurred approximately $61,500 in damages during the quarter related to Tropical Storm Harvey. While there are still some minor repairs ongoing, both properties continue to operate at full capacity.

Same Property Analysis *(all metrics stated at Pure Multi's interest)*

Pure Multi's interest ***Rental revenue – same property*** (1) (by location) ***January 1, 2016 base portfolio*** *($000's)*	**For the nine months ended** **September 30, 2017**	September 30, 2016	$ Change	% Change
Dallas - Fort Worth, Texas	**$ 30,130**	$ 29,069	$ 1,061	3.7%
Houston, Texas	**6,254**	6,287	(33)	(0.5%)
San Antonio, Texas	**7,501**	7,362	139	1.9%
Phoenix, Arizona	**2,255**	2,145	110	5.2%
Total – same property (1)	**46,140**	44,863	1,277	2.9%
Total – properties acquired/sold (2)	**20,758**	11,435	9,323	81.5%
Total rental revenue	**$ 66,898**	$ 56,298	$ 10,600	18.8%

Notes:

(1) *Same property (non-IFRS measure) - represents properties owned as at January 1, 2016 and throughout the comparative periods, which removes the impact of acquisitions and dispositions.*

(2) *Properties acquired/sold (non-IFRS measure) - represents properties which were acquired or sold, therefore not owned as at January 1, 2016 and throughout the comparative periods.*

Pure Multi's interest ***Rental revenue – same property*** (1) (by location) ***July 1, 2016 base portfolio*** *($000's)*	**For the three months ended** **September 30, 2017**	September 30, 2016	$ Change	% Change
Dallas - Fort Worth, Texas	**$ 10,174**	$ 9,862	$ 312	3.2%
Houston, Texas	**2,106**	2,130	(24)	(1.1%)
San Antonio, Texas	**5,257**	5,437	(180)	(3.3%)
Phoenix, Arizona	**757**	723	34	4.7%
Total – same property (1)	**18,294**	18,152	142	0.8%
Total – properties acquired/sold (2)	**5,963**	1,712	4,251	248.3%
Total rental revenue	**$ 24,257**	$ 19,864	$ 4,393	22.1%

Notes:

(1) *Same property (non-IFRS measure) - represents properties owned as at July 1, 2016 and throughout the comparative periods, which removes the impact of acquisitions and dispositions.*

(2) *Properties acquired/sold (non-IFRS measure) - represents properties which were acquired or sold, therefore not owned as at July 1, 2016 and throughout the comparative periods.*

Pure Multi's interest ***Net rental income – same property*** (1) (by location) ***January 1, 2016 base portfolio*** *($000's)*	**For the nine months ended** **September 30, 2017**	September 30, 2016	$ Change	% Change
Dallas - Fort Worth, Texas	**$ 16,843**	$ 16,822	$ 21	0.1%
Houston, Texas	**3,585**	3,732	(147)	(3.9%)
San Antonio, Texas	**3,684**	3,586	98	2.7%
Phoenix, Arizona	**1,373**	1,277	96	7.5%
Total – same property (1)	**25,485**	25,417	68	0.3%
Total – properties acquired/sold (2)	**9,297**	6,003	3,294	54.9%
Total net rental income	**$ 34,782**	$ 31,420	$ 3,362	10.7%

Notes:

(1) *Same property (non-IFRS measure) - represents properties owned as at January 1, 2016 and throughout the comparative periods, which removes the impact of acquisitions and dispositions.*

(2) *Properties acquired/sold (non-IFRS measure) - represents properties which were acquired or sold, therefore not owned as at January 1, 2016 and throughout the comparative periods.*

Pure Multi's interest ***Net rental income – same property*** (1) (by location) ***July 1, 2016 base portfolio*** *($000's)*	**For the three months ended** **September 30, 2017**	September 30, 2016	$ Change	% Change
Dallas - Fort Worth, Texas	**$ 5,575**	$ 5,577	$ (2)	(0.0%)
Houston, Texas	**1,178**	1,239	(61)	(4.9%)
San Antonio, Texas	**2,309**	2,503	(194)	(7.8%)
Phoenix, Arizona	**431**	404	27	6.7%
Total – same property (1)	**9,493**	9,723	(230)	(2.4%)
Total – properties acquired/sold (2)	**2,876**	983	1,893	192.6%
Total net rental income	**$ 12,369**	$ 10,706	$ 1,663	15.5%

Notes:
(1) *Same property (non-IFRS measure) - represents properties owned as at July 1, 2016 and throughout the comparative periods, which removes the impact of acquisitions and dispositions.*
(2) *Properties acquired/sold (non-IFRS measure) - represents properties which were acquired or sold, therefore not owned as at July 1, 2016 and throughout the comparative periods.*

Average monthly rent per occupied unit – same property (1) (by location) ***January 1, 2016 base portfolio***	**For the nine months ended** **September 30, 2017**	September 30, 2016	$ Change	% Change
Dallas - Fort Worth, Texas	**$ 1,189**	$ 1,134	$ 55	4.9%
Houston, Texas	**1,210**	1,170	40	3.4%
San Antonio, Texas	**1,325**	1,301	24	1.9%
Phoenix, Arizona	**1,151**	1,093	58	5.3%
Portfolio weighted average – same property (1)	**$ 1,212**	$ 1,163	$ 49	4.2%

Notes:
(1) *Average monthly rent per occupied unit – same property (non-IFRS measure) - represents average monthly rental income for occupied units, for properties owned as at January 1, 2016 and throughout the comparative periods.*

Average monthly rent per occupied unit – same property (1) (by location) ***July 1, 2016 base portfolio***	**For the three months ended** **September 30, 2017**	September 30, 2016	$ Change	% Change
Dallas - Fort Worth, Texas	**$ 1,200**	$ 1,155	$ 45	3.9%
Houston, Texas	**1,220**	1,188	32	2.7%
San Antonio, Texas	**1,331**	1,349	(18)	(1.3%)
Phoenix, Arizona	**1,166**	1,115	51	4.6%
Portfolio weighted average – same property (1)	**$ 1,239**	$ 1,213	$ 26	2.1%

Notes:
(1) *Average monthly rent per occupied unit – same property (non-IFRS measure) - represents average monthly rental income for occupied units, for properties owned as at July 1, 2016 and throughout the comparative periods.*

Average physical occupancy – same property [1] (by location) ***January 1, 2016 base portfolio***	For the nine months ended **September 30, 2017**	September 30, 2016	% Change
Dallas - Fort Worth, Texas	**95.7%**	96.6%	(0.9%)
Houston, Texas	**95.1%**	97.1%	(2.0%)
San Antonio, Texas	**94.3%**	94.2%	0.1%
Phoenix, Arizona	**96.9%**	97.3%	(0.4%)
Portfolio weighted average – same property [1]	**95.4%**	96.3%	(0.9%)

Notes:
[1] *Average physical occupancy – same property (non-IFRS measure) - represents average physical occupancy, for properties owned as at January 1, 2016 and throughout the comparative periods.*

Average physical occupancy – same property [1] (by location) ***July 1, 2016 base portfolio***	For the three months ended **September 30, 2017**	September 30, 2016	% Change
Dallas - Fort Worth, Texas	**95.9%**	96.2%	(0.3%)
Houston, Texas	**95.5%**	97.3%	(1.8%)
San Antonio, Texas	**95.1%**	92.2%	2.9%
Phoenix, Arizona	**96.3%**	96.5%	(0.2%)
Portfolio weighted average – same property [1]	**95.7%**	95.2%	0.5%

Notes:
[1] *Average physical occupancy – same property (non-IFRS measure) - represents average physical occupancy, for properties owned as at July 1, 2016 and throughout the comparative periods.*

For the nine months ended September 30, 2017, same property rental revenue increased by 2.9%, and same property net rental income increased by 0.3%, over the same period in the prior year. The increase in same property rental revenue was driven by a 4.2% increase in same property average rent, and was partially offset by a decrease in occupancy and an increase in concessions offered at the investment properties. The increase in same property net rental income was driven by the same property revenue increase, but was offset by an increase in property operating expenses of 6.2%, which was primarily made up of an increase in property tax expense of 11.8%.

For the three months ended September 30, 2017, for investment properties which have been owned since July 1, 2016, same property rental revenue increased by 0.8%, and same property net rental income decreased by 2.4%, over the same period in the prior year. The increase in same property rental revenue was driven by a 2.1% increase in same property average rent, and was partially offset by an increase in concessions offered at the investment properties. The decrease in same property net rental income was driven by an increase in property operating expenses of 4.3%, which was primarily made up of an increase in property tax expense of 8.2%, and was partially offset by the same property revenue increase.

Due to the fluctuating nature of property tax expense and the material short term variances this creates quarter over quarter, management feels the most accurate measure of same property net rental income is to compare twelve months ended December 31 over the same period in the prior year.

Same Property Analysis – New Disclosure *(all metrics stated at Pure Multi's interest)*

New disclosure for this quarter includes a revised base portfolio for the comparison of same property operating metrics for the current quarter over same quarter in prior year. The reason for only including investment properties that have been owned since January 1, 2016 in this analysis is to provide a more representative analysis of same property operating metrics. Upon acquisition of a newly constructed investment property, there is a period required to bring the property to operational efficiency under our new management. Each acquisition varies in the amount of time necessary to achieve operational efficiency. Factors such as the occupancy level on acquisition and the year of construction can influence the amount required to bring the property to a stabilized level. Additionally, depending on when in a given year an acquisition is completed and at what stage of development the property is when acquired, there can be significant property tax expense increases during the year following the acquisition. By only including investment properties that were owned at the beginning of the previous fiscal year, many of the issues noted above will be eliminated, which allows for a more representative analysis when looking at a same property measure. For the three months ended September 30, 2017, the change in the base portfolio for this new disclosure, as compared to the base portfolio which includes investments properties owned since July 1, 2016, is the elimination of Pure View (defined herein) and Pure Estates (defined herein) from the analysis, as both of these investment properties were acquired in March 2016.

Pure Multi's interest	**For the three months ended**			
Rental revenue – same property (1) (by location) ***January 1, 2016 base portfolio*** *($000's)*	**September 30, 2017**	September 30, 2016	$ Change	% Change
Dallas - Fort Worth, Texas	**$ 10,174**	$ 9,862	$ 312	3.2%
Houston, Texas	**2,106**	2,130	(24)	(1.1%)
San Antonio, Texas	**2,531**	2,579	(48)	(1.9%)
Phoenix, Arizona	**757**	723	34	4.7%
Total – same property (1)	**15,568**	15,294	274	1.8%
Total – properties acquired/sold (2)	**8,689**	4,570	4,119	90.1%
Total rental revenue	**$ 24,257**	$ 19,864	$ 4,393	22.1%

Notes:

(1) *Same property (non-IFRS measure) - represents properties owned as at January 1, 2016 and throughout the comparative periods, which removes the impact of acquisitions and dispositions.*

(2) *Properties acquired/sold (non-IFRS measure) - represents properties which were acquired or sold, therefore not owned as at January 1, 2016 and throughout the comparative periods.*

Pure Multi's interest	**For the three months ended**			
Net rental income – same property (1) (by location) ***January 1, 2016 base portfolio*** *($000's)*	**September 30, 2017**	September 30, 2016	$ Change	% Change
Dallas - Fort Worth, Texas	**$ 5,575**	$ 5,577	$ (2)	(0.0%)
Houston, Texas	**1,178**	1,239	(61)	(4.9%)
San Antonio, Texas	**1,273**	1,251	22	1.8%
Phoenix, Arizona	**431**	404	27	6.7%
Total – same property (1)	**8,457**	8,471	(14)	(0.2%)
Total – properties acquired/sold (2)	**3,912**	2,235	1,677	75.0%
Total net rental income	**$ 12,369**	$ 10,706	$ 1,663	15.5%

Notes:

(1) *Same property (non-IFRS measure) - represents properties owned as at January 1, 2016 and throughout the comparative periods, which removes the impact of acquisitions and dispositions.*

(2) *Properties acquired/sold (non-IFRS measure) - represents properties which were acquired or sold, therefore not owned as at January 1, 2016 and throughout the comparative periods.*

Average monthly rent per occupied unit – same property (1) (by location) ***January 1, 2016 base portfolio***	**For the three months ended**			
	September 30, 2017	September 30, 2016	$ Change	% Change
Dallas - Fort Worth, Texas	**$ 1,200**	$ 1,155	$ 45	3.9%
Houston, Texas	**1,220**	1,188	32	2.7%
San Antonio, Texas	**1,334**	1,309	25	2.0%
Phoenix, Arizona	**1,166**	1,115	51	4.6%
Portfolio weighted average – same property (1)	**$ 1,222**	$ 1,182	$ 40	3.4%

Notes:
(1) *Average monthly rent per occupied unit – same property (non-IFRS measure) - represents average monthly rental income for occupied units, for properties owned as at January 1, 2016 and throughout the comparative periods.*

Average physical occupancy – same property (1) (by location) ***January 1, 2016 base portfolio***	**For the three months ended**		
	September 30, 2017	September 30, 2016	% Change
Dallas - Fort Worth, Texas	**95.9%**	96.2%	(0.3%)
Houston, Texas	**95.5%**	97.3%	(1.8%)
San Antonio, Texas	**95.0%**	96.0%	(1.0%)
Phoenix, Arizona	**96.3%**	96.5%	(0.2%)
Portfolio weighted average – same property (1)	**95.7%**	96.3%	(0.6%)

Notes:
(1) *Average physical occupancy – same property (non-IFRS measure) - represents average physical occupancy, for properties owned as at January 1, 2016 and throughout the comparative periods.*

For the three months ended September 30, 2017, for investment properties which have been owned since January 1, 2016, same property rental revenue increased by 1.8%, and same property net rental income decreased by 0.2%, over the same period in the prior year. The increase in same property rental revenue was driven by a 3.4% increase in same property average rent, and was partially offset by a decrease in occupancy and an increase in concessions offered at the investment properties. The decrease in same property net rental income was driven by an increase in property operating expenses of 4.2%, which was primarily made up of an increase in property tax expense of 10.4%, and was partially offset by the same property revenue increase.

Portfolio Summary

As at September 30, 2017, Pure Multi-Family's portfolio consists of 20 investment properties, comprising an aggregate of 6,515 residential units, with an average size of 914 square feet per residential unit, located within five metropolitan areas: (i) Dallas - Fort Worth ("DFW"), Texas, (ii) San Antonio ("SA"), Texas, (iii) Houston, Texas, (iv) Austin, Texas and (v) Phoenix, Arizona.

The weighted average physical occupancy rate was 95.8% and weighted average leased occupancy rate was 97.1% for all properties owned as at September 30, 2017 (December 31, 2016 – 92.8% and 94.9%, respectively). Typical residential property leases have terms of between one to 12 months.

Property Name	Location	Year of Acquisition	Year of Construction	Units	As at September 30, 2017 Fair Market Value (*$000's*)	Debt to Fair Market Value	Cap Rate	For the three months ended September 30, 2017 Physical Occupancy	Leased Occupancy	Average Rent per Occupied Unit
Pure at La Villita	DFW, TX	2017	2007	306	$ 48,883	49.9%	5.00%	89.8%	91.2%	$ 1,344
Lansbrook at Twin Creeks	DFW, TX	2017	2002	288	40,298	40.9%	5.25%	94.9%	96.3%	1,115
The Avenue on Fairmount	DFW, TX	2016	2015	368	69,500	61.9%	4.75%	95.0%	98.5%	1,492
Amalfi at Stonebriar	DFW, TX	2015	2014	395	69,200	65.0%	4.75%	94.1%	96.4%	1,235
Preserve at Arbor Hills	DFW, TX	2014	1998	330	53,091	45.4%	5.25%	95.7%	96.9%	1,242
Vistas at Hackberry Creek	DFW, TX	2013	1984	560	66,834	44.1%	5.50%	96.4%	98.5%	1,033
Fountainwood Apartments	DFW, TX	2013	1986	288	29,105	42.4%	6.00%	95.2%	96.4%	976
Stoneleigh at Valley Ranch	DFW, TX	2012	1999	210	31,994	42.8%	5.25%	93.5%	95.2%	1,315
Prairie Creek Villas	DFW, TX	2012	1997	464	84,891	52.9%	5.25%	96.4%	98.4%	1,383
Stoneleigh at Bear Creek	DFW, TX	2012	2004	436	65,997	48.6%	5.25%	98.4%	99.6%	1,248
	DFW, TX		***2003***	***3,645***	***559,793***	***51.0%***	***5.17%***	***95.3%***	***97.2%***	***1,234***
Pure Estates at TPC	SA, TX	2016	2007	344	56,870	66.7%	5.00%	93.9%	97.6%	1,429
Pure View at TPC	SA, TX	2016	2014	416	58,300	65.2%	5.00%	96.3%	97.6%	1,246
Brackenridge at Midtown	SA, TX	2015	2014	282	51,110	59.9%	4.85%	95.4%	98.0%	1,455
Park at West Avenue	SA, TX	2015	2014	360	53,038	68.8%	5.00%	94.7%	97.0%	1,240
	SA, TX		***2012***	***1,402***	***219,318***	***65.2%***	***4.97%***	***95.1%***	***97.7%***	***1,331***
Walker Commons	Houston, TX	2014	2008	352	52,978	53.7%	6.00%	95.3%	97.1%	1,228
The Boulevard at Deer Park	Houston, TX	2013	2000	216	27,524	57.7%	5.75%	95.7%	97.1%	1,207
	Houston, TX		***2005***	***568***	***80,502***	***55.1%***	***5.91%***	***95.5%***	***97.1%***	***1,220***
Pure Creekside	***Austin, TX***	2017	***2016***	***276***	***40,102***	***48.5%***	***5.00%***	***92.0%***	***97.3%***	***1,181***
Pure Park 28 Apartments	Phoenix, AZ	2017	2015	152	29,719	50.0%	5.00%	88.0%	90.8%	1,293
Pinnacle at Union Hills	Phoenix, AZ	2017	1997	264	47,518	50.0%	5.25%	94.7%	96.2%	1,192
San Brisas Apartments	Phoenix, AZ	2013	1996	208	36,700	45.3%	5.25%	96.3%	97.8%	1,166
	Phoenix, AZ		***2002***	***624***	***113,937***	***48.5%***	***5.18%***	***93.6%***	***95.4%***	***1,208***
Portfolio Total/Average			***2006***	***6,515***	***$1,013,652***	***54.1%***	***5.18%***	***95.0%***	***97.1%***	***$ 1,249***

Acquisitions and Dispositions

Properties Acquired During 2017

On January 25, 2017, Pure Multi-Family, through the US REIT, acquired PURE Creekside at Onion Creek (“Creekside”), a multi-family apartment community, located in Austin, Texas, for a purchase price of $40,000,000, plus standard closing costs and adjustments. This acquisition was financed with cash on hand and a new 10-year mortgage in the amount of $20,000,000.

On January 27, 2017, Pure Multi-Family, through the US REIT, acquired Lansbrook at Twin Creeks (“Lansbrook”), a multi-family apartment community, located in Dallas, Texas, for a purchase price of $40,000,000, plus standard closing costs and adjustments. This acquisition was financed with cash on hand and a new 5-year mortgage in the amount of $16,500,000.

On June 9, 2017, Pure Multi-Family, through the US REIT, acquired Park 28 (“Park 28”), a multi-family apartment community, located in Phoenix, Arizona, for a purchase price of $29,700,000, plus standard closing costs and adjustments. This acquisition was financed with cash on hand and a new 15-year mortgage in the amount of $14,850,000.

On June 15, 2017, Pure Multi-Family, through the US REIT, acquired Pinnacle at Union Hills (“Pinnacle”), a multi-family apartment community, located in Phoenix, Arizona, for a purchase price of $47,500,000, plus standard closing costs and adjustments. This acquisition was financed with cash on hand. Subsequent to the acquisition, on July 7, 2017, Pure Multi-Family obtained a new 7-year mortgage in the amount of $23,750,000.

On July 11, 2017, Pure Multi-Family, through the US REIT, acquired Pure at La Villita (“La Villita”), a multi-family apartment community, located in Phoenix, Arizona, for a purchase price of $48,800,000, plus standard closing costs and adjustments. This acquisition was financed with cash on hand a new 15-year mortgage in the amount of $24,400,000.

Financings

April 2017 Class A Unit Offering

On April 7, 2017, Pure Multi-Family completed a public offering (the “April 2017 Offering”) of 10,343,100 Class A Units, at a price of $6.665 (CDN$8.90) per Class A Unit, for gross proceeds of $68,938,208 (CDN$92,053,590), less offering costs.

The April 2017 Offering was completed on a “blind-pool” basis, meaning there were no properties identified for acquisition at the time of the offering. Net proceeds from the April 2017 Offering were used to acquire Park 28 and Pinnacle, as follows:

Use of Proceeds *($000’s)*	**Purchase Price (Before Closing Adjustments)**	**Mortgage Proceeds**	**Gross proceeds used from April 2017 Offering**	**Working Capital**	**Total**
Park 28	$ 29,700	$ 14,850	$ 14,850	$ -	$ 14,850
Pinnacle	47,500	-	47,500	-	47,500
Totals	77,200	14,850	62,350	-	62,350

June 2017 Class A Unit Offering

On June 30, 2017, Pure Multi-Family completed a public offering (the "June 2017 Offering") of 10,281,000 Class A Units, at a price of $6.756 (CDN$8.95) per Class A Unit, for gross proceeds of $69,459,954 (CDN$92,014,950), less offering costs.

The June 2017 Offering was completed on a "blind-pool" basis, meaning there were no properties identified for acquisition at the time of the offering. Net proceeds from the June 2017 Offering were used to partially fund the purchase price of Farmers Market Apartments, which was acquired on October 2, 2017. See "*Subsequent Events*".

OUTLOOK

Pure Multi-Family's strategy is to acquire a high-quality apartment portfolio located in the strongest growth markets within the U.S. Sunbelt region. A conservative approach to balance sheet management has resulted in one of the longest average mortgage terms in the sector at 9.0 years, with an average mortgage interest rate of 3.72% per annum, as at September 30, 2017.

Job and population growth are fundamental drivers of apartment demand and our core and target markets continue to project robust growth rates in both categories for the coming years. Pure Multi-Family has a particular focus on asset selection that involves choosing assets that include unique features that inherently create a barrier-to-entry from competition, either in their unique in-fill locations, or through other locational attributes such as golf course frontages, large water features, or expansive views of neighbouring nature preserves. Such attention to detail on asset selection pays dividends in terms of top-line revenue growth and reduced tenant turnover.

Our diligent and active management style includes re-positioning some assets through value-add initiatives and ultimately renewing our portfolio over time to harvest the profits of such value-add programs through the profitable divesting of non-core holdings in order to re-invest such capital into newer, higher-quality assets thus affecting our urban-renewal approach to our overall portfolio asset management.

Since the beginning of 2016, we have added eight high-quality, resort-style investment properties to the Pure Multi-Family portfolio, while profitably divesting two of our oldest assets. This re-positioning has helped to renew our portfolio as the eight investment properties acquired had an average year of construction of 2010 and the two investment properties sold had an average year of construction of 1995. Along with the long-term benefits of owning and operating high-quality, newly constructed investment properties are some initial short-term challenges. As we have encountered over the last few quarters, occupancy rates of the newly constructed investment properties still in stabilization tend to be at a slightly decreased level compared to our portfolio average, as they transition through a stabilization period. Once fully stabilized, which we anticipate being anywhere from a few months to 18 months from acquisition date, given the specific factors of each investment property, we expect these newer-built assets to be operating at our portfolio average occupancy rates, while at the same time achieving the benefits that a newly constructed asset produces, such as higher rental rates and lower capital expenditures, which create an increased net rental income margin.

We intend to continue our active management of Pure Multi-Family through executing more value-add initiatives and improving the quality of our portfolio to enhance unitholder value. To further develop our active management component, during the 2nd quarter of 2017 and continuing throughout the current quarter, we began the process of internalizing our property management platform. Moving forward we believe this will lead to improved efficiencies, by way of streamlining processes, in addition to eliminating the external property management fee. Our intention is to increase our portfolio holdings in our current existing strong growth markets, as well as to expand our platform operations to include additional markets, such as Denver, Atlanta and Tampa Bay, that offer similar compelling demand drivers. With the robust pipeline of high-quality apartment properties available for sale in these markets, coupled with stable capitalization rates and continuing favourable interest rates, we believe Pure Multi-Family is well positioned to continue its strong growth over the coming years, thus enhancing unitholder value further.

SECTION II

RESULTS OF OPERATIONS RECONCILIATION

"Pure Multi's interest" is a non-IFRS measure representing the accrual of property tax liability and expense, on all portfolio investments, based on time period of ownership throughout the given reporting year. Pure Multi's interest does not have any standardized meaning prescribed by IFRS.

The following tables provide reconciliations from Pure Multi-Family's consolidated financial statements prepared in accordance with IFRS to Pure Multi's interest, as described above, for the affected current and comparative periods.

Reconciliation of Consolidated Statement of Income and Comprehensive Income to Statement of Income and Comprehensive Income at Pure Multi's Interest:

Nine months ended September 30, 2017 *($000's)*	Consolidated [(1)]	IFRIC 21 Property Tax Adjustment [(2)]	Pure Multi's Interest [(3)]
REVENUES			
Rental	$ 66,898	$ -	$ 66,898
OPERATING EXPENSES			
Insurance	1,382	-	1,382
Property management	1,859	-	1,859
Property taxes	16,019	(2,337)	13,682
Property operating expenses	15,193	-	15,193
	34,453	(2,337)	32,116
NET RENTAL INCOME	32,445	2,337	34,782
NET FINANCE INCOME (EXPENSES)			
Interest income	100	-	100
Interest expense	(15,934)	-	(15,934)
Distributions to subsidiary's preferred unitholders	(12)	-	(12)
	(15,846)	-	(15,846)
NET OTHER INCOME (EXPENSES)			
Other income	239	-	239
General and administrative	(3,686)	-	(3,686)
Fair value adjustments to investment properties	23,352	1,609	24,961
IFRIC 21 fair value adjustment to investment properties	3,946	(3,946)	-
Franchise taxes	(332)	-	(332)
	23,519	(2,337)	21,182
NET INCOME AND COMPREHENSIVE INCOME	$ 40,118	$ -	$ 40,118

Notes:
(1) *Represents Pure Multi-Family's consolidated statement of income and comprehensive income prepared in accordance with IFRS.*
(2) *Represents Pure Multi-Family's annual pro-rated portion of property tax expense, on its entire portfolio, that is accounted for under IFRIC 21.*
(3) *Represents Pure Multi's interest, as described herein.*

Reconciliation of Consolidated Statement of Income and Comprehensive Income to Statement of Income and Comprehensive Income at Pure Multi's Interest:

Three months ended September 30, 2017 *($000's)*	Consolidated [1]	IFRIC 21 Property Tax Adjustment [2]	Pure Multi's Interest [3]
REVENUES			
Rental	$ 24,257	$ -	$ 24,257
OPERATING EXPENSES (RECOVERIES)			
Insurance	489	-	489
Property management	585	-	585
Property taxes	(298)	5,118	4,820
Property operating expenses	5,994	-	5,994
	6,770	5,118	11,888
NET RENTAL INCOME	17,487	(5,118)	12,369
NET FINANCE INCOME (EXPENSES)			
Interest income	33	-	33
Interest expense	(5,704)	-	(5,704)
Distributions to subsidiary's preferred unitholders	(4)	-	(4)
	(5,675)	-	(5,675)
NET OTHER INCOME (EXPENSES)			
Other income	5	-	5
General and administrative	(1,645)	-	(1,645)
Fair value adjustments to investment properties	856	874	1,730
IFRIC 21 fair value adjustment to investment properties	(4,244)	4,244	-
Franchise taxes	(116)	-	(116)
	(5,144)	5,118	(26)
NET INCOME AND COMPREHENSIVE INCOME	$ 6,668	$ -	$ 6,668

Notes:

[1] *Represents Pure Multi-Family's consolidated statement of income and comprehensive income prepared in accordance with IFRS.*

[2] *Represents Pure Multi-Family's annual pro-rated portion of property tax expense, on its entire portfolio, that is accounted for under IFRIC 21.*

[3] *Represents Pure Multi's interest, as described herein.*

Reconciliation of Consolidated Statement of Income and Comprehensive Income to Statement of Income and Comprehensive Income at Pure Multi's Interest:

Nine months ended September 30, 2016 *($000's)*	Consolidated [1]	IFRIC 21 Property Tax Adjustment [2]	Pure Multi's Interest [3]
REVENUES			
Rental	$ 56,298	$ -	$ 56,298
OPERATING EXPENSES			
Insurance	1,171	-	1,171
Property management	1,679	-	1,679
Property taxes	10,965	(1,041)	9,924
Property operating expenses	12,104	-	12,104
	25,919	(1,041)	24,878
NET RENTAL INCOME	30,379	1,041	31,420
NET FINANCE INCOME (EXPENSES)			
Interest income	28	-	28
Interest expense	(14,847)	-	(14,847)
Distributions to subsidiary's preferred unitholders	(12)	-	(12)
	(14,831)	-	(14,831)
NET OTHER INCOME (EXPENSES)			
Other income	90	-	90
General and administrative	(871)	-	(871)
Fair value adjustments to investment properties	27,541	1,741	29,282
IFRIC 21 fair value adjustment to investment properties	2,782	(2,782)	-
Franchise taxes	(185)	-	(185)
	29,357	(1,041)	28,316
NET INCOME AND COMPREHENSIVE INCOME	$ 44,905	$ -	$ 44,905

Notes:

[1] *Represents Pure Multi-Family's consolidated statement of income and comprehensive income prepared in accordance with IFRS.*

[2] *Represents Pure Multi-Family's annual pro-rated portion of property tax expense, on its entire portfolio, that is accounted for under IFRIC 21.*

[3] *Represents Pure Multi's interest, as described herein.*

Reconciliation of Consolidated Statement of Income and Comprehensive Income to Statement of Income and Comprehensive Income at Pure Multi's Interest:

Three months ended September 30, 2016 *($000's)*	Consolidated [(1)]	IFRIC 21 Property Tax Adjustment [(2)]	Pure Multi's Interest [(3)]
REVENUES			
Rental	$ 19,864	$ -	$ 19,864
OPERATING EXPENSES (RECOVERIES)			
Insurance	390	-	390
Property management	586	-	586
Property taxes	(38)	3,559	3,521
Property operating expenses	4,661	-	4,661
	5,599	3,559	9,158
NET RENTAL INCOME	14,265	(3,559)	10,706
NET FINANCE INCOME (EXPENSES)			
Interest income	15	-	15
Interest expense	(5,996)	-	(5,996)
Distributions to subsidiary's preferred unitholders	(4)	-	(4)
	(5,985)	-	(5,985)
NET OTHER INCOME (EXPENSES)			
Other income	109		109
General and administrative	(321)	-	(321)
Fair value adjustments to investment properties	8,977	777	9,754
IFRIC 21 fair value adjustment to investment properties	(2,782)	2,782	-
Franchise taxes	(100)	-	(100)
	5,883	3,559	9,442
NET INCOME AND COMPREHENSIVE INCOME	$ 14,163	$ -	$ 14,163

Notes:

(1) *Represents Pure Multi-Family's consolidated statement of income and comprehensive income prepared in accordance with IFRS.*

(2) *Represents Pure Multi-Family's annual pro-rated portion of property tax expense, on its entire portfolio, that is accounted for under IFRIC 21.*

(3) *Represents Pure Multi's interest, as described herein.*

RESULTS OF OPERATIONS

Pure Multi's interest *($000's, except per unit basis)*	**For the nine months ended September 30, 2017**	For the nine months ended September 30, 2016	**For the three months ended September 30, 2017**	For the three months ended September 30, 2016
Revenues				
Rental	**$ 66,898**	$ 56,298	**$ 24,257**	$ 19,864
Operating Expenses				
Insurance	**1,382**	1,171	**489**	390
Property management	**1,859**	1,679	**585**	586
Property taxes (1)	**13,682**	9,924	**4,820**	3,521
Property operating expenses	**15,193**	12,104	**5,994**	4,661
	32,116	24,878	**11,888**	9,158
Net Rental Income (1)	**34,782**	31,420	**12,369**	10,706
Net Finance Income (Expenses)				
Interest income	**100**	28	**33**	15
Interest expense	**(15,934)**	(14,847)	**(5,704)**	(5,996)
Distributions to subsidiary's preferred unitholders	**(12)**	(12)	**(4)**	(4)
	(15,846)	(14,831)	**(5,675)**	(5,985)
Other Income (Expenses)				
Other income	**239**	90	**5**	109
General and administrative	**(3,686)**	(871)	**(1,645)**	(321)
Fair value adjustments to investment properties (1)	**24,961**	29,282	**1,730**	9,754
Franchise taxes	**(332)**	(185)	**(116)**	(100)
	21,182	28,316	**(26)**	9,442
Net Income and Comprehensive Income	**$ 40,118**	$ 44,905	**$ 6,668**	$ 14,163
Earnings per Class A unit – basic	**$ 0.58**	$ 0.85	**$ 0.08**	$ 0.26
Weighted average number of Class A units – basic	**66,297,478**	50,255,692	**76,729,771**	52,660,126
Earnings per Class A unit – diluted	**$ 0.57**	$ 0.80	**$ 0.08**	$ 0.24
Weighted average number of Class A units – diluted	**70,329,336**	54,889,804	**76,729,771**	58,368,104
Earnings per Class B unit – basic	**$ 7.75**	$ 11.09	**$ 1.12**	$ 3.42
Weighted average number of Class B units – basic	**200,000**	200,000	**200,000**	200,000
Earnings per Class B unit – diluted	**$ 7.60**	$ 11.09	**$ 1.12**	$ 3.42
Weighted average number of Class B units – diluted	**200,000**	200,000	**200,000**	200,000

Notes:
(1) *Represents Pure Multi's interest, see "Results of Operations Reconciliation" for adjustments from IFRS to Pure Multi's interest.*

During the nine months ended September 30, 2017, based on Pure Multi's interest, Pure Multi-Family recorded rental revenue of $66,898,285, net rental income of $34,782,184, fair value adjustments to investment properties of $24,960,663 and net income of $40,118,432 (nine months ended September 30, 2016 - $56,298,475, $31,420,472, $29,281,220, and $44,904,709, respectively). The increase in revenues and operating expenses are primarily attributable to Pure Multi-Family operating additional investment properties coupled with rental revenue growth during the nine months ended September 30, 2017, compared to the same period in the prior year. During the nine months ended September 30, 2017, Pure Multi-Family incurred $3,685,612 of general and administrative expenses (nine months ended September 30, 2016 - $870,623), and franchise tax expense of $331,545 (nine months ended September 30, 2016 - $185,272). The increase in general and administrative expenses was primarily due to the internalization of the property management function, which commenced during Q2 2017, and the internalization of the asset management function, which occurred during Q3 2016.

Rental Revenue

Rental revenue from investment properties includes recoveries of specified operating expenses, in accordance with the terms of the lease agreements. The increase in rental revenue was primarily attributable to Pure Multi-Family operating additional investment properties and residential units during the three and nine months ended September 30, 2017, compared to the same period in the prior year, in addition to organic rental revenue growth experienced from the investment properties operated during such periods.

Operating Expenses

Operating expenses include costs relating to such items as cleaning, repairs and maintenance, turnover costs, HVAC, property payroll, insurance, property taxes, utilities and property management fees among other items. In aggregate, operating expenses totaled $32,116,101 during the nine months ended September 30, 2017 (nine months ended September 30, 2016 - $24,878,003) and $11,888,033 during the three months ended September 30, 2017 (three months ended September 30, 2016 - $9,157,902). The increase in operating expenses was primarily due to Pure Multi-Family operating additional investment properties and residential units during the current period combined with an increase in property tax expense. The increase in property tax expense is primarily due to the acquisition of newly constructed investment properties across the portfolio, coupled with the timing of the settlement of any outstanding property tax appeals. As these newly constructed investment properties transition from the lease-up phase to expected occupancy, their respective assessed tax values can, and most often do, significantly increase which in turn increases the overall property tax expense compared to the prior year period. The increase in property tax expense had the most significant impact on the operating margins, whereby Pure Multi-Family's operating margin during the nine months ended September 30, 2017 decreased to 52.0% compared to 55.8% during the nine months ended September 30, 2016 and decreased to 51.0% during the three months ended September 30, 2017 compared to 53.9% during the three months ended September 30, 2016.

The following table illustrates certain operating expenses as a percentage of total operating expenses:

Pure Multi's interest	**For the nine months ended September 30, 2017**	For the nine months ended September 30, 2016	**For the three months ended September 30, 2017**	For the three months ended September 30, 2016
Insurance	**4.3%**	4.7%	**4.1%**	4.3%
Property management	**5.8%**	6.8%	**4.9%**	6.4%
Property taxes	**42.6%**	39.9%	**40.6%**	38.4%
Property operating expenses	**47.3%**	48.6%	**50.4%**	50.9%
	100.0%	100.0%	**100.0%**	100.0%
Net rental income margin	**52.0%**	55.8%	**51.0%**	53.9%

Finance Income

Finance income consists of interest income which was earned from bank deposits at Pure Multi-Family and the property level.

Finance Expenses

Finance expenses consist of interest expense and distributions to subsidiary's preferred unitholders (see "Financial Condition – Preferred Units of Subsidiary"). Pure Multi-Family declared distributions in the amount of $11,719 to the subsidiary's preferred unitholders during the nine months ended September 30, 2017 (nine months ended September 30, 2016 - $11,719).

Interest Expense

Interest expense consists of mortgage interest, mortgage prepayment expense, convertible debenture interest, credit facility interest, amortization of transaction costs and accretion of convertible debentures.

The weighted average interest rate on the mortgages is 3.72% per annum as at September 30, 2017 (December 31, 2016 - 3.74%) and the mortgages mature between 2019 and 2032 with a weighted average mortgage term of 9.0 years remaining (December 31, 2016 - 9.4 years remaining). Pure Multi-Family intends to refinance any mortgages which mature within six months of the maturity date.

General and Administrative Expenses

General and administrative ("G&A") expenses are primarily comprised of corporate compensation, directors' fees, directors' and officers' liability insurance, professional fees, legal fees, filing fees, and administrative expenses. Professional fees include audit and tax fees. Administrative expenses include US REIT compliance expenditures, investor relations expenses, bank charges, and beginning September 1, 2016, office overhead, rent and corporate salaries. Subsequent to the Determination Event (as defined in the LP Agreement), on September 1, 2016, Pure Multi-Family internalized its asset management and terminated the Asset Management Agreement with the Managing GP. No penalties were incurred upon termination of the agreement. Prior to September 1, 2016, pursuant to the Asset Management Agreement, the Managing GP provided Pure Multi-Family 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. During 2017, Pure Multi-Family began the process of internalizing its property management function. These additional administrative expenses, which were not incurred during the comparative periods, include non-recurring start-up costs, salaries and benefits, office rent and additional office overhead. The non-recurring start-up costs incurred during the nine months ended September 30, 2017 were $701,990, and during the three months ended September 30, 2017 were $489,486. When removing these non-recurring expenditures from overall G&A expense, this results in an adjusted G&A expense as a percentage of revenue of 4.5% for the nine months ended September 30, 2017 and 4.8% for the three months ended September 30, 2017.

The following table illustrates corporate expenses as a percentage of overall general and administrative expenses:

Pure Multi's interest	**For the nine months ended September 30, 2017**	For the nine months ended September 30, 2016	**For the three months ended September 30, 2017**	For the three months ended September 30, 2016
Insurance	**0.9%**	4.3%	**1.1%**	4.1%
Professional fees	**6.9%**	29.5%	**8.0%**	24.0%
Legal and filing fees	**4.3%**	26.3%	**8.2%**	20.9%
Director's fees	**4.2%**	25.0%	**6.1%**	23.8%
Administrative expenses	**83.7%**	14.9%	**76.6%**	27.2%
	100.0%	100.0%	**100.0%**	100.0%
G&A expense as a percentage of rental revenue	**5.5%**	1.5%	**6.8%**	1.6%

Other Income (Expenses)

Other income (expenses) primarily include non-recurring revenues and expenses, certain property due diligence expenses and foreign currency exchange gains and losses.

Fair Value Adjustments to Investment Properties

Pure Multi-Family measures its investment properties at fair value on each reporting date and records the fair value adjustments as an income or expense item. For the nine months ended September 30, 2017, based on Pure Multi's interest, Pure Multi-Family recorded an increase of $24,960,663 in the fair value of its investment properties (nine months ended September 30, 2016 – an increase of $29,281,220). The weighted average capitalization rate of the investment properties at September 30, 2017 was 5.18% (December 31, 2016 – 5.41%).

Income Taxes

Pure Multi-Family is not subject to tax under Part I of the Income Tax Act (Canada) (the "Tax Act"). Each partner (or "unitholder") of Pure Multi-Family 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-Family 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. Pure Multi-Family's indirect Canadian subsidiary, Pure Multi-Family Management Ltd., is a taxable Canadian corporation subject to Canadian income tax.

Franchise Taxes

Texas Franchise Tax applicable to Pure Multi-Family, for its investment properties operated in Texas during the nine months ended September 30, 2017, is equal to 0.75% of the lesser of: (i) 70% of total revenue; (ii) 100% of total revenue less cost of goods sold; (iii) 100% of total revenue less compensation expense; or (iv) 100% of total revenue less $1 million. Pure Multi-Family recorded a provision for Texas Franchise Tax of $331,545 for the nine months ended September 30, 2017 (nine months ended September 30, 2016 - $185,272).

Offering Costs

Offering costs are the costs incurred by Pure Multi-Family that relate to the issuance of securities, which are included in the statement of partners' capital. During the nine months ended September 30, 2017, Pure Multi-Family incurred $6,135,519 of offering costs related to the issuance of securities (nine months ended September 30, 2016 - $1,411,657).

SEGMENTED INFORMATION

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. Pure Multi-Family currently operates in one business segment, indirectly owning and operating multifamily apartment properties in the Sunbelt region in the United States.

FINANCIAL CONDITION

Assets

Investment Properties

Investment properties are stated at fair value. Fair value adjustments to investment properties arising from changes in fair value are included in the consolidated statement of income and comprehensive income in the period which they arise. As at September 30, 2017, investment properties were valued at $1,013,652,235 (December 31, 2016 - $778,547,182). The increase in investment properties is primarily due to the acquisition of five investment properties for a combined purchase price of $206,000,000, combined with a fair value increase adjustment. The increase in the fair value adjustment to investment properties was driven by both an increase in net rental income and a reduction in capitalization rates at certain properties.

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

Prepaid Expenses

Prepaid expenses primarily consist of insurance and utility deposits.

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 once certain conditions are met, such as completion of repairs. As at September 30, 2017, the term for the current mortgage reserve fund is less than 12 months. The amortized cost of the mortgage reserve fund as at September 30, 2017 is $7,705,066 (December 31, 2016 - $5,193,406).

Liabilities

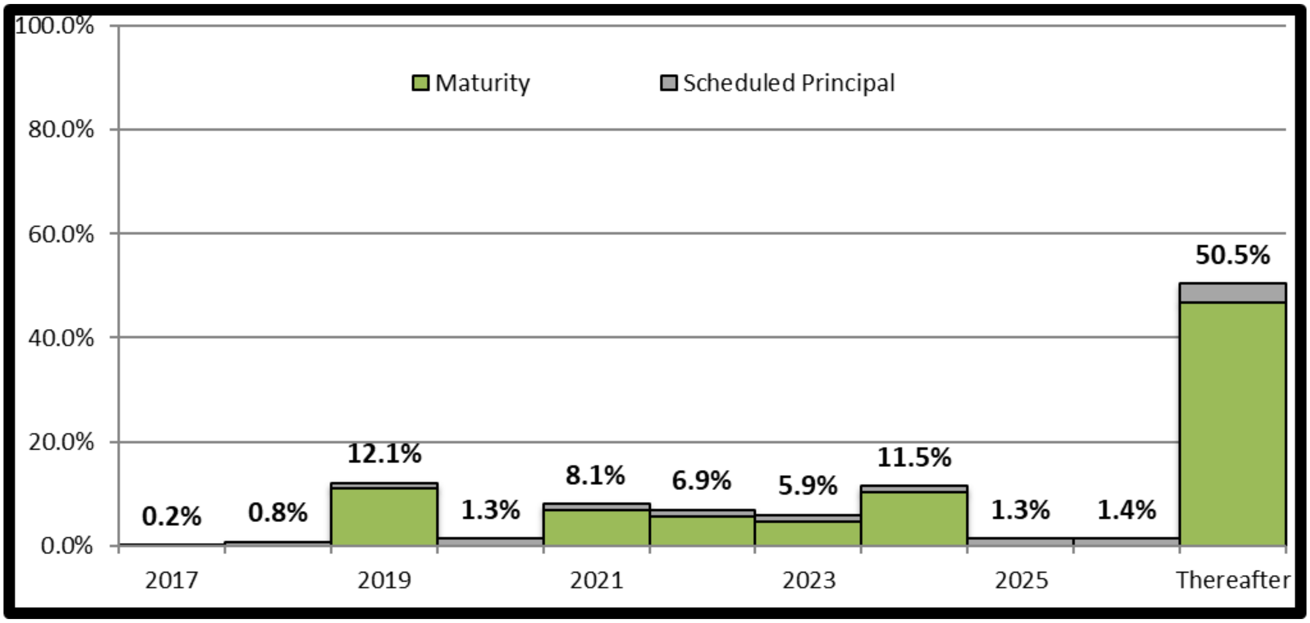
The LP Agreement limits the indebtedness of Pure Multi-Family to a maximum of 70% of the gross book value. The gross book value is defined as the total book value of the assets plus accumulated depreciation and amortization in respect of such assets. The indebtedness is 50.8% of the gross book value as at September 30, 2017 (December 31, 2016 – 55.2%).

Mortgages Payable

The mortgages bear interest at a weighted average effective rate of 3.72% per annum, as at September 30, 2017 (December 31, 2016 – 3.74%) and mature between 2019 and 2032. The scheduled principal payments, principal maturities and weighted average effective rate are as follows:

September 30, 2017 *($000's, except percentage amounts)*	**Weighted Average Effective Rate (on expiry)**	**Scheduled Principal Repayments**	**Principal Maturities**	**Total Repayments**
2017 remaining	-	922	-	922
2018	-	4,563	-	4,563
2019	3.29%	6,166	60,550	66,716
2020	-	7,019	-	7,019
2021	3.26%	7,146	37,140	44,286
2022	3.38%	7,485	30,180	37,665
2023	4.32%	7,523	24,737	32,260
2024	3.71%	6,710	56,370	63,080
2025	-	6,878	-	6,878
2026	-	7,446	-	7,446
Thereafter	3.84%	21,607	255,736	277,343
	3.72%	$ 83,465	$ 464,713	548,178
Unamortized mortgage transaction costs				(4,272)
				$ 543,906

The following chart shows the remaining scheduled principal payments and principal maturities of the mortgages due within the next 10 years and thereafter:



Preferred Units of Subsidiary

During the year ended December 31, 2013, the US REIT issued 125 preferred units at $1,000 per preferred unit for gross proceeds of $125,000. On consolidation, the preferred units of the US REIT are reflected as a liability of Pure Multi-Family.

The preferred units are non-voting preferred units. Unitholders holding preferred units are entitled to receive dividends from the US REIT at a per annum rate equal to 12.5%, payable on June 30 and December 31 of each year. Unitholders holding preferred units will be allocated such return in priority to any allocations or distributions to all other classes and series of units of the US REIT. However, after payment of such return to unitholders holding preferred units, preferred unitholders are not otherwise entitled to share in the income of the US REIT.

The US REIT may redeem the preferred units at any time, for a price equal to $1,000 per preferred unit, plus accrued and unpaid distributions.

Due to the fixed distributions and preferred treatment for preferred units, they meet the definition of a liability. In addition, the board of directors of the Governing GP does not expect to redeem any preferred units within the next year. Thus, the preferred units are classified as non-current liabilities.

Convertible Debentures

On August 7, 2013, Pure Multi-Family issued 23,000 6.5% convertible unsecured subordinated debentures (each a "6.5% convertible debenture") at a price of $1,000 per 6.5% convertible debenture, for gross proceeds of $23,000,000. The 6.5% convertible debentures mature on September 30, 2020 and are convertible at the holder's option at any time into Class A units (each a "Class A Unit") at a conversion price of $5.65 per Class A Unit, in accordance with the terms of the trust indenture dated August 7, 2013. On or after September 30, 2016, but prior to September 30, 2018, the 6.5% convertible debentures may be redeemed by Pure Multi-Family, in whole or in part, at a price equal to their principal amount plus accrued and unpaid interest thereon, provided the weighted average trading price of the Class A Units for the 20 consecutive trading days, ending on the fifth trading day immediately preceding the date on which notice of redemption is given, is at least 125% of the conversion price. After September 30, 2018, the 6.5% convertible debentures may be redeemed by Pure Multi-Family at any time.

During the nine months ended September 30, 2017, 210 of the originally issued 23,000 6.5% convertible debentures were converted into Class A Units (December 31, 2016 – 10). At September 30, 2017, $22,780,000 of the face value of the 6.5% convertible debentures was outstanding.

The following summarizes the face and carrying values of the 6.5% convertible debentures:

	Convertible Debentures Face Value	**Liability Component** Carrying Value	**Equity Component** Carrying Value
Balance as at December 31, 2015	$ 23,000,000	$ 20,319,890	$ 1,985,429
Conversion of convertible debenture	(10,000)	(9,081)	(919)
Amortization of transaction costs	-	168,316	-
Accretion of liability component	-	313,777	-
Balance as at December 31, 2016	$ 22,990,000	$ 20,792,902	$ 1,984,510
Conversion of convertible debenture	(210,000)	(190,702)	(19,298)
Amortization of transaction costs	-	134,169	-
Accretion of liability component	-	244,507	-
Balance as at September 30, 2017	**$ 22,780,000**	**$ 20,980,876**	**$ 1,965,212**

Partners' Capital

The capital of Pure Multi-Family consists of an unlimited number of Class A Units and Class B units (each a "Class B Unit") and the interest held by the Governing GP. The Governing GP has made a capital contribution of $20 to Pure Multi-Family and has no further obligation to contribute capital.

On May 30, 2012, the Managing GP subscribed for 200,000 Class B Units of Pure Multi-Family, at a price of $5.00 per Class B Unit, for gross proceeds to Pure Multi-Family of $1,000,000. As of the date hereof, Pure Multi-Family has 200,000 Class B Units outstanding.

The capital of Pure Multi-Family is divided into Class A Units and Class B Units. The Class A Units are the subject of the public offerings described in Pure Multi-Family's prospectuses dated July 3, 2012, October 12, 2012, May 1, 2013, July 22, 2014, May 4, 2015, December 7, 2015, July 22, 2016, March 31, 2017 and June 26, 2017, which are available on SEDAR at www.sedar.com. The Class B Units were subscribed for by the Managing GP on May 30, 2012. Except as set out in the LP Agreement, no Class A Unit or Class B Unit has any preference or priority over another.

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 described in the LP Agreement, after the Determination Event, which occurred on August 12, 2016, the Class B Unitholders' proportion of the total distribution will fluctuate depending on the number of Class A Units outstanding.

Following the occurrence of the Determination Event, the number of Class A Units to which the Class B Unitholder is entitled upon exercising Conversion Rights (as defined in the LP Agreement) became fixed, and future issuances of Class A Units will result in a decline in the Class B Unit Percentage Interest. Upon the Determination Event, which occurred on August 12, 2016, the number of Class A Units into which the Class B Units may be converted was fixed at 2,665,835 Class A Units.

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

(a) Pure Multi-Family 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 2,665,835 Class A 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-Family as was previously designated in the form of Class B Units. Subject to applicable laws, Pure Multi-Family will re-designate all the interests of Class B Unitholders into 2,665,835 Class A Units, effective as of the date that Pure Multi-Family receives a notice of exercise of the Conversion Rights. Upon such occurrence and the exercise of the Conversion Rights by the Class B Unitholders, the interests of Class B Unitholders will be re-designated 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 take-over bid or a sale of substantially all of Pure Multi-Family's assets.

LIQUIDITY AND CAPITAL RESOURCES

Funds from Operations and Adjusted Funds from Operations

Funds from operations ("FFO") is a non-IFRS measure, as described herein, and should not be construed as an alternative to net earnings or cash flows, as applicable, determined in accordance with IFRS. However, FFO is an operating performance measure which is widely used by the real estate industry. Pure Multi-Family's method of calculating FFO may differ from other companies and accordingly may not be comparable to similar measures presented by other companies.

The use of FFO, combined with the required IFRS presentations, has been presented for the purpose of improving the understanding of operating results in the real estate industry by the investing public and in making comparisons of the companies operating results more meaningful.

As FFO excludes fair value adjustments, IFRIC 21 adjustments, and gains or losses from property dispositions, it provides a performance measure that, when compared period over period, reflects the impact on operations of trends in occupancy levels, rental rates, operating costs and realty taxes; acquisition activities; and interest costs, and provides a perspective of financial performance that is not immediately apparent from net earnings determined in accordance with IFRS.

FFO is a widely accepted supplemental measure of financial performance for real estate entities; however, it does not represent amounts available for capital programs, debt service obligations, commitments or uncertainties. FFO should not be interpreted as an indicator of cash generated from operating activities and is not indicative of cash available to fund operating expenditures, or for the payment of cash distributions. FFO is simply one of several measures of operating performance.

Adjusted funds from operations ("AFFO") is also a non-IFRS measure, as described herein, and should not be construed as an alternative to net earnings or cash flows, as applicable, determined in accordance with IFRS. However, AFFO is widely accepted as a performance measurement tool in the real estate industry. AFFO is calculated by adjusting the FFO for non-cash compensation items, accretion of debentures, and maintenance capital expenditures. Pure Multi-Family's method of calculating AFFO may differ from other companies and accordingly may not be comparable to similar measures presented by other companies.

The following table provides the analysis of Pure Multi-Family's FFO and AFFO performance:

Pure Multi's interest *($000's, except per unit basis)*	**For the nine months ended September 30, 2017**	For the nine months ended September 30, 2016 (2)	**For the three months ended September 30, 2017**	For the three months ended September 30, 2016 (2)
Net income and comprehensive income	**$ 40,118**	$ 44,905	**$ 6,668**	$ 14,163
Adjustment:				
Fair value adjustment to investment properties	**(23,352)**	(27,541)	**(856)**	(8,977)
Property tax adjustments on acquisition or sale	**(1,609)**	(1,740)	**(874)**	(777)
IFRIC 21 fair value adjustment to investment properties	**(3,946)**	(2,782)	**4,244**	2,782
IFRIC 21 property tax liability adjustment, net	**3,946**	2,782	**(4,244)**	(2,782)
Funds from operations	**$ 15,157**	$ 15,624	**$ 4,938**	$ 4,409
Maintenance capital provision (1)	**(1,329)**	(1,137)	**(466)**	(395)
Accretion of convertible debentures	**245**	233	**85**	79
Adjusted funds from operations	**$ 14,073**	$ 14,720	**$ 4,557**	$ 4,093
Weighted average number of units *(000's)*				
Class A units	**62,297**	50,256	**76,730**	52,660
Class B units	**200**	200	**200**	200
Diluted weighted average number of units *(000's)*				
Class A units	**70,329**	54,890	**76,730**	58,368
Class B units	**200**	200	**200**	200
FFO per unit – Basic				
Class A units	**$ 0.22**	$ 0.30	**$ 0.06**	$ 0.08
Class B units	**2.93**	3.86	**0.83**	1.06
FFO per unit – Diluted				
Class A units	**$ 0.22**	$ 0.30	**$ 0.06**	$ 0.08
Class B units	**2.93**	3.86	**0.83**	1.06
Payout Ratio on FFO	**130.3%**	96.1%	**150.7%**	121.1%
AFFO per unit – Basic				
Class A units	**$ 0.20**	$ 0.28	**$ 0.06**	$ 0.07
Class B units	**2.72**	3.64	**0.77**	0.99
AFFO per unit – Diluted				
Class A units	**$ 0.20**	$ 0.28	**$ 0.06**	$ 0.07
Class B units	**2.72**	3.64	**0.77**	0.99
Payout Ratio on AFFO	**140.3%**	102.0%	**163.3%**	130.4%

Notes:

(1) *Calculated using an estimate of $300 per residential unit per year. This maintenance capital provision is estimated to be incurred on the property portfolio as to sustain its current revenue rental income-generating potential into future periods. See "Liquidity and Capital Resources – Calculating Maintenance Capital Provision for AFFO".*

(2) *Restated FFO and AFFO amounts for the three and nine months ended September 30, 2016 to remove amortization of transaction costs and mortgage prepayment expense.*

Calculating Maintenance Capital Provision for AFFO

In Q1 2017, REALpac issued updated guidance on maintenance capital expenditures to be used in the calculation of AFFO. As a high degree of significant judgement is involved in classifying capital expenditures as value enhancing or maintenance capital, Pure Multi-Family historically has applied a maintenance capital provision of $300 per residential unit per annum, which is based on management's experience and the location of former and current investment properties. The $300 maintenance capital provision includes capital expenditures incurred at the investment properties, in-suite or common area, which are required to maintain revenues at current levels and maintain the residential suites and apartment facilities in current operating conditions. Value enhancing capital expenditures include items such as in-suite upgrades and building enhancements that management believes will grow the investment property net rental income.

The following table provides Pure Multi-Family's total capital expenditures attributable to value enhancing and maintenance capital for each of the last three fiscal years:

	For the year ended December 31,		
($000's, except per residential unit basis)	**2016**	**2015**	**2014**
Value enhancing capital expenditures	$ 2,393	$ 1,631	$ 970
Maintenance capital expenditures	1,540	1,289	1,188
Total capital expenditures	$ 3,933	$ 2,920	$ 2,158
Maintenance capital - % of total capital	39%	44%	55%
Portfolio average year of construction	2006	2003	1996
# of residential units [(1)]	5,132	4,295	3,958
Maintenance capital expenditures per residential unit	$ 300	$ 300	$ 300
Value enhancing capital expenditures per residential unit	$ 466	$ 380	$ 245

Notes:
[(1)] *Weighted average number of residential units within portfolio during the year.*

Management is of the view that the maintenance capital provision of $300 per residential unit per annum is an appropriate provision to use in the calculation of AFFO, as it fairly represents the amount of maintenance capital required to maintain the current revenues and condition of its investment properties, based on the location and year of construction of such properties. As noted in the table above, the "Maintenance capital - % of total capital" has decreased compared to each of the prior years. This is primarily the result of the steps we have taken to improve our portfolio's average year of construction. As newly constructed properties require less maintenance capital to keep them in current condition, it would be expected that the trend of "Maintenance capital - % of total capital" will decrease as the "Portfolio average year of construction" continues to improve. Management will continue to monitor the maintenance capital provision currently being applied and adjust as necessary to reflect any changes as new locations are added where the portfolio operates and to any changes in the portfolio average year of construction.

The following is a reconciliation of the Pure Multi-Family's AFFO and FFO to cash provided by operations:

Pure Multi's interest *($000's)*	**For the nine months ended September 30, 2017**	For the nine months ended September 30, 2016 (1)	**For the three months ended September 30, 2017**	For the three months ended September 30, 2016 (1)
Adjusted funds from operations	**$ 14,073**	$ 14,720	**$ 4,557**	$ 4,093
Maintenance capital provision	**1,329**	1,137	**466**	395
Accretion of convertible debentures	**(245)**	(233)	**(85)**	(79)
Funds from operations	**15,157**	15,624	**4,938**	4,409
(Increase) decrease in accounts receivable	**936**	(626)	**456**	1,085
Decrease in prepaid expenses	**1,082**	872	**508**	361
Increase (decrease) in rental deposits	**222**	309	**(25)**	17
Increase in accounts payable and accrued liabilities	**14,346**	10,534	**2,809**	1,994
Increase in unearned revenue	**1,099**	257	**912**	209
IFRIC 21 property tax liability adjustment, net	**(3,946)**	(2,782)	**4,244**	2,782
Accretion of convertible debentures	**245**	233	**85**	79
Amortization of transaction costs	**458**	460	**161**	210
Interest income	**(100)**	(27)	**(33)**	(15)
Interest expense	**15,231**	14,154	**5,458**	5,706
Distributions to subsidiary's preferred unitholders	**12**	12	**4**	4
Net cash provided from operating activities	**$ 44,742**	$ 39,020	**$ 19,517**	$ 16,841

Notes:
(3) *Restated FFO and AFFO amounts for the three and six months ended June 30, 2016 to remove amortization of transaction costs and mortgage prepayment expense.*

Capital Resources

Cash generated by investment properties represents the primary source of funds to fund total distributions to unitholders of $19,749,944 for the nine months ended September 30, 2017 (nine months ended September 30, 2016 - $15,016,932).

There are no significant working capital requirements that currently exist and there are no pending items that may affect liquidity. There are no legal or practical restrictions on the ability of Pure Multi-Family's properties to transfer funds to Pure Multi-Family.

Proceeds from the issuance of Class A Units, Warrants, Convertible Debentures and conventional mortgage financing have been used mainly to fund property acquisitions. Pure Multi-Family intends to refinance any mortgages which mature within six months of maturity.

Management expects to be able to meet all of Pure Multi-Family's ongoing obligations and to finance future growth through cash generated by operations, the issuance of securities and debt financing. Pure Multi-Family is not in default or arrears on any of its obligations including distribution payments, interest or principal payments on debt.

Distributed Cash

In accordance with National Instrument 41-201, Pure Multi-Family is required to provide additional disclosure relating to cash distributions.

For the three and nine months ended September 30, 2017 and September 30, 2016, cash provided from operating activities, less interest paid ("adjusted cash provided from (used by) operating activities"), was greater than cash distributions declared. Management expects that adjusted cash provided from (used by) operating activities, on an annual basis, will exceed cash distributions declared.

Pure Multi's interest ($000's)	**For the nine months ended September 30, 2017**	For the nine months ended September 30, 2016	**For the three months ended September 30, 2017**	For the three months ended September 30, 2016
Cash provided from operating activities	**$ 44,742**	$ 39,020	**$ 19,517**	$ 16,841
Less interest paid	**(15,211)**	(14,322)	**(5,640)**	(6,120)
Adjusted cash provided from operating activities	**29,531**	24,698	**13,877**	10,721
Actual cash distributions declared	**19,750**	15,017	**7,443**	5,337
Surplus of cash from operating activities over cash distributions declared	**$ 9,781**	$ 9,681	**$ 6,434**	$ 5,384

For the nine months ended September 30, 2017 and September 30, 2016 and the three months ended September 30, 2016, net income was greater than cash distributions declared. For the three months ended September 30, 2017, net income was lower than cash distributions declared, which was primarily due to the additional expenses incurred from the internalization of the property management function. Management expects net income, on an annual basis, to exceed cash distributions declared.

Pure Multi's interest ($000's)	**For the nine months ended September 30, 2017**	For the nine months ended September 30, 2016	**For the three months ended September 30, 2017**	For the three months ended September 30, 2016
Net income	**$ 40,118**	$ 44,905	**$ 6,668**	$ 14,163
Actual cash distributions declared	**19,750**	15,017	**7,443**	5,337
Surplus (shortfall) of net income over cash distributions declared	**$ 20,368**	$ 29,888	**$ (775)**	$ 8,826

CAPITAL STRUCTURE

Pure Multi-Family defines capital as the aggregate of partners' capital, preferred units of subsidiary and long- term debt. Pure Multi-Family'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-Family's capital structure is approved by the board of directors of the Governing GP through its periodic reviews.

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-Family for borrowed money (including the face amount outstanding under any convertible debentures and any outstanding liabilities of Pure Multi-Family arising from the issuance of subordinated notes, but excluding any premium in respect of indebtedness assumed by Pure Multi-Family for which Pure Multi-Family has the benefit of an interest rate subsidy), but excludes trade accounts payable, distributions payable to unitholders, preferred units of subsidiary, 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-Family 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-Family. Pure Multi-Family's indebtedness is 50.8% as at September 30, 2017 (December 31, 2016 – 55.2%). Pure Multi-Family was in compliance with all of its investment and debt restrictions during the nine months ended September 30, 2017 and the year ended December 31, 2016.

Maintaining a relatively low indebtedness ratio is important in current economic conditions because it allows Pure Multi-Family to access additional financing, if necessary.

The LP Agreement allows the board of directors of the Governing GP, at their discretion, to allocate to the unitholders in each year all or a portion of Pure Multi-Family's income for the year, as calculated in accordance with the Tax Act, after all permitted deductions under the Tax Act have been taken. The board of directors of the Governing GP also reviews the cash distributions paid to the unitholders on a regular basis. Pure Multi-Family declared distributions in the amount of $19,000,178 to Class A Unitholders and $749,766 to Class B Unitholders during the nine months ended September 30, 2017 (nine months ended September 30, 2016 - $14,277,167 and $739,765 respectively).

The capital structure consisted of the following components at September 30, 2017 and December 31, 2016:

($000's)	**September 30, 2017**	December 31, 2016	Change
Capital			
Mortgages payable	**$ 543,906**	$ 447,827	$ 96,079
Convertible debentures	**20,981**	20,793	188
Preferred units of subsidiary	**125**	125	-
Partners' capital	**522,984**	370,162	152,822
Total Capital	**$ 1,087,996**	$ 838,907	$ 249,089

The total capital of Pure Multi-Family increased from December 31, 2016 to September 30, 2017 primarily due to the April 2017 Offering, the June 2017 Offering, the five new mortgages obtained and net income earned from operations. This was partially offset by the repayment of mortgages payable and distributions declared to the unitholders.

FINANCIAL INSTRUMENTS

For certain of Pure Multi-Family's financial instruments, including cash and cash equivalents, amounts receivable, mortgage reserve fund, 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 and preferred units of subsidiary 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. The fair value of the convertible debentures has been calculated using quoted prices in active markets.

	September 30, 2017		December 31, 2016	
($000's)	**Carrying Amount**	**Fair Value**	Carrying Amount	Fair Value
Mortgages payable	**$ 543,906**	**$ 522,776**	$ 447,827	$ 440,116
Preferred units of subsidiary	**125**	**125**	125	125
Convertible debentures	**20,981**	**25,741**	20,793	25,151

OFF-BALANCE SHEET ITEMS

Pure Multi-Family does not have any off-balance sheet items.

SECTION III

SUMMARY OF QUARTERLY RESULTS

During the three months ended and as at September 30, 2017, based on Pure Multi's interest:

- Total assets increased to $1,115,601,699 from $1,061,323,266 as at June 30, 2017. This increase was primarily due to the purchase of an investment property during the current quarter. As at September 30, 2017, Pure Multi-Family had cash and cash equivalents of $59,676,112, funds held in trust of $32,737,300 and investment properties of $1,013,652,235, compared to $88,675,173, $3,147,417 and $961,683,744, respectively, as at June 30, 2017.

- Total liabilities increased to $592,617,809 from $537,571,115 as at June 30, 2017. This increase was primarily due to an increase in mortgages payable, related to two new mortgages obtained during the current quarter combined with an increase to the property tax expense accrual.

- Partners' capital decreased to $522,983,890 from $523,752,151 as at June 30, 2017. This decrease was primarily the result of the distributions declared to unitholders, being partially offset by net income earned during the current quarter.

- Pure Multi-Family earned rental revenue of $24,257,449 and incurred operating expenses of $11,888,033, resulting in net rental income of $12,369,416 during the three months ended September 30, 2017 (three months ended September 30, 2016 - $19,863,846, $9,157,902 and $10,705,944, respectively). The increase in rental revenue, operating expenses and net rental income, compared to the prior year, are primarily attributable to Pure Multi-Family operating additional investment properties together with organic rental revenue growth, and was partially offset by an increase in property tax expense.

- Pure Multi-Family incurred interest expense of $5,704,150 and distributions to subsidiary's preferred unitholders of $3,906 (three months ended September 30, 2016 - $5,996,066 and $3,906, respectively). This resulted in net finance expense of $5,675,226 during the three months ended June 30, 2017 (three months ended June 30, 2016 - $5,984,809). The decrease in net finance expense was primarily due to the mortgage prepayment expense incurred during the prior year period, and was partially offset by additional mortgage interest costs during the current period.

- Pure Multi-Family incurred general and administrative expenses of $1,645,725, fair value adjustment increase to investment properties of $1,730,216 and franchise tax expense of $115,527 (three months ended September 30, 2016 - $321,529, $9,754,479 and $100,452, respectively). General and administrative expenses increased primarily due to the asset management function being fully internalized during the current period, compared to the same period in the prior year, when the asset management function was internalized for only a partial period of the quarter, combined with the internalization of the property management function being fully internalized during the current period, where it was externally managed during the prior year period.

- Pure Multi earned net income of $6,667,983 (three months ended September 30, 2016 - $14,162,902).

Pure Multi's interest Quarter ended *($000's, except per unit amounts)*	**September 30, 2017**	June 30, 2017	March 31, 2017	December 31, 2016
Rental revenue	**$ 24,257**	$ 21,804	$ 20,837	$ 20,116
Operating expenses	**11,888**	10,491	9,738	9,845
Net rental income	**12,369**	11,313	11,099	10,271
Interest expense	**(5,704)**	(5,187)	(5,042)	(4,952)
General and administrative expenses	**(1,645)**	(1,240)	(799)	(568)
Fair value adjustments to investment properties	**1,730**	11,615	11,615	160
Net income and comprehensive income	**6,668**	16,407	17,043	3,259
Basic net income per unit				
Class A Units	**0.08**	0.24	0.29	0.06
Class B Units	**1.12**	3.19	3.87	0.75

Pure Multi's interest Quarter ended *($000's, except per unit amounts)*	September 30, 2016	June 30, 2016	March 31, 2016	December 31, 2015
Rental revenue	$ 19,864	$ 19,369	$ 17,066	$ 16,547
Operating expenses	9,158	8,400	7,320	7,437
Net rental income	10,706	10,969	9,746	9,110
Interest expense	(5,996)	(4,705)	(4,146)	(3,981)
General and administrative expenses	(322)	(282)	(268)	(278)
Fair value adjustments to investment properties	9,754	8,264	11,262	4,363
Net income and comprehensive income	14,163	14,248	16,494	10,415
Basic net income per unit				
Class A Units	0.26	0.28	0.32	0.23
Class B Units	3.42	3.56	4.12	2.60

As at *($000's)*	**September 30, 2017**	June 30, 2017	March 31, 2017	December 31, 2016
Total assets	**$ 1,115,602**	$ 1,061,323	$ 898,779	$ 853,372
Total liabilities	**592,618**	537,571	517,142	483,210
Partners' capital	**522,984**	523,752	381,637	370,162
Investment properties	**1,013,652**	961,684	871,129	778,547
Mortgages payable	**543,906**	497,002	483,090	447,827

As at *($000's)*	September 30, 2016	June 30, 2016	March 31, 2016	December 31, 2015
Total assets	$ 868,683	$ 793,016	$ 777,579	$ 691,153
Total liabilities	505,917	467,476	461,650	386,879
Partners' capital	362,766	325,540	315,929	304,274
Investment properties	834,465	752,412	743,132	613,682
Mortgages payable	463,837	430,518	431,106	354,202

SECTION IV

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions during the reporting period that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Pure Multi-Family's significant accounting policies are described in note 2 to September 30, 2017 unaudited consolidated financial statements and in note 3 to the December 31, 2016 audited consolidated financial statements, available on SEDAR at www.sedar.com and on Pure Multi-Family's website at www.puremultifamily.com.

The policies that are most subject to estimation and judgment are outlined below.

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 uses the approaches described above to estimate the fair value of the investment properties.

ACCOUNTING STANDARDS NOT YET ADOPTED

Standards issued but not yet effective

(a) IFRS 9 - Financial instruments

On July 24, 2014, the IASB issued the complete IFRS 9, Financial Instruments ("IFRS 9 (2014)").

The mandatory effective date of IFRS 9 (2014) is for annual periods beginning on or after January 1, 2018 and must be applied retrospectively with some exemptions. Early adoption is permitted. The restatement of prior periods is not required and is only permitted if information is available without the use of hindsight.

IFRS 9 (2014) introduces new requirements for the classification and measurement of financial assets. Under IFRS 9 (2014), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. The standard introduces additional changes relating to financial liabilities. It also amends the impairment model by introducing a new 'expected credit loss' model for calculating impairment.

IFRS 9 (2014) also includes a new general hedge accounting standard which aligns hedge accounting more closely with risk management. This new standard does not fundamentally change the types of hedging relationships or the requirement to measure and recognize ineffectiveness, however it will provide more hedging strategies that are used for risk management to qualify for hedge accounting and introduce more judgment to assess the effectiveness of a hedging relationship. Special transitional requirements have been set for the application of the new general hedging model.

Pure Multi-Family intends to adopt IFRS 9 (2014) in its consolidated financial statements for the annual period beginning on January 1, 2018. Pure Multi-Family does not expect the standard to have a material impact on the consolidated financial statements.

(b) IFRS 15 – Revenue from Contracts with Customers

On May 28, 2014, the IASB issued IFRS 15, Revenue from Contracts with Customers ("IFRS 15"). The new standard is effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted. IFRS 15 will replace IAS 11, Construction Contracts, IAS 18, Revenue, IFRIC 13, Customer Loyalty Programmes, IFRIC 15, Agreements for the Construction of Real Estate, IFRIC 18, Transfer of Assets from Customers, and SIC 31, Revenue – Barter Transactions Involving Advertising Services.

The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. The new standard applies to contracts with customers. It does not apply to insurance contracts, financial instruments or lease contracts that fall in the scope of other IFRSs.

Pure Multi-Family intends to adopt IFRS 15 in its consolidated financial statements for the annual period beginning on January 1, 2018. Pure Multi-Family does not expect the standard to have a material impact on the consolidated financial statements.

(c) IFRS 16 – Leases

On January 13, 2016, the IASB issued IFRS 16, Leases ("IFRS 16"). The new standard is effective for annual periods beginning on or after January 1, 2019. Earlier application is permitted for entities that apply IFRS 15 at or before the date of initial adoption of IFRS 16. IFRS 16 will replace IAS 17, Leases ("IAS 17").
This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

This standard substantially carries forward the lessor accounting requirements of IAS 17, while requiring enhanced disclosures to be provided by lessors.
Other areas of the lease accounting model have been impacted, including the definition of a lease. Transitional provisions have been provided.

Pure Multi-Family intends to adopt IFRS 16 in its consolidated financial statements for the annual period beginning on January 1, 2019. Pure Multi-Family does not expect the standard to have a material impact on the consolidated financial statements.

SECTION V

RISKS AND UNCERTAINTIES

All income producing property investments are subject to a degree of risk and uncertainty. They are affected by various factors including general market conditions and local market circumstances. An example of general market conditions would be the availability of long-term financing whereas local conditions would relate to factors affecting specific properties in a particular geographic location, such as changes in market lease rates as a result of an over- supply of space or a reduction in demand for real estate. Management attempts to manage these risks by acquiring investment properties in various cities with strong economic and growth indicators, and engaging property management groups with local knowledge and experience.

The board of directors of the Governing GP has the overall responsibility for the establishment and oversight of Pure Multi-Family's risk management framework. Pure Multi-Family's risk management policies are established to identify and analyze the risks faced by Pure Multi-Family, 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-Family's activities.

In the normal course of business, Pure Multi-Family 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:

Interest Rate and Financial 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-Family is exposed to financial risk from the interest rate differentials between the market rate and the rates used on these financial instruments.

Pure Multi-Family manages its financial instruments and interest rate risks based on its cash flow needs. Pure Multi-Family minimizes interest rate risk by obtaining long-term, fixed rate mortgages whenever possible. It targets a conservative ratio of debt to gross book value within the range of 50% to 60% and is restricted under the LP Agreement to a maximum of 70%. As Pure Multi-Family does not have any mortgages payable maturing prior to 2019 and all of the mortgages payable bear interest at fixed rates, Pure Multi-Family does not face significant interest rate risk in the context of its outstanding mortgages payable.

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

	Face Value	
	September 30, 2017	December 31, 2016
Fixed rate instruments		
Mortgages payable	**$ 548,177,969**	$ 451,426,743
Convertible debentures	**22,780,000**	22,990,000
Preferred units of subsidiary	**125,000**	125,000
	$ 571,082,969	$ 474,541,743

Credit Risk

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

Pure Multi-Family's exposure to credit risk is influenced mainly by the individual characteristics of each tenant. Pure Multi-Family, through the US REIT, minimizes the risk by checking tenants' credit histories, requesting security deposits and initiating a prompt collection process. In addition, there is no concentration of credit risk due to the large number of individual tenants.

Currency Risk

Pure Multi-Family is exposed to minimal currency risk as a relatively small portion of the expenses are in Canadian dollars.

Lease Rollover Risk

Lease rollover risk arises from the possibility that Pure Multi-Family may experience difficulty renewing leases as they expire or in re-leasing space vacated by tenants upon lease expiry. All leases of Pure Multi-Family's investment properties have lease terms of one year or less. Typically, Pure Multi-Family instructs its property managers to initiate the renewal process before the existing leases expire. For any vacant spaces, Pure Multi-Family uses qualified leasing agents to actively market the spaces.

Class A Unit Prices

It is not possible to predict the price at which Class A Units will trade and there can be no assurance that an active trading market for the Class A Units will be sustained. The Class A Units will not necessarily trade at values determined solely by reference to the value of the investment properties of Pure Multi-Family. Accordingly, the Class A Units may trade at a premium or discount to the value implied by the value of Pure Multi-Family's investment properties. The market price for the Class A Units may be affected by changes in general market conditions, fluctuations in the markets for equity securities and numerous other factors beyond Pure Multi-Family's control.

Environmental Risk

As an owner of real property, Pure Multi-Family is subject to various federal, state and municipal laws relating to environmental matters.

Management carries out environmental inspections, by qualified environmental consultants, before a property is purchased. Management is not aware of any material non-compliance with environmental laws with respect to the current portfolio and is not aware of any pending or threatened investigations or actions by environmental regulatory authorities in connection with the current portfolio.

Liquidity Risk

Real 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-Family's ability to vary its portfolio promptly in response to changing economic or investment conditions. If Pure Multi-Family were required to liquidate a real property investment, the proceeds to Pure Multi-Family might be significantly less than the aggregate carrying value of such property.

Liquidity risk is the risk that Pure Multi-Family will not be able to meet its financial obligations as they fall due. Pure Multi-Family'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-Family intends to refinance any mortgages which mature within six months.

The following table provides the future non-discounted scheduled payments of financial liabilities, including estimated interest payments:

	2017 (remaining)	2018	2019	2020	2021 and thereafter
Mortgages payable (principal and interest)	$ 5,923,804	$ 24,779,482	$ 86,080,508	$ 24,750,859	$ 575,908,926
Convertible debentures payable (principal and interest)	370,175	1,480,700	1,480,700	23,890,525	-
Preferred units of subsidiary (principal and interest)	3,907	15,625	15,625	15,625	140,625
Accounts payable and accrued liabilities	24,132,581	-	-	-	-
Total	**$ 30,430,467**	**$ 26,275,807**	**$ 87,576,833**	**$ 48,657,009**	**$ 576,049,551**

Tax Risk

The US REIT currently qualifies as a real estate investment trust for U.S. federal income tax purposes. Thus, the US REIT is not subject to U.S. federal income tax. If the US REIT does not qualify or ceases to qualify as a REIT under the REIT exception, adverse consequences could arise including a material reduction of distributions to unitholders and Pure Multi-Family.

There can be no assurance that Canadian or U.S. federal income tax laws regarding the treatment of REITs will not be changed, or that administrative and assessment practices of the Canada Revenue Agency or IRS will not develop in a manner which adversely affects Pure Multi-Family or its unitholders.

Current Administration in the United States

The current Administration in the United States may bring about changes in social, political, regulatory, tax and economic conditions or in laws and policies governing foreign trade, development and investment that could potentially cause significant volatility in global financial markets, including in global currency and debt markets. Such volatility could cause a slowdown in economic activities in the United States, Canada or globally, which could adversely affect Pure Multi-Family's operating results and growth prospects, the extent of which may not be identifiable as of the date hereof.

For additional risks affecting Pure Multi-Family and its business, refer to Pure Multi-Family's annual information form for the year ended December 31, 2016, available on SEDAR at www.sedar.com.

RELATED PARTY TRANSACTIONS

Managing GP

Pure Multi-Family is related to the Managing GP, by virtue of having an officer and director in common (Stephen Evans). Pure Multi-Family declared distributions to the Managing GP in the amount of $249,922 during the three months ended September 30, 2017 and $749,766 during the nine months ended September 30, 2017 ($255,754 and $739,765, respectively, during the same periods in the prior year). Included in accounts payable and accrued liabilities at September 30, 2017 was $749,766 (December 31, 2016 - $nil) payable to the Managing GP.

Tipton Asset Group, Inc.

Tipton Asset Group, Inc. ("Tipton") was the property manager for Pure Multi-Family up until September 30, 2017. Pure Multi-Family is related to Tipton by virtue of having an officer and director in common (Bryan Kerns) with a subsidiary of Pure Multi-Family. Tipton charged property management fees in the amount of $584,752 during the three months ended September 30, 2017 and $1,858,703 during the nine months ended September 30, 2017 ($586,275 and $1,679,506, respectively, during the same periods in the prior year). During the nine months ended September 30, 2017, Tipton charged due diligence and acquisition analysis fees of $406,200 (nine months ended September 30, 2016 - $nil), which were capitalized upon the acquisition of the related properties. Included in accounts payable and accrued liabilities at September 30, 2017 was $118,818 (December 31, 2016 - $nil) payable to Tipton.

Asset Management Agreement

Effective September 1, 2016, Pure Multi-Family terminated its Asset Management Agreement with the Managing GP, as permitted upon the triggering of the Determination Event. No penalties were incurred upon termination of the Asset Management Agreement. Please refer to Pure Multi-Family's audited consolidated financial statements and management discussion and analysis for the year ended December 31, 2016 for a discussion of internalization of asset management by Pure Multi-Family.

Compensation

The directors of the Governing GP who are not affiliated with or employees of the Managing GP receive annual compensation, in addition to fees for attending meetings of the directors or any committee, and acting as committee chairs and members. As well, the Governing GP indirectly reimburses such directors for any out of pocket expenses, including out of pocket expenses for attending meetings. Pure Multi-Family reimburses the Governing GP for such amounts. In addition, Pure Multi-Family has obtained insurance coverage for such directors. Compensation is reviewed on an annual basis, giving consideration to Pure Multi-Family's growth and the extent of its portfolio. The amount incurred was $68,271 during the three months ended September 30, 2017 and $223,936 during the nine months ended September 30, 2017 ($76,601 and $217,632, respectively, during the same periods in the prior year).

As part of the internalization of asset management, the personnel of the Managing GP became corporate employees of a subsidiary of Pure Multi-Family, effective September 1, 2016. For the three and nine months ended September 30, 2017, corporate compensation, including salaries, bonuses, and other short-term employee benefits, incurred by Pure Multi-Family and recorded in general and administrative expense was $469,177 and $1,255,143, respectively (three and nine months ended September 30, 2016 - $45,560).

OUTSTANDING UNIT DATA

Except as set out in the LP Agreement, no Class A Unit or Class B Unit has any preference or priority over another. The Class A Units and the Class B Units have voting rights as set out in the LP Agreement.

As at November 15, 2017, the following of Pure Multi-Family's securities were outstanding:

(a) 200,000 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 a maximum of 2,665,835 Class A Units;

(b) 76,729,771 Class A Units; and

(c) 22,780 Convertible Debentures. The Convertible Debentures are convertible at the option of the holder and redeemable by Pure Multi-Family in accordance with the terms of the trust indenture dated August 7, 2013. See "Financial Condition – Convertible Debentures".

SECTION VI

SUBSEQUENT EVENTS

(a) On October 2, 2017, Pure Multi-Family, through the US REIT, acquired Farmers Market Apartments ("Farmers Market"), a multi-family apartment community, located in Dallas, Texas for a purchase price of $66,350,000, plus standard closing costs and adjustments. This acquisition was financed with cash and a new 12-year mortgage in the amount of $33,500,000, bearing a fixed interest rate of 3.67% per annum. The mortgage is secured against Farmers Market.

(b) In September 2017, Pure Multi-Family received approval from the TSX Venture Exchange to commence a normal course issuer bid ("NCIB"), allowing for the purchase for cancellation of up to 1,000,000 Class A Units. The NCIB commenced on October 3, 2017 and will expire on October 2, 2018, or such earlier date as Pure Multi-Family completes its purchases pursuant to the NCIB. Purchases subject to this NCIB will be carried out pursuant to open market transactions through the facilities of the TSX-V by CIBC on behalf of Pure Multi-Family in accordance with applicable regulatory requirements. All Class A Units purchased by Pure Multi-Family under the NCIB will be returned to treasury and cancelled. As of the date of this report, no Class A Units have been purchased and cancelled under the NCIB.

(c) Pure Multi-Family announced that it has entered into an agreement to acquire a multi-family apartment community located in Phoenix, Arizona for a purchase price of $59,000,000. The acquisition is anticipated to be financed with cash and new debt financing, and is expected to close in late November 2017.

ADDITIONAL INFORMATION

Additional information relating to Pure Multi-Family is available on SEDAR at www.sedar.com and on Pure Multi-Family's website at www.puremultifamily.com.

TRADING SYMBOLS

TSX Venture Exchange: RUF.U, RUF.UN, RUF.DB.U

OTCQX: PMULF

Pure Multi-Family REIT LP

Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2017

(Unaudited)

Expressed in United States dollars

Expressed in United States dollars

	September 30, 2017	December 31, 2016
ASSETS		
Non-current assets		
Investment properties (note 3)	**$ 1,013,652,235**	$ 778,547,182
Current assets		
Prepaid expenses	**787,179**	1,869,048
Mortgage reserve fund (note 4)	**7,705,066**	5,193,406
Amounts receivable	**1,043,807**	1,979,517
Cash held in trust (note 5)	**32,737,300**	45,179,430
Cash and cash equivalents	**59,676,112**	20,603,046
	101,949,464	74,824,447
TOTAL ASSETS	**$ 1,115,601,699**	$ 853,371,629
LIABILITIES		
Non-current liabilities		
Mortgages payable (note 6)	**$ 539,573,771**	$ 444,220,585
Convertible debentures (note 7)	**20,980,876**	20,792,902
Preferred units of subsidiary (note 8)	**125,000**	125,000
	560,679,647	465,138,487
Current liabilities		
Mortgages payable – current portion (note 6)	**4,332,518**	3,605,966
Rental deposits	**1,389,699**	1,167,897
Unearned revenue	**2,083,364**	984,835
Accounts payable and accrued liabilities	**24,132,581**	12,312,387
	31,938,162	18,071,085
TOTAL LIABILITIES	**592,617,809**	483,209,572
PARTNERS' CAPITAL (note 9)	**522,983,890**	370,162,057
TOTAL LIABILITIES AND PARTNERS' CAPITAL	**$ 1,115,601,699**	$ 853,371,629

Subsequent events (note 18)

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

Expressed in United States dollars

	Limited Partners Class A	Limited Partners Class B	General Partner	Other Equity Items (note 9)	Accumulated Earnings	Total
Balance, December 31, 2016	$ 269,187,392	$ 1,000,000	$ 20	$ 1,984,510	$ 97,990,135	$ 370,162,057
Issuance of units	138,398,162	-	-	-	-	138,398,162
Offering costs	(6,135,519)	-	-	-	-	(6,135,519)
Debenture conversion	210,000	-	-	(19,298)	-	190,702
Distributions to limited partners	-	-	-	-	(19,749,944)	(19,749,944)
Net income for the period	-	-	-	-	40,118,432	40,118,432
Balance, September 30, 2017	**$ 401,660,035**	**$ 1,000,000**	**$ 20**	**$ 1,965,212**	**$ 118,358,623**	**$ 522,983,890**

	Limited Partners Class A	Limited Partners Class B	General Partner	Other Equity Items (note 9)	Accumulated Earnings	Total
Balance, December 31, 2015	$ 230,277,915	$ 1,000,000	$ 20	$ 2,665,568	$ 70,330,723	$ 304,274,226
Issuance of units	30,093,456	-	-	(87,165)	-	30,006,291
Offering costs	(1,412,368)	-	-	711	-	(1,411,657)
Debenture conversion	10,000	-	-	(863)	-	9,137
Distributions to limited partners	-	-	-	-	(15,016,932)	(15,016,932)
Net income for the period	-	-	-	-	44,904,709	44,904,709
Balance, September 30, 2016	**$ 258,969,003**	**$ 1,000,000**	**$ 20**	**$ 2,578,251**	**$ 100,218,500**	**$ 362,765,774**

Expressed in United States dollars

	Nine months ended		Three months ended	
	September 30, 2017	September 30, 2016	**September 30, 2017**	September 30, 2016
REVENUES				
Rental	**$ 66,898,285**	$ 56,298,475	**$ 24,257,449**	$ 19,863,846
OPERATING EXPENSES (RECOVERIES)				
Insurance	**1,381,867**	1,170,829	**488,704**	389,989
Property management	**1,858,703**	1,679,506	**584,752**	586,275
Property taxes	**16,018,906**	10,965,343	**(298,437)**	(38,528)
Property operating expenses	**15,193,278**	12,103,690	**5,994,927**	4,661,211
	34,452,754	25,919,368	**6,769,946**	5,598,947
NET RENTAL INCOME	**32,445,531**	30,379,107	**17,487,503**	14,264,899
NET FINANCE INCOME (EXPENSES)				
Interest income	**99,651**	27,283	**32,830**	15,163
Interest expense (note 10)	**(15,933,839)**	(14,846,853)	**(5,704,150)**	(5,996,066)
Distributions to subsidiary's preferred unitholders	**(11,719)**	(11,719)	**(3,906)**	(3,906)
	(15,845,907)	(14,831,289)	**(5,675,226)**	(5,984,809)
NET OTHER INCOME (EXPENSES)				
Other income (expense)	**238,649**	90,201	**4,829**	109,273
General and administrative	**(3,685,612)**	(870,623)	**(1,645,725)**	(321,529)
Fair value adjustments to investment properties (note 3)	**23,351,732**	27,540,805	**856,155**	8,977,304
IFRIC 21 fair value adjustments to investment properties	**3,945,584**	2,781,780	**(4,244,026)**	(2,781,780)
Franchise taxes	**(331,545)**	(185,272)	**(115,527)**	(100,452)
	23,518,808	29,356,891	**(5,144,294)**	5,882,816
NET INCOME AND COMPREHENSIVE INCOME	**$ 40,118,432**	$ 44,904,709	**$ 6,667,983**	$ 14,162,906
Earnings per Class A unit				
Basic	**$ 0.58**	$ 0.85	**$ 0.08**	$ 0.26
Diluted (note 17)	**$ 0.57**	$ 0.80	**$ 0.08**	$ 0.24
Weighted average number of Class A units				
Basic	**66,297,478**	50,255,692	**76,729,771**	52,660,126
Diluted (note 17)	**70,329,336**	54,889,804	**80,761,629**	58,368,104
Earnings per Class B unit				
Basic	**$ 7.75**	$ 11.09	**$ 1.12**	$ 3.42
Diluted (note 17)	**$ 7.60**	$ 11.09	**$ 1.12**	$ 3.42
Weighted average number of Class B units				
Basic and diluted	**200,000**	200,000	**200,000**	200,000

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

Expressed in United States dollars

Nine months ended		September 30, 2017		September 30, 2016
Cash provided by (used in)				
OPERATIONS				
Net income	**$**	**40,118,432**	$	44,904,709
Items not involving cash:				
Amortization of transaction costs and accretion of convertible debentures		**702,566**		693,223
Fair value adjustments to investment properties (note 3)		**(23,351,732)**		(27,540,805)
IFRIC 21 fair value adjustments to investment properties		**(3,945,584)**		(2,781,780)
Property tax adjustments on acquisitions		**(1,608,931)**		(1,740,415)
Interest income		**(99,651)**		(27,283)
Interest expense		**15,231,273**		14,153,630
Distributions to subsidiary's preferred unitholders		**11,719**		11,719
Net change in non-cash working capital items (note 11)		**17,684,303**		11,346,805
		44,742,395		39,019,803
INVESTING				
Acquisitions of investment properties		**(206,660,024)**		(188,589,271)
Capital additions to investment properties		**(3,484,366)**		(2,912,585)
Funds held in trust		**12,442,130**		-
Interest received		**99,651**		27,283
		(197,602,609)		(191,474,573)
FINANCING				
Distribution paid to subsidiary's preferred unitholders		**(7,813)**		(7,813)
Distributions paid to limited partners		**(18,354,513)**		(14,115,974)
Interest paid		**(15,211,224)**		(14,322,320)
Mortgage proceeds received		**99,500,000**		121,000,000
Funds from mortgage reserve fund		**(2,511,660)**		(141,177)
Payment of finance transaction costs		**(995,380)**		(1,213,132)
Repayment of mortgages payable		**(2,748,773)**		(10,487,220)
Proceeds from the issuance of limited partner units		**138,398,162**		30,006,291
Unit offering costs		**(6,135,519)**		(1,411,657)
		191,933,280		109,306,998
Net change in cash and cash equivalents		**39,073,066**		(43,147,772)
Cash and cash equivalents, beginning of year		**20,603,046**		68,632,392
CASH AND CASH EQUIVALENTS, END OF PERIOD	**$**	**59,676,112**	$	25,484,620

Supplemental cash flow information:				
Non-cash financing and investing activity:				
Distributions payable to the limited partners included in accounts payable and accrued liabilities	**$**	**3,147,571**	$	2,433,452
Conversion of convertible debentures		**190,702**		9,081

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

1) PURE MULTI-FAMILY REIT LP INFORMATION

Pure Multi-Family REIT LP ("Pure Multi-Family") 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-Family was established by Pure Multifamily 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 Limited Partnership Agreement ("LP Agreement"). Pure Multi-Family's head office and address for service is located at 910 – 925 West Georgia Street, Vancouver, British Columbia, V6C 3L2. A copy of the Limited Partnership Agreement can be obtained from Pure Multi-Family or on SEDAR at www.sedar.com.

Pure Multi-Family was established for, among other things, 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-Family and making distributions to Unitholders;

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

The US REIT was established for, among other things, the purposes of acquiring, owning and operating multi-family real estate properties in the United States.

These condensed interim consolidated financial statements for the three and nine months ended September 30, 2017 were authorized for issue by the Board of Directors of the Governing GP (the "Board") on November 15, 2017.

2) BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE

a) Statement of compliance and basis of presentation

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") incorporating interpretations issued by the IFRS Interpretations Committee ("IFRICs"). These condensed interim consolidated financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting.

Other than as subsequently disclosed, the significant accounting policies applied by Pure Multi-Family in these unaudited condensed interim consolidated financial statements are the same as those applied in Pure Multi-Family's audited consolidated financial statements for the year ended December 31, 2016. Additional disclosures are required in annual financial statements; therefore, these unaudited condensed interim consolidated financial statements should be read in conjunction with Pure Multi-Family's audited consolidated financial statements for the year ended December 31, 2016.

b) Basis of measurement

These condensed 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 condensed interim consolidated financial statements requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying Pure Multi-Family'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(R) to Pure Multi-Family's audited consolidated financial statements for the year ended December 31, 2016. There have been no changes in the areas involving judgment or estimate since December 31, 2016.

c) Functional and presentation currency

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

d) Presentation of financial statements

Pure Multi-Family 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-Family 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 operations or administrative activities.

e) Accounting standards not yet adopted

Financial instruments: classification and measurement

On July 24, 2014, the IASB issued the complete IFRS 9, *Financial Instruments* ("IFRS 9 (2014)").

The mandatory effective date of IFRS 9 (2014) is for annual periods beginning on or after January 1, 2018 and must be applied retrospectively with some exemptions. Early adoption is permitted. The restatement of prior periods is not required and is only permitted if information is available without the use of hindsight.

IFRS 9 (2014) introduces new requirements for the classification and measurement of financial assets. Under IFRS 9 (2014), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. The standard introduces additional changes relating to financial liabilities. It also amends the impairment model by introducing a new 'expected credit loss' model for calculating impairment.

IFRS 9 (2014) also includes a new general hedge accounting standard which aligns hedge accounting more closely with risk management. This new standard does not fundamentally change the types of hedging relationships or the requirement to measure and recognize ineffectiveness, however it will provide more hedging strategies that are used for risk management to qualify for hedge accounting and introduce more judgment to assess the effectiveness of a hedging relationship. Special transitional requirements have been set for the application of the new general hedging model.

Pure Multi-Family intends to adopt IFRS 9 (2014) in its consolidated financial statements for the annual period beginning on January 1, 2018. Pure Multi-Family does not expect the standard to have a material impact on the consolidated financial statements.

Revenue recognition

On May 28, 2014, the IASB issued IFRS 15, *Revenue from Contracts with Customers* ("IFRS 15"). The new standard is effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted. IFRS 15 will replace IAS 11, *Construction Contracts,* IAS 18, *Revenue,* IFRIC 13, *Customer Loyalty Programmes*, IFRIC 15, *Agreements for the Construction of Real Estate,* IFRIC 18, *Transfer of Assets from Customers*, and SIC 31, *Revenue – Barter Transactions Involving Advertising Services*.

Expressed in United States dollars

The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. The new standard applies to contracts with customers. It does not apply to insurance contracts, financial instruments or lease contracts that fall in the scope of other IFRSs.

Pure Multi-Family intends to adopt IFRS 15 in its consolidated financial statements for the annual period beginning on January 1, 2018. Pure Multi-Family does not expect the standard to have a material impact on the consolidated financial statements.

Leases

On January 13, 2016, the IASB issued IFRS 16, *Leases* (“IFRS 16”). The new standard is effective for annual periods beginning on or after January 1, 2019. Earlier application is permitted for entities that apply IFRS 15 at or before the date of initial adoption of IFRS 16. IFRS 16 will replace IAS 17, *Leases* (“IAS 17”).

This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

This standard substantially carries forward the lessor accounting requirements of IAS 17, while requiring enhanced disclosures to be provided by lessors.

Other areas of the lease accounting model have been impacted, including the definition of a lease. Transitional provisions have been provided.

Pure Multi-Family intends to adopt IFRS 16 in its consolidated financial statements for the annual period beginning on January 1, 2019. Pure Multi-Family does not expect the standard to have a material impact on the consolidated financial statements.

3) INVESTMENT PROPERTIES

		2017
Balance, at December 31, 2016	$	778,547,182
Acquisitions		206,660,024
Property tax adjustments on acquisitions		1,608,931
Capital additions		3,484,366
Fair value adjustments to investment properties		23,351,732
		1,013,652,235
IFRIC 21 property tax liability adjustment		(4,819,644)
IFRIC 21 fair value adjustment to investment properties		4,819,644
Balance, September 30, 2017	**$**	**1,013,652,235**

Expressed in United States dollars

		2016
Balance, at December 31, 2015	$	613,681,875
Acquisitions		188,591,771
Dispositions		(57,100,000)
Property tax adjustments on acquisitions and dispositions		2,942,618
Capital additions		3,932,797
Fair value adjustments to investment properties		26,498,121
Balance, December 31, 2016	**$**	**778,547,182**

On January 25, 2017, Pure Multi-Family, through the US REIT, acquired PURE Creekside at Onion Creek ("Creekside"), a multi-family apartment community, located in Austin, Texas, for a purchase price of $40,000,000, plus standard closing costs and adjustments. This acquisition was financed with cash and a new 10-year mortgage in the amount of $20,000,000.

On January 27, 2017, Pure Multi-Family, through the US REIT, acquired the Lansbrook at Twin Creeks ("Lansbrook"), a multi-family apartment community, located in Dallas, Texas, for a purchase price of $40,000,000, plus standard closing costs and adjustments. This acquisition was financed with cash and a new 5-year mortgage in the amount of $16,500,000.

On June 9, 2017, Pure Multi-Family, through the US REIT, acquired PURE Park 28 ("Park 28"), a multi-family apartment community, located in Phoenix, Arizona, for a purchase price of $29,700,000, plus standard closing costs and adjustments. This acquisition was financed with cash and a new 15-year mortgage in the amount of $14,850,000.

On June 15, 2017, Pure Multi-Family, through the US REIT, acquired the Pinnacle at Union Hills ("Pinnacle"), a multi-family apartment community, located in Phoenix, Arizona, for a purchase price of $47,500,000, plus standard closing costs and adjustments. This acquisition was financed with cash. Subsequent to the acquisition, on July 7, 2017, Pure Multi-Family obtained a new 7-year mortgage in the amount of $23,750,000, secured by Pinnacle.

On July 11, 2017, Pure Multi-Family, through the US REIT, acquired Pure at La Villita ("La Villita"), a multi-family apartment community, located in Dallas, Texas, for a purchase price of $48,800,000, plus standard closing costs and adjustments. This acquisition was financed with cash and a new 15-year mortgage in the amount of $24,400,000.

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

Investment properties are carried at fair value. As set out in note 3(R), to Pure Multi-Family's audited consolidated financial statements for the year ended December 31, 2016, in arriving at their estimates of fair value, management and the independent appraisers have used their market knowledge and professional judgment and have not relied solely on historical transactional comparisons.

Independent appraisals were performed by accredited appraisers. Management reviews each appraisal and ensures that the assumptions used are reasonable and the final fair value amount reflects those assumptions used in the determination of the fair market values of the properties.

Expressed in United States dollars

Pure Multi-Family does not obtain appraisals for each property at each reporting date. Where Pure Multi-Family does not obtain an appraisal for a specific investment property at the reporting date, management uses specific indicators (i.e. market conditions, discount rate changes, etc.) and determines whether a change in fair value has occurred. During the nine months ended September 30, 2017, Pure Multi-Family obtained independent appraisals on 17 investment properties held at September 30, 2017. During the year ended December 31, 2016, Pure Multi-Family obtained independent appraisals on all of the investment properties held at December 31, 2016. As disclosed in note 3(R), to Pure Multi-Family's audited consolidated financial statements for the year ended December 31, 2016, where appropriate, management incorporated these appraisals in its determination of fair value for each of the investment properties.

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

	September 30, 2017		December 31, 2016	
	Weighted average	Range	Weighted average	Range
Capitalization rate	5.18%	4.75% - 6.00%	5.41%	4.75% - 6.00%

4) 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 less than 12 months.

5) CASH HELD IN TRUST

Cash held in trust represents sales proceeds and refundable acquisition deposits which are held by third party escrow entities.

Expressed in United States dollars

6) MORTGAGES PAYABLE

	Nominal interest rate	Year of maturity	September 30, 2017 Face value	December 31, 2016 Face value
Valley Ranch	3.51%	2022	$ 13,680,000	$ 13,680,000
Prairie Creek	4.07%	2030	44,920,029	45,590,295
Bear Creek	3.45%	2019	32,080,000	32,080,000
Hackberry Creek	3.90%	2028	29,500,000	29,500,000
Deer Park	4.21%	2023	15,884,415	16,097,831
Fountainwood	4.46%	2023	12,337,092	12,511,209
Walker Commons	3.11%	2019	28,470,000	28,470,000
Preserve	3.26%	2021	24,108,304	24,478,573
San Brisas	3.26%	2021	16,640,603	16,896,184
Park West	4.02%	2030	36,500,000	36,500,000
Amalfi	3.83%	2027	45,000,000	45,000,000
Brackenridge	3.72%	2027	30,600,000	30,600,000
Pure Estates	3.96%	2024	37,952,228	38,483,881
Pure View	3.92%	2031	38,005,298	38,538,770
The Avenue	3.40%	2028	43,000,000	43,000,000
Creekside	3.98%	2027	20,000,000	-
Lansbrook	3.27%	2022	16,500,000	-
Park 28	3.84%	2032	14,850,000	-
Pinnacle at Union Hill	3.32%	2024	23,750,000	-
Pure La Villita	3.81%	2032	24,400,000	-
Total mortgages principal payable			548,177,969	451,426,743
Unamortized mortgage transaction costs			(4,271,680)	(3,600,192)
Total carrying value of mortgages payable			**$ 543,906,289**	**$ 447,826,551**

The mortgages payable are recorded at amortized cost and bear a weighted average effective interest rate of 3.72% as at September 30, 2017 (December 31, 2016 – 3.74%).

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

Expressed in United States dollars

Principal repayments, as of September 30, 2017, based on scheduled repayments to be made on the mortgages payable over the next five years and thereafter are as follows:

2017 remaining	$	922,040
2018		4,562,719
2019		66,715,869
2020		7,019,188
2021		44,286,013
Thereafter		424,672,140
	$	548,177,969

7) CONVERTIBLE DEBENTURES

On August 7, 2013, Pure Multi-Family issued 23,000 6.5% convertible unsecured subordinated debentures (each a "6.5% convertible debenture") at a price of $1,000 per 6.5% convertible debenture, for gross proceeds of $23,000,000. The 6.5% convertible debentures mature on September 30, 2020 and are convertible at the holder's option at any time into Class A units (each a "Class A Unit") at a conversion price of $5.65 per Class A Unit, in accordance with the terms of the trust indenture dated August 7, 2013. On or after September 30, 2016, but prior to September 30, 2018, the 6.5% convertible debentures may be redeemed by Pure Multi-Family, in whole or in part, at a price equal to their principal amount plus accrued and unpaid interest thereon, provided the weighted average trading price of the Class A Units for the 20 consecutive trading days, ending on the fifth trading day immediately preceding the date on which notice of redemption is given, is at least 125% of the conversion price. After September 30, 2018, the 6.5% convertible debentures may be redeemed by Pure Multi-Family at any time.

During the nine months ended September 30, 2017, 210 of the originally issued 23,000 6.5% convertible debentures were converted into Class A Units (December 31, 2016 – 10). At September 30, 2017, $22,780,000 of the face value of the 6.5% convertible debentures was outstanding.

Expressed in United States dollars

The following summarizes the face and carrying values of the 6.5% convertible debentures:

	Convertible Debentures Face Value	**Liability Component** Carrying Value	**Equity Component** Carrying Value
Balance as at December 31, 2015	$ 23,000,000	$ 20,319,890	$ 1,985,429
Conversion of convertible debenture	(10,000)	(9,081)	(919)
Amortization of transaction costs	-	168,316	-
Accretion of liability component	-	313,777	-
Balance as at December 31, 2016	$ 22,990,000	$ 20,792,902	$ 1,984,510
Conversion of convertible debenture	(210,000)	(190,702)	(19,298)
Amortization of transaction costs	-	134,169	-
Accretion of liability component	-	244,507	-
Balance as at September 30, 2017	**$ 22,780,000**	**$ 20,980,876**	**$ 1,965,212**

8) PREFERRED UNITS OF SUBSIDIARY

During the year ended December 31, 2013, the US REIT issued 125 preferred units at $1,000 per preferred unit for gross proceeds of $125,000. On consolidation, the preferred units of the US REIT are reflected as a liability of Pure Multi-Family.

The preferred units are non-voting preferred units. Unitholders holding preferred units are entitled to receive dividends from the US REIT at a per annum rate equal to 12.5%, payable on June 30 and December 31 of each year. Unitholders holding preferred units will be allocated such return in priority to any allocations or distributions to all other classes and series of units of the US REIT. However, after payment of such return to unitholders holding preferred units, preferred unitholders are not otherwise entitled to share in the income of the US REIT.

The US REIT may redeem the preferred units at any time, for a price equal to $1,000 per preferred unit, plus accrued and unpaid distributions.

Due to the fixed distributions and preferred treatment for preferred units, they meet the definition of a liability. In addition, the Board does not expect to redeem any preferred units within the next year. Thus, the preferred units are classified as non-current liabilities.

Pure Multi-Family declared distributions of $3,906 during the three months ended September 30, 2017 and $11,719 during the nine months ended September 30, 2017 to the preferred unitholders ($3,906 and $11,719, respectively, during the same periods in the prior year).

Expressed in United States dollars

9) PARTNERS' CAPITAL

a) Limited Partners and General Partner

The capital of Pure Multi-Family consists of an unlimited number of units of Pure Multi-Family and the interest held by the Governing GP. The Governing GP has made a capital contribution of $20 to Pure Multi-Family 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-Family. On August 12, 2016, a Determination Event, as defined in the LP Agreement, occurred as a result of Pure Multi-Family's market capitalization exceeding $300,000,000 for a period of 10 consecutive trading days. Upon the occurrence of the Determination Event, the number of Class A Units, into which the Class B Units may be converted to, was fixed at 2,665,835. Pure Multi-Family has not issued any additional Class B Units.

From the date of formation on May 8, 2012, to December 31, 2016, Pure Multi-Family has issued 56,068,506 Class A Units for gross proceeds of $285,719,584, less offering costs.

During the nine months ended September 30, 2017, the following transactions occurred:

a) On April 7, 2017, Pure Multi-Family completed the closing of a public offering of 10,343,100 Class A Units on a bought deal basis, at a price of $6.67 (CDN$8.90) per Class A Unit for gross proceeds of $68,938,208 (CDN$92,053,590). Pure Multi-Family issued the Class A Units from treasury.

b) On June 30, 2017, Pure Multi-Family completed the closing of a public offering of 10,281,000 Class A Units on a bought deal basis, at a price of $6.76 (CDN$8.95) per Class A Unit for gross proceeds of $69,459,954 (CDN$92,014,950). Pure Multi-Family issued the Class A Units from treasury.

c) During the nine months ended September 30, 2017, 210 6.5% convertible debentures were converted at a conversion price of $5.65 into 37,165 Class A Units. Pure Multi-Family issued the Class A Units from treasury.

For the period ended	**September 30, 2017**	**December 31, 2016**
Class A Units outstanding, beginning of year	56,068,506	49,039,824
Class A Units issued, public offering	20,624,100	4,884,000
Class A Units issued, warrants exercised	-	2,142,913
Class A Units issued, debentures converted	37,165	1,769
Class A Units outstanding, end of period	**76,729,771**	**56,068,506**

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

Expressed in United States dollars

b) ***Other Equity Items***

	Convertible Debentures Equity Component (note 7)	**Warrants**	**Total**
Balance as at December 31, 2015	$ 1,985,429	$ 680,139	$ 2,665,568
Warrants exercised, net of offering costs	-	(680,139)	(680,139)
Convertible Debentures converted, equity portion	(919)	-	(919)
Balance as at December 31, 2016	$ 1,984,510	$ -	$ 1,984,510
Convertible Debentures converted, equity portion	(19,298)	-	(19,298)
Balance as at September 30, 2017	**$ 1,965,212**	**$ -**	**$ 1,965,212**

10) INTEREST EXPENSE

Interest expense consists of the following:

	Nine months ended		Three months ended	
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
Mortgage interest	$ 14,124,150	$ 11,855,058	$ 5,087,763	$ 4,159,386
Convertible debenture interest	1,107,123	1,124,616	370,175	373,020
Amortization of transaction costs and accretion of convertible debentures	702,566	693,223	246,212	289,704
Mortgage prepayment expense	-	1,173,956	-	1,173,956
	$ 15,933,839	**$ 14,846,853**	**$ 5,704,150**	**$ 5,996,066**

11) NET CHANGE IN NON-CASH WORKING CAPITAL ITEMS

	Nine months ended	
Cash provided by (used in)	September 30, 2017	September 30, 2016
Amounts receivable	$ 935,710	$ (625,938)
Prepaid expenses	1,081,869	872,111
Accounts payable and accrued liabilities	14,346,393	10,534,008
Unearned revenue	1,098,529	257,669
Rental deposits	221,802	308,955
	$ 17,684,303	**$ 11,346,805**

Expressed in United States dollars

12) CAPITAL MANAGEMENT

Pure Multi-Family defines capital as the aggregate of partners’ capital, preferred units of subsidiary and long-term debt. Pure Multi-Family’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-Family’s capital structure is approved by the Board through its periodic reviews.

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-Family for borrowed money (including the face amount outstanding under any convertible debentures and any outstanding liabilities of Pure Multi-Family arising from the issuance of subordinated notes, but excluding any premium in respect of indebtedness assumed by Pure Multi-Family for which Pure Multi-Family has the benefit of an interest rate subsidy), but excludes trade accounts payable, distributions payable to unitholders, preferred units of subsidiary, 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-Family 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-Family. Pure Multi-Family’s indebtedness is 50.8% as at September 30, 2017 (December 31, 2016 – 55.2%). Pure Multi-Family was in compliance with all of its investment and debt restrictions during the nine months ended September 30, 2017 and the year ended December 31, 2016.

There were no changes in Pure Multi-Family’s approach to capital management during the nine months ended September 30, 2017.

The capital structure consisted of the following components at September 30, 2017 and December 31, 2016:

	September 30, 2017	December 31, 2016
Capital		
Mortgages payable	$ 543,906,289	$ 447,826,551
Convertible debentures	20,980,876	20,792,902
Preferred units of subsidiary	125,000	125,000
Partners’ capital	522,983,890	370,162,057
Total capital	**$ 1,087,996,055**	**$ 838,906,510**

13) FINANCIAL INSTRUMENTS

Fair value of financial instruments

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

The fair value of the mortgages payable and preferred units 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. The fair value of the convertible debentures has been calculated using quoted prices in active markets.

Expressed in United States dollars

The following table presents the carrying amount and fair value of Pure Multi-Family's non-current financial instruments:

	September 30, 2017		December 31, 2016	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Mortgages payable	$ 543,906,289	$ 522,775,573	$ 447,826,551	$ 440,115,993
Preferred units of subsidiary	125,000	125,000	125,000	125,000
Convertible debentures	20,980,876	25,741,400	20,792,902	25,151,060

Financial risk management

The Board has the overall responsibility for the establishment and oversight of Pure Multi-Family's risk management framework. Pure Multi-Family's risk management policies are established to identify and analyze the risks faced by Pure Multi-Family, 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-Family's activities.

In the normal course of business, Pure Multi-Family, through the US REIT, is exposed to a number of risks that can affect its operating performance. These risks include, but are not limited to, credit risk, interest rate risk, liquidity risk, currency risk and environmental risk.

There have been no changes to Pure Multi-Family's assessment of its risk factors since December 31, 2016. Please refer to Pure Multi-Family's audited consolidated financial statements and management discussion and analysis for the year ended December 31, 2016 for a discussion of risk factors that have been identified by Pure Multi-Family.

14) RELATED PARTY TRANSACTIONS AND COMMITMENTS

Managing GP

Pure Multi-Family is related to the Managing GP, by virtue of having an officer and director in common (Stephen Evans).

Pure Multi-Family declared distributions to the Managing GP in the amount of $249,922 during the three months ended September 30, 2017 and $749,766 during the nine months ended September 30, 2017 ($255,754 and $739,765 respectively, during the same periods in the prior year). Included in accounts payable and accrued liabilities at September 30, 2017 was $749,766 (December 31, 2016 - $nil) payable to the Managing GP.

Asset Management Agreement

Effective September 1, 2016, Pure Multi-Family terminated its Asset Management Agreement with the Managing GP, as permitted upon the triggering of the Determination Event. No penalties were incurred upon termination of the Asset Management Agreement. Please refer to Pure Multi-Family's audited consolidated financial statements and management discussion and analysis for the year ended December 31, 2016 for a discussion of internalization of asset management by Pure Multi-Family.

Tipton Asset Group, Inc.

Tipton Asset Group, Inc. ("Tipton") was the property manager for Pure Multi-Family up until September 30, 2017. Pure Multi-Family is related to Tipton by virtue of having an officer and director in common (Bryan Kerns) with a subsidiary of Pure Multi-Family. Tipton charged property management fees in the amount of $584,752 during the three months ended September 30, 2017 and $1,858,703 during the nine months ended September 30, 2017 ($586,275 and $1,679,506, respectively, during the same periods in the prior year). During the nine months ended September 30, 2017, Tipton charged due diligence and acquisition analysis fees of $406,200 (nine months ended September 30, 2016 - $nil), which were capitalized upon the acquisition of the related properties. Included in accounts payable and accrued liabilities at September 30, 2017 was $118,818 (December 31, 2016 - $nil) payable to Tipton.

Compensation

The directors of the Governing GP who are not affiliated with or employees of the Managing GP receive annual compensation, in addition to fees for attending meetings of the directors or any committee, and acting as committee chairs and members. As well, the Governing GP indirectly reimburses such directors for any out of pocket expenses, including out of pocket expenses for attending meetings. Pure Multi-Family reimburses the Governing GP for such amounts. In addition, Pure Multi-Family has obtained insurance coverage for such directors. Compensation is reviewed on an annual basis, giving consideration to Pure Multi-Family's growth and the extent of its portfolio. The amount incurred was $68,271 during the three months ended September 30, 2017 and $223,936 during the nine months ended September 30, 2017 ($76,601 and $217,632, respectively, during the same periods in the prior year).

As part of the internalization of asset management, the personnel of the Managing GP became corporate employees of a subsidiary of Pure Multi-Family effective September 1, 2016. For the three and nine months ended September 30, 2017, corporate compensation, including salaries, bonuses, and other short-term employee benefits, incurred by Pure Multi-Family and recorded in general and administrative expense was $469,177 and $1,255,143, respectively (three and nine months ended September 30, 2016 - $45,560).

15) LEASES

Pure Multi-Family, 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 $50,201,000 as at September 30, 2017 (December 31, 2016 - $33,231,000).

16) FAIR VALUE MEASUREMENT

Pure Multi-Family measures investment properties at fair value at each balance sheet date, the fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, acting at arms-length, at the measurement date under current market conditions. 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.

The fair value hierarchy of assets and liabilities measured at fair value on the consolidated statement of financial position or disclosed in the notes to the financial statements is as follows:

	September 30, 2017			December 31, 2016		
(000's)	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Investment properties	$ -	$ -	$ 1,013,652	$ -	$ -	$ 778,547
Mortgages payable	-	522,776	-	-	440,116	-
Preferred units of subsidiary	-	125	-	-	125	-
Convertible debentures	25,741	-	-	25,151	-	-

There have been no transfers between the levels during the year.

As disclosed above, the fair value methodology for Pure Multi-Family's investment properties is considered Level 3, as significant unobservable inputs are required to determine fair value. Refer to note 3 for a description of how management determines fair value and for further details of the average capitalization rates and ranges for investment properties.

Investment properties as at September 30, 2017 and December 31, 2016 have been valued using the overall capitalization rate ("OCR") method, an income based approach, whereby the stabilized net operating income is capitalized at the requisite OCR.

Valuations determined by the OCR method are most sensitive to changes in capitalization rates. The table below summarizes the sensitivity of the fair value of investment properties to changes in the capitalization rate at September 30, 2017:

	OCR Sensitivity	
Rate sensitivity	Fair value	Change in fair value
+ 75 basis points	$ 885,092,801	$ (128,559,434)
+ 50 basis points	924,150,787	(89,501,448)
+ 25 basis points	966,827,517	(46,824,718)
Base rate (5.18%)	1,013,652,235	-
- 25 basis points	1,065,263,085	51,610,850
- 50 basis points	1,122,436,755	108,784,520
- 75 basis points	1,186,128,406	172,476,171

Expressed in United States dollars

17) DILUTED EARNINGS PER CLASS A UNIT

The components of diluted earnings per share are summarized in the following tables:

	Nine months ended		Three months ended	
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
Basic net income and comprehensive income	$ 40,118,432	$ 44,904,709	$ 6,667,983	$ 14,162,906
Dilutive interest expense [(1)]	1,485,798	1,482,773	501,194	495,377
Diluted net income and comprehensive income	41,604,230	46,387,482	7,169,177	14,658,283
Diluted net income and comprehensive income allocated to Class A unitholders [(2)]	**40,084,814**	**44,095,929**	**6,940,094**	**13,950,385**
Diluted net income and comprehensive income allocated to Class B unitholders [(3)]	**1,519,416**	**2,291,553**	**229,083**	**707,898**

Notes:

(1) Dilutive interest expense includes the removal of the interest expense related to the dilutive 6.5% convertible debentures.

(2) Diluted net income and comprehensive income allocated to Class A unitholders for the three months ended September 30, 2017 is anti-dilutive, therefore not recognized on the statement of income and comprehensive income.

(3) Diluted net income and comprehensive income allocated to Class B unitholders for the three months ended September 30, 2017 and the three and nine months ended September 30, 2016 is anti-dilutive, therefore not recognized on the statement of income and comprehensive income.

	Nine months ended		Three months ended	
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
Weighted average number of Class A units - basic	66,297,478	50,255,692	76,729,771	52,660,126
Dilutive effect of the conversion of warrants [(1)]	-	565,085	-	1,638,951
Dilutive effect of the conversion of convertible debentures using the treasury stock method [(2)]	4,031,858	4,069,027	4,031,858	4,069,027
Weighted average number of Class A units - dilutive	**70,329,336**	**54,889,804**	**80,761,629**	**58,368,104**

Notes:

(1) Conversion of warrants based on exercise price of $5.15 per Class A Unit.

(2) Conversion of 6.5% convertible debentures based on exercise price of $5.65 per Class A Unit.

18) SUBSEQUENT EVENTS

a) On October 2, 2017, Pure Multi-Family, through the US REIT, acquired Farmers Market Apartments ("Farmers Market"), a multi-family apartment community, located in Dallas, Texas for a purchase price of $66,350,000, plus standard closing costs and adjustments. This acquisition was financed with cash and a new 12-year mortgage in the amount of $33,500,000, bearing a fixed interest rate of 3.67% per annum. The mortgage is secured against Farmers Market.

b) In September 2017, Pure Multi-Family received approval from the TSX Venture Exchange to commence a normal course issuer bid ("NCIB"), allowing for the purchase for cancellation of up to 1,000,000 Class A Units. The NCIB commenced on October 3, 2017 and will expire on October 2, 2018, or such earlier date as Pure Multi-Family completes its purchases pursuant to the NCIB. Purchases subject to this NCIB will be carried out pursuant to open market transactions through the facilities of the TSX-V by CIBC on behalf of Pure Multi-Family in accordance with applicable regulatory requirements. All Class A Units purchased by Pure Multi-Family under the NCIB will be returned to treasury and cancelled. As of the date of this report, no Class A Units have been purchased and cancelled under the NCIB.

c) Pure Multi-Family announced that it has entered into an agreement to acquire a multi-family apartment community located in Phoenix, Arizona for a purchase price of $59,000,000. The acquisition is anticipated to be financed with cash and new debt financing, and is expected to close in late November 2017.