



**ANNUAL INFORMATION FORM
FOR THE YEAR ENDED DECEMBER 31, 2018**

DATED April 12, 2019

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CERTAIN REFERENCES

In this annual information form (“AIF” or “Annual Information Form”), references to the REIT LP or Pure Multi-Family refer to Pure Multi-Family REIT LP either alone or together with its subsidiaries, as the context requires. Pure Multi-Family’s investment and operating activities are limited because Pure Multi-Family’s investment and operating activities are carried out by direct and indirect Subsidiaries (defined herein), including the US REIT (defined herein). For simplicity, Pure Multi-Family uses terms in this AIF to refer to the investments and operations of the REIT LP and its direct and indirect Subsidiaries, including the US REIT, as a whole. Accordingly, in this AIF, unless the context otherwise requires, “Pure Multi-Family” or the “REIT LP” are referring to Pure Multi-Family and its direct and indirect Subsidiaries, including the US REIT, as a whole. When Pure Multi-Family uses expressions such as “Pure Multi-Family’s operations”, Pure Multi-Family is referring to Pure Multi-Family’s indirect operations, as carried out by its direct and indirect Subsidiaries, including the US REIT, as a whole. When Pure Multi-Family uses expressions such as “Pure Multi-Family’s portfolio” or “Pure Multi-Family owns” in relation to any properties comprising part of the portfolio, Pure Multi-Family is referring to Pure Multi-Family’s indirect ownership of and investment in such properties through its investment in its direct and indirect Subsidiaries, including the US REIT. When Pure Multi-Family uses expressions such as “Pure Multi-Family operates”, Pure Multi-Family is referring to Pure Multi-Family’s indirect operations, as carried out by its direct and indirect Subsidiaries, including the US REIT.

References to “management” in this AIF mean the persons acting in the capacities of Pure Multi-Family’s Chief Executive Officer, Chief Financial Officer, Senior Vice President, Executive Vice President - US Operations and Vice President of Investor Relations. Any statements in this AIF made by or on behalf of management are made in such persons’ capacities as officers or employees of Pure Multi-Family and not in their personal capacities.

FORWARD-LOOKING INFORMATION

This AIF contains forward-looking information. Statements other than statements of historical fact contained in this AIF may be forward-looking information. Forward-looking statements generally can be identified by the use of forward-looking terminology such as “outlook”, “objective”, “may”, “will”, “expect”, “intent”, “estimate”, “anticipate”, “believe”, “should”, “plans”, or “continue”, or similar expressions suggesting future outcomes or events. They include, but are not limited to, statements with respect to expectations, projections or other characterizations of future events or circumstances, and Pure Multi-Family’s objectives, goals, strategies, beliefs, intentions, plans, estimates, projections and outlook, including statements relating to the estimates or predictions of actions of customers, competitors or regulatory authorities, and statements regarding the REIT LP’s future economic performance.

Pure Multi-Family has based these forward-looking statements on Pure Multi-Family’s current expectations about future events. Some of the specific forward-looking statements in this AIF include, but are not limited to, statements with respect to: (i) Pure Multi-Family’s intention to acquire high quality multi-family properties in major markets in the U.S.; (ii) Pure Multi-Family’s objectives, including its intention to generate stable and growing distributions on a tax-efficient basis from investments in multi-family real estate in its target markets, to enhance the value of its assets through active management, and to expand its asset base and increase AFFO through accretive acquisitions; (iii) Pure Multi-Family’s intention to achieve long-term appreciation in the value of Units; (iv) Pure Multi-Family’s ability to execute its business and growth strategies, including its acquisition strategy, financial strategy, portfolio management and development strategies; (v) the REIT LP’s intention to make, and the amount of, regular monthly cash distributions; (vi) Pure Multi-Family’s focus on growing revenues, enhancing operating margins, improving occupancy, maintaining debt ratios and growing cash flows for distribution; the REIT LP’s intention to pay interest and principal on the Debentures; (vii) the expected tax treatment of the Pure Multi-Family’s distributions to Unitholders; (viii) Pure Multi-Family’s access to available sources of debt and equity financing; (ix) expectations for Units (and possibly the Debentures) to themselves be considered “regularly traded” on an established securities market; (x) expectations, including anticipated trends and challenges, in respect of the multi-family real estate sector in Pure Multi-Family’s target markets; and (xi) the expected level of foreign tax, if any, payable on amounts that give rise to Pure Multi-Family’s distributable income.

Although Pure Multi-Family believes that the expectations reflected in such forward-looking information are reasonable, Pure Multi-Family can give no assurance that these expectations will prove to have been correct, and since forward-looking information inherently involves risks and uncertainties, including, but not limited to, the factors discussed

under “Risk Factors”, undue reliance should not be placed on such information. Actual results and events may vary significantly from those included in, contemplated or implied by such statements. The estimates and assumptions, which may prove to be incorrect, include, but are not limited to, any assumptions set forth in this AIF as well as the following: (i) Pure Multi-Family will continue to receive financing on acceptable terms; (ii) Pure Multi-Family’s future level of indebtedness and Pure Multi-Family’s future growth potential will remain consistent with Pure Multi-Family’s current expectations; (iii) there will be no changes to tax laws adversely affecting Pure Multi-Family’s financing capability, operations, activities, structure or distributions; (iv) Pure Multi-Family will retain and continue to attract qualified and knowledgeable personnel as Pure Multi-Family expands its portfolio and business; (v) the impact of the current economic climate and the current global financial conditions on Pure Multi-Family’s operations, including Pure Multi-Family’s financing capability and asset value, will remain reasonably consistent; (vi) there will be no material changes to government and environmental regulations adversely affecting Pure Multi-Family’s operations; (vii) conditions in the international and, in particular, the United States real estate market, including competition for acquisitions, will be consistent with the economic climate; and (viii) capital markets will provide Pure Multi-Family with readily available access to equity and/or debt financing.

The forward-looking information contained in this AIF is expressly qualified in its entirety by these cautionary statements. All forward-looking information in this AIF is as of April 12, 2019, the date of this AIF. Forward-looking statements do not take into account the effect of transactions or other items announced or occurring after the statements are made. For example, they do not include the effect of dispositions, acquisitions, other business transactions, asset write-downs or other charges announced or occurring after the forward-looking statements are made. The REIT LP does not undertake any obligation to update any such forward-looking information, whether as a result of new information, future events or otherwise, except as required by applicable law. For more information on the risk factors that could cause the REIT LP’s actual results to differ from current expectations, see “Risk Factors”.

NOTE REGARDING FINANCIAL INFORMATION

This AIF should be read in conjunction with Pure Multi-Family’s management’s discussion and analysis of the results of operations and financial condition and audited consolidated financial statements and the notes thereto, for the year ended December 31, 2018, available on SEDAR at www.sedar.com. Unless otherwise indicated, the statistical and financial data contained in this AIF are presented as at December 31, 2018.

NON-IFRS MEASURES

In addition to financial measures prescribed by International Financial Reporting Standards (“IFRS”), certain non-IFRS measures are used in this AIF. The REIT LP uses certain non-IFRS financial measures, which include funds from operations (“FFO”), adjusted funds from operations (“AFFO”) and same property revenue. These terms are not measures recognized under IFRS and do not have standardized meanings prescribed by IFRS. FFO and AFFO are supplemental measures of performance for real estate businesses. The REIT LP believes that AFFO is an important measure of economic performance and is indicative of the REIT LP’s ability to pay distributions, while FFO is an important measure of operating performance and the performance of real estate properties. The IFRS measurement most directly comparable to FFO and AFFO is net income.

As FFO excludes fair value adjustments on investment properties, fair value adjustments relating to unit compensation liabilities, 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.

AFFO is calculated by adjusting the FFO for 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 REIT LP presents AFFO for both an earnings and cash flow measure.

FFO and AFFO should not be construed as alternatives to net income or cash flow from operating activities, determined in accordance with IFRS, as indicators of the REIT LP's performance. The REIT LP's method of calculating FFO and AFFO may differ from other issuers' methods and accordingly may not be comparable to measures used by other issuers.

Same property revenue is a non-IFRS measure used by Pure Multi-Family to assess the period-over-period performance of the same property base throughout the comparative periods, which removes the impact of acquisitions and dispositions. The reason for only including investment properties that have been owned throughout the comparative periods is to provide a more representative analysis of same property operating metrics.

PRESENTATION OF INFORMATION

Except as otherwise stated in this AIF, all dollar amounts in this AIF, including the price per Unit (defined herein), are stated in U.S. dollars, which is the REIT LP's functional currency.

The REIT LPs financial statements are prepared in accordance with IFRS.

EXCHANGE RATE DATA

The following table reflects the low and high rates of exchange in Canadian dollars for one U.S. dollar for the period indicated, the average rate of exchange for such period and the rate of exchange at the end of such period, based on the Bank of Canada's closing exchange rates:

	Year Ended December 31, 2018 (CDN\$)
Highest rate during the period	1.3642
Lowest rate during the period	1.2288
Average rate for the period	1.2957
Rate at the end of the period	1.3642

On April 12, 2019, the Bank of Canada closing exchange rate was CDN\$1.3329 = US\$1.00.

DATE OF INFORMATION

The information in this AIF is presented as of December 31, 2018, unless otherwise indicated.

GLOSSARY TERMS

Certain terms and abbreviations used in this AIF are defined below.

Act means the *Limited Partnerships Act* (Ontario), as amended.

Affiliate or Associate means, where used to indicate a relationship with any person,

- a) a partner, other than a limited partner, of that person;
- b) a trust or estate in which that person has a substantial beneficial interest or for which that person serves as Director or in a similar capacity;
- c) an entity in respect of which that person beneficially owns or controls, directly or indirectly, voting securities carrying more than 10% of the voting rights attached to all outstanding voting securities of the entity; or
- d) a relative, including the spouse, of that person or a relative of that person's spouse, where the relative has the same home as that person,

and for the purpose of this definition spouse includes a man or woman not married to that person but who is living with that person and has lived with that person as husband or wife for a period of not less than 6 months.

April 2017 Offering means the REIT LP's bought deal offering completed on April 7, 2017 of 10,343,100 Units, inclusive of 1,349,100 Units issued pursuant to the full exercise of the over-allotment option, at a price of \$6.76 per Unit (CDN\$8.90 per Unit), for gross proceeds of \$68,938,208 (CDN\$92,053,590).

Asset Management Agreement means the agreement between the REIT LP and the Managing LP pursuant to which the Managing LP provided certain advisory, management and administrative services to the REIT LP, until the termination thereof on September 1, 2016.

Audit Committee means the audit committee of Directors established pursuant to the REIT LP Agreement.

Auditor means the firm of chartered accountants appointed as the auditors of the REIT LP from time to time in accordance with the provisions of the REIT LP Agreement and, currently, means KPMG LLP, Chartered Accountants.

Business Day means any day other than a Saturday, Sunday or statutory holiday in the Province of Ontario.

CDS means CDS Clearing and Depository Services Inc. and its successors.

Class means a class of units of the REIT LP.

Class B Unit means a Class B Unit of the REIT LP and includes a fraction of a Class B Unit of the REIT LP and for greater certainty excludes a Unit.

Class B Unit Percentage Interest means, at any particular time, that percentage interest in and to all of the income or capital of the REIT LP which is the percentage determined by the following formula:

$$A \div (A + B)$$

where:

A is the total number of Class B Units outstanding at the particular time multiplied by the Specified Ratio;
and

B is the total number of Units outstanding at the particular time;

and, for greater certainty, where A is nil the Class B Unit Percentage Interest is zero.

Class B Unitholder means at any time a person that is a limited partner or the Managing LP and who is the beneficial owner of one or more Class B Units.

Common Shares means common shares in the capital of the US REIT which are issued to the REIT LP.

Conversion Price means \$5.65 per Unit.

Conversion Rights means the right or obligation of the Class B Unitholders to cause the REIT LP to re-designate all or a portion of their Class B Units into Units at the Specified Ratio, as set forth in the REIT LP Agreement.

Debenture means a \$1,000 principal amount of 6.50% convertible unsecured subordinated debenture issued by the REIT LP under the prospectus dated July 29, 2013, with each such debenture having a maturity date of September 30, 2020 and convertible into Units at the option of the holder at the Conversion Price.

Debenture Indenture means the indenture between the REIT LP and the Indenture Trustee dated August 7, 2013, governing the Debentures.

Determination Event means the earliest to occur of the following:

- (a) a period of 10 consecutive trading days during which the Market Capitalization exceeds \$300,000,000;
- (b) a take-over bid by a person acting at arm's length to the Class B Unitholders and the Managing LP (or any Affiliate or Associate of Class B Unitholders and the Managing LP or person acting jointly or in concert with Class B Unitholders and the Managing LP) is made for the Units, provided that not less than 51% of the Units (other than Units held at the date of the take-over bid by or on behalf of the offeror or Affiliates or Associates of the offeror) are taken-up and paid for pursuant to the take-over bid; and
- (c) substantially all of the assets of the REIT LP are sold or the REIT LP is liquidated.

Director means the person(s) who have been elected or appointed as directors of the Governing GP from time to time.

Distributable Cash means, for any period, the aggregate of all amounts received by the REIT LP in such period, whether by way of dividends, interest or otherwise, from and in respect of its direct and indirect investment in the Securities, including its investment in any Subsidiaries, less reasonable reserves determined by the Governing GP to be necessary to operate the affairs of the REIT LP in a prudent and businesslike manner and less Taxes, if any, payable by the REIT LP.

Distribution Date means, in respect of a Distribution Period, no later than the 15th day of the immediately following month, or if such day is not a Business Day, the next following Business Day, and such other dates determined from time to time by the Governing GP.

Distribution Period means each calendar month from and including the first day thereof and to and including the last day thereof (whether or not such days are Business Days).

Exchange means TSX Venture Exchange Inc.

Fiscal Year means each fiscal year of the REIT LP, as determined by the Governing GP.

Governing GP means Pure Multi-Family REIT (GP) Inc., a British Columbia corporation, in its capacity as the general partner of the REIT LP.

Gross Book Value means, at any time, the book value of the assets of the REIT LP and its consolidated Subsidiaries, as shown on its then most recent consolidated statement of assets, plus the amount of accumulated depreciation and amortization in respect of such assets (and related intangible assets) shown thereon or in the notes thereto plus 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 the REIT LP shown thereon or in the notes thereto, or if approved by a majority of the Directors at any time, the appraised value of the assets of the REIT LP and its consolidated Subsidiaries may be used instead of book value.

IFRS means International Financial Reporting Standards.

Indebtedness means all present and future obligations, indebtedness, liabilities, of a person howsoever arising, whether direct or indirect, absolute or contingent, matured or not, extended or renewed, wheresoever and howsoever incurred, including all future advances and re-advances, and whether the same is from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again and whether such person be bound alone or with others and whether as principal or surety, including all interest, fees, expenses, indemnities and costs.

Indenture Trustee means Computershare Trust Company of Canada.

Independent Director means a Director who, in relation to the REIT LP, is independent within the meaning of NI 52-110 and is not related within the meaning of the Tax Act, as replaced or amended from time to time.

Interest Payment Date means September 30 and March 31 in each year.

IPO means Pure Multi-Family's initial public offering of 10,000,000 Units completed on July 10, 2012 at a price of \$5.00 per Unit for gross proceeds of \$50,000,000.

July 2016 Offering means the REIT LP's bought deal offering completed on July 29, 2016 of 4,884,000 Units, inclusive of 444,000 Units issued pursuant to the full exercise of the over-allotment option, at a price of \$5.857 per Unit (CDN\$7.64 per Unit), for gross proceeds of \$28,603,483 (CDN\$37,313,760).

June 2017 Offering means the REIT LP's bought deal offering completed on June 30, 2017 of 10,281,000 Units, inclusive of 1,341,000 Units issued pursuant to the full exercise of the over-allotment option, at a price of \$6.756 per Unit (CDN\$8.95 per Unit), for gross proceeds of \$69,459,954 (CDN\$92,014,950).

Managing LP means Pure Multifamily Management Limited Partnership, a British Columbia limited partnership, in its capacity, from date of formation until May 24, 2018, as the managing general partner of the REIT LP, or any person which is from time to time admitted as the managing general partner of the REIT LP in accordance with the terms of the REIT LP Agreement.

Mandatory Conversion Event means the sale of substantially all of the assets of the REIT LP or the liquidation of the REIT LP.

Market Capitalization means the 20 day weighted average market price of the Units on the principal market on which the Units are quoted for trading multiplied by the aggregate number of outstanding Units.

Net Income or **Net Loss** means, for accounting purposes, the net income or net loss of the REIT LP for a Fiscal Year as determined in accordance with IFRS.

NI 52-110 means National Instrument 52-110 – Audit Committees, as amended from time to time.

Nominating and Governance Committee means the nominating and governance committee of the Governing GP established pursuant to the REIT LP Agreement.

offeror means a person, other than an agent, who makes a take-over bid, and may include two or more persons who, directly or indirectly:

- (a) make a take-over bid jointly or in concert; or
- (b) intend to exercise jointly or in concert voting rights attached to the Units for which a take-over bid is made.

Other Indebtedness means (existing and future) Indebtedness that is not Senior Indebtedness, including without limitation, any existing and future unsecured indebtedness (including, and without limitation, claims of trade creditors of the REIT LP).

Partners means the Governing GP, the Managing LP (in its capacity as a Class B Unitholder), the Unitholders and the Class B Unitholders.

Person or person means and includes any individual, general partnership, limited partnership, joint venture, syndicate, sole proprietorship, company or corporation with or without share capital, joint stock company, association, trust, trust company, bank, pension fund, Director, executor, administrator or other legal personal representative, regulatory body or agency, government or governmental agency, authority or other organization or entity, whether or not a legal entity, however designated or constituted.

PIRET means Pure Industrial Real Estate Trust, an unincorporated, open ended real estate investment trust governed by the laws of British Columbia, the Class A units of which were listed on the Toronto Stock Exchange until its strategic sale to Blackstone Property Partners and Ivanhoe Cambridge in May, 2018.

Plans means, collectively, trusts governed by registered retirement savings plans (“RRSP”), registered retirement income funds (“RRIF”), registered education savings plans (“RESP”), registered disability savings plans, deferred profit sharing plans and tax-free savings accounts (“TFSA”), each as defined in the Tax Act.

Property means a direct or indirect interest in a multi-family real estate property, including an existing multi-family real estate property or a multi-family real estate property which is newly developed, acquired, developed, owned and operated from time to time by the US REIT or other Subsidiary of the REIT LP.

Property Manager means a person who provides property management services to the US REIT or its Subsidiaries pursuant to a written contract.

Property Management Agreement means the agreement between the REIT LP and the Property Manager pursuant to which the Property Manager provided property management services to the US REIT, until the termination thereof on a property-by-property basis between June 2017 and September 2017.

Proportionate Share, in respect of each Class A Unitholder and Class B Unitholder, as the case may be, means that fraction which, as of the date of such determination:

- (a) has as its numerator the number of Class A Units or Class B Units, as the case may be, held by such Unitholder; and
- (b) has as its denominator the aggregate number of Class A Units or Class B Units, as the case may be, outstanding.

Pure Multi-Family or the **REIT LP** means the Pure Multi-Family REIT LP and, unless the context otherwise requires, its direct and indirect Subsidiaries, including the US REIT, as a whole.

real property means property which in law is real property and includes, whether or not the same would in law be real property, leaseholds, mortgages, undivided joint interests in real property (whether by way of tenancy-in-common, joint tenancy, co-ownership, joint venture or otherwise), any interests in any of the foregoing and the securities of trusts, corporations or partnerships the sole or principal purpose and activity of which is to invest in, hold and/or deal in real property.

Record Date means the date established by the Governing GP for determining:

- (a) the identity of Unitholders entitled to notice of any meeting of Partners or entitled to consent to a REIT LP action in writing without a meeting or entitled to exercise rights in respect of any lawful action of Partners;
- (b) the identity of Unitholders entitled to receive any report or distribution; or
- (c) and unless otherwise specified by the Governing GP a Record Date shall mean, as of any particular Business Day, the opening of business on such Business Day.

REIT LP Agreement means the limited partnership agreement made as of May 8, 2012, as amended and restated May 28, 2015, as amended August 21, 2015 and as amended and restated May 24, 2018 between the Governing GP and all persons who become Unitholders establishing and governing the REIT LP, as may be amended, restated, modified or supplemented from time to time.

ROC Share means a share in the capital of the US REIT which is designated within such capital as a ROC Share and is issued to the REIT LP.

Securities means any shares, units, partnership interests, joint venture interests or other securities of persons which hold real property or interests therein.

Senior Indebtedness means any and all secured Indebtedness of the REIT LP and including, for greater certainty and without limitation any and all mortgages, secured debentures, charges or other encumbrances or financings in respect of the personal or real property of the REIT LP, which in each or all cases by the terms of the instrument creating or evidencing such Indebtedness, is not expressed to be pari passu with, or subordinate in right of payment to, the Debentures, and for greater certainty does not include Other Indebtedness.

Specified Ratio means 13.329175.

Special Resolution means a resolution proposed to be passed as a special resolution at a meeting of Unitholders (including an adjourned meeting) duly convened for that purpose at which two or more individuals present in person either holding personally or representing as proxies not less in aggregate than 5% of the number of votes attached to Units then outstanding and passed by the affirmative votes of the holders of more than 75% of the Units represented at the meeting and voted on a poll upon such resolution.

Subsidiary includes, with respect to any person, a company, partnership, limited partnership, trust or other entity controlled, directly or indirectly, by such person, company, partnership, limited partnership, trust or other entity.

Sunstone means Sunstone Realty Advisors Inc., a British Columbia corporation.

Sunstone Group means Sunstone, Stephen Evans and the various corporations, limited partnerships, trusts, joint ventures and other entities which are Associated with Sunstone, as the context requires.

take-over bid has the meaning ascribed to such term in the *Securities Act* (British Columbia), as amended from time to time.

Tax Act means the *Income Tax Act* (Canada) and the regulations thereunder, as amended.

Taxable Income, Taxable Loss, Capital Gain or Capital Loss means, for income tax purposes, the income, loss, capital gain or capital loss of the REIT LP determined under all applicable income tax statutes and regulations after applying the following principles, subject to a determination by the Governing GP that such an application generally would not be in the best interest of Unitholders:

- (a) deductions in arriving at income, loss, capital gain or capital loss for tax purposes will be taken at the earliest time and to the maximum extent permitted by applicable income tax statutes and regulations; and

- (b) the recognition of income for tax purposes will be deferred to the maximum extent permitted by applicable income tax statutes and regulations.

Taxes means all forms of taxation, whether direct or indirect and whether levied by reference to income, profits, gains, net wealth, asset values, turnover, added value or other reference and statutory, governmental, national, federal, state, provincial, local governmental or municipal impositions, duties, contributions and levies (including social security contributions, national insurance contributions and any other payroll taxes), whenever and wherever imposed (whether imposed by way of a withholding or deduction for or on account of tax or otherwise) and in respect of any person, and all penalties, charges, costs and interest relating thereto.

Tipton Group means Tipton Asset Group, Inc., a Texas corporation.

Transfer Agent means such company as may from time to time be appointed by the REIT LP to act as registrar and transfer agent of the Units, together with any sub-transfer agent duly appointed by the Transfer Agent.

Unitholder means at any time a person that is a limited partner in the REIT LP and who is the beneficial owner of one or more Class A Units.

Unit or Class A Unit means a Class A Unit of the REIT LP and includes a fraction of a Class A Unit of the REIT LP and for greater certainty excludes a Class B Unit.

Unit Percentage Interest means, at any particular time, that percentage interest in and to all of the income or capital of the REIT LP which is determined as 100% less the Class B Unit Percentage Interest.

US REIT means Pure US Apartments REIT Inc., a Maryland corporation.

Voting Agreement has the meaning ascribed to it under “Voting Agreement”.

Warrants means warrants to purchase Units.

STRUCTURE

Pure Multi-Family REIT LP

Pure Multi-Family is an Ontario limited partnership established under the Act on May 8, 2012. The principal and head office of Pure Multi-Family is located at 910 – 925 West Georgia Street, Vancouver, British Columbia, V6C 3L2. The registered office of the Pure Multi-Family is located at 800 – 885 West Georgia Street, Vancouver, BC V6C 3H1.

Pure Multi-Family REIT (GP) Inc.

The Governing GP is a corporation incorporated under the *Business Corporations Act* (British Columbia) on April 30, 2012. The Governing GP's head office is located at 910 – 925 West Georgia Street, Vancouver, British Columbia, V6C 3L2 and its registered office is at 800 – 885 West Georgia Street, Vancouver, BC V6C 3H1. The Governing GP is the general partner of the REIT LP and has the sole responsibility and authority for the governance of the REIT LP. As of the date hereof, the Governing GP's board of directors consists of seven members, the majority of whom are independent.

Pure Multifamily Management Limited Partnership

The Managing LP is a British Columbia limited partnership established under the *Partnership Act* (British Columbia) on April 24, 2012. The Managing LP's head office is located at 910 – 925 West Georgia Street, Vancouver, British Columbia, V6C 3L2 and its registered office is at 800 – 885 West Georgia Street, Vancouver, BC V6C 3H1. The Managing LP was the managing general partner of the REIT LP from the date of formation until May 24, 2018, at which time the unitholders approved the removal of the Managing LP as a general partner of the REIT LP.

Pure Multi-Family Management Limited

Pure Multi-Family Management Limited is a corporation incorporated under the *Business Corporations Act* (British Columbia) on August 16, 2016. Pure Multi-Family Management Limited's head office is located at 910 – 925 West Georgia Street, Vancouver, British Columbia, V6C 3L2 and its registered office is at 800 – 885 West Georgia Street, Vancouver, BC V6C 3H1. The sole shareholder of Pure Multi-Family Management Limited is the US REIT.

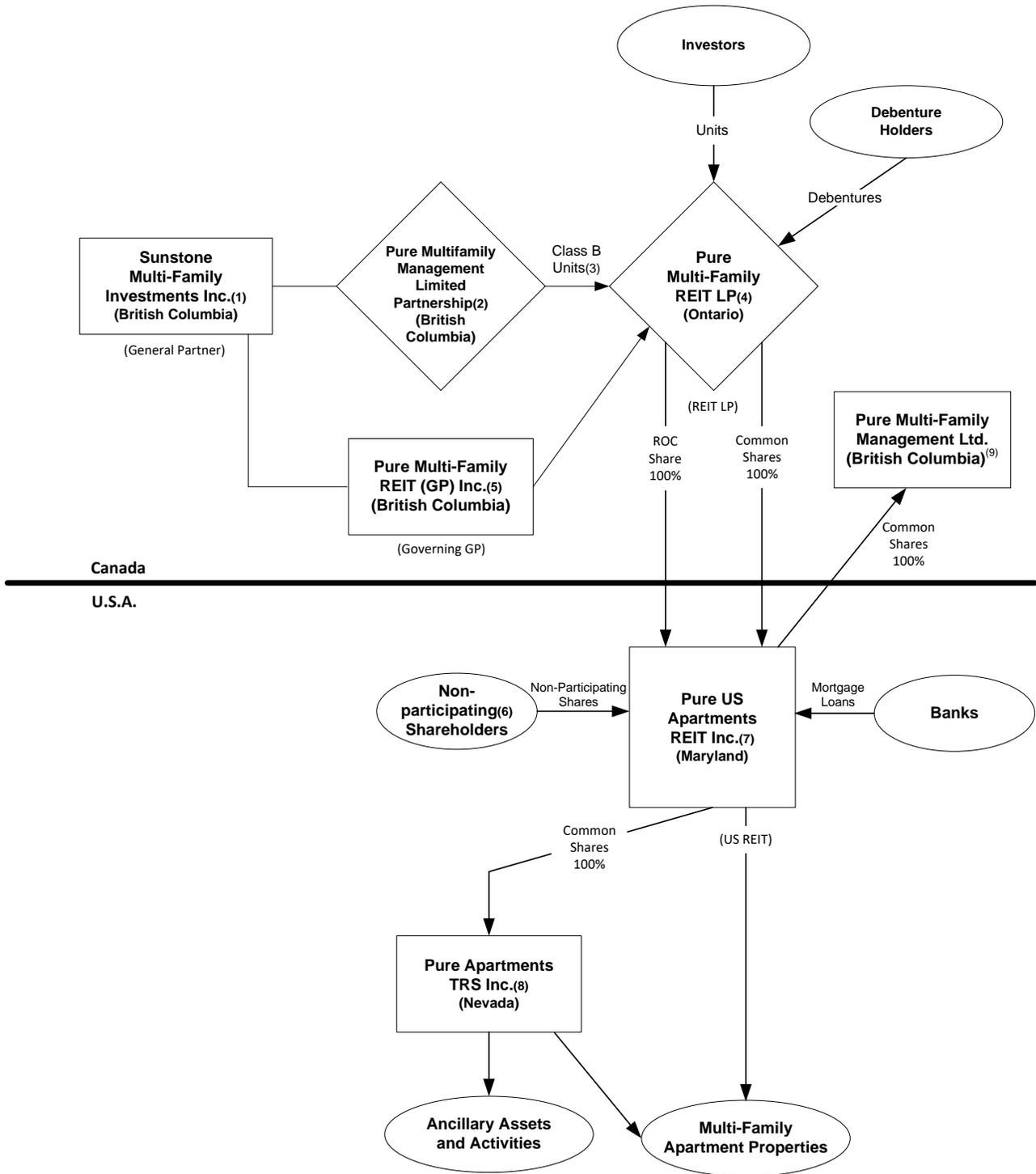
Pure US Apartments REIT Inc.

The US REIT is a corporation formed pursuant to the Maryland General Corporation Law on April 25, 2012. The head office and address for service of the US REIT is located at 5810 Tennyson Parkway, Suite 450, Plano, Texas 75024. The US REIT's principal office in the State of Maryland is c/o The Corporation Trust Incorporated, 351 West Camden Street, Baltimore, Maryland. The US REIT was established for, among other things, the purposes of acquiring, owning and operating Properties. In order to accommodate the expected requirements of lenders and to segregate any risks of ownership between Properties, the US REIT may have each of the Properties owned by a separate underlying limited partnership, or other entity, established and owned by the US REIT.

ORGANIZATIONAL STRUCTURE

The following chart illustrates Pure Multi-Family’s structure as at December 31, 2018:

INVESTMENT STRUCTURE



Notes:

- (1) Sunstone Multi-Family Investments Inc. is a British Columbia corporation, the active shareholder of which is Triple E Investments Ltd. Stephen Evans is the sole director and officer of Triple E Investments Ltd. Mr. Evans is the sole director and officer of Sunstone Multi-Family Investments Inc.
- (2) Pure Multifamily Management Limited Partnership is a British Columbia limited partnership established on April 24, 2012 under number LP581764. The General Partner of the Managing LP is Sunstone Multi-Family Investments Inc.
- (3) On May 30, 2012, the Managing LP subscribed for 200,000 Class B Units and paid cash consideration of \$5.00 per Class B Unit for aggregate proceeds to the REIT LP of \$1,000,000. The Class B Units are not listed for trading. On August 15, 2016, a Determination Event occurred as a result of the REIT LP'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 Units into which the Class B Units may be re-designated was fixed at 2,665,835 Units.
- (4) The REIT LP is an Ontario limited partnership.
- (5) Pure Multi-Family REIT (GP) Inc. is a British Columbia corporation, the sole shareholder of which is Sunstone Multi-Family Investments Inc. As at December 31, 2018, the directors of the Governing GP were Stephen Evans, Robert King, James Redekop, Maurice Kagan, John O'Neill, Fraser Berrill and Sherry Tryssenaar. Pursuant to the Voting Agreement, Sunstone Multi-Family Investments Inc. has agreed that any voting rights with respect to the Governing GP will be voted in favour of the election of directors approved by the Unitholders of the REIT LP.
- (6) In order to satisfy Internal Revenue Code of 1986, as amended, requirements to be treated as a real estate investment trust ("REIT"), the US REIT, on January 18, 2013, issued its Class B Shares to 125 U.S. resident investors.
- (7) Pure US Apartments REIT Inc. is a Maryland corporation incorporated on April 25, 2012. As at December 31, 2018, the directors of the US REIT were Stephen Evans, John Brownlee and Lee Ann Neumann.
- (8) Pure Apartments TRS Inc., if necessary, will be incorporated as a Nevada corporation, the sole shareholder of which will be the US REIT. Stephen Evans is expected to be a director and officer of Pure Apartments TRS Inc., if necessary.
- (9) Pure Multi-Family Management Ltd. is a British Columbia corporation incorporated on August 16, 2016, the sole shareholder of which is the US REIT. Stephen Evans is the sole director of Pure Multi-Family Management Ltd.

GENERAL DEVELOPMENTS

The following is a summary of the general development of the REIT LP for the past three years.

2016***Acquisitions and Financings***

Pure Multi-Family acquired the following Properties in 2016:

Property ⁽¹⁾	Purchase Price
4092 TPC Parkway, San Antonio, Texas	\$61,000,000
22800 Bulverde Road, San Antonio, Texas	56,500,000
4210 Fairmount Street, Dallas, Texas	71,000,000
	\$188,500,000

Notes:

- (1) For details on the REIT LP's Property portfolio as at December 31, 2018, see "The Portfolio – Property Specific Information.

On July 29, 2016, Pure Multi-Family completed the July 2016 Offering.

Dispositions

Pure Multi-Family disposed of the following multi-family Properties in 2016:

Property	Date of Disposition	Disposition Price
6301 Windhaven Parkway, Plano, Texas	November 4, 2016	\$34,300,000
5769 Belt Line Road, Dallas, Texas	November 17, 2016	22,800,000
		\$57,100,000

Other

On August 12, 2016, a Determination Event 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 was fixed at 2,665,835 Units. As a result, as of August 12, 2016, the 200,000 Class B Units outstanding are equivalent in economic, voting and all other respects to 2,665,835 Class A Units, even though they remain designated as Class B Units.

On September 1, 2016, Pure Multi-Family terminated its Asset Management Agreement with the Managing LP, as permitted upon the triggering of the Determination Event. No penalties were incurred upon termination of the Asset Management Agreement. As part of the internalization of asset management, Pure Multi-Family is responsible for rent, salary, office costs and other general management costs.

2017**Acquisitions and Financings**

Pure Multi-Family acquired the following Properties in 2017:

Property ⁽¹⁾	Purchase Price
1900 Onion Creek Parkway, Austin, Texas	\$40,000,000
505 Benton Drive, Allen, Texas	\$40,000,000
4114 North 28 th Street, Phoenix, Arizona	\$29,700,000
4750 East Union Hills Drive, Phoenix, Arizona	\$47,500,000
6419 Tranquilo, Irving, Texas	\$48,800,000
835 South Good Latimer Expressway, Dallas, Texas	\$66,350,000
604 West Fillmore, Phoenix, Arizona	\$55,947,140
	\$328,297,140

Notes:

- (1) For details on the REIT LP's Property portfolio as at December 31, 2018, see "The Portfolio – Property Specific Information."

On April 7, 2017, Pure Multi-Family completed the April 2017 Offering.

On June 30, 2017, Pure Multi-Family completed the June 2017 Offering.

On November 28, 2017, Pure Multi-Family entered into a secured revolving credit agreement (the "Facility"), through the US REIT, for a total commitment of up to \$50 million, with a maturity date of November 2020. The Facility bears interest at a variable rate initially equal to: (i) LIBOR plus a margin ranging from 1.55% to 2.20% per annum, or (ii) a base rate plus a margin ranging from 0.55% to 1.20% per annum. The Facility is secured by the Fillmore investment property.

Other

In September 2017, Pure Multi-Family received approval from the TSX Venture Exchange (the "TSXV") 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 expired on October 2, 2018. During the year ended December 31, 2017, Pure Multi-Family did not purchase and cancel any Class A Units under the NCIB.

Pure Multi-Family terminated property management services by the Property Manager on a property-by-property basis between June 2017 and September 2017. Pure Multi-Family internalized all property management related services under the US REIT. No penalties were incurred upon termination of the Property Management Agreement.

2018

Other

On April 5, 2018, Pure Multi-Family announced that the board of directors of the Governing GP, as part of a review of strategic options (the “Strategic Review Process”), initiated a formal process to explore the potential sale of Pure Multi-Family, which process would be overseen by a special committee of independent directors (the “Special Committee”). The Strategic Review Process was initiated after the board received a conditional unsolicited proposal for the outstanding Class A Units of Pure Multi-Family. The board, on the recommendation of the Special Committee following its receipt of financial and legal advice, rejected that proposal as inadequate. A robust sales process ensued over the following several months. On August 24, 2018, Pure Multi-Family announced that the Special Committee had terminated the process to explore the potential sale of Pure Multi-Family.

On October 2, 2018, the NCIB that commenced on October 3, 2017 expired with no Class A Units being purchased by Pure Multi-Family.

In November 2018, Pure Multi-Family received approval from the TSX-V to commence a NCIB, allowing for the purchase for cancellation of up to 1,500,000 Class A Units. The NCIB commenced on November 20, 2018 and will expire on November 19, 2019, 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. During the year ended December 31, 2018, Pure Multi-Family did not purchase and cancel any Class A Units under the NCIB.

RECENT DEVELOPMENTS

On April 1, 2019, Pure Multi-Family announced that the Toronto Stock Exchange (the “TSX”) conditionally approved the listing of the Class A Units and Debentures. Listing of the Units and Debentures is subject to compliance with all of the requirements of the TSX, including receipt of all required documentation by the TSX on or before June 25, 2019. Pure Multi-Family intends to file final listing materials as soon as practicable with the TSX. The Class A Units will continue to trade under the stock symbols “RUF.UN” and “RUF.U”, and the Debentures will continue to trade under the stock symbol “RUF.DB.U”, upon listing on the TSX.

BUSINESS OF THE REIT LP

Pure Multi-Family is a publicly traded limited partnership based in Canada that offers investors exclusive exposure to U.S. high quality, multi-family asset class.

Pure Multi-Family was established, among other things, for the purposes of: (a) acquiring Common Shares and the ROC Share issued by the US REIT; (b) temporarily holding cash and investments for the purposes of paying the expenses and liabilities of the REIT LP and making distributions to Unitholders; and (c) reinvesting income and gains of Pure Multi-Family and taking other actions besides the mere protection and preservation of Pure Multi-Family’s Properties.

Long-Term Investment Approach

Pure Multi-Family’s long-term objectives are to make investments in the US REIT or other subsidiary entities for the purpose of indirectly:

- generating stable and growing cash distributions on a tax-efficient basis from investments in multi-family real estate properties in major markets in the U.S.;
- enhancing the value of the REIT LP’s assets and maximizing the long-term value of the Properties through active management; and

- expanding its asset base and increase its AFFO through an accretive acquisition program and improvements of the Properties through targeted value added capital programs.

By remaining focused on these key objectives, Pure Multi-Family intends to achieve long-term appreciation in the value of the Units.

In order to achieve its long-term objectives, Pure Multi-Family intends to pursue the following strategies: (i) the Acquisition Strategy; (ii) the Financing Strategy; and (iii) the Portfolio Management Strategy, as discussed below.

Acquisition Strategy

The REIT LP's core strategy is to invest in quality multi-family real estate properties in major Sunbelt markets of the United States. The REIT LP has caused, and intends to continue to cause, the US REIT to acquire properties in clusters and asset sizes which will ensure regional economies of scale and geographic diversification in its portfolio. Acquisitions will be primarily in the range of \$25 to \$75 million per property. The REIT LP focuses on acquiring multi-family properties which were constructed or refurbished in 1990 or later and which are located in markets with ongoing employment growth, which have exhibited ongoing strong occupancy, and may have the potential to create additional value. The REIT LP, through the US REIT, has and intends to continue to acquire properties that are in good to superior physical condition with little to no deferred maintenance. The execution of this strategy will be consistently reviewed and will also include engaging in dispositions of properties and optimizing the REIT LP's capital structure.

Financial Strategy

The REIT LP invests in a disciplined manner, with a focus on financial analysis and balance sheet management to ensure that it maintains a prudent capital structure and conservative financial profile. The REIT LP Agreement provides that the REIT LP may not incur or assume any indebtedness if, after incurring or assuming such indebtedness, the total consolidated indebtedness of the REIT LP would be more than 70% of Gross Book Value. The REIT LP has primarily used five, seven, ten and fifteen year fixed rate amortizing debt, with interest only and short term floating rate loans to be used in appropriate circumstances. The REIT LP intends to continue to use the current favourable debt and interest rate environment to prudently manage the overall financial leverage within a range of 50% to 65% of Gross Book Value, in order to maximize its return on equity while minimizing financial risk to the REIT LP and maintaining stable cash flows. The REIT LP staggers its debt maturities to mitigate the REIT LP's interest rate risk and limit re-financing exposure in any particular period.

Portfolio Management Strategy

The REIT LP's portfolio management strategy focuses on maximizing cash flow from the Properties, through maximizing occupancy and average monthly rent after taking into account local market conditions, as well as effectively and efficiently managing its operating costs as a percentage of total revenues. The REIT LP's experienced management team plans to capture the economic upside potential in each property through strategic management, upgrades and increasing rents as the market allows.

Development Strategy

The REIT LP believes that there will continue to be development opportunities for multi-family real estate properties in the United States as the economy continues to grow. The REIT LP is well-positioned to identify development opportunities and to carry out and complete new developments. Once developed, a new multi-family real estate property may be acquired from the Sunstone Group to become part of the REIT LP's portfolio. The REIT LP Agreement provides that the REIT LP may, with the prior approval of the Governing GP, invest by way of loan advances to a sidecar fund, in which the REIT LP would advance funds for the development of new multi-family real estate properties, with rights to acquire such properties on pre-agreed terms.

Directors, Management and Network Advisors

The Directors and management team have a breadth of experience in real estate, corporate finance, private equity and asset management. The team is well connected in U.S. markets with ties to business owners in a variety of sectors. See “Directors and Management”.

Governmental Regulations

Pure Multi-Family’s operations are subject to federal, state, and local laws governing matters such as zoning bylaws, state building codes, federal and state environmental laws, and other laws relating to the construction, use and occupation of multi-family residential properties. Pure Multi-Family believes it is in material compliance with all such laws.

Environmental Matters

Pure Multi-Family obtains environmental site assessments in respect of each property within its portfolio prior to completing the acquisition thereof. The environmental assessments are conducted to identify actual or potential site contamination and non-compliance with environmental laws and regulations based on a review of available historical and current records, interviews with available site personnel and a visual inspection of each property. Any required additional site assessments would include intrusive investigations, such as soil or water sampling and analysis. None of the site assessments completed to date have identified any substantial non-compliance with material environmental laws or regulations, and Pure Multi-Family believes that the current estimated cost of remediation or capital expenditures with respect to actual or potential environmental conditions would not have a material adverse effect on Pure Multi-Family’s results of operations, business prospects and financial condition.

Competitive Conditions

The real estate business is extremely competitive. Real estate is an attractive asset class. In each jurisdiction in which Pure Multi-Family conducts business there are a significant number of other real estate investment trusts, real estate companies, pension funds, insurance companies, foreign entities, private individuals and corporations and similar institutions and investors which are presently seeking or which may seek in the future real property investments. Generally, the supply of multi-family properties available for sale in each jurisdiction could be relatively limited. There is no assurance that Pure Multi-Family will be able to acquire additional properties at reasonable prices or at all. Furthermore, the multi-family properties that the REIT LP owns or may acquire compete with numerous housing alternatives in attracting tenants, including owner occupied single-family and multi-family homes available to rent or purchase.

To the extent that Pure Multi-Family may have a competitive advantage in each marketplace, it arises from: (i) the network of real estate brokers, owners and operators maintained by management, which results in numerous investment opportunities being presented to Pure Multi-Family on a regular basis; and (ii) Pure Multi-Family’s exclusive focus on multi-family properties in primary markets in the U.S. Sunbelt, which may lead to increased exposure to multi-family properties from vendors and their agents, as compared to other real estate investors in the marketplace who do not have the same exclusive focus. In addition, Pure Multi-Family leverages its high quality portfolio, proximity of its properties to job centres, property amenities and the recent age of construction to attract tenants and reduce turnover.

Employees

As at April 12, 2019, Pure Multi-Family and its subsidiaries had 189 employees. The employees include property managers, onsite maintenance staff, onsite leasing agents and corporate level employees in the U.S. and Canada.

OUTLOOK

The REIT LP continued to experience positive organic growth during 2018, which is a signal of the continued overall strengthening of the U.S. economy, and in particular, the Dallas-Fort Worth and Phoenix markets, where the REIT LP is heavily concentrated. Management believes the fundamentals of the REIT LP remain strong with 95.5% leased occupancy rate at December 31, 2018 (December 31, 2017 – 95.0%), combined with the same property revenue growth of 3.2% during

the year ended December 31, 2018, compared to the year ended December 31, 2017. Management also sustained a strong balance sheet of the REIT LP by maintaining the debt to Gross Book Value ratio to 52.6% at December 31, 2018 compared to 53.4% at December 31, 2017.

Management continues to employ a portfolio asset and property management focus in order to:

- grow same property revenues and same property net rental income;
- enhance net rental income operating margins;
- improve the occupancy levels on the stabilizing investment properties;
- enhance unitholder value through the recycling of its current investment portfolio;
- maintain a debt to gross book value ratio between 50% and 55%; and
- grow cash flows available for distributions.

Job and population growth are fundamental drivers of apartment demand and Pure Multi-Family's core and target markets continue to experience considerable economic growth and are nearing full employment levels, which management believes will continue through 2019. Corporate office relocations and household migration from high-cost locations to low-cost locations are major trends that continue to drive growth in markets such as Texas and Arizona. Pure Multi-Family maintains 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. Convenience and proximity to job centres, entertainment and services remain strong drivers when selection an asset. Pure Multi-Family's residents are looking for ease of access, and minimal commuting whether it is to their place of employment or services. Management believes such attention to detail on asset selection pays dividends in terms of top-line revenue growth and reduced tenant turnover.

Looking ahead into 2019, management is preparing for Pure Multi-Family to migrate to the Toronto Stock Exchange from the TSX Venture Exchange which management believes will assist with liquidity and enhanced visibility to new unitholders. Management is undertaking a review of its corporate branding, social media and environmental (PURE Green) initiatives across the portfolio. Management will also consider using the U.S. 1031 tax exchange program ("1031 Exchange") for the potential disposition and acquisition of several investment properties. The 1031 Exchange, provides the opportunity for the repositioning of the portfolio, on a tax deferral basis, by acquiring investment properties in markets that are displaying strong rental income growth and better net rental income margins and disposing of investment properties in markets where rental income growth appears to be slowing down or underperforming expectations, thus enhancing the overall value of Pure Multi-Family's portfolio. Management believes the 1031 Exchange creates a significant advantage to real estate investors within the U.S. compared to real estate investors within Canada, as the in-place tax deferral program allows investors to reinvest all of the net proceeds received on the disposition of an investment property into a newly acquired investment property, rather than only being able to apply the after-tax proceeds within the Canadian market.

THE PORTFOLIO

Since the IPO in July, 2012 to December 31, 2018, Pure Multi-Family has acquired a high quality portfolio of 28 multi-family Properties located in Texas and Arizona and disposed of 6 multi-family Properties located in Texas.

Property Specific Information

Property specific information of the REIT LP's Property portfolio as at December 31, 2018 is provided below:

Property Name	Property Address	Fair Market Value	Number of Residential Units	Rentable Space (Sq.ft.)	Average Monthly Rent per Occupied Unit ⁽¹⁾	Leased Occupancy
Valley Ranch	8605 North MacArthur Boulevard, Irving, Texas	\$33,130,257	210	208,136	\$1,327	99.0%

Property Name	Property Address	Fair Market Value	Number of Residential Units	Rentable Space (Sq.ft.)	Average Monthly Rent per Occupied Unit ⁽¹⁾	Leased Occupancy
Prairie Creek Villas	3560 – 3600 Alma Road, Richardson, Texas	\$89,700,000	464	464,082	\$1,384	96.6%
Bear Creek	1401 Highway 360, Euless, Texas	\$68,931,468	436	419,325	\$1,305	94.0%
Vistas at Hackberry Creek	2501 and 2701 West Royal Lane, Irving, Texas	\$70,182,805	560	435,208	\$1,065	97.9%
The Boulevard at Deer Park	401 West Pasadena Boulevard, Deer Park, Texas	\$28,100,000	216	201,804	\$1,191	95.4%
Fountainwood Apartments	750 East Mid Cities Boulevard, Euless, Texas	\$32,000,000	288	228,900	\$1,012	97.9%
San Brisas Apartment Homes	900 North Rural Road, Chandler, Arizona	\$40,662,801	208	209,284	\$1,233	99.0%
Walker Commons	1751 West Walker Street, League City, Texas	\$54,002,339	352	326,590	\$1,251	98.0%
The Preserve at Arbor Hills	7001 West Parker Road, Plano, Texas	\$55,161,697	330	310,072	\$1,293	94.5%
Park at West Avenue	12803 West Avenue, San Antonio, Texas	\$53,759,977	360	323,255	\$1,275	98.1%
Amalfi Stonebriar Apartments	5275 Town and Country Boulevard, Frisco, Texas	\$67,036,188	395	320,163	\$1,202	95.7%
Brackenridge at Midtown	223 Brackenridge Avenue, San Antonio, Texas	\$52,900,000	282	240,205	\$1,469	96.5%
Pure View	4092 TPC Parkway, San Antonio, Texas	\$58,876,246	416	392,192	\$1,216	93.8%
Pure Estates	22800 Bulverde Road, San Antonio, Texas	\$57,731,617	344	390,592	\$1,454	97.1%
The Avenue	4210 Fairmount Street, Dallas, Texas	\$67,424,426	368	304,950	\$1,470	96.2%
Pure Creekside	1900 Onion Creek Parkway, Austin, Texas	\$41,597,128	276	228,514	\$1,198	84.1%
Lansbrook	505 Benton Drive, Allen, Texas	\$41,224,760	288	276,708	\$1,171	96.5%
Park 28	4114 North 28th Street, Phoenix, Arizona	\$30,249,666	152	125,582	\$1,339	99.3%
Pinnacle	4750 East Union Hills Drive, Phoenix, Arizona	\$48,910,507	264	269,128	\$1,238	99.2%
Pure at La Villita	6419 Tranquilo, Irving, Texas	\$48,634,014	306	281,010	\$1,352	88.9%
Pure Farmers Market	835 South Good Latimer Expressway, Dallas, Texas	\$60,900,000	340	280,223	\$1,417	88.2%
Pure Fillmore	604 West Fillmore, Phoenix, Arizona	\$56,500,000	230	214,764	\$1,472	97.8%
Portfolio Total		\$1,157,615,896	7,085	6,450,687	\$1,282⁽²⁾	95.5%⁽³⁾

Notes:

- (1) Average monthly rent per occupied unit represents the average monthly in-place rents for each property during the month of December 2018.
- (2) Weighted average of “Average Monthly Rent per Occupied Unit”.
- (3) Weighted average “Leased Occupancy” rate.

RISK FACTORS

Capitalized terms in this section which are not defined in this AIF are defined in the REIT LP Agreement available on SEDAR at www.sedar.com.

There are certain risks inherent in an investment in the securities of Pure Multi-Family and in the activities of Pure Multi-Family. Although Pure Multi-Family believes that the risk factors described below are the most material risks that Pure Multi-Family faces, they are not the only ones. Additional risk factors not presently known to Pure Multi-Family, or that Pure Multi-Family currently believes are immaterial, could also materially and adversely affect Pure Multi-Family. The occurrence of any of such risks, whether known or unknown, could materially and adversely affect Pure Multi-Family, its investments, prospects, cash flows, results of operations or financial condition, and Pure Multi-Family's ability to make cash distributions to Unitholders and/or interest payments to holders of debentures and negatively affect the value of the Units and/or Debentures. In that event, investors may lose all or part of their investment.

Risks Relating to the REIT LP and its Business

General Real Estate Ownership Risks – All real property investments are subject to a degree of risk and uncertainty and are affected by various factors including general economic conditions, local real estate markets, demand for residential units, competition from other available premises, leasing risk, exposure to defaulting tenants and various other factors.

Acquisition Risk – The acquisition of Properties entails risks that investments will fail to perform in accordance with expectations, including the risks that the Properties will not achieve anticipated occupancy levels and that estimates of the costs of improvements to bring an acquired Property up to standards established for the market position intended for that Property may prove inaccurate.

Financing Risks – There is no assurance that the US REIT will be able to obtain sufficient mortgage loans to finance the acquisition of Properties on commercially acceptable terms or at all. In the absence of mortgage financing, the number of Properties which the US REIT will be able to purchase will decrease and the return from the ownership of Properties (and ultimately the return on an investment in Pure Multi-Family) will be reduced. The REIT LP manages its financing risk in respect of its Properties by maintaining a balanced maturity profile with no significant amounts coming due in any particular period. There is also no assurance that any mortgage loans, if obtained, will be renewed when they mature or renewed on terms as favourable as existing debt.

The operation of the Properties may not generate sufficient funds to make the payments of principal and interest due on the mortgage loans, and, upon default, one or more lenders could exercise their rights including, without limitation, foreclosure or sale of the Properties.

Interest Rate Risk – Interest rate risk is the combined risk that the REIT LP would experience a loss as a result of its exposure to a higher interest rate environment (interest rate risk) and the possibility that at the end of a mortgage term the REIT LP would be unable to renew the maturing debt either with the existing or a new lender (renewal risk). Current world economic and financial conditions may result in increased interest rates, and/or the possibility that maturing mortgages will not be renewed or, if they are renewed, they will be renewed at significantly lower loan-to-value ratios. The REIT LP will seek to manage its interest rate risk by negotiating, where possible, fixed interest rates on all of its mortgage debt, with the exception of its limited exposure to variable interest rates on its outstanding credit facility.

Access to Capital – The real estate industry is highly capital intensive. The REIT LP will require access to capital to maintain its Properties, as well as to fund its growth strategy and significant capital expenditures from time to time. There can be no assurance that the REIT LP will have access to sufficient capital or access to capital on terms favourable to the REIT LP for future property acquisitions, financing or refinancing of properties, funding operating expenses or other purposes. Further, in certain circumstances, the REIT LP may not be able to borrow funds due to the limitations set forth in the REIT LP Agreement. As a result, it is possible that financing which the REIT LP may require in order to grow and expand its operations, upon the expiry of the term of financing, on refinancing any particular Property owned by the REIT LP or otherwise, may not be available or, if it is available, may not be available on favourable terms to the REIT LP. Failure by the

REIT LP to access required capital could have a material adverse effect on the REIT LP's business, cash flows, financial condition and results of operations and ability to make distributions to holders of Units and interest payments to holders of Debentures.

Environmental Matters – The REIT LP is subject to various requirements (including federal, provincial, state and municipal laws, as applicable, in the U.S.) relating to environmental matters. Such requirements provide that the REIT LP could be, or become, liable for environmental or other harm, damage or costs, including with respect to the release of hazardous, toxic or other regulated substances into the environment and/or affecting persons, and the removal or other remediation of hazardous, toxic or other regulated substances that may be present at or under its Properties. Such requirements often impose liability without regard to whether the owner or operator knew of, or was responsible for, the release or presence of such materials. Additional liability may be incurred by the REIT LP with respect to the release of such substances from the REIT LP's Properties to properties owned by third parties, including properties adjacent to the REIT LP's properties or with respect to the exposure of persons to regulated substances. The failure to remove or otherwise address such substances may materially adversely affect the REIT LP's ability to sell such property, maximize the value of such property or borrow using such property as collateral security, and could potentially result in claims or other proceedings against the REIT LP. Environmental laws and other requirements can change and the REIT LP may become subject to more stringent environmental laws and other requirements in the future. Compliance with more stringent environmental requirements, the identification of currently unknown environmental issues or an increase in the costs required to address a currently known condition may have a material adverse effect on the REIT LP's business, cash flows, financial condition and results of operations and ability to make distributions to holders of Units and interest payments to holders of Debentures.

Competition – The multi-family real estate sector is highly competitive. The REIT LP faces competition from many sources, including from other multi-family buildings in the immediate vicinity of the various Properties comprising its portfolio and the broader geographic areas where the REIT LP's residential properties are and will be located. In addition, overbuilding in the multi-family sector, particularly in the U.S., may increase the supply of multi-family properties, further increasing the level of competition in certain markets. Furthermore, the multi-family properties that the REIT LP owns or may acquire compete with numerous housing alternatives in attracting tenants, including owner occupied single- and multi-family homes available to rent or purchase. The relative demand for such alternatives may be increased by declining mortgage interest rates, government programs which promote home ownership, or other events or initiatives which increase the affordability of such alternatives to multi-unit residential rental properties, and could materially adversely affect the REIT LP's ability to retain tenants, lease suites and increase or maintain rental rates. The competition for multi-family properties available for sale may significantly increase the cost of acquiring such assets, and may result in such assets being acquired by the REIT LP at prices, or on terms, which are comparatively less favourable to the REIT LP or may result in such assets being acquired by competitors of the REIT LP. In addition, the number of entities seeking to acquire multi-family properties and/or the amount of funds competing for such acquisitions may increase. In addition, single-property acquisitions from tax motivated individual sellers may only be available for sale at a higher cost to the REIT LP relative to portfolio acquisitions. Such competition may reduce occupancy rates and rental revenues of the REIT LP, and could have a material adverse effect on the REIT LP's business, cash flows, financial condition and results of operations and ability to make distributions to holders of Units and interest payments to holders of Debentures.

Tenancy Risk – The value of real property and any improvements thereto depend on the credit and financial stability of tenants and upon the vacancy rates of the Properties. The Properties generate revenue through rental payments made by the tenants thereof. The ability to rent unleased suites in Properties will be affected by many factors, including changes in general economic conditions (such as the availability and cost of mortgage funds), local conditions (such as an oversupply of space or a reduction in demand for real estate in the area), government regulations, changing demographics, competition from other available properties, and various other factors. Cash available for distribution will be adversely affected if a significant number of tenants are unable to meet their obligations under their leases or if a significant amount of available space in the Properties becomes vacant and cannot be leased on economically favourable lease terms. Historical occupancy rates and revenues are not necessarily an accurate prediction of the future occupancy rates of the REIT LP's Properties or revenues to be derived therefrom. Reported estimates of market rent can be seasonal and the significance of any variations from quarter to quarter would materially affect the REIT LP's annualized estimated gain-to-lease amount. There can be no assurance that upon the expiry or termination of existing leases, the average occupancy rates and revenues will be higher than historical occupancy rates and revenues and it may take a significant amount of time for market rents to be recognized by the REIT LP due to internal and external limitations on its ability to charge these new market-based rents in the short term. The short-term nature of residential tenant leases exposes the REIT LP to the effects of declining market rent. Most of

the REIT LP's residential tenant leases will be for a term of one year or less. Because the REIT LP's residential tenant leases generally permit residents to leave at the end of their lease term without any penalty, the REIT LP's rental revenue may be materially adversely affected by declines in market rents more quickly than if such leases were for longer terms. If Properties do not generate revenues sufficient to meet operating expenses, including debt service and capital expenditures, this could have a material adverse effect on the REIT LP's business, cash flows, financial condition and results of operations and ability to make distributions to holders of Units and interest payments to holders of Debentures.

Uninsured Losses – The US REIT will arrange for comprehensive insurance of the type and in the amounts customarily obtained for properties similar to those to be owned by it or its subsidiaries and will endeavour to obtain coverage where warranted against earthquakes and floods. However, in many cases certain types of losses are either uninsurable or not economically insurable.

Fluctuations in Capitalization Rates – As interest rates fluctuate in the lending market, generally, so too do capitalization rates which affect the underlying value of real estate. As such, when interest rates rise, generally capitalization rates should be expected to rise. Over the period of investment, capital gains and losses at the time of disposition can occur due to the increase or decrease of these capitalization rates.

U.S. Market Factors – The Properties are located in the U.S. and may experience increased levels of volatility due to a combination of many factors, including unemployment, limited access to credit markets, higher fuel prices, less consumer spending and economic downturns or the slow rate of recovery therefrom. Concern about the stability of the markets generally and the strength of the economy may lead lenders to reduce or cease to provide funding to businesses and consumers, and force financial institutions to take the necessary steps to restructure their business and capital structures. The REIT LP cannot predict when the real estate markets will enter a downturn. The value of Properties acquired may decline if current market conditions worsen.

Substitutions for Residential Rental Units – Demand for the REIT LP's residential rental Properties is impacted by and inversely related to the relative cost of home ownership. The cost of home ownership depends upon, among other things, interest rates offered by financial institutions on mortgages and similar home financing transactions. If the interest rates offered by financial institutions for home ownership financing remain low, demand for rental properties may be adversely affected. A reduction in the demand for rental properties may have a material adverse effect on the REIT LP's ability to lease suites in its Properties and on the rents charged. This, in turn, may have a material adverse effect on the REIT LP's business, cash flows, financial condition and results of operations and ability to make distributions to holders of Units and interest payments to holders of Debentures.

Residential Tenancy Legislation – Certain jurisdictions in the U.S. have enacted residential tenancy legislation which, among other things, imposes rent control guidelines that limit the REIT LP's ability to raise rental rates at its Properties. Limits on the REIT LP's ability to raise rental rates at its Properties may materially adversely affect the REIT LP's ability to increase income from its Properties. In addition to limiting the REIT LP's ability to raise rental rates, tenancy legislation provides certain rights to tenants, while imposing obligations upon the landlord. Residential tenancy legislation prescribes certain procedures which must be followed by a landlord in order to terminate a residential tenancy. As certain proceedings may need to be brought before the respective administrative body governing residential tenancies as appointed under the applicable residential tenancy legislation in some jurisdictions, it may take several months to terminate a residential lease, even where the tenant's rent is in arrears.

Changes in Applicable Laws – The REIT LP's operations must comply with numerous federal, state and local laws and regulations, some of which may conflict with one another or be subject to limited judicial or regulatory interpretations. These laws and regulations may include zoning laws, building codes, landlord tenant laws and other laws generally applicable to business operations. Non-compliance with laws could expose the REIT LP to liability. Lower revenue growth or significant unanticipated expenditures may result from the REIT LP's need to comply with changes in applicable laws, including: (i) laws imposing environmental remedial requirements and the potential liability for environmental conditions existing on Properties or the restrictions on discharges or other conditions, (ii) rent control or rent stabilization laws or other residential landlord/tenant laws, or (iii) other governmental rules and regulations or enforcement policies affecting the development, use and operation of the REIT LP's Properties, including changes to building codes and fire and life-safety codes.

Fixed Costs and Increased Expenses – The failure to maintain stable or increasing average monthly rental rates combined with acceptable occupancy levels would likely have a material adverse effect on the REIT LP's business, cash flows, financial condition and results of operations and ability to make distributions to holders of Units and interest payments to holders of Debentures. Certain significant expenditures, including property taxes, maintenance costs, mortgage payments, insurance costs and related charges, must be made throughout the period of ownership of real property regardless of whether a Property is producing any income. If the REIT LP is unable to meet mortgage payments on any Property, losses could be sustained as a result of the mortgagee's exercise of its rights of foreclosure or sale. The REIT LP is also subject to utility and property tax risk relating to increased costs that the REIT LP may experience as a result of higher resource prices as well as its exposure to significant increases in property taxes. There is a risk that property taxes may be raised as a result of re-valuations of properties and their adherent tax rates. In some instances, enhancements to properties may result in significant increases in property assessments following a re-valuation. Additionally, utility expenses, mainly consisting of natural gas and electricity service charges, have been subject to considerable price fluctuations over the past several years. Any significant increase in these resource costs that the REIT LP cannot charge back to the tenant may have a material adverse effect on the REIT LP's business, cash flows, financial condition and results of operations and ability to make distributions to holders of Units and interest payments to holders of Debentures. Unlike commercial leases, which generally are "net" leases and allow a landlord to recover expenditures from tenants, residential leases are generally "gross" leases and the landlord is not able to pass on costs to its tenants. The timing and amount of capital expenditures by the REIT LP will affect the amount of cash available for distributions to holders of Units and interest payments to holders of Debentures. Distributions may be reduced, or even eliminated, at times when the REIT LP deems it necessary to make significant capital or other expenditures.

Geographic Concentration – The REIT LP's Properties are located in the Dallas-Fort Worth, Houston, Austin, San Antonio and Phoenix areas, making the REIT LP's performance particularly sensitive to economic changes in, and the impact of natural disasters affecting, Texas and Arizona, in particular, the Dallas-Fort Worth area. The market value of REIT LP's Properties, the income generated by the REIT LP and the REIT LP's performance are particularly sensitive to changes in the economic condition and regulatory environment of, and natural disasters affecting, Texas and Arizona. Adverse changes in the economic condition or regulatory environment of, and natural disasters affecting, Texas and Arizona may have a material adverse effect on the REIT LP's business, cash flows, financial condition and results of operations and ability to make distributions to holders of Units and interest payments to holders of Debentures.

Reliance on Management – The success of the REIT LP is dependent upon the expertise of management. Management must identify multi-family Properties for acquisition and negotiate the price and other terms of the agreements leading to the acquisition of such Properties. Subsequent to the internalization of property management, management is also required to manage the operation of the Properties and to implement the property management strategy established by the REIT LP. The loss of the services of key personnel could have an adverse effect on the REIT LP. The Directors believe that the REIT LP has an appropriate succession plan in place should the REIT LP lose the services of any member of its senior management.

Risk Related to Insurance Renewals – Certain events could make it more difficult and expensive to obtain property and casualty insurance, including coverage for catastrophic risks. When the REIT LP's current insurance policies expire, the REIT LP may encounter difficulty in obtaining or renewing property or casualty insurance on its Properties at the same levels of coverage and under similar terms. Such insurance may be more limited and, for catastrophic risks (e.g., earthquake, hurricane, flood and terrorism), may not be generally available to fully cover potential losses. Even if the REIT LP is able to renew its policies at levels and with limitations consistent with its current policies, the REIT LP cannot be sure that it will be able to obtain such insurance at premiums that are reasonable. If the REIT LP is unable to obtain adequate insurance on its Properties for certain risks, it could cause the REIT LP to be in default under specific covenants on certain of its indebtedness or other contractual commitments that it has which require the REIT LP to maintain adequate insurance on its Properties to protect against the risk of loss. If this were to occur, or if the REIT LP were unable to obtain adequate insurance, and its Properties experienced damages that would otherwise have been covered by insurance, it could have a material adverse effect on the REIT LP's business, cash flows, financial condition and results of operations and ability to make distributions to holders of Units and interest payments to holders of Debentures.

Degree of Leverage – The REIT LP's degree of leverage could have important consequences to Pure Multi-Family's security holders. For example, the degree of leverage could affect the REIT LP's ability to obtain additional financing in the future for working capital, capital expenditures, acquisitions, development or other general corporate purposes, making the REIT LP

more vulnerable to a downturn in business or the economy in general. Under the REIT LP Agreement, the maximum the REIT LP can leverage is 70% of its Gross Book Value.

Litigation Risks – In the normal course of the REIT LP's operations, whether directly or indirectly, it may become involved in, named as a party to or the subject of, various legal proceedings, including regulatory proceedings, tax proceedings and legal actions relating to personal injuries, property damage, property taxes, land rights, the environment and contract disputes. The outcome with respect to outstanding, pending or future proceedings cannot be predicted with certainty and may be determined in a manner adverse to the REIT LP and as a result, could have a material adverse effect on the REIT LP's assets, liabilities, business, financial condition and results of operations. Even if the REIT LP prevails in any such legal proceeding, the proceedings could be costly and time-consuming and may divert the attention of management and key personnel from the REIT LP's business operations, which could have a material adverse effect on the REIT LP's business, cash flows, financial condition and results of operations and ability to make distributions to holders of Units and interest payments to holders of Debentures.

Laws Benefiting Disabled Persons – Laws benefiting disabled persons may result in unanticipated expenses being incurred by the REIT LP. Under the *Americans with Disabilities Act of 1990* (the "ADA"), all places intended to be used by the public are required to meet certain federal requirements related to access and use by disabled persons. The *Fair Housing Amendments Act of 1988* (the "FHAA") requires apartment properties first occupied after March 13, 1991 to comply with design and construction requirements for disabled access. For those projects receiving federal funds, the *Rehabilitation Act of 1973* also has requirements regarding disabled access. These and other federal, state and local laws may require modifications to the REIT LP's Properties, or affect renovations of the Properties. Non-compliance with these laws could result in the imposition of fines or an award of damages to private litigants and also could result in an order to correct any non-complying feature, which could result in substantial capital expenditures. Although the REIT LP believes that its Properties are substantially in compliance with present requirements, the REIT LP may incur unanticipated expenses to comply with the ADA, the FHAA and the *Rehabilitation Act of 1973* in connection with the ongoing operation or redevelopment of the REIT LP's Properties.

Liquidity Risk – Real property investments are relatively illiquid. This illiquidity will tend to limit the ability of the REIT LP to respond to changing economic or investment conditions. If the REIT LP were to be required to liquidate assets quickly, there is a risk the proceeds realized from such sale would be less than the book value of the assets or less than what could be expected to be realized under normal circumstances. By specializing in a particular type of real estate, the REIT LP is exposed to adverse effects on that segment of the real estate market and does not benefit from a broader diversification of its portfolio by property class.

Regulatory Administration Risk – The administration in the United States may bring about uncertainty in regulatory, tax and economic conditions or in laws and policies governing foreign trade, immigration, 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 change in economic activities in the United States, Canada or globally, which could affect Pure Multi-Family's operating results and growth prospects, the extent of which may not be identifiable as of the date hereof.

Cybersecurity Risk – The efficient operation of the REIT LP's business is dependent on computer hardware and software systems. Information systems are vulnerable to cybersecurity incidents. A cybersecurity incident is considered to be any material adverse event that threatens the confidentiality, integrity or availability of the REIT LP's information resources. A cybersecurity incident is an intentional attack or an unintentional event including, but not limited to, malicious software, attempts to gain unauthorized access to data or information systems, and other electronic security breaches that could lead to disruptions in critical systems, unauthorized release of confidential or otherwise protected information and corruption of data. The REIT LP's primary risks that could directly result from the occurrence of a cyber incident include operational interruption, damage to its reputation, damage to its business relationships with users, the disclosure of confidential information including personally identifiable information, potential liability to third parties, loss of revenue, additional regulatory scrutiny and fines, as well as litigation and other costs and expenses. The REIT LP takes data privacy and protection seriously and has implemented processes, procedures and controls to help mitigate these risks. Access to personal data is controlled through physical security and IT security mechanisms. Additionally, the REIT LP monitors and assesses risks surrounding collection, usage, storage, protection, and retention/destruction practices of personal data. These measures, as well as its increased awareness of a risk of a cyber incident, do not guarantee that its financial results will not be negatively impacted by such an incident.

Risks Relating to the Units

Volatile Market Price for Units – The market price for Units may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the REIT LP’s control, including the following: (i) actual or anticipated fluctuations in the REIT LP’s quarterly results of operations; (ii) recommendations by securities research analysts; (iii) changes in the economic performance or market valuations of other issuers that investors deem comparable to the REIT LP; (iv) addition or departure of the REIT LP’s executive officers and other key personnel; (v) release or expiration of lock-up or other transfer restrictions on outstanding Units; (vi) sales or perceived sales of additional Units; (vii) significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving the REIT LP or its competitors; and (viii) news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in the REIT LP’s industry or target markets. Financial markets may experience significant price and volume fluctuations that may particularly affect the market prices of equity securities of public entities which may be unrelated to the operating performance, underlying asset values or prospects of such entities. Accordingly, the market price of the Units may decline even if the REIT LP’s operating results, underlying asset values or prospects have not changed. There can be no assurance that fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil occur for an extended period of time, the REIT LP’s operations could be materially adversely impacted and the trading price of the Units may be materially adversely affected.

Return on Investment Not Guaranteed and Not Comparable to Fixed-Income Security – The Units are equity securities of the REIT LP and are not traditional fixed income securities. A fundamental characteristic that distinguishes the Units from traditional fixed income securities is that the REIT LP does not have a fixed obligation to make payments to holders of Units and does not promise to return the initial purchase price of a Unit on a certain date in the future. Cash distributions are not guaranteed and the anticipated return on investment is based upon many performance assumptions. The REIT LP has the ability to reduce or suspend distributions if circumstances so warrant. The ability of the REIT LP to make cash distributions, and the actual amount distributed, will be entirely dependent on the operations and assets of the REIT LP and its subsidiaries, and will be subject to various factors including financial performance, obligations under applicable credit facilities, fluctuations in working capital and capital expenditure requirements. There can be no assurance regarding the amount of income to be generated by the REIT LP’s Properties. The rate of return over a defined period for a holder of Units may not be comparable to the rate of return on a fixed income security that provides a “return on capital” over the same period. AFFO may exceed actual cash available to the REIT LP from time to time because of items such as principal repayments and capital expenditures in excess of stipulated reserves identified by the REIT LP in its calculation of AFFO and redemptions of Units, if any. The REIT LP may be required to use part of its debt capacity or to reduce distributions in order to accommodate such items.

Currency Exchange Rate Risk – The Units are denominated in both U.S. dollars and Canadian dollars. The Canadian dollar is not maintained at a fixed exchange rate compared to foreign currencies but rather the value of the Canadian dollar has a floating exchange rate in relation to other currencies. Although investors are Canadian residents, the US REIT and its affiliates will conduct business in the U.S. Consequently, income and expense or any ultimate gain on sale will be earned or incurred in U.S. dollars. As a result of fluctuations in the Canada/U.S. dollar exchange rate, the value of an investment in Units and the return on the original investment, when expressed in Canadian dollars, may be greater or less than that determined only with reference to U.S. dollars. Accordingly, Canadian investors are subject to currency exchange rate risk.

Unitholders do not have legal rights normally associated with ownership of shares of a corporation – Unitholders do not have all of the statutory rights normally associated with ownership of shares of a company including, for example, the right to bring “oppression” or “derivative” actions against the REIT LP. The Units are not “deposits” within the meaning of the *Canada Deposit Insurance Corporation Act* (the “CDICA”) and are not insured under the provisions of the CDICA or any other legislation. Furthermore, the REIT LP is not a trust company and, accordingly, is not registered under any trust and loan company legislation as the REIT LP does not carry on or intend to carry on the business of a trust company.

The issuance of additional Units will result in dilution – The number of Units the REIT LP is authorized to issue is unlimited. The REIT LP may, in the REIT LP's sole discretion, issue additional Units from time to time. Any issuance of Units, including Units issued in consideration for Properties acquired by the REIT LP, will have a dilutive effect on existing Unitholders.

Canadian Tax-Related Risk Factors

In general, a Unitholder will be required to include (or be entitled to deduct in accordance with the rules under the Tax Act) in computing the Unitholder's income, the Unitholder's proportionate share of the income or loss of the REIT LP allocated to the Unitholder pursuant to the REIT LP Agreement for the fiscal period of the REIT LP ending in or on the Unitholder's taxation year. However, the cash distributed to a Unitholder may be less than the full amount of such Unitholder's tax liability in respect of its investment in Units in which case the Unitholders will still be required to pay income taxes on its proportionate share of the REIT LP's income allocated to the Unitholder. Each Unitholder's tax liability depends on such Unitholder's particular tax situation. In addition, the actual amount and timing of distributions will be subject to the discretion of the Governing GP, and the REIT LP cannot assure Unitholders that the REIT LP will in fact make cash distributions as intended.

The after-tax return from an investment in Units to a Unitholder will depend on a number of factors, including whether or not any FAPI will be allocated to the Unitholder for purposes of the Tax Act and the Unitholder's ability to claim foreign tax credits or foreign tax deductions under the Tax Act in respect of U.S. taxes paid by REIT LP or by the Unitholder. A Unitholder's ability to claim foreign tax credits or foreign tax deductions in respect of any U.S. taxes may be affected where the Unitholder does not have sufficient taxes otherwise payable under Part I of the Tax Act or sufficient U.S. source income in the taxation year the U.S. taxes are paid or where the Unitholder has other U.S. source income or losses, has paid other U.S. taxes or, in certain circumstances, has not filed a U.S. federal income tax return. Furthermore, foreign tax credits or foreign tax deductions will be dependent upon the Canadian federal, provincial and territorial income tax rates and U.S. federal and state income tax rates that will prevail in future years to apply to applicable sources of income. To the extent that a Unitholder is subject to U.S. tax on disposition of the Units, the portion of such U.S. tax paid that is not claimed as a foreign tax credit may generally not be available as a foreign tax deduction.

Furthermore, if: (i) a Unitholder holds, or has held, actually or constructively, more than 5% of the outstanding Units, as determined for U.S. federal income tax purposes, or (ii) the regularly traded exception is not satisfied (see "Risk Factors – Risks Relating to the Units - U.S. Federal Income Tax-Related Risk Factors"), a Unitholder may be subject to additional U.S. tax on disposition of the Units. The portion of such U.S. tax paid that is not claimed as a foreign tax credit may generally not be available as a foreign tax deduction. Where such Unitholders are not entitled to all benefits under the Canada-U.S. Income Tax Convention (the "Treaty"), the proceeds receivable on a disposition of a Unit may not qualify as U.S. source income for purposes of the Tax Act (including for Canadian foreign tax credit purposes), and, where such Unitholders are trusts, their beneficiaries may not be considered to have paid such tax for purposes of the Tax Act and, accordingly, may not be entitled to a foreign tax credit or deduction in respect of such U.S. tax for Canadian tax purposes. Unitholders are therefore advised to consult their own tax advisors in regards to their ability to claim foreign tax credits and foreign tax deductions under the Tax Act.

To the extent that an annuitant, a beneficiary, a subscriber or a holder of a Plan that is a Unitholder files a U.S. federal income tax return and the annuitant, beneficiary, subscriber or holder (rather than the Plan itself) receives a U.S. tax refund of (or claims a foreign tax credit or a foreign tax deduction for an amount in respect of) all or a portion of the amounts withheld by the US REIT, the annuitant, the beneficiary, the subscriber or the holder may, in certain circumstances, be required to include, in computing income for purposes of the Tax Act, or to pay a penalty tax on, an applicable portion of such amount of U.S. tax as a benefit or advantage received out of or under the Plan. Annuitants, beneficiaries, subscribers or holders of Plans that are Unitholders should consult their own tax advisors in this regard.

Provided that the Units at all relevant times are listed on a "designated stock exchange" (which currently includes the Exchange (Tiers 1 and 2)), the Units will be qualified investments under the Tax Act for Plans. However, there can be no assurance that tax laws relating to qualified investments will not be changed. If the Units are not qualified investments or cease to be listed on a designated stock exchange or otherwise cease to be qualified investments for Plans, a Plan and/or its annuitant, beneficiary or subscriber thereunder or holder thereof may become subject to additional tax or penalties or may be otherwise adversely affected, including, in the case of a registered education savings plan, the registered education savings plan may have its registration revoked.

A holder of a TFSA or an RDSP, a subscriber of an RESP or an annuitant under a RRSP or RRIF, as the case may be, will be subject to a penalty tax if the Units are or become a “prohibited investment” as defined in the Tax Act for the TFSA, RDSP, RESP, RRSP or RRIF.

The REIT LP intends to redeem fractions of the ROC Share over time to fund its cash distribution obligations. The REIT LP may realize a capital gain or loss on such redemption as a result of the foreign currency exchange rate being higher or lower at time of redemption than at the time of share subscription. The capital gain must be included in income, but any capital loss on such redemption may either be suspended or be denied and added to the adjusted cost base of the remaining fractions of the ROC Share unless the REIT LP sells the ROC Share of the US REIT, which sale is not contemplated.

The exposure of the REIT LP to the SIFT Partnership Tax imposed by the SIFT Measures will depend on whether or not the REIT LP holds “non-portfolio properties” (as defined in the Tax Act) and earns “taxable non-portfolio earnings” (as defined in the Tax Act). Where the REIT LP holds any “non-portfolio properties”, it may be subject to adverse consequences, including the imposition of the SIFT Partnership Tax on its taxable non-portfolio earnings, with the result that the amount of cash available for distribution by the REIT LP may be reduced, and the taxable non-portfolio earnings net of any SIFT Partnership Tax would be, depending on the circumstances, included in the income of Unitholders for purposes of the Tax Act as an eligible dividend (as defined in the Tax Act).

There can be no assurances that Canadian federal income tax laws respecting the treatment of partnerships and SIFT partnerships will not be changed, or that administrative policies and assessing practices of the Canada Revenue Agency (“CRA”) will not develop, in a manner which adversely affects the REIT LP and the Unitholders.

If the US REIT or any other “controlled foreign affiliate” (“CFA”) of the REIT LP fails to meet the Employee Exception (defined below) for a period or periods in a particular taxation year, an amount of “foreign accrual property income” (“FAPI”) may be required to be included in computing the income of the REIT LP for Canadian federal income tax purposes and such FAPI may be allocated by the REIT LP to, and included in the income of, the Unitholders. The “Employee Exception” is met where, generally, the business is the leasing of property and the CFA employs more than five employees full time in the active conduct of the business outside of Canada throughout the period in the taxation year during which the business was carried on. At such time as the REIT LP receives a dividend from the US REIT or other relevant CFA out of this type of income that was previously treated as FAPI (net of the amount of any previous “foreign accrual tax” deduction, if any), the REIT LP will effectively not be subject to tax on such dividend under the Tax Act and there will be a corresponding reduction in the adjusted cost base to the REIT LP of the US REIT or CFA shares to the extent such adjusted cost base was increased as a result of such FAPI. A Unitholder may in certain circumstances be subject to double-taxation on amounts, if any, that are FAPI when both U.S. and Canadian taxes are considered.

For purposes of the Tax Act, Unitholders are generally required to compute their Canadian tax results using Canadian currency. Where an amount that is relevant in computing a Unitholder’s Canadian tax results is expressed in a currency other than Canadian currency, such amount must be converted to Canadian currency using the rate of exchange quoted by the Bank of Canada on the day such amount first arose (or, if there is no such rate quoted for the particular day, the closest preceding day for which such a rate is quoted), or using such other rate of exchange as is acceptable to the CRA. As a result, Unitholders may realize gains and losses for tax purposes by virtue of the fluctuation of the value of foreign currencies relative to Canadian dollars.

The rules governing the Canadian federal income taxation of Unitholders are complex. This AIF does not address or consider all aspects of Canadian federal income tax considerations to a Unitholder of an investment in the REIT LP and does not consider provincial, territorial, U.S., state, or other foreign tax legislation or considerations.

U.S. Federal Income Tax-Related Risk Factors

The following provides a summary of significant U.S. federal income tax risks, but does not summarize, address or consider all aspects of these or all such risks:

- (a) The present U.S. federal income tax treatment of REITs may be modified, possibly with retroactive effect, by legislative, judicial or administrative action at any time. In particular, on December 22, 2017, the federal tax legislation commonly known as the Tax Cuts and Jobs Act (the “TCJA”) was signed into law. The TCJA makes major changes to the Internal Revenue Code (the “Code”), including several provisions of the Code that affect the taxation of REITs and holders of their securities. As a result of the changes to U.S. federal tax laws implemented by the TCJA, US REIT’s taxable income and the amount of distributions to stockholders required in order to maintain REIT status, and the relative tax advantage as a REIT, may significantly change. The effect of the significant changes made by the TCJA are uncertain. The IRS has issued various proposed regulations (“Treasury Regulations”), guidance, and rulings relating to the TCJA. Further, technical corrections legislation with respect to the TCJA has been proposed. The proposed legislation’s and/or Treasury Regulations’ final form and effect cannot be predicted and may be adverse. Many of the amendments will require further guidance through the issuance of Treasury Regulations in order to assess their effect. There may be substantial delay before such Treasury Regulations are promulgated, increasing the uncertainty as to the ultimate effect of the statutory amendments on REITs. Current and prospective investors should consult their tax advisors regarding the implications of the TCJA on the REIT LP and their investment in securities of the REIT LP.
- (b) There is a risk that for the current year, and for any subsequent year, the REIT LP does not meet the “qualifying income” exception to continue to be treated as a partnership for U.S. federal income tax purposes, and is, thus, treated as a corporation for U.S. federal income tax purposes. Should the REIT LP be treated as a corporation for U.S. federal income tax purposes, the U.S. federal income tax consequences will differ significantly from those described and distributions to Unitholders may be materially lower than if the REIT LP were treated as a flow-through entity for U.S. federal income tax purposes.
- (c) There is a risk the U.S. Internal Revenue Service (“IRS”) or the courts may disagree with the U.S. federal income tax treatment of the Debentures as described in the REIT LP’s short form prospectus dated July 29, 2013 (the “Prospectus”), available on SEDAR at www.sedar.com. The REIT LP has not sought any rulings concerning the treatment of the Debentures and the U.S. federal income tax consequences described in the Prospectus are not binding on the IRS or the courts, either of which could disagree with the explanations or conclusions contained in the Prospectus. Prospective Non-U.S. Debenture Holders (defined below) should consult with their tax advisors regarding the consequences to them of the possible re-characterization of the Debentures as equity (or otherwise) for U.S. federal income tax purposes.
- (d) There is a risk that for the current quarter, and for any subsequent quarter, the Units may not be considered to be “regularly traded on an established securities market”. Further, management does not expect the Debentures themselves to be considered “regularly traded on an established securities market”. Hence, should the Units not be considered to be “regularly traded on an established securities market”, all Non-U.S. Unitholders (defined below) and Non-U.S. Debenture Holders would be taxable upon the disposition of their Units and Debentures, respectively, and would also be subject to U.S. federal income tax return filing requirements. Further, Non-U.S. Unitholders who hold, actually or constructively, more than five percent of the outstanding Units at any time during the shorter of the five-year period ending on the date of disposition, or the period that such Units were held would be taxable upon the disposition of their Units and would be subject to U.S. federal income tax return filing requirements, regardless of whether the Units are considered to be “regularly traded”. Similarly, where on the date the Debentures were acquired by a Non-U.S. Debenture Holder, the Debentures held by such holder had a fair market value greater than five percent of the fair market value of the REIT LP’s total outstanding Units (or the greater than five percent ownership test was met upon subsequent purchases of additional Debentures by such holder), such Non-U.S. Debenture Holder would be taxable upon the disposition of his or her Debentures and would be subject to U.S. federal income tax return filing requirements.

- (e) The REIT LP believes that it is not engaged in a U.S. trade or business for U.S. federal income tax purposes, and intends to use commercially reasonable efforts to structure its activities to avoid generating income treated as effectively connected with a trade or business within the United States (“ECI”), including U.S. real property interest gain (see Item (g) below). It is possible, however, that the IRS or the courts could disagree or that the U.S. federal tax laws and Treasury Regulations could change and the REIT LP could be deemed to be engaged in a U.S. trade or business, which would have a material adverse effect on Non-U.S. Unitholders. If, contrary to the REIT LP’s expectations, the REIT LP is considered to be engaged in a U.S. trade or business or realizes U.S. real property interest gains, Non-U.S. Unitholders would be required to file U.S. federal income tax returns and would be subject to U.S. federal income tax at the regular graduated rates on income from the REIT LP. See Item (h) tax.
- (f) A purchaser of Debentures is required to withhold 15 percent US tax if the Debentures are not themselves considered regularly traded and on the date the Debentures were acquired by the selling holder the Debenture holder did not meet the Non-Traded Debenture 5 Percent Exception (as defined in the Prospectus). A purchaser may not be able to determine whether a seller of the Debentures meets the Non-Traded Debenture 5 Percent Exception and therefore, may be required to withhold 15 percent upon the purchase of the Debentures. A Non-U.S. Debenture Holder that has sufficient proof of withholding may generally recover any excess withholding by filing a U.S. federal income tax return, provided the return is filed no later than two years after the tax is withheld.
- (g) Management intends to take all reasonable steps to limit the REIT LP from recognizing U.S. real property interest gains that may cause a Non-U.S. Unitholder to recognize a gain as ECI and, therefore, give rise to a U.S. federal income tax return filing requirement. However, no assurances can be given that U.S. real property interest gains will not be recognized in a particular year. Unitholders who are allocated ECI (including U.S. real property interest gains) are required to file a U.S. federal income tax return and be subject to U.S. federal income tax at regular graduated rates.
- (h) Because the REIT LP is expected to be treated as a partnership for U.S. federal income tax purposes, Unitholders will be required to recognize income in accordance with the REIT LP’s recognition and allocation of such income. The REIT LP may derive taxable income from investments that is not matched by a corresponding distribution of cash. It is also possible that the U.S. federal income tax liability of a Unitholder with respect to its allocable share of the REIT LP’s income for a particular taxable year could exceed the cash distribution to the Unitholder for the year.
- (i) Given the highly complex nature of the rules governing REITs and the possibility of future changes in circumstances, no assurances can be given that the US REIT will qualify as a REIT for U.S. federal income tax purposes, whether in its first taxable year or in any subsequent year. Should the US REIT fail to qualify as a REIT, it should be subject to U.S. federal income tax which may result in materially reduced distributions to Unitholders. An entity that is disqualified as a REIT cannot generally elect again to become a REIT prior to the fifth taxable year beginning after the first taxable year for which the termination is effective.
- (j) 100% of the US REIT Common Shares and Series A preferred stock are owned by the REIT LP. The REIT LP is expected to be widely-held such that five or fewer individuals would not indirectly own more than 50% of the value of the US REIT (the “Not Closely-Held Requirement”). There is no ownership limitation contained in the REIT LP Agreement, so there can be no guarantee that the US REIT would be able to effectively prevent five or fewer individuals from acquiring more than 50% of the Units and, thereby, indirectly acquiring more than 50% of the value of the US REIT. Management will monitor the ownership of the REIT LP on a regular basis to evaluate its ownership so as to prevent a violation of the Not Closely-Held Requirement.
- (k) Where necessary, the REIT LP and/or US REIT will be making withholding certificate applications to the IRS to request for a reduction in U.S. federal income tax withholdings that would otherwise apply to an amount that more closely resembles the actual tax liability. No assurance can be given that the IRS will approve a withholding certificate application.

- (l) The U.S. gift and estate tax rules are complex, and each Unitholder should consult his or her own tax advisor to determine the U.S. gift and estate tax implications.
- (m) There can be no assurance that U.S. federal income tax laws, the terms of the Treaty, and the IRS and Department of the Treasury administrative and legislative policies respecting the U.S. federal income tax consequences described herein will not be changed, possibly on a retroactive basis, in a manner that adversely affects Unitholders and Debenture Holders (see, for example, item (a) above). In particular, any such change could increase the amount of U.S. federal income tax or withholding tax payable by the REIT LP or its subsidiaries, reducing the amount of distributions which the REIT LP would otherwise receive and thereby reducing the amount available to pay distributions to Unitholders.

References to “Non-U.S. Debenture Holder” and/or “Non-U.S. Unitholder” in this summary mean a non-U.S. person unless otherwise indicated. As such, for this purpose, a “Non-U.S. Debenture Holder” and/or “Non-U.S. Unitholder” means any person that is not a United States Person. References to a United States Person in this summary mean:

1. A U.S. citizen, U.S. permanent resident (green card holder) or individual who is treated under the Code as a resident in the United States for U.S. federal income tax purposes;
2. A corporation or other entity taxable as a corporation that is either created or organized under the laws of the United States or a political subdivision thereof, or that is for other reasons treated as if it were taxable as a corporation created or organized under the laws of the United States;
3. An estate, the income of which is subject to United States federal income tax regardless of the source; or
4. A trust, if a court within the United States is able to exercise primary supervision over the trust’s administration and one or more United States persons have the authority to control all of its substantial decisions.

The rules governing the U.S. federal income taxation of the REIT LP, the US REIT, Unitholders, and Debenture Holders are complex. This AIF does not address or consider all aspects of U.S. federal income tax consequences of an investment in the REIT LP and does not consider state, local, or non-U.S. tax consequences. Prospective investors should consult their own tax advisors to determine the U.S. federal income tax consequences, state, local and/or non-U.S. tax consequences, reporting and any other requirements applicable to their particular situations.

Risks Relating to the Debentures

Volatile Market Price for Debentures – The market price for the Debentures may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the REIT LP’s control, including the following: (i) actual or anticipated fluctuations in the REIT LP’s quarterly results of operations; (ii) recommendations by securities research analysts; (iii) changes in the economic performance or market valuations of other issuers that investors deem comparable to the REIT LP; (iv) addition or departure of the Managing LP and the Governing GP’s executive officers and other key personnel; (v) sales or perceived sales of additional Debentures; (vi) significant acquisitions or capital commitments by or involving the REIT LP or its competitors; and (vii) news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in the REIT LP’s industry or target markets. See “Risk Factors – Risks Relating to the Units – Volatile Market Price for Units”.

Prior Ranking Indebtedness – The likelihood that holders of the Debentures will receive principal and interest payments owing to them under the terms of the Debentures will depend on the financial health of the REIT LP and its creditworthiness. In addition, the Debentures are unsecured obligations of the REIT LP and are subordinate in right of payment to all of the REIT LP's existing and future Senior Indebtedness. Therefore, if the REIT LP becomes bankrupt or insolvent, liquidates its assets or enters into certain other transactions, the REIT LP's assets will be available to pay its obligations with respect to the Debentures only after it has paid all of its Senior Indebtedness in full. There may be insufficient assets remaining following such payments to pay amounts due on any or all of the Debentures then outstanding.

The Debentures however rank pari passu with one another, with any additional Debentures issued pursuant to the Debenture Indenture, and with all other existing and future Other Indebtedness of the REIT LP.

The ability of the REIT LP to meet its debt service requirements will depend on its ability to generate cash in the future, which depends on many factors, including the financial performance of the REIT LP and its subsidiaries, debt service obligations, working capital and future capital expenditure requirements. In addition, the ability of the REIT LP and its subsidiaries to borrow funds in the future to make payments on outstanding debt will depend on the satisfaction of covenants in existing credit agreements and other agreements which are Senior Indebtedness. A failure to comply with any covenants or obligations under the REIT LP's and its subsidiaries' consolidated Senior Indebtedness could result in a default, which, if not cured or waived, could result in the termination of interest and principal payments to holders of Debentures and of distributions to Unitholders by the REIT LP and permit acceleration of the relevant indebtedness. If such indebtedness were to be accelerated, there can be no assurance that the assets of the REIT LP's subsidiaries would be sufficient to repay such indebtedness in full. There can also be no assurance that the assets of the REIT LP's subsidiaries will generate cash flow in amounts sufficient to pay outstanding indebtedness or to fund any other liquidity needs.

The Debenture Indenture does not limit the REIT LP's ability to incur additional debt or liabilities – The Debenture Indenture does not limit the REIT LP's or any of its subsidiaries' ability to incur additional debt or liabilities (including senior indebtedness) or otherwise from mortgaging, pledging or charging its real or personal property or properties to secure any indebtedness or other financing. The Debenture Indenture does not contain any provision specifically intended to protect holders of the Debentures in the event of a future leveraged transaction involving the REIT LP or any of its subsidiaries. However, the REIT LP may not incur or assume any indebtedness if, after incurring or assuming such indebtedness, the total consolidated indebtedness of the REIT LP would be more than 70% of Gross Book Value.

Inability to repay the outstanding principal amount of the Debentures upon maturity – The Debentures mature on September 30, 2020. The REIT LP may not be able to refinance the principal amount of the Debentures in order to repay the principal outstanding or may not have generated enough cash from operations to meet this obligation. There is no guarantee that the REIT LP will be able to repay the outstanding principal amount upon maturity of the Debentures.

The market value of the Debentures may be affected by prevailing yields on similar securities – Prevailing yields on similar securities will affect the market value of the Debentures. Assuming all other factors remain unchanged, the market value of the Debentures will decline as prevailing yields for similar securities rise, and will increase as prevailing yields for similar securities decline.

Possible Dilutive Effects on Unitholders – The Debentures are convertible into Units at the option of the holder at a conversion price of \$5.65 per Unit, being a conversion rate of 176.9912 Units per \$1,000 principal amount of Debentures, at any time prior to the earlier of September 30, 2020 and the business day immediately preceding the date fixed for redemption of the Debentures, subject to adjustment in certain circumstances. Unitholders will suffer dilution if the holders of Debentures exercise the option to convert their Debentures into Units.

Canadian Tax-Related Risk Factors

The Debenture Indenture does not contain a requirement that the REIT LP increase the amount of interest or other payments to holders of the Debentures in the event that the REIT LP is required to withhold amounts in respect of income or similar taxes on payments of interest or other amounts on the Debentures (including on a conversion of Debenture into Units). Holders that are not residents of Canada for the purposes of the Tax Act should consult their own tax advisors regarding the tax consequences of acquiring, holding, converting and disposing of Debentures.

Income tax consequences in relation to the Debentures will vary according to the circumstances of each investor. Prospective investors should seek independent advice from their own tax and legal advisors prior to investing in the Debentures.

Provided that the Units at all relevant times are listed on a “designated stock exchange” (which currently includes the Exchange (Tiers 1 and 2)), the Debentures, and the Units acquired upon conversion thereof, will be qualified investments under the Tax Act for trusts governed by RRSPs, RRIFs, deferred profit sharing plans (except that the Debentures will not be a qualified investment for a deferred profit sharing plan to which the REIT LP or an employer with which the REIT LP does not deal at arm’s length has made a contribution), registered education savings plans, registered disability savings plans and TFSAs. However, there can be no assurance that tax laws relating to qualified investments will not be changed. If the Units are not or cease to be qualified investments for Plans, a Plan and/or its annuitant, beneficiary or subscriber thereunder or holder thereof may become subject to additional tax or penalties or may be otherwise adversely affected, including the revocation of the registration of a registered education savings plan.

A holder of a TFSA or an RDSP, a subscriber of an RESP or an annuitant under a RRSP or RRIF, as the case may be, will be subject to a penalty tax if the Debentures, and the Units acquired upon conversion are or become a “prohibited investment” as defined in the Tax Act for the TFSA, RDSP, RESP, RRSP or RRIF.

The after-tax return from an investment in Debentures and any Units acquired under the terms of the Debentures to a holder thereof (“Holder”) will depend on a number of factors including the Holder’s ability to claim foreign tax credits or foreign tax deductions under the Tax Act in respect of U.S. taxes paid by REIT LP or by the Holder. A Holder’s ability to claim foreign tax credits or foreign tax deductions in respect of any U.S. taxes may be affected where the Holder does not have sufficient taxes otherwise payable under Part I of the Tax Act or sufficient U.S. source income in the taxation year the U.S. taxes are paid or where the Holder has other U.S. source income or losses, has paid other U.S. taxes or, in certain circumstances, has not filed a U.S. federal income tax return. Furthermore, foreign tax credits or foreign tax deductions will be dependent upon the Canadian federal, provincial and territorial income tax rates and U.S. federal and state income tax rates that will prevail in future years to apply to applicable sources of income. To the extent that a Holder is subject to U.S. tax on disposition of the Debentures or any Units acquired under the terms of the Debentures, the portion of such U.S. tax paid that is not claimed as a foreign tax credit may generally not be available as a foreign tax deduction. Where such Holders are not entitled to all benefits under the Treaty, the proceeds receivable on a conversion, redemption, repayment or other disposition, as the case may be, of the Debentures or Units acquired under the terms of the Debentures may not qualify as U.S. source income for purposes of the Tax Act (including for Canadian foreign tax credit purposes), and, where such Holders are trusts, their beneficiaries may not be considered to have paid such tax for purposes of the Tax Act and, accordingly, may not be entitled to a foreign tax credit or deduction in respect of such U.S. tax for Canadian tax purposes. Holders are therefore advised to consult their own tax advisors in regards to foreign tax credits and foreign tax deductions under the Tax Act.

To the extent that an annuitant, a beneficiary, a subscriber or a holder of a Plan that is a Holder files a U.S. federal income tax return and the annuitant, beneficiary, subscriber or holder (rather than the Plan itself) receives a U.S. tax refund of (or claims a foreign tax credit or a foreign tax deduction for an amount in respect of) all or a portion of the amounts withheld by the US REIT, the annuitant, the beneficiary, the subscriber or the holder may, in certain circumstances, be required to include, in computing income for purposes of the Tax Act, or to pay a penalty tax on, an applicable portion of such amount of U.S. tax as a benefit or advantage received out of or under the Plan. Annuitants, beneficiaries, subscribers or holders of Plans that are Holders should consult their own tax advisors in this regard.

See also “Risk Factors – Risks Relating to the Units – Canadian Tax-Related Risk Factors”. The rules governing the Canadian federal income taxation of Holders are complex. This AIF does not address or consider all aspects of Canadian federal income tax of an investment in the REIT LP and does not consider provincial, territorial, U.S., State, or other foreign tax legislation or considerations. Prospective investors should consult their own professional advisors as to the tax consequences to them of making an investment in, and of holding or converting, Debentures.

U.S. Federal Income Tax-Related Risk Factors

See “Risk Factors – Risks Relating to the Units – U.S. Federal Income Tax-Related Risk Factors”.

For all of the aforesaid reasons and others set forth in this AIF, an investment in the Units and any other securities of the REIT LP that may be offered or that are issued and outstanding from time to time involves a certain degree of risk. Any person currently holding or considering the purchase of Units, Debentures or any other securities of the REIT LP that may be offered or that are issued and outstanding from time to time, should be aware of these and other factors set forth in this AIF and should consult with his or her legal, tax and financial advisors prior to making an investment in the Units, Debentures or any other securities of the REIT LP that may be offered or that are issued and outstanding from time to time. The Units, Debentures or any other securities of the REIT LP that may be offered or that are issued and outstanding from time to time, should only be purchased by persons who can afford to lose all of their investment.

CAPITAL STRUCTURE

The following table sets out the consolidated capitalization of Pure Multi-Family as at December 31, 2018 and the date hereof:

Security	Authorized	Issued and Outstanding	
		At December 31, 2018	At April 12, 2019
Class A Units	Unlimited	76,736,671	76,736,671
Class B Units ⁽¹⁾	Unlimited	200,000	200,000
Preferred Units of the US REIT	125	125	125
Debentures	Unlimited	22,741	22,741

Notes:

- (1) On August 12, 2016, a Determination Event 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 was fixed at 2,665,835 Units.

Class A Units

Pure Multi-Family is authorized to issue an unlimited number of Class A Units (see "Summary of the REIT LP Agreement – Units").

Class B Units

Pure Multi-Family is authorized to issue an unlimited number of Class B Units (see "Summary of the REIT LP Agreement – Class B Units").

Preferred Units of the US REIT

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 accumulated and unpaid distributions.

Debentures

The Debentures are convertible at the holder's option at any time into Class A Units at a conversion price of \$5.65 per Class A Unit, in accordance with the terms of the Debenture Indenture. On or after September 30, 2016, but prior to September 30, 2018, the 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 Debentures may be redeemed by Pure Multi-Family at any time. See “Summary of the Debenture Indenture” and “Material Contracts”.

Long Term Debt

Pure Multi-Family finances a portion of the purchase price of the Properties by way of mortgage loans and/or credit facilities (together, the “long term debt”) from third party lenders. Pursuant to the REIT LP Agreement, the overall loan to value ratio of the long term debt will not exceed 70% of the Gross Book Value. Such loans will generally be for terms of five to fifteen years, with fixed interest rates calculated with reference to the interest rate on a government bond with a similar term, plus an amount determined in accordance with market factors. The mortgage loans will be secured by mortgages registered on the Properties in respect of which the loans were advanced, and will have priority over the return of capital to the Unitholders.

Mortgage Loans

As of December 31, 2018, Pure Multi-Family’s mortgages bear interest at the weighted average rate of 3.75% and have a weighted average term until maturity of 8.1 years, as follows:

Property Name	Principal Balance at December 31, 2018	Interest Rate	Year of Maturity
Valley Ranch	\$13,680,000	3.51%	2022
Prairie Creek Villas	\$43,821,303	4.07%	2030
Bear Creek	\$37,700,000	4.04%	2024
Vistas at Hackberry Creek	\$29,282,254	3.90%	2028
The Boulevard at Deer Park	\$15,511,964	4.21%	2023
Fountainwood Apartments	\$12,033,662	4.46%	2023
San Brisas Apartment Homes	\$16,200,519	3.26%	2021
Walker Commons	\$28,470,000	3.11%	2019
The Preserve at Arbor Hills	\$23,470,741	3.26%	2021
Park at West Avenue	\$36,182,939	4.02%	2030
Amalfi Stonebriar Apartments	\$45,000,000	3.83%	2027
Brackenridge at Midtown	\$30,600,000	3.72%	2027
Pure View	\$37,080,631	3.92%	2031
Pure Estates	\$37,030,351	3.96%	2024
The Avenue	\$42,792,823	3.40%	2028
Pure Creekside	\$20,000,000	3.98%	2027
Lansbrook	\$16,500,000	3.27%	2022
Park 28	\$14,850,000	3.84%	2032
Pinnacle	\$23,750,000	3.32%	2024
Pure at La Villita	\$24,400,000	3.81%	2032
Pure Farmers Market	\$33,500,000	3.67%	2029
Portfolio Total	\$581,857,187	3.75%	

Credit Facility

On November 28, 2017, Pure Multi-Family entered into a secured revolving credit agreement, through the US REIT, with a total commitment available of up to \$50 million, with a maturity date of November 2020. The Facility bears interest at a variable rate equal to: (i) LIBOR plus a margin ranging from 1.55% to 2.20% per annum, or (ii) a base rate plus a margin ranging from 0.55% to 1.20% per annum. As at December 31, 2018, a balance of \$27 million was outstanding. The Facility is secured by the Fillmore investment property.

Unitholders Rights Plan

On May 21, 2014, the Unitholders approved the adoption of the unitholders' rights plan (the "2014 Rights Plan"). On May 25, 2017, the Unitholders approved the reconfirmation and amendment and restatement of the 2014 Rights Plan (as so amended and restated, the "Rights Plan"). The Rights Plan is designed to ensure the fair treatment of unitholders in any transaction involving a change of control of the REIT LP and will provide the Directors and Unitholders with sufficient time to properly consider any take-over bid made for the REIT LP and to allow enough time for competing bids and alternate proposal to emerge. Pursuant to securities regulation, the adoption of the Rights Plan is required to be re-approved by the Unitholders not less frequently than every three years.

The Rights Plan is similar to other security holder rights plans adopted by other Canadian real estate investment trusts, income trusts and corporations. Until the occurrence of certain specified events, the rights will trade with the Units and Class B Units. The rights become exercisable only when a person (including a related party and joint actor of such person) acquires or announces its intention to acquire twenty percent (20%) or more of the outstanding Units without complying with the "permitted bid" provisions of the Rights Plan. As soon as practicable thereafter, separate certificates evidencing the rights will be mailed to Unitholders. Should a non-permitted acquisition occur, each right would entitle the holder of Units and Class B Units (other than the acquiring person and related persons and joint actors of such acquiring person) to purchase additional Units at a fifty percent (50%) discount to the market price at the time.

The Rights Plan permits a "permitted bid", which is a take-over bid made to all Unitholders on identical terms and conditions that is open for acceptance for a period of at least 105 days. If at the end of the 105 day period at least fifty percent (50%) of the outstanding Units (other than those owned by the offeror and related parties and joint actors of the offeror) have been tendered under the bid, the offeror may take up and pay for the tendered Units but must extend the bid for a further 10 days to allow all unitholders to tender to the bid.

INVESTMENT GUIDELINES AND OPERATING POLICIES

Capitalized terms in this section which are not defined in this AIF are defined in the REIT LP Agreement available on SEDAR at www.sedar.com.

Investment Guidelines

The REIT LP Agreement provides that the assets of the REIT LP may only be invested, and the REIT LP shall not permit the assets of any subsidiary entity to be invested otherwise than with the approval of the Governing GP, in accordance with the following investment guidelines:

- (a) the REIT LP shall not make any investment, take any action or omit to take any action that would result in Units not being a "qualified investment" for investment by Plans;
- (b) notwithstanding any other provisions of the REIT LP Agreement, the REIT LP shall not make any investment or take any action or omit to take any action which would cause the REIT LP to be a "SIFT partnership" within the meaning of the Tax Act (or proposed amendments thereto) at any time during a Taxation Year;
- (c) the REIT LP shall cause US REIT to only make investments and adopt operating policies and undertake activities that will allow US REIT to meet all requisite organizational, operational, income, asset and distribution requirements for US REIT to qualify as a REIT under the Internal Revenue Code of 1986, as amended (the "Code");

- (d) except as otherwise permitted in the REIT LP Agreement, the REIT LP may only invest in direct and indirect interests (including ownership and leasehold interests) in multi-family real estate properties in the U.S.;
- (e) the REIT LP may, with the prior approval of the Governing GP, directly or indirectly, invest in a joint venture arrangement for the purposes of owning interests or investments otherwise permitted to be held by the REIT LP; provided that such joint venture arrangement contains terms and conditions which, in the opinion of management, are commercially reasonable, including such terms and conditions relating to restrictions on the transfer, acquisition and sale of the REIT LP's and any joint venturer's interest in the joint venture arrangement, provisions to provide liquidity to the REIT LP, provisions to limit the liability of the REIT LP and its Unitholders to third parties, and provisions to provide for the participation of the REIT LP in the management of the joint venture arrangement. For purposes of the foregoing, a joint venture arrangement is an arrangement between the REIT LP and one or more other persons pursuant to which the REIT LP, directly or indirectly, conducts an undertaking for one or more of the purposes set out in the investment guidelines of the REIT LP and in respect of which the REIT LP may hold its interest jointly or in common or in another manner with others (subject to paragraphs (a) and (b) above) either directly or through the ownership of securities of a corporation or other entity, including a limited partnership or a limited liability company;
- (f) the REIT LP may invest by way of loan advances to a sidecar fund, in which the REIT LP would advance funds for the development of new multi-family properties, with rights to acquire such properties on pre-agreed terms;
- (g) except for temporary investments held in cash, deposits with a Canadian chartered bank or trust company registered under the laws of a province of Canada, short-term government debt securities and except as otherwise permitted pursuant to the investment guidelines and operating policies of the REIT LP, the REIT LP may not hold securities other than to the extent such securities would constitute an investment in real property;
- (h) the REIT LP will not invest, directly or indirectly in other trust, partnership, corporation or other entity unless the person derives all or substantially all of its revenues from maintaining, improving, leasing or managing real property, including real property that the person, or an entity of which the person holds a share or an interest, holds together with one or more other persons;
- (i) the REIT LP may invest in immovable hypothecs, mortgages, hypothecary bonds or mortgage bonds (including a participating or convertible immovable hypothec or mortgage) and similar instruments where:
 - (i) the hypothec, mortgage, hypothecary bond or mortgage bond is issued by a Subsidiary,
 - (ii) the immovable property, which is security therefor, is income-producing real property which otherwise complies with the other investment guidelines of the REIT LP adopted from time to time in accordance with the REIT LP Agreement and the guidelines set out therein,
 - (iii) the immovable hypothec or mortgage is an immovable hypothec or mortgage registered on title to the real property which is security therefor, and
 - (iv) the aggregate value of the investments of the REIT LP in these instruments, after giving effect to the proposed investment, will not exceed 20% of the Gross Book Value; and
- (j) the REIT LP may invest in immovable hypothecs or mortgages which are not first ranking for the purposes of providing, directly or indirectly, financing in connection with a transaction in which the REIT LP is the vendor or with the intention of using such hypothec or mortgage as part of a method for subsequently acquiring an interest in or control of a real property or a portfolio of properties.

For the purpose of the foregoing guidelines, the assets, liabilities and transactions of a corporation, trust or other entity wholly or partially owned by the REIT LP will be deemed to be those of the REIT LP on a proportionate consolidation basis. Except as specifically set forth in the REIT LP Agreement to the contrary, all of the foregoing prohibitions, limitations or requirements for investment shall be determined as at the date of investment by the REIT LP, subject to REIT LP's investment guidelines and operating policies.

Operating Policies

The operations and affairs of the REIT LP shall be conducted in accordance with the following policies, the whole subject to the investment guidelines above:

- (a) the REIT LP shall not purchase, sell, market or trade in currency or interest rate futures contracts otherwise than for hedging purposes where, for the purposes hereof: the term "hedging" shall have the meaning ascribed thereto by National Instrument 81-102 adopted by the Canadian Securities Administrators, as amended from time to time;
- (b) the REIT LP shall not incur or assume any indebtedness if, after giving effect to the incurring or assumption of the indebtedness, the total consolidated indebtedness of the REIT LP would be more than 70% of the Gross Book Value. For the purposes of this paragraph, the term "indebtedness" means any obligation of the REIT LP for borrowed money, including the face amount outstanding under any convertible debentures but excluding any premium in respect of indebtedness assumed by the REIT LP for which the REIT LP has the benefit of an interest rate subsidy, but only to the extent an amount receivable has been excluded in the calculation of Gross Book Value with respect to such interest rate subsidy, provided that:
 - (i) an obligation will constitute indebtedness only to the extent that it would appear as a liability on the consolidated statement of financial position of the REIT LP in accordance with IFRS,
 - (ii) indebtedness excludes trade accounts payable, distributions payable to Unitholders, accrued liabilities arising in the ordinary course of business and short term acquisition credit facilities, and
 - (iii) indebtedness excludes any amount shown on the consolidated statement of financial position of the REIT LP in accordance with IFRS in respect of the Class B Units or the Class A Units, if either shall be characterized as a liability under IFRS;
- (c) the REIT LP will not directly or indirectly guarantee any indebtedness or liabilities of any kind of any person, except indebtedness or liabilities assumed or incurred by a person in which the REIT LP holds an interest, directly or indirectly, or by an entity jointly-owned by the REIT LP with joint venturers and operated solely for the purpose of holding a particular property or properties where such indebtedness, if granted by the REIT LP directly, would not cause the REIT LP to otherwise contravene the guidelines set out within the REIT LP Agreement. The REIT LP is not required but shall use its reasonable best efforts to comply with this requirement if doing so is necessary or desirable in order to further the initiatives of the REIT LP permitted under the REIT LP Agreement;
- (d) the REIT LP shall obtain and maintain at all times insurance coverage in respect of potential liabilities of the REIT LP and the accidental loss of value of trust property of the REIT LP from risks, in amounts, with such insurers, and on such terms as the Governing GP consider appropriate, taking into account all relevant factors including the practices of owners of comparable properties; and
- (e) the REIT LP will not invest, directly or indirectly in the securities of any person unless the person has policies which require:
 - (i) that the person will obtain or have received an independent appraisal of each property or an independent valuation of a portfolio of properties that it intends to acquire, and

- (ii) that the person will obtain or review a preliminary site investigation report (or reliance letter from an environmental consultant in respect of a preliminary site investigation report) of each real property to be acquired by it, dated within eighteen months of the date of acquisition, and, if the preliminary site investigation report recommends or recommended a Phase II environmental audit be obtained, the REIT LP shall obtain or review a Phase II environmental audit, in each case by an independent and experienced environmental consultant; as a condition to any acquisition, such audit must be satisfactory to the Governing GP.

For the purpose of the foregoing policies, the assets, liabilities and transactions of a corporation, trust or other entity wholly or partially owned by the REIT LP will be deemed to be those of the REIT LP on a proportionate consolidated basis. In addition, any references in the foregoing investment restrictions and operating policies to investment in securities (which would otherwise constitute an investment in real property) will be deemed to include an investment in a joint venture. Except as specifically set forth to the contrary in the REIT LP Agreement, the foregoing prohibitions, limitations or requirements pursuant to the foregoing policies shall be determined as at the date of investment or other action by the REIT LP, but always subject to its investment guidelines and operating policies and will be constantly monitored for the purposes of the latter provisions.

Amendments to Investment Guidelines and Operating Policies

The investment guidelines set out in the REIT LP Agreement and the operating policies set out under the heading “Investment Guidelines and Operating Policies – Operating Policies” may be amended only by Special Resolution of Unitholders. The remaining operating policies may be amended with the approval of a majority of the votes cast by Unitholders at a meeting called for such purpose.

Application of Investment Guidelines and Operating Policies

With respect to the investment guidelines and operating policies contained in the REIT LP Agreement, where any maximum or minimum percentage limitation is specified in any of the guidelines and policies therein contained, such guidelines and policies shall be applied on the basis of the relevant amounts calculated immediately after the making of such investment or the taking of such action. Any subsequent change relative to any percentage limitation which results from a subsequent change in the Gross Book Value will not require divestiture of any investment.

Regulatory Matters

If at any time a government or regulatory authority having jurisdiction over the REIT LP or any Property of the REIT LP shall enact any law, regulation or requirement which is in conflict with any investment guideline of the REIT LP then in force (other than the restriction on making any investments, taking action or omitting to take any action that would result in Units not being a “qualified investment”, for investment by Plans), such guideline in conflict shall, if the Directors on the advice of legal counsel to the Governing GP so resolve, be deemed to have been amended to the extent necessary to resolve any such conflict and, notwithstanding anything to the contrary in the REIT LP Agreement, any such resolution of the Governing GP shall not require the prior approval of Unitholders.

SUMMARY OF THE REIT LP AGREEMENT

General

The rights and obligations of the Unitholders are governed by the REIT LP Agreement. The following is a summary of certain material provisions of the REIT LP Agreement. **This summary does not purport to be complete and reference should be to the REIT LP Agreement itself, a copy of which is available from the Governing GP and on SEDAR at www.sedar.com.**

Capitalized terms in this summary which are not defined in this AIF are defined in the REIT LP Agreement.

Units

The REIT LP is authorized to issue an unlimited number of Units. Each Unit entitles the Unitholder to the same rights and obligations as any other Unitholder and no Unitholder is entitled to any privilege, priority or preference in relation to any other Unitholders.

Each Unit is transferable and, so long as there are any Class B Units issued and outstanding, each Unit represents an equal undivided beneficial interest in and to the Unit Percentage Interest of any distributions from the REIT LP, whether of Distributable Cash, Net Income, Net Loss, capital gains or other amounts, and in the Unit Percentage Interest of any net assets of the REIT LP in the event of its termination or winding-up, after payment of all debts, liabilities and liquidation expenses of the REIT LP.

Where there are no Class B Units issued and outstanding, each Unit represents an equal undivided beneficial interest in and to all distributions from the REIT LP, whether of Distributable Cash, Net Income, Net Loss, capital gains or other amounts, and in all assets of the REIT LP in the event of its termination or winding-up, after payment of all debts, liabilities and liquidation expenses of the REIT LP.

Class B Units

The REIT LP is authorized to issue an unlimited number of Class B Units. Each Class B Unit entitles the Unitholder to the same rights and obligations as any other Class B Unitholder and no Class B Unitholder is entitled to any privilege, priority or preference in relation to any other Class B Unitholders.

So long as there are any issued and outstanding Units, each Class B Unit represents an equal undivided beneficial interest in and to the Class B Unit Percentage Interest of any distributions from the REIT LP, whether of Distributable Cash, Net Income, Net Loss, capital gains or other amounts, and in the Class B Unit Percentage Interest of any net assets of the REIT LP in the event of its termination or winding-up, after payment of all debts, liabilities and liquidation expenses of the REIT LP. Where there are no Units issued and outstanding, each Class B Unit is entitled to an equal undivided beneficial interest in and to all distributions from the REIT LP, whether of Distributable Cash, Net Income, Net Loss, capital gains or other amounts, and in all assets of the REIT LP in the event of its termination or winding-up, after payment of all debts, liabilities and liquidation expenses of the REIT LP.

Under the terms of the REIT LP Agreement, the Class B Unitholders are entitled to re-designate some or all of their Class B Units into Class A Units by written notice to the Governing GP. See “Conversion Rights of Class B Units”.

Transferability

The Units are freely transferable and, except in limited circumstances set forth in the REIT LP Agreement, the Governing GP shall not impose any restriction on the transfer of Units by any Unitholder except with the consent of such Unitholder. The Governing GP shall use all reasonable efforts to obtain and maintain a listing for the Units on one or more stock exchanges.

Distributions of Distributable Cash

Subject to the discretion of the Governing GP and upon the dissolution of the REIT LP, Distributable Cash shall be distributed, as cash flow permits, provided that all distributions to the Unitholders shall be paid by the REIT LP only to Unitholders as of the particular Record Date set for such distribution, as follows:

- (a) first, to the Governing GP 0.01% of the Distributable Cash to a maximum of \$100 per annum;
- (b) as to the balance:
 - (i) the Unit Percentage of the balance shall be distributed to the Unitholders, pro rata in accordance with their respective Proportionate Shares; and

- (ii) the Class B Unit Percentage of the balance shall be distributed to the Class B Unitholders, pro rata in accordance with their respective Proportionate Shares.

Payment of Distributions

Any distribution shall be made directly by the REIT LP or through the Transfer Agent or through any other person or agent, as approved by the Governing GP, to the Unitholders and Class B Unitholders as of the particular Record Date set for such distribution. Any taxes withheld or paid by the REIT LP or a subsidiary in respect of a Unitholder or Class B Unitholder shall be treated either as a distribution to such Unitholder or Class B Unitholder or as a general expense of the REIT LP, as determined by the Governing GP in its sole discretion, and the Governing GP shall report to the Unitholders and Class B Unitholders on an annual basis the amount of such taxes withheld or paid. For greater certainty, the making of distributions as described under “Summary of the REIT LP Agreement – Distributions of Distributable Cash” shall constitute full payment and satisfaction of the REIT LP’s liability in respect of such distribution, regardless of any claim of any person who may have an interest in such distribution by reason of an assignment or otherwise. In the event of any overpayment to a Unitholder or Class B Unitholder, such overpayment will be refunded by such Unitholder or Class B Unitholder, as the case may be, to the REIT LP, and any underpayment will be paid by the REIT LP to the Unitholders or Class B Unitholders, as the case may be, within 30 days of the final determination of such underpayment or overpayment. Notwithstanding anything to the contrary in the REIT LP Agreement, the Governing GP may in its sole and unfettered discretion elect to not distribute Distributable Cash in any period or to reduce the amount of any distribution of Distributable Cash in whole or in part.

Allocation of Income and Losses

Where Distributable Cash was paid in respect of a Fiscal Year, the Net Income and Taxable Income of the REIT LP in respect of that Fiscal Year shall be allocated among all Unitholders and Class B Unitholders that were Unitholders and Class B Unitholders, respectively, at any time in the Fiscal Year on the following basis:

- (a) first, to the Governing GP 0.01% of the Net Income and Taxable Income of the REIT LP to a maximum of \$100 per annum;
- (b) as to the balance:
 - (i) to the Unitholders, as a class, an amount equal to the balance multiplied by a fraction, the numerator of which is the sum of the distributions received by the Unitholders in respect of the Fiscal Year and the denominator of which is the total distributions made by the REIT LP in respect of the Fiscal Year and the amount so determined shall be allocated among the Unitholders pro rata based on the sum of distributions received by such Unitholder with respect to such Fiscal Year relative to the aggregate amount of distributions made by the REIT LP to the Unitholders, as a group with respect to such Fiscal Year; and
 - (ii) to the Class B Unitholders, pro rata, an amount equal to the balance multiplied by a fraction, the numerator of which is the sum of the distributions received by the Class B Unitholders in respect of the Fiscal Year and the denominator of which is the total distributions made by the REIT LP in respect of the Fiscal Year.

Where no Distributable Cash was paid in respect of a Fiscal Year, Net Income and Taxable Income of the REIT LP in respect of that Fiscal Year shall be allocated among the Governing GP, Unitholders and Class B Unitholders on the following basis:

- (a) first, to the Governing GP 0.01% of the Net Income and Taxable Income of the REIT LP to a maximum of \$100 per annum;
- (b) as to the balance:

- (i) to the Unitholders who were holders of Units at the end of each month ending in such Fiscal Year, pro rata in accordance with their respective Proportionate Shares, the Unit Percentage of the balance divided by 12; and
- (ii) to the Class B Unitholders who were holders of Class B Units at the end of each month ending in such Fiscal Year, pro rata in accordance with their respective Proportionate Shares, the Class B Unit Percentage of the balance divided by 12.

Net Loss and Taxable Loss of the REIT LP in respect of that Fiscal Year shall be allocated among the Governing GP and the Unitholders and Class B Unitholders that were Unitholders and Class B Unitholders, respectively, at any time in the Fiscal Year on the following basis:

- (a) to the Unitholders who were holders of Units at the end of each month ending in such Fiscal Year, pro rata in accordance with their respective Proportionate Shares and to the extent of their capital accounts, the Unit Percentage of the Net Loss or Taxable Loss divided by 12;
- (b) to the Class B Unitholders who were holders of Class B Units at the end of each month ending in such Fiscal Year, pro rata in accordance with their respective Proportionate Shares and to the extent of their capital accounts, the Class B Unit Percentage of the Net Loss or Taxable Loss divided by 12; and
- (c) as to the balance, to the Governing GP.

The Governing GP shall have the discretion, but not the obligation, acting in good faith, to allocate revenue and expenses on a basis which ensures a fair distribution among Unitholders and Class B Unitholders after taking into consideration any matters that may be relevant. Adjustments may be made in respect of revenue earned or expenses incurred prior to the time each Unitholder and Class B Unitholder became a unitholder of the REIT LP. The Governing GP shall also have the right, but not the obligation, to allocate revenues and expenses among Unitholders and Class B Unitholders to ensure they are treated equitably taking into account differences that may arise as a result of the acquisition of Units or Class B Units at different times in a year or in different calendar years.

Each Unitholder and Class B Unitholder at any time in each Fiscal Year will be allocated his, her or its share of such Net Income and Net Losses for such Fiscal Year in accordance with the REIT LP Agreement. Where a Unitholder or Class B Unitholder assigns a Unit or Class B Unit prior to the end of the Fiscal Year, the portion of Net Income or Net Losses which would have been attributed to such assigning Unitholder or Class B Unitholder shall continue to be so allocable in accordance with the REIT LP Agreement, instead of being allocated to the assignee who holds the Unit or Class B Unit at the end of the Fiscal Year. For greater certainty, any person who was a Unitholder or Class B Unitholder at any time during a Fiscal Year but who has transferred all of such person's Units or Class B Units, as the case may be, before the last day of that fiscal year may be deemed to be a partner of the REIT LP on the last day of such Fiscal Year for the purposes of subsection 96(1) of the Tax Act. Where a Unit or a Class B Unit was initially subscribed for after the beginning of the Fiscal Year, income and losses for the entire Fiscal Year will be allocated to the holder thereof in accordance with the mechanics of the provisions of the REIT LP Agreement on account of the portion of the Fiscal Year that the person was a Unitholder or Class B Unitholder.

If any Unitholder has a negative balance in his, her or its capital account, the Governing GP shall have the right to allocate Net Income to that Unitholder in priority to other Unitholders to the extent of the negative balance. The Governing GP shall not allocate Net Losses to a Unitholder to the extent that such allocation results in a negative balance in his, her or its capital account.

The Governing GP has been designated as the tax matters partner for all Canadian and U.S. federal income tax purposes, and state or provincial equivalents. The Governing GP, acting as tax matters partner, in its reasonable discretion and from time to time may modify the manner in which Net Income, Taxable Income, Net Loss and Taxable Loss are allocated to or among the Unitholders and Class B Unitholders and their capital accounts for tax purposes in order that in the reasonable judgment of the Governing GP, and in its sole discretion, such allocations will reasonably reflect the purpose of the REIT LP Agreement and the intention of the parties; provided, however, that no such modification shall materially and adversely affect the amounts distributable to any Partner.

If applicable, for U.S. federal income tax purposes, allocations of Net Income, Taxable Income, Net Loss and Taxable Loss for each Fiscal Year or other relevant period of the REIT LP shall be allocated among the Unitholders and Class B Unitholders as set out above except to the extent: (i) that any such allocations would not have substantial economic effect or are not in accordance with the interests of the Unitholders and Class B Unitholders in the REIT LP (in each case, as determined pursuant to Section 704(b) of the Code); or (ii) otherwise required by applicable law or by reason of tax elections made by the Governing GP on behalf of the REIT LP, and, in the case of either clause (i) or (ii), the Governing GP shall adjust allocations as necessary so as to comply with the requirements of Sections 704(b) and 704(c) of the Code and the regulations promulgated thereunder, relevant provisions of law or elections made by the Governing GP on behalf of the REIT LP (as applicable).

Voting

Each Unit has attached to it the right to exercise one vote at meetings of the REIT LP. The Class B Unitholders as a group shall be entitled to exercise in aggregate that number of votes which is equal to the total number of votes attached to the Units, multiplied by the Class B Unit Percentage Interest and divided by the Unit Percentage Interest. Each Class B Unit shall entitle the holder of record thereof to exercise a voting interest determined by dividing the number of votes exercisable by the Class B Unitholders as a group by the total number of issued Class B Units.

Certain powers, relating generally to the existence and fundamental powers of the REIT LP may be exercisable only by way of a Special Resolution passed by the Unitholders and Class B Unitholders.

Annual Meeting

There shall be an annual meeting of the Unitholders and Class B Unitholders at such time and place in Canada as the Governing GP shall prescribe for the purpose of electing directors of the Governing GP, receiving audited financial statements, appointing or removing the auditor of the REIT LP and transacting such other business as the Governing GP may determine or as may properly be brought before the meeting. The annual meeting shall be held after delivery to the Unitholders and Class B Unitholders of the annual report and, in any event, within 180 days after the end of each fiscal year of the REIT LP.

Other Meetings

The Governing GP shall have power at any time to call special meetings of the Unitholders at such time and place in Canada as the Governing GP may determine. Unitholders and Class B Unitholders holding in the aggregate not less than 30% of the outstanding Units of the REIT LP may requisition the Governing GP in writing to call a special meeting of the Unitholders and Class B Unitholders for the purposes stated in the requisition.

Nomination of Directors

Nominations of persons for election to the Board of Directors may be made at any annual meeting of Unitholders, or at any special meeting of Unitholders, if one of the purposes for which the special meeting was called was the election of Directors: (i) by or at the direction of the Board of Directors, including pursuant to a notice of meeting; or (ii) by any person (a "Nominating Unitholder") who: (A) at the close of business on the date of the giving of the notice provided for in the REIT LP Agreement and on the record date for notice of such meeting, is entered in the Register as a holder of one or more Units carrying the right to vote at such meeting or who beneficially owns Units that are entitled to be voted at such meeting; and (B) who complies with the notice procedures in the REIT LP Agreement. Such notice procedures include that for a nomination to be made by a Nominating Unitholder, the Nominating Unitholder must have given notice thereof to the Directors: (i) in the case of an annual meeting of Unitholders, not less than 30 days nor more than 60 days prior to the date of such annual meeting; and (ii) in the case of a special meeting of Unitholders which is not also an annual meeting called for the purpose of electing Directors (whether or not called for other purposes), not later than the 15th day following the day on such meeting was announced.

Notice of Meeting

Notice of all meetings of the Unitholders and Class B Unitholders shall be mailed or delivered by the Transfer Agent of the REIT LP to the Unitholders and Class B Unitholders, respectively, each Director and to the auditor of the REIT LP not less than 21 nor more than 60 days (or within such other number of days as required by law or relevant stock exchange) before the meeting. Such notice shall specify the time when, and the place where, such meeting is to be held and shall state briefly the general nature of the business to be transacted at such meeting and shall otherwise include such information as would be provided to shareholders of a corporation governed by the *Canada Business Corporations Act* (“CBCA”) in connection with a meeting of shareholders. Any adjourned meeting, other than a meeting adjourned for lack of a quorum, may be held as adjourned without further notice. Notwithstanding the foregoing, a meeting of Unitholders and Class B Unitholders may be held at any time without notice if all the Unitholders and Class B Unitholders are present or represented thereat or those not so present or represented have waived notice. Any Unitholder and Class B Unitholders (or a duly appointed proxy thereof) may waive any notice required to be given under the REIT LP Agreement, and such waiver, whether given before or after the meeting, shall cure any default in the giving of such notice. At any meeting at which a quorum is not present within 30 minutes after the time fixed for the holding of such meeting, the meeting, if convened upon the request of the Unitholders and Class B Unitholders, shall be dissolved, but in any other case, the meeting will stand adjourned to a day not less than seven days later and to a place and time as chosen by the chair of the meeting, and if at such adjourned meeting a quorum is not present, the Unitholders and Class B Unitholders present either in person or by proxy shall be deemed to constitute a quorum. Attendance at a meeting of Unitholders and Class B Unitholders shall constitute a waiver of notice unless the Unitholder and Class B Unitholder or other person attends the meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not properly called.

Chairperson

The chair of any annual or special meeting shall be the Chair of the Governing GP or any other Director specified by resolutions of the Governing GP or, in the absence of any Director, any person appointed as chairperson of the meeting by the Unitholders and Class B Unitholders present.

Quorum

A quorum for any meeting of Unitholders and Class B Unitholders shall be individuals present not being less than two in number and being Unitholders and Class B Unitholders or representing by proxy Unitholders and Class B Unitholders who hold in the aggregate not less in aggregate than 25% of the total number of outstanding Units and Class B Units provided that if the REIT LP has only one Unitholder, the Unitholder present in person or by proxy constitutes a meeting and a quorum for such meeting. If a quorum is present at the opening of a meeting, the Unitholders and Class B Unitholders may proceed with the business of the meeting, notwithstanding that a quorum is not present throughout the meeting. The Chair of any meeting at which a quorum of Unitholders and Class B Unitholders is present may, with the consent of the majority of the Unitholders and Class B Unitholders present in person or by proxy, adjourn at such meeting and no notice of any such adjournment need be given. In the event of such quorum not being present at the appointed place on the date for which the meeting is called within 30 minutes after the time fixed for the holding of such meeting, the meeting, if called by request of Unitholders and Class B Unitholders, shall be terminated and, if otherwise called, shall stand adjourned to such day being not less than seven days later and to such place and time as may be appointed by the chair of the meeting. If at such adjourned meeting a quorum as above defined is not present, the Unitholders and Class B Unitholders present either personally or by proxy shall form a quorum, and any business may be brought before or dealt with at such an adjourned meeting which might have been brought before or dealt with at the original meeting in accordance with the notice calling the same.

Matters on which Unitholders and Class B Unitholders Shall Vote

None of the following shall occur unless the same has been duly approved by the Unitholders and Class B Unitholders at a meeting duly called and held:

- (a) except as provided in the REIT LP Agreement, the appointment, election or removal of a Director;
- (b) except as provided in the REIT LP Agreement, the appointment or removal of the Auditor;

- (c) any amendment to the REIT LP Agreement (except for amendments which may be made at the discretion of the Governing GP);
- (d) the sale of or transfer of the assets of the REIT LP as an entirety or substantially as an entirety (other than as a part of an internal reorganization of the assets of the REIT LP as approved by the Governing GP);
- (e) an increase or decrease in the number of Directors;
- (f) any decision to amend the investment guidelines or operating policies of the REIT LP, or certain matters which require the approval of Unitholders and Class B Unitholders under the REIT LP Agreement; or
- (g) the termination of the REIT LP.

Nothing in the REIT LP Agreement shall prevent the Governing GP from submitting to a vote of Unitholders and Class B Unitholders any matter which it deems appropriate.

Matters which must be approved by Special Resolution

None of the following shall occur unless the same has been duly approved by Special Resolution:

- (a) any amendment to the provisions of the REIT LP Agreement dealing with amendments to the REIT LP Agreement;
- (b) any exchange, reclassification or cancellation of all or part of the Units;
- (c) the addition, change or removal of the rights, privileges, restrictions or conditions attached to the Units, including:
 - (i) the removal or change of rights to distributions;
 - (ii) the addition or removal of or change to conversion privileges, options, voting, transfer or pre-emptive rights; or
 - (iii) the reduction or removal of a distribution preference or liquidation preference;
- (d) any constraint of the issue, transfer or ownership of Units or the change or removal of such constraint, except as provided in the REIT LP Agreement;
- (e) any amendment to increase the maximum number of Directors (to more than nine) or to decrease the minimum number of Directors (to less than five);
- (f) any distribution of the REIT LP's property upon its termination;
- (g) any amendment relating to the powers, duties, obligations, liabilities or indemnification of the Governing GP;
- (h) any sale or transfer of the assets of the REIT LP as an entirety or substantially as an entirety (other than as part of an internal reorganization of assets of the REIT LP as approved by the Governing GP);
- (i) the termination of the REIT LP;
- (j) any amendment to the investment guidelines or and operating policies of the REIT LP, except for any amendments aimed at ensuring continuing compliance with applicable laws, regulations, requirements or policies of any governmental authority having jurisdiction over the Governing GP or over the REIT LP; or

- (k) any matter required to be passed by a Special Resolution under the REIT LP Agreement, as may be amended and restated from time to time.

Limitation on Authority of Unitholders and Class B Unitholders

A Unitholder and Class B Unitholder may from time to time inquire as to the state and progress of the business of the REIT LP and may provide comment as to its management; however, no Unitholder or Class B Unitholder shall take part in the control or management of the business of the REIT LP, execute any document which binds or purports to bind the REIT LP, the Governing GP or any other Unitholder or Class B Unitholder as such, have any authority to undertake any obligation or responsibility on behalf of the REIT LP (except that the Governing GP may act on behalf of the REIT LP notwithstanding that it may also be a Unitholder), or bring any action for partition or sale in connection with the REIT LP's interest in the assets of the REIT LP, whether real or personal, or register or permit any lien or charge in respect of the Units or Class B Units of such Unitholder or Class B Unitholder, as applicable, to be filed or registered or remain undischarged against the REIT LP's interest in its assets or in respect of such Unitholder's or Class B Unitholder's interest in the REIT LP.

Liability of Unitholders and Class B Unitholders

The Governing GP has unlimited liability for the debts, liabilities, losses and obligations of the REIT LP. Subject to the applicable law and any specific assumption of liability, the liability of each Unitholder or Class B Unitholder, as applicable, for the debts, liabilities, losses and obligations of the REIT LP is limited to the amount of the capital contributed or agreed to be contributed to the REIT LP by him, her or it in respect of his, her or its Unit(s) or Class B Unit(s) plus his, her or its share of any undistributed income of the REIT LP.

The Governing GP

The Governing GP will have the full power and authority to administer, manage, control and operate the business of the REIT LP. The Governing GP will exercise its powers and discharge its duties honestly, in good faith, and in the best interests of the Unitholders and Class B Unitholders.

CONVERSION RIGHTS OF CLASS B UNITS

A Class B Unitholder shall have the right, at any time, to exercise the Conversion Rights in respect of any of the Class B Units, provided that: (a) the REIT LP 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. In addition, the Class B Unitholders as a group shall exercise the Conversion Rights upon the occurrence of a Mandatory Conversion Event.

A Class B Unitholder wishing to exercise the Conversion Rights shall deliver execute and deliver to the General Partner notice that they have elected to cause the Limited Partnership to re-designate some or all of their Class B Units into Class A Units, and the number of Class B Units which they wish to be so re-designated. Upon receipt of such notice, the Limited Partnership shall cause the Class B Units specified in such notice to be re-designated into that number of Class A Units which is equal to the Specified Ratio multiplied by the number of Class B Units specified in such notice on and as of the date set out in such notice, and thereafter the Class B Units specified in such notice shall exist for all purposes as Class A Units.

VOTING AGREEMENT

Pure Multi-Family, Sunstone Multi-Family Investment Inc. and the shareholders thereof have entered into a voting agreement (the "Voting Agreement") dated May 8, 2012. Pursuant to the Voting Agreement, Sunstone Multi-Family Investment Inc. agreed that any voting rights with respect to the Governing GP will be voted in favour of the election of directors of the Governing GP and such other matter relating to the Governing GP as may be voted upon by the Unitholders pursuant to the REIT LP Agreement. Further, Sunstone Multi-Family Investment Inc. agreed as the sole shareholder of the

Governing GP to cause certain matters relating to the directors of the Governing GP to be effect as directed by the REIT LP and the Unitholders.

In addition, pursuant to the Voting Agreement, Sunstone Multi-Family Investment Inc. agreed that it will not exercise its right to remove the Governing GP as general partner of the REIT LP.

DISTRIBUTION

General

The following is a summary of the distribution policy of the REIT LP as contained in the REIT LP Agreement. Reference should be made to REIT LP Agreement, available on SEDAR at www.sedar.com, for the full text of the REIT LP's distribution policy. The Governing GP may in its sole and unfettered discretion elect to not distribute Distributable Cash in any period or to reduce the amount of any distribution of Distributable Cash in whole or in part.

The REIT LP currently intends to make a cash distribution to Unitholders of \$0.03125 per Class A Unit per month. So long as there are any issued and outstanding Units, each Class B Unit represents an equal undivided beneficial interest in and to the Class B Unit Percentage Interest of any distributions from the REIT LP. Monthly Distributions will be paid on the Distribution Date to Unitholders of record on the last business day of the relevant month.

Payment of Distributions

Distributions shall be made by cheque payable to or to the order of the Unitholder or by electronic fund transfer or by such other manner of payment approved by the Governing GP from time to time. The payment, if made by cheque, shall be conclusively deemed to have been made upon hand-delivery of a cheque to the Unitholder or to his agent duly authorized in writing or upon the mailing of a cheque by prepaid first-class mail addressed to the Unitholder at his address as it appears on the register of Unitholders unless the cheque is not paid on presentation. The Governing GP may issue a replacement cheque if they are satisfied that the original cheque has not been received or has been lost or destroyed upon being furnished with such evidence of loss, indemnity or other document in connection therewith that they may in their discretion consider necessary.

The REIT LP shall deduct or withhold from distributions payable to any Unitholder all amounts required or permitted by law to be withheld from such distribution and the REIT LP shall remit such taxes to the appropriate governmental authority within the times prescribed by law. Unitholders who are Non-Residents (i.e., a person who is not resident in Canada for the purposes of the Tax Act) will be required to pay all withholding taxes payable in respect of any distributions of income by the REIT LP, whether such distributions are in the form of cash or additional Units. In the event of a distribution in the form of additional Units, the Governing GP may sell the Units of such Unitholder to pay the withholding taxes and to pay all of the Governing GP's reasonable expenses with regard thereto and the Governing GP shall have the power of attorney of such Unitholder or Class B Unitholder to do so. Any such sale shall be made on any stock exchange on which the REIT LP Units are then listed and upon such sale, the affected Unitholder shall cease to be the holder of such Units.

If the Governing GP determines that the REIT LP does not have cash in an amount sufficient to make payment of the full amount of any distribution, the payment may include the issuance of additional Units or Class B Units, respectively, having a value equal to the difference between the amount of such distribution and the amount of cash which has been determined by the Governing GP to be available for the payment of such distribution.

Distributions

Pure Multi-Family declared payable the following cash distributions on its Units for periods indicated as follows:

Period	Record Date	Payment Date	Class A Units Outstanding at Record Date	Distribution Per Class A Unit	Amount
January 2016	January 29, 2016	February 15, 2016	49,039,824	\$0.03125	\$1,532,494
February 2016	February 29, 2016	March 15, 2016	49,039,824	\$0.03125	\$1,532,495
March 2016	March 31, 2016	April 15, 2016	49,039,824	\$0.03125	\$1,532,494
April 2016	April 29, 2016	May 16, 2016	49,039,824	\$0.03125	\$1,532,495
May 2016	May 31, 2016	June 15, 2016	49,039,824	\$0.03125	\$1,532,494
June 2016	June 30, 2016	July 15, 2016	49,079,824	\$0.03125	\$1,533,745
July 2016	July 29, 2016	August 15, 2016	54,196,214	\$0.03125	\$1,693,632
August 2016	August 31, 2016	September 15, 2016	54,196,214	\$0.03125	\$1,693,632
September 2016	September 30, 2016	October 17, 2016	54,197,983	\$0.03125	\$1,693,687
October 2016	October 31, 2016	November 15, 2016	55,461,775	\$0.03125	\$1,733,180
November 2016	November 30, 2016	December 15, 2016	56,068,506	\$0.03125	\$1,752,141
December 2016	December 30, 2016	January 16, 2017	56,068,506	\$0.03125	\$1,752,141
Total					\$19,514,630

Period	Record Date	Payment Date	Class A Units Outstanding at Record Date	Distribution Per Class A Unit	Amount
January 2017	January 31, 2017	February 15, 2017	56,068,506	\$0.03125	\$1,752,141
February 2017	February 28, 2017	March 15, 2017	56,068,506	\$0.03125	\$1,752,141
March 2017	March 31, 2017	April 17, 2017	56,068,506	\$0.03125	\$1,752,141
April 2017	April 28, 2017	May 15, 2017	66,435,853	\$0.03125	\$2,076,120
May 2017	May 31, 2017	June 15, 2017	66,445,232	\$0.03125	\$2,076,414
June 2017	June 30, 2017	July 17, 2017	76,729,771	\$0.03125	\$2,397,805
July 2017	July 31, 2017	August 15, 2017	76,729,771	\$0.03125	\$2,397,805
August 2017	August 31, 2017	September 15, 2017	76,729,771	\$0.03125	\$2,397,805
September 2017	September 29, 2017	October 16, 2017	76,729,771	\$0.03125	\$2,397,806
October 2017	October 31, 2017	November 15, 2017	76,729,771	\$0.03125	\$2,397,805
November 2017	November 30, 2017	December 15, 2017	76,729,771	\$0.03125	\$2,397,805
December 2017	December 29, 2017	January 15, 2018	76,729,771	\$0.03125	\$2,397,806
Total					\$26,193,594

Period	Record Date	Payment Date	Class A Units Outstanding at Record Date	Distribution Per Class A Unit	Amount
January 2018	January 31, 2018	February 15, 2018	76,729,771	\$0.03125	\$2,397,805
February 2018	February 28, 2018	March 15, 2018	76,731,540	\$0.03125	\$2,397,861
March 2018	March 29, 2018	April 16, 2018	76,731,540	\$0.03125	\$2,397,860
April 2018	April 30, 2018	May 15, 2018	76,731,540	\$0.03125	\$2,397,860
May 2018	May 31, 2018	June 15, 2018	76,731,540	\$0.03125	\$2,397,861
June 2018	June 29, 2018	July 16, 2018	76,731,540	\$0.03125	\$2,397,861
July 2018	July 31, 2018	August 15, 2018	76,731,540	\$0.03125	\$2,397,861
August 2018	August 31, 2018	September 17, 2018	76,731,540	\$0.03125	\$2,397,861
September 2018	September 28, 2018	October 15, 2018	76,731,540	\$0.03125	\$2,397,861
October 2018	October 31, 2018	November 15, 2018	76,732,424	\$0.03125	\$2,397,888
November 2018	November 30, 2018	December 17, 2018	76,736,671	\$0.03125	\$2,398,021
December 2018	December 31, 2018	January 15, 2019	76,736,671	\$0.03125	\$2,398,021
Total					\$28,774,621

Pure Multi-Family declared payable the following cash distributions on its Class B Units for periods indicated as follows:

Period	Record Date	Payment Date	Class B Units ⁽¹⁾ Outstanding at Record Date	Distribution Per Class B Unit	Amount
January 2016	January 29, 2016	December 30, 2016	200,000	\$0.403	\$80,658
February 2016	February 29, 2016	December 30, 2016	200,000	\$0.403	\$80,658
March 2016	March 31, 2016	December 30, 2016	200,000	\$0.403	\$80,658
April 2016	April 29, 2016	December 30, 2016	200,000	\$0.403	\$80,658
May 2016	May 31, 2016	December 30, 2016	200,000	\$0.403	\$80,658
June 2016	June 30, 2016	December 30, 2016	200,000	\$0.404	\$80,723
July 2016	July 29, 2016	December 30, 2016	200,000	\$0.446	\$89,139
August 2016	August 31, 2016	December 30, 2016	200,000	\$0.417	\$83,307
September 2016	September 30, 2016	December 30, 2016	200,000	\$0.417	\$83,307
October 2016	October 31, 2016	December 30, 2016	200,000	\$0.417	\$83,307
November 2016	November 30, 2016	December 30, 2016	200,000	\$0.417	\$83,307
December 2016	December 30, 2016	December 30, 2016	200,000	\$0.417	\$83,307
Total					\$989,687

Notes:

- (1) For a description of the rights attaching to the Class B Units, see “Summary of the REIT LP Agreement – Class B Units”.

Period	Record Date	Payment Date	Class B Units ⁽¹⁾ Outstanding at Record Date	Distribution Per Class A Unit	Amount
January 2017	January 31, 2017	December 29, 2017	200,000	\$0.417	\$83,307
February 2017	February 28, 2017	December 29, 2017	200,000	\$0.417	\$83,307
March 2017	March 31, 2017	December 29, 2017	200,000	\$0.417	\$83,308
April 2017	April 28, 2017	December 29, 2017	200,000	\$0.417	\$83,307
May 2017	May 31, 2017	December 29, 2017	200,000	\$0.417	\$83,307
June 2017	June 30, 2017	December 29, 2017	200,000	\$0.417	\$83,308
July 2017	July 31, 2017	December 29, 2017	200,000	\$0.417	\$83,307
August 2017	August 31, 2017	December 29, 2017	200,000	\$0.417	\$83,307
September 2017	September 29, 2017	December 29, 2017	200,000	\$0.417	\$83,308
October 2017	October 31, 2017	December 29, 2017	200,000	\$0.417	\$83,307
November 2017	November 30, 2017	December 29, 2017	200,000	\$0.417	\$83,307
December 2017	December 29, 2017	December 29, 2017	200,000	\$0.417	\$83,308
Total					\$999,688

Notes:

(1) For a description of the rights attaching to the Class B Units, see “Summary of the REIT LP Agreement – Class B Units”.

Period	Record Date	Payment Date	Class B Units ⁽¹⁾ Outstanding at Record Date	Distribution Per Class A Unit	Amount
January 2018	January 31, 2018	January 9, 2019	200,000	\$0.417	\$83,307
February 2018	February 28, 2018	January 9, 2019	200,000	\$0.417	\$83,307
March 2018	March 29, 2018	January 9, 2019	200,000	\$0.417	\$83,308
April 2018	April 30, 2018	January 9, 2019	200,000	\$0.417	\$83,307
May 2018	May 31, 2018	January 9, 2019	200,000	\$0.417	\$83,307
June 2018	June 29, 2018	January 9, 2019	200,000	\$0.417	\$83,308
July 2018	July 31, 2018	January 9, 2019	200,000	\$0.417	\$83,307
August 2018	August 31, 2018	January 9, 2019	200,000	\$0.417	\$83,307
September 2018	September 28, 2018	January 9, 2019	200,000	\$0.417	\$83,308
October 2018	October 31, 2018	January 9, 2019	200,000	\$0.417	\$83,307
November 2018	November 30, 2018	January 9, 2019	200,000	\$0.417	\$83,307
December 2018	December 31, 2018	January 9, 2019	200,000	\$0.417	\$83,308
Total					\$999,688

Notes:

(1) For a description of the rights attaching to the Class B Units, see “Summary of the REIT LP Agreement – Class B Units”.

SUMMARY OF THE DEBENTURE INDENTURE

General

The rights and obligations of the holders of Debentures are governed by the Debenture Indenture between the REIT LP and Indenture Trustee. The following is a summary of certain material provisions of the Debenture Indenture. **This summary does not purport to be complete and reference should be to the Debenture Indenture itself, a copy of which is available from the Governing GP and on SEDAR at www.sedar.com. See “Material Contracts”.**

Capitalized terms in this summary which are not defined in this AIF are defined in the Debenture Indenture.

Covenant

The Debentures will be a direct obligation of the REIT LP and the REIT LP will covenant to pay principal and interest thereon when due.

Interest

The Debentures bear interest at a rate of 6.50% per annum payable semi-annually in arrears on September 30 and March 31 in each year, commencing March 31, 2014.

Term

The maturity date (the “Maturity Date”) for the Debentures is September 30, 2020.

Conversion

The Debentures will be convertible at the holder’s option into fully-paid Units at any time prior to the earlier of the Maturity Date and the business day immediately preceding the date fixed for redemption at a Conversion Price, being \$5.65 per Unit, being a ratio of approximately 176.9912 Units per \$1,000 principal amount of Debentures. The Conversion Price shall be subject to the standard anti-dilutive provisions. Holders converting their Debentures will receive in cash accrued and unpaid interest thereon for the period from the date of the latest Interest Payment to and including: (a) if the REIT LP is making monthly distributions to its Unitholders, the last record date set by the REIT LP prior to the date of conversion for determining the Unitholders entitled to receive a monthly distribution on the Units; and (b) if the REIT LP is not making monthly distributions to its Unitholders, the date of conversion. Notwithstanding the foregoing, no Debenture may be converted during the five business days preceding an Interest Payment Date or the Maturity Date.

The Conversion Price will be subject to adjustment in certain events, including the subdivision or consolidation of the outstanding Units. The REIT LP will not be required to make adjustments to the Conversion Price unless the cumulative effect of such adjustment would change the Conversion Price by at least 1%.

Redemption

On or after September 30, 2016 and prior to September 30, 2018, the Debentures may be redeemed in whole or in part from time to time at the option of the REIT LP on not more than 60 days and not less than 30 days prior notice at price equal to their principal amount plus accrued and unpaid interest, provided that the volume weighted average trading price of the Units on the Exchange during the 20 consecutive trading days ending on the fifth trading day preceding the date on which notice of redemption is given is not less than 125% of the Conversion Price. On and after September 30, 2018 and prior to the Maturity Date, the Debentures may be redeemed in whole or in part at the option of the REIT LP on not more than 60 days and not less than 30 days prior notice at a price equal to their principal amount plus accrued and unpaid interest. In the event that a holder of Debentures exercises its conversion right following a notice of redemption by the REIT LP, such holder shall be entitled to receive accrued and unpaid interest in cash, in addition to the applicable number of Units to be received on conversion, for the period from the latest interest payment to the date of conversion.

Change of Control

Upon a change of control of the REIT LP, the holders of the Debentures will have the right to require the REIT LP to repurchase their Debentures, in whole or in part at a price equal to 101% of the principal amount thereof plus accrued and unpaid interest thereon.

For purposes of the disclosure under the heading “Summary of the Debenture Indenture”, a “change of control” will be deemed to occur upon the acquisition by any person, or group of persons acting jointly or in concert, of voting control or direction of an aggregate of 66⅔% or more of the outstanding Units, or securities convertible into or carrying the right to acquire Units but excluding: (a) any such acquisition of Units resulting from any conversion, redemption or payment on maturity of the Debentures issued on August 7, 2013; and (b) as may be set forth in any indenture supplemental to the Debenture Indenture providing for the issuance of additional debentures (the “Additional Debentures”) of the REIT LP, of any one or more series, other than the first series of debentures, being the Debentures.

If 90% or more of the aggregate principal amount of the Debentures outstanding on the date of the giving of notice of the change of control have been tendered for purchase following a change of control, the REIT LP will have the right, at its option, to redeem all of the remaining Debentures on the purchase date, at a price equal to 101% of the principal amount thereof plus accrued and unpaid interest thereon.

Subordination

The Debentures will be unsecured direct obligations of the REIT LP, will rank equally with one another, with any Additional Debentures issued under the Debenture Indenture and with all other existing and future unsecured indebtedness of REIT LP (i.e., Other Indebtedness) and will be subordinate and postponed in right of payment of principal and interest to all Senior Indebtedness of the REIT LP.

Certain Covenants

Among other things, the REIT LP covenants in the Debenture Indenture substantially to the effect that, so long as any of the Debentures remain outstanding:

- (a) the REIT LP will carry on and conduct its business in a proper and efficient manner and at all reasonable times it will furnish or cause to be furnished to the Indenture Trustee or its duly authorized agent or attorney such information relating to the business of the REIT LP as the Indenture Trustee may reasonably require for the performance of its duties thereunder;
- (b) the REIT LP will pay the Indenture Trustee’s reasonable remuneration for its services and will repay to the Indenture Trustee on demand all moneys which will have been paid by the Indenture Trustee with interest at a rate per annum equal to the then current rate charged by the Indenture Trustee from 30 days after the date of the invoice from the Indenture Trustee to the REIT LP with respect to such expenditure until repayment, and such moneys and the interest thereon, including the Indenture Trustee’s remuneration, will be payable out of any funds coming into the possession of the Indenture Trustee in priority to any of the Debentures, the Additional Debentures or interest thereon. The said remuneration will continue to be payable until the trusts thereof be finally wound up and whether or not the trusts of the Debenture Indenture will be in the course of administration by or under the direction of the court;
- (c) the REIT LP will not call for redemption or purchase for cancellation or make or declare any capital distribution with respect to any Units of the REIT LP, at any time when the REIT LP is in arrears of payment of any principal or interest outstanding on the Debentures and any Additional Debentures;
- (d) the REIT LP will not make or declare any distribution with respect to any Units of the REIT LP if doing so would result in an event of default (as defined below) pursuant to the Debenture Indenture;

- (e) the REIT LP will furnish to the Indenture Trustee sufficient copies of all interim reports to Unitholders, annual reports, financial statements, and the report, if any, of the REIT LP's auditors thereon, which are furnished to the Unitholders to enable the Indenture Trustee to forward to all holders of the Debentures (at the REIT LP's expense) a copy of such documents;
- (f) in order to prevent any accumulation after maturity of unpaid interest, the REIT LP will not directly or indirectly extend or assent to the extension of time for payment of any interest upon the Debentures or any Additional Debentures and it will not directly or indirectly be or become a party to or approve any such arrangement by purchasing or funding any interest on the Debentures or any Additional Debentures or in any other manner;
- (g) the REIT LP will diligently preserve such rights, powers, privileges, franchises and goodwill as are necessary or advisable, and such qualifications to do business and own property in all jurisdictions in which such qualification is necessary or advisable, in respect of the REIT LP's assets;
- (h) the REIT LP will observe and comply in all respects with all governing laws and other requirements relating to its assets (including without limitation, applicable statutes, regulations, orders and restrictions relating to environmental standards or controls or to energy regulations);
- (i) the REIT LP will ensure that all covenants, conditions, stipulations and provisos contained in the Debenture Indenture and the Debentures are duly performed;
- (j) the REIT LP will promptly notify the holders of the Debentures of any material adverse change in its investments;
- (k) the REIT LP will pay and discharge or cause to be paid and discharged, promptly when due, all taxes, assessments and governmental charges or levies imposed upon it in respect of the assets or upon the income or profits therefrom as well as all claims of any kind (including claims for labour, materials, supplies and rent) which, if unpaid, might become a lien thereupon; providing however, that it will not be required to pay or cause to be paid any such tax, assessment, charge, levy or claim if the amount, applicability or validity thereof will concurrently be contested in good faith by appropriate proceedings diligently conducted;
- (l) the REIT LP will cause all necessary and proper steps to be taken diligently to protect and defend its assets and the proceeds thereof against any material adverse claim or demand, including without limitation, the employment or use of counsel for the prosecution or defence of litigation and the contest, settlement, release or discharge of any such claim or demand;
- (m) the REIT LP will maintain with financially sound and reputable insurers, insurance with respect to its assets against such liabilities, casual risks and contingencies and in such types and amounts as is customary in the case of corporations holding assets of a similar nature and similarly situated; and
- (n) the REIT LP will use its best efforts to maintain the listing of the Units and the Debentures on the Exchange and any other stock exchanges upon which the Units and the Debentures may become listed.

Events of Default

The Debenture Indenture provides that the occurrence of any of the following events will constitute an event of default (each, an "event of default"):

- (a) if the REIT LP makes default in payment of the principal on any Debenture or Additional Debenture when the same becomes due and payable under any provision thereof or of the Debentures;
- (b) if the REIT LP makes default in payment of any interest due on any Debenture or Additional Debenture and such default continues for a period of seven days;

- (c) if the REIT LP fails to make a change of control offer when required to do so or, if such change of control offer is made, fails to purchase the Debentures and any Additional Debentures in accordance with such change of control offer;
- (d) if a decree or order of a court having jurisdiction in the premises is entered adjudging the REIT LP a bankrupt or insolvent under the *Bankruptcy and Insolvency Act* (Canada) or any other bankruptcy, insolvency or analogous laws, or issuing sequestration or process of execution against, or against all or any substantial part of the property of the REIT LP, or appointing a receiver or receiver-manager of or of any substantial part of the property of the REIT LP or ordering the winding-up or liquidation of its affairs;
- (e) if a resolution is passed for the winding-up or liquidation of the REIT LP except in the course of carrying out or pursuant to a transaction with respect to which the conditions of the Debenture Indenture with respect to successor entities are duly observed and performed, or if the REIT LP institutes proceedings to be adjudicated a bankrupt or insolvent, or consents to the institution of bankruptcy or insolvency proceedings against it under the *Bankruptcy and Insolvency Act* (Canada) or any other bankruptcy, insolvency or analogous laws or consents to the filing of any such petition, or if a receiver or receiver-manager is appointed over all or any substantial part of the property of the REIT LP, or if the REIT LP makes a general assignment for the benefit of creditors or admits in writing its inability to pay its debts generally as they become due or takes corporate action in furtherance of any of the aforesaid purposes;
- (f) if an event of default, as defined in any indenture or instrument under which the REIT LP has or will thereafter have outstanding any indebtedness for borrowed money which matures by its terms, or which is renewable at the option of the payor, to a date more than 18 months after the creation, assumption or guarantee thereof, will happen and be continuing and such indebtedness will have been accelerated so that an amount in excess of \$200,000 will be or become due and payable prior to the date on which the same would otherwise have become due and payable, and such acceleration will not be rescinded or annulled, or such event of default under such indenture or instrument will not be remedied or cured, whether by payment or otherwise, or waived by the holders of such indebtedness, within 10 days after such acceleration will have occurred; or
- (g) if the REIT LP neglects to observe or perform any other covenant or condition contained in the Debenture Indenture on its part to be observed or performed and, after a notice in writing has been given by the Indenture Trustee to the REIT LP specifying such default and requiring the REIT LP to rectify the same (which said notice may be given by the Indenture Trustee upon receipt of a request from a holder of Debentures or Additional Debentures as contemplated by the Debenture Indenture), the REIT LP fails to make good such default within a period of 30 days, unless the Indenture Trustee (having regard to the subject matter of the default) has agreed to a longer period, and in such event, within the period agreed to by the Indenture Trustee,

then in each and every such event the Indenture Trustee may, in its discretion, and shall, upon receipt of a request in writing signed by the holders of not less than 25% in principal amount of the Debentures then outstanding, subject to the waiver of such event of default, by notice in writing to the REIT LP declare the principal of and interest on all Debentures then outstanding and all other monies outstanding pursuant to the Debenture Indenture to be due and payable.

Upon the happening of any event of default:

- (a) the holders of not less than 66 2/3% of the principal amount of the Debentures and any Additional Debentures then outstanding will have the power by requisition in writing to instruct the Indenture Trustee to waive any event of default and the Indenture Trustee will thereupon waive the event of default upon such terms and conditions as will be prescribed in such requisition; and
- (b) the Indenture Trustee, so long as it has not become bound to declare the principal of and interest on the Debentures and any Additional Debentures then outstanding to be due and payable, or to obtain or enforce payment of the same, will have power to waive any event of default if, in the Indenture Trustee's

opinion, the same has been cured or adequately satisfied therefor, and in such event to cancel any such declaration theretofore made by the Indenture Trustee in the exercise of its discretion, upon such terms and conditions as the Indenture Trustee may deem advisable,

provided that no act or omission either of the Indenture Trustee or of holders of the Debentures or any Additional Debentures in the premises will extend to or be taken in any manner whatsoever to affect any subsequent event of default or the rights resulting therefrom.

MARKET FOR SECURITIES

Trading Price and Volume

Units

The Units are listed and posted for trading on the Exchange under the symbol “RUF.U” (U.S. dollar listing), and “RUF.UN” (Canadian dollar listing).

The first day of trading under the symbol “RUF.U” was July 10, 2012. The following table sets forth certain trading information for the Units on the Exchange for the most recently completed financial year:

Month	High (\$)	Low (\$)	Close	Volume
January	\$6.70	\$5.95	\$6.50	275,552
February	\$6.49	\$5.84	\$5.97	92,166
March	\$6.30	\$5.84	\$6.27	158,832
April	\$7.40	\$6.20	\$7.40	452,804
May	\$7.40	\$7.00	\$7.14	87,233
June	\$7.28	\$6.82	\$6.82	44,843
July	\$7.20	\$6.70	\$7.10	277,794
August	\$7.33	\$6.38	\$6.43	183,955
September	\$6.78	\$6.23	\$6.55	142,728
October	\$6.71	\$6.15	\$6.29	118,602
November	\$6.35	\$6.00	\$6.18	69,810
December	\$6.27	\$5.67	\$6.20	79,524

Source: Info TSX Venture

The first day of trading under the symbol “RUF.UN” was July 2, 2014. The following table sets forth certain trading information for the Units on the Exchange for the most recently completed financial year:

Month	High (\$)	Low (\$)	Close	Volume
January	\$8.25	\$7.55	\$7.96	4,824,602
February	\$7.99	\$7.34	\$7.72	2,467,872
March	\$8.20	\$7.56	\$8.06	2,586,367
April	\$9.46	\$8.00	\$9.40	7,724,651
May	\$9.50	\$9.04	\$9.18	3,598,032
June	\$9.39	\$9.07	\$9.07	1,803,585
July	\$9.25	\$8.95	\$9.24	1,148,036
August	\$9.48	\$8.04	\$8.36	4,011,749
September	\$8.79	\$8.14	\$8.60	2,211,443
October	\$8.62	\$7.97	\$8.32	1,483,357
November	\$8.38	\$7.93	\$8.14	1,159,361
December	\$8.48	\$7.58	\$8.43	1,079,944

Source: Info TSX Venture

Debentures

The Debentures are listed and posted for trading on the Exchange under the symbol “RUF.DB.U”. The first day of trading was August 7, 2013. The following table sets forth certain trading information for the Debentures on the Exchange for the most recently completed financial year:

Month	High (\$)	Low (\$)	Close	Volume
January	\$117.00	\$109.99	\$117.00	252,000
February	\$112.01	\$106.05	\$106.05	169,000
March	\$112.00	\$107.5	\$112.00	82,000
April	\$130.08	\$125.00	\$130.00	1,057,000
May	\$129.75	\$125.99	\$127.00	1,098,000
June	\$126.00	\$121.78	\$121.78	203,000
July	\$125.51	\$120.00	\$125.51	224,000
August	\$129.00	\$120.03	\$129.00	307,000
September	\$119.00	\$110.00	\$117.00	20,000
October	\$115.00	\$109.30	\$113.28	372,000
November	\$112.00	\$106.30	\$109.25	1,258,000
December	\$110.00	\$108.00	\$108.00	31,000

Source: Info TSX Venture

ESCROWED SECURITIES

There are no escrowed securities of Pure Multi-Family as at December 31, 2018.

DIRECTORS AND MANAGEMENT

The REIT LP Agreement provides for the management and control of Pure Multi-Family by a general partner rather than a board of directors or officers. Pursuant to the REIT LP Agreement, decisions relating to the operation and business of Pure Multi-Family are governed by the Governing GP, which has sole responsibility and authority for the governance and control of Pure Multi-Family.

As at December 31, 2018, Pure Multi-Family's Directors are Stephen Evans, Robert King, James Redekop, John O'Neill, Fraser Berrill, Sherry Tryssenaar and Maurice (Maish) Kagan. Mr. King is Chair of the Board. Messrs. King, Redekop, Berrill and Kagan, and Ms. Tryssenaar are Independent Directors. The following table sets out each Director and officer's name, municipality of residence and principal occupation:

Name and Municipality of Residence	Position	Principal Occupation	Commencement as Director
STEPHEN J. EVANS North Vancouver, British Columbia, Canada	Chief Executive Officer and Director	CEO, Pure Multi-Family COO, Sunstone Realty Advisors Inc. Acting CFO, REALnorth Opportunities Fund	April 2012 - Present
SCOTT SHILLINGTON Richmond, British Columbia, Canada	Chief Financial Officer	CFO, Pure Multi-Family	
ROBERT W. KING ⁽¹⁾⁽²⁾⁽³⁾ Vancouver, British Columbia, Canada	Chair of the Board Independent Director	Chair of the Board, Pure Multi-Family President of King Pacific Capital Corporation	April 2012 - Present
JAMES REDEKOP ⁽²⁾ Abbotsford, British Columbia, Canada	Independent Director	President, Redekop Development Corp.	April 2012 - Present
JOHN O'NEILL ⁽³⁾ West Vancouver, British Columbia, Canada	Director	CEO, American Hotel Income Properties REIT LP	October 2013 - Present
FRASER R. BERRILL ⁽¹⁾⁽²⁾⁽³⁾ Toronto, Ontario, Canada	Independent Director	President, Fragin Holdings Limited (a private investment company)	March 2015 - Present
SHERRY TRYSSENAAR ⁽¹⁾ Vancouver, British Columbia, Canada	Independent Director	Independent Director, Pure Multi-Family	April 2017 - Present
MAURICE KAGAN ⁽¹⁾⁽²⁾ Toronto, Ontario, Canada	Independent Director	President, Canal Group	January 2018 - Present

Notes:

- (1) Member of the Audit Committee as at December 31, 2018.
- (2) Member of the Compensation Committee as at December 31, 2018.
- (3) Member of the Nominating and Governance Committee as at December 31, 2018.

The term of office for each of the Directors will expire at the termination of the next annual meeting of the Unitholders.

Profile of the Directors and Officers

Stephen J. Evans – Mr. Evans is the co-Founder and Chief Executive Officer of Pure Multi-Family. Mr. Evans also co-founded PIRET (formerly listed on the TSX) in 2007 and served as CEO until May 2015 and a trustee until its sale in May, 2018. PIRET was established for the purposes of acquiring, owning and operating a diversified portfolio of income-producing industrial properties in leading markets. Since its IPO in 2007, Mr. Evans led the growth of PIRET from a small portfolio to a dominant industrial platform. At the time of the sale, PIRET owned 177 industrial properties in Canada and the United States and was sold for CDN\$3.8 Billion. He is also the Chief Operating Officer of and indirectly owns 50% of the shares in Sunstone Realty Advisors Inc. (“Sunstone Realty”). Since 2003, Sunstone Realty, and its predecessors, have raised over CDN\$300 million in equity for its Sunstone series of funds (collectively, the “Sunstone Funds”). Sunstone Realty has participated in the negotiation, acquisition, redevelopment and asset management of over CDN\$800 million in commercial, residential and office properties in Canada and the United States. Mr. Evans co-founded American Hotel Income Properties REIT LP (TSX: HOT.UN) in 2013 and serves as a Director. In addition, Mr. Evans is the acting Chief Financial Officer of REALnorth Opportunities Fund, an unincorporated, open-ended investment trust which indirectly invests in revenue producing real estate assets and development properties located in northern B.C. Previously, from September 15, 2008 to December 31, 2009, Mr. Evans was a director of IAT Air Cargo Facilities Income Fund and director of International Aviation Terminals Inc. and then commenced as a director of Huntingdon Capital Corporation (formerly Huntingdon Real Estate Investment Trust) on January 1, 2010 until September 26, 2012. Mr. Evans is also a member of the Institute of Corporate Directors.

Robert W. King – Mr. King is the Chair of the Board of Pure Multi-Family. He is also the President of King Pacific Capital Corporation, a private company specializing in mortgage finance and real estate development and investment in Western Canada. Mr. King is also a principal of Westbridge Finance Inc., a full-service commercial mortgage brokerage company. Mr. King is a director of Wall Financial Corporation (TSX: WFC), a real estate investment and development company, and was a trustee of PIRET (formerly listed on the TSX) until its sale in May, 2018, and the Chairman of the Board of WesternOne Inc. (formerly listed on the TSX). Mr. King is also a director of the general partner and/or corporate trustee of each of the limited partnerships and real estate investment trusts comprising the Sunstone Funds. Mr. King earned his MBA from Dalhousie University in 1992 and a Bachelor of Arts from the University of British Columbia in 1989. He graduated from the ICD-Rotman Directors Education Program in November of 2015 and received the ICD.D designation from the Institute of Corporate Directors in February 2016. Mr. King is also a member of the Institute of Corporate Directors.

James L. Redekop – Since leaving the single-family home construction industry in 1986, Mr. Redekop has been involved in multi-family housing and commercial construction and real estate development in British Columbia, primarily through special-purpose private companies held through Redekop Development Corp., Mr. Redekop’s development company. His primary focus has been with residential wood-frame condominium and townhouse projects. Over the past 29 years, he has acted as general contractor or project manager on numerous multi-family developments. More recently, Mr. Redekop has become involved in commercial greenhouse vegetable production as a principal of Sunselect Produce Delta. Mr. Redekop is also a director of the general partner and/or corporate trustee of each of the limited partnerships and real estate investment trusts comprising the Sunstone Funds.

John C. O’Neill – Mr. O’Neill was a co-founder and is currently the Chief Executive Officer of American Hotel Income Properties REIT LP (TSX: HOT.UN). Mr. O’Neill was a co-founder of Canadian Hotel Income Properties REIT (“CHIP REIT”) in 1997 and served on CHIP REIT’s Board of Trustees from 1999 to 2002. Mr. O’Neill was also a partner with Intrawest in the ownership and management of Whistler Lodging Company. Mr. O’Neill is a member of the Board of Trustees for the Fraser Institute; a former Director of the Minister’s Council on Tourism on behalf of B.C.’s Ministry of Jobs, Tourism and Innovation; and also Chair of the Collingwood School Foundation. He is a past Member of the Faculty Advisory Board of the UBC Sauder School of Business, a former Member of the Tourism Whistler Board of Directors, a former BC Chapter Chair of Young President’s Organization, a former Member of the Owners’ Advisory Councils of Starwood Hotels & Resorts and Marriott Hotels.

Fraser R. Berrill – Mr. Berrill is the President of Fragin Holdings Limited, a private investment company principally involved in real estate income properties and development in Ontario, Texas and Arizona. He is the former President, Chief Executive Officer and director of Renasant Financial Partners Ltd., a financial services and technology trading organization. Mr. Berrill has served as a director of several public and private companies, currently as a director for TWC Enterprises Limited (TSX: TWC) and has previously been on the board of Vicwest Inc. (formerly listed on the TSX) since 2009, and has acted as Board

Chair from 2011 to June, 2015, and was formerly a Trustee of Morguard REIT (TSX: MRT.UN). In addition, he is a member of the Law Society of Upper Canada, and holds a designation of Chartered Director from McMaster University. Mr. Berrill is also on the Board of Governors of the University of Windsor.

Sherry D. Tryssenaar – Ms. Tryssenaar is a Corporate Director. She served as the Chief Financial Officer of Ten Peaks Coffee Company (TSX: TPK), and of Ten Peak's subsidiary, Swiss Water Decaffeinated Coffee Company from March, 2009 to May, 2018. As the CFO, Ms. Tryssenaar was responsible for corporate finance, accounting and financial reporting, compliance and risk management, information systems, human resources, and investor relations. Previously, she was Chief Financial Officer, Vice President, Finance and Administration and a director of QuestAir Technologies (TSX: QAR). Earlier in her career, Ms. Tryssenaar was Director of Corporate Finance with RBC Technology Ventures, and Vice President, Investments of Quorum Funding, a venture capital firm. Ms. Tryssenaar has served on the boards of directors of various companies and not-for-profit organizations. Currently, she is a director and Chair of the Audit Committee of Unit Electrical Engineering, a privately held company. Ms. Tryssenaar is a Chartered Professional Accountant. In addition, she holds a Bachelor of Business Administration (first class honours) from Simon Fraser University, and a M.Sc. (Econ) in International Relations from the London School of Economics, which she attended as a Commonwealth Scholar. In 2011, Sherry was named the BC CFO of the Year in the small public company category by Business in Vancouver. She was also recognized as a Top 40 Under 40 by Business in Vancouver in 2007.

Maurice (Maish) Kagan – Mr. Kagan is currently President of Canal Group, a Residential and Commercial Property Holding Company. Mr. Kagan was previously Chief Executive Officer and owner of Sparkle Solutions Inc. a route operator servicing over 13,000 laundry machines serving the multi residential housing industry in Ontario. In 2013, he sold Sparkle to Coinmach, a US based Laundry operator. In 1997, as CFO, he spearheaded the launch of RESREIT a Real Estate Investment Trust. In 2003, RESREIT was sold to CAPREIT. He is currently on the Board of Kew Media (TSX:KEW), Cliffside Capital (TSV: CEW) and Atrium Mortgage Inc (TSX: AI). His previous Board seats were InterRent REIT, and he was Chair of the Audit Committees of both Carfinco and Lonestar West. Prior to that he was the CFO of the Greenwin Group managing over 20,000 apartment units in Ontario. Mr. Kagan has a Bachelor of Commerce and a certificate in the Theory of Accountancy and qualified as a Chartered Accountant in South Africa in 1981.

Scott B. Shillington - Mr. Shillington is the Chief Financial Officer of Pure Multi-Family. He is a CPA, CA and has a Bachelor of Commerce Degree from the University of British Columbia. In December 2010, Mr. Shillington began working with Sunstone Realty Advisors. During his time with Sunstone Realty Advisors, Mr. Shillington gained extensive experience in the real estate industry. He assisted with property acquisitions, the preparation of financial statements and other operations. From December 2006 to March 2010, Mr. Shillington worked with Petro-Canada (Suncor Energy Inc. post-merger) in the areas of Sarbanes-Oxley compliance, IFRS conversion work and related matters.

Security Holdings of the Directors and Officers

As of April 12, 2019, as a group, the Directors and the executive officers of the REIT LP own, directly or indirectly, or exercise control or direction over, a total of 4.4% of the then issued and outstanding voting rights in Pure Multi-Family, as follows: (i) a total of 847,685 Class A Units, representing 1.1% of the then issued and outstanding voting rights in Pure Multi-Family, and (ii) 200,000 Class B Units, which are equivalent in economic, voting and other respects to 2,665,835 Class A Units, representing 3.4% of the then issued and outstanding voting rights in Pure Multi-Family. All of the outstanding Class B Units are held by Pure Multi-Family Management Limited Partnership, a British Columbia limited partnership whose limited partners include Triple E Investments Inc. and select employees of the REIT LP.

Corporate Cease Trade Orders, Bankruptcies, Penalties or Sanctions

To the knowledge of the REIT LP, no Director, or officer of the REIT LP or Unitholder holding a sufficient number of securities of the REIT LP to affect materially the control of the REIT LP, is, or within the 10 years before the date of this AIF has been, a director, chief executive officer or chief financial officer of any issuer that, while that person was acting in that capacity:

- (a) was the subject of a cease trade or similar order or an order that denied the issuer access to any exemption under securities legislation, for a period of more than 30 consecutive days; or

- (b) was subject to an event that resulted, after the Director or officer of the REIT LP ceased to be a director, chief executive officer or chief financial officer, in the issuer being the subject of a cease trade or similar order or an order that denied the relevant issuer access to any exemption under securities legislation, for a period of more than 30 consecutive days.

Within the 10 year period before the date of this AIF, none of the Directors or officers of the REIT LP, or Unitholder holding a sufficient number of securities of the REIT LP to affect materially the control of the REIT LP, or any personal holding companies of any such persons, has become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangements or compromises with creditors or had a receiver, receiver manager or Director appointed to hold his, her or its assets; or has been a director or executive officer of any issuer that, while the person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangements or compromises with creditors or had a receiver, receiver manager or Director appointed to hold its assets.

To the knowledge of the Directors, no Director, or officer of the REIT LP, or Unitholder holding a sufficient number of securities of the REIT LP to affect materially the control of the REIT LP, has been subject to: (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Potential Conflicts of Interest

The REIT LP Agreement contains “conflict of interest” provisions similar to those applicable to corporations under Section 120 of the CBCA which serve to protect Unitholders without creating undue limitations on the REIT LP. Given that the Governing GP and its directors and officers will be engaged in a wide range of real estate and other business activities, the REIT LP Agreement requires each of the Governing GP and its Directors and officers to disclose to the REIT LP if he or she is a party to a material contract or transaction or proposed material contract or transaction with the REIT LP or the fact that such person is a director or officer of or otherwise has a material interest in any person who is a party to a material contract or transaction or proposed material contract or transaction with the REIT LP. Disclosure is required to be made by each of the REIT LP’s directors or officers as soon as he or she becomes aware that a contract or transaction or proposed contract or transaction is to be, or has been, considered by the Governing GP, as soon as the director or officer becomes aware of his or her interest in a contract or transaction or, if not currently a director or officer, as soon as such person becomes a director or officer. In the event that a material contract or transaction or proposed material contract or transaction is one that in the ordinary course would not require approval by Governing GP or Unitholders, that director or officer is required to disclose in writing to the Governing GP or request to have entered into the minutes of the meeting of the Governing GP the nature and extent of his or her interest forthwith after the director or officer becomes aware of the contract or transaction or proposed contract or transaction. In any case, a director who has made disclosure to the foregoing effect is not entitled to vote on any resolution to approve the contract or transaction unless the contract or transaction is one relating primarily to his or her remuneration for serving as the Governing GP’s director, officer, employee or agent or one for indemnity under the indemnity provisions of the REIT LP Agreement or the purchase of liability insurance. Certain of the directors and officers of the Governing GP may have conflicts of interest as a result of their current full-time positions and these conflicts will be expressly acknowledged. See “Risk Factors”.

Governance

The Directors have appointed an Audit Committee, a Compensation Committee, and a Nominating and Governance Committee.

Audit Committee

As at December 31, 2018, the Audit Committee has four members, all of whom are Independent Directors, being Sherry Tryssenaar (Chair), Robert King, Fraser Berrill and Maish Kagan. The Audit Committee assists the Directors in fulfilling their responsibilities of oversight and supervision of Pure Multi-Family’s accounting and financial reporting practices and procedures, the adequacy of internal accounting controls and procedures, and the quality and integrity of its financial

statements. In addition, the Audit Committee is responsible for directing the auditors' examination of specific areas, for the selection of Pure Multi-Family's independent auditor and for the approval of all non-audit services for which its auditors may be engaged. All members of the Audit Committee are financially literate within the meaning of applicable securities laws.

The Audit Committee is responsible for monitoring compliance with a Code of Conduct and Ethical Behaviour to be adopted by the Directors and for establishing a procedure for the anonymous and confidential receipt and treatment of concerns or complaints received regarding accounting and related financial reporting matters (a "whistle blowing procedure").

Nominating and Governance Committee

As at December 31, 2018, the Nominating and Governance Committee has three members, two of whom are Independent Directors, being Fraser Berrill (Chair) and Robert King, and one non-Independent Director, being John O'Neill. Mr. O'Neill resigned as a member of the Nominating and Governance Committee effective December 31, 2018 and the Nominating and Governance Committee is in the process of identifying a suitable candidate to replace Mr. O'Neill's vacancy. The Nominating and Governance Committee has had no formal meetings since Mr. O'Neill's resignation, although the remaining members have continued to perform their duties as members of the Nominating and Governance Committee. The Nominating and Governance Committee is responsible for developing Pure Multi-Family's approach to governance issues, filling vacancies among the Directors and periodically reviewing the effectiveness of the Directors and the contribution of individual Directors. Further, the Nominating and Governance Committee of Pure Multi-Family is also responsible for adopting and periodically reviewing and updating its written disclosure policy. This policy, among other things:

- (a) articulates Pure Multi-Family's legal obligations and those of its Directors, officers and employees with respect to the disclosure of material information;
- (b) identifies Pure Multi-Family's spokespersons who are the only persons authorized to communicate with third parties such as analysts, media and investors;
- (c) provides guidelines on the disclosure of forward looking information;
- (d) requires advance review by Pure Multi-Family's senior executives of any selective disclosure of financial information to ensure the information is not material, to prevent the selective disclosure of material information and to ensure that, if a non-permitted selective disclosure does occur, a news release is issued immediately; and
- (e) establishes "black-out" periods immediately prior to and following the disclosure of quarterly and annual financial results and immediately prior to the disclosure of certain material changes, during which periods Directors, officers, employees and consultants, of Pure Multi-Family and its subsidiaries, may not purchase or sell Units.

Compensation Committee

As at December 31, 2018, the Compensation Committee has four members, all of whom are Independent Directors, being Maish Kagan (Chair), James Redekop, Robert King and Fraser Berrill. Among other things, the Compensation Committee:

- (a) reviews and makes recommendations to the Governing GP regarding the appointment of officers of the REIT LP;
- (b) reviews and makes recommendations to the Governing GP regarding the REIT LP's compensation policies;
- (c) annually reviews the goals and objectives of any senior officers appointed by the REIT LP for the upcoming year, provide a performance appraisal and review their compensation;

- (d) makes recommendations concerning the remuneration of the directors of the Governing GP; and
- (e) administers and makes recommendations regarding the operation of any option plan, restricted unit plan and any other employee incentive plans.

Liability of Directors

The REIT LP Agreement contains customary provisions limiting the liability of the Directors. The Directors will not be liable to any Unitholder or any other person, in tort, contract or otherwise, for any action taken or not taken in good faith in reliance on any documents that are, prima facie, properly executed; any depreciation of, or loss to, the REIT LP incurred by reason of the sale of any asset; the loss or disposition of money or securities; any action or failure to act of any other person to whom the Directors have delegated any of their duties under the REIT LP Agreement; or any other action or failure to act (including failure to compel in any way any former Director to redress any breach of trust or any failure by any person to perform its duties under or delegated to it, under the REIT LP Agreement), unless, in each case, such liabilities arise out of a breach of the Directors' standard of care, diligence and skill or breach of the restrictions on the Directors' powers as set out in the REIT LP Agreement. If the Directors have retained an appropriate expert, advisor or legal counsel with respect to any matter connected with their duties under the REIT LP Agreement, the Directors may act or refuse to act based on the advice of such expert, advisor or legal counsel, and the Directors will not be liable for and will be fully protected from any loss or liability occasioned by any action or refusal to act based on the advice of such expert, advisor or legal counsel. In the exercise of the powers, authorities or discretion conferred on the Directors under the REIT LP Agreement, the Directors are and will be conclusively deemed to be acting as directors of the Governing GP on behalf of the REIT LP and will not be subject to any personal liability for any debts, liabilities, obligations, claims, demands, judgements, costs, charges or expenses against or with respect to Pure Multi-Family or its assets.

Insurance Coverage for Directors and Indemnification

Pure Multi-Family has obtained a policy of insurance for the Directors and for Pure Multi-Family's senior executive officers. Under the policy, Pure Multi-Family has reimbursement coverage to the extent that it has indemnified the Directors and officers. The policy includes securities claims coverage, insuring against any legal obligation to pay on account of any securities claims brought against Pure Multi-Family and the Directors and officers.

PROMOTERS

The Managing LP has taken the initiative in founding and organizing the REIT LP and therefore may be considered a promoter of the REIT LP for the purposes of applicable securities legislation.

Prior to the internalization of asset management, the Managing LP provided asset management services to Pure Multi-Family pursuant to the Asset Management Agreement, which provides that Managing LP was only entitled to a reimbursement of any reasonable costs and expenses (including legal and audit costs but excluding personnel costs) that it incurred providing asset management services to Pure Multi-Family. The Managing LP was not entitled to any other remuneration or compensation for its services.

On May 30, 2012, the Managing LP subscribed for 200,000 Class B Units at a price of \$5.00 per Class B Unit. For a description of the rights attaching to the Class B Units, see "Summary of the REIT LP Agreement – Class B Units" and "General Development – 2016 – Other".

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Pure Multi-Family is not aware of any legal proceedings to which it is a party, or by which any of its property is subject, which would be material to Pure Multi-Family, nor is Pure Multi-Family aware of any such proceedings being contemplated.

Pure Multi-Family is not aware of: (a) any penalties or sanctions imposed against Pure Multi-Family by a court relating to securities legislation or by a securities regulatory authority during the most recently completed financial year; (b) any other penalties or sanctions imposed by a court or court or regulatory body against Pure Multi-Family that would likely be considered important to a reasonable investor in making an investment decision; and (c) any settlement agreements Pure Multi-Family entered into before a court relating to securities legislation or with a securities regulatory authority during the most recently completed financial year.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as disclosed herein, during Pure Multi-Family's most recently completed fiscal year of operations, none of the following persons or companies has had any material interest, direct or indirect, in any transaction which has materially affected or is reasonably expected to materially affect Pure Multi-Family:

- (a) any Director or officer of Pure Multi-Family;
- (b) any Unitholder that is the direct or indirect beneficial owner of, or who exercises control or direction over, more than 10% of the Units; and
- (c) any Associate or Affiliate of any of the persons or companies referred to in paragraphs (a) or (b).

TRANSFER AGENT

The transfer agent and registrar for the Units is Computershare Investor Services Inc., and the Indenture Trustee for the Debentures is Computershare Trust Company of Canada, at their principal offices in Vancouver, British Columbia, and Toronto, Ontario.

MATERIAL CONTRACTS

The only contracts entered into that are material and were entered into within the most recently completed financial year, or before the most recently completed financial year but are still in effect are as follows:

1. the REIT LP Agreement, described under "Summary of the REIT LP Agreement", available on SEDAR at www.sedar.com;
2. the Voting Agreement, described under "Voting Agreement", available on SEDAR at www.sedar.com;
3. the Debenture Indenture, dated August 7, 2013, described under "Summary of the Debenture Indenture", available on SEDAR at www.sedar.com;
4. the Rights Plan dated May 25, 2017, available on SEDAR at www.sedar.com. For particulars of the Rights Plan, see the REIT LP's information circular dated April 10, 2017, available on SEDAR at www.sedar.com;

INTEREST OF EXPERTS

KPMG LLP, 777 Dunsmuir Street, Vancouver, BC, V7Y 1K3, is the auditor of Pure Multi-Family and has confirmed with respect to Pure Multi-Family, that they are independent within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulations.

AUDIT COMMITTEE INFORMATION

Audit Committee Oversight

At no time since the commencement of Pure Multi-Family's most recently completed financial year was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Directors.

Reliance on Certain Exemptions

Since the commencement of Pure Multi-Family's most recently completed financial year, the REIT LP has not relied on the exemptions contained in section 2.4 or section 8 of NI 52-110. Section 2.4 provides an exemption from the requirement that the Audit Committee must pre-approve all non-audit services to be provided by the auditor, where the total amount of fees related to the non-audit services are not expected to exceed 5% of the total fees payable to the auditor in the fiscal year in which the non-audit services were provided. Section 8 of NI 52-110 permits a company to apply to a securities regulatory authority for an exemption from the requirements of NI 52-110 in whole or in part.

Exemption

The REIT LP is relying on the exemption provided by section 6.1 of NI 52-110 which provides that the REIT LP, as a venture issuer, is not required to comply with Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of NI 52-110.

Other

Additional information, including the Audit Committee charter, composition of the Audit Committee and the relevant education and experience of the members thereof, and external auditor fees, will be contained in Pure Multi-Family's information circular for its annual meeting of Unitholders that involves the election of Directors, which will be available on SEDAR at www.sedar.com.

ADDITIONAL INFORMATION

Additional information relating to Pure Multi-Family may be found on SEDAR at www.sedar.com. Additional information, including Directors' and officers' remuneration and indebtedness, principal holders of Pure Multi-Family's securities, and securities authorized for issuance under equity compensation plans, as applicable, will be contained in Pure Multi-Family's information circular for its annual meeting of Unitholders that involves the election of Directors. Additional financial information is provided in Pure Multi-Family's audited consolidated financial statements and management's discussion and analysis for the most recently completed financial year available SEDAR at www.sedar.com.