PURE
MULTI-FAMILY REIT LP

Q3 2014
QUARTERLY REPORT

The Preserve at Arbor Hills, Dallas TX

To Our Unitholders,

We are pleased to report strong third quarter results, built upon a robust first half of 2014. Quarter over quarter, our performance on key financial measures continues to climb.

Revenues totaled $13.0 million, an increase of 39.8% over the $9.3 million during the third quarter in the prior year. Our solid results were also supported by a continued strength in **occupancy rates and organic rent growth**. Our average leased occupancy rate was 98.7% during the quarter, and we had an increase in same property average rent per occupied unit of 4.6%, compared to the same period in the prior year.

Our FFO increased 12.2% per class A unit, with total FFO growing to $4.0 million during the three months ended September 30, 2014 ($0.114 or 86.8% per class A unit), from $2.6 million ($0.102 or 89.5% per class A unit) during the third quarter of 2013.

Our **AFFO increased** to $3.7 million during Q3 2014 ($0.105 or 94.2% per class A unit), compared to $2.3 million ($0.091 or 100.3% per class A unit) in the prior year. This represents an increase of 15.9%, in AFFO per class A unit. **Our growth in AFFO and FFO can be attributed to the additional properties we operated in the current quarter, combined with strong organic growth, as we experienced same property revenue growth of 6.2% (YOY) and very strong normalized same property NOI growth of over 11% (YOY).**

With the latest two acquisitions announced during the third quarter, Pure Multi's portfolio now consists of fifteen investment properties, comprised of 4,462 high quality residential units situated on 244.7 acres of land. The average residential unit size is over 885 square feet, with the average year of construction of each apartment community being 1995.

With our latest two acquisitions, we continue to execute our growth strategy with discipline by building upon our portfolio presence within the American Sunbelt region, one of the strongest growing economies within the United States. The first acquisition adds to our already strong presence in the Dallas-Fort Worth sub-market, while the other acquisition brings our ownership interest, in our Phoenix sub-market property, to 100% from its initial 20%. We believe by adding to our portfolio, within these strong core markets, we can continue to experience strong results into the foreseeable future.

Thank you for your continued support and we are looking forward to our next conversation as we move forward with our growth strategy and other developments.

Sincerely,

Steve Evans
CEO, Pure Multi-Family REIT LP

PURE MULTI-FAMILY REIT LP

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and nine months ended September 30, 2014

Dated: November 14, 2014

TABLE OF CONTENTS

SECTION I

FORWARD-LOOKING DISCLAIMER

Management's discussion and analysis ("MD&A") of the financial position and the results of operations of Pure Multi-Family REIT LP ("Pure Multi") for the three and nine months ended September 30, 2014 should be read in conjunction with Pure Multi's unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2014, available on SEDAR at www.sedar.com or on Pure Multi's website at www.puremultifamily.com. Historical results, including trends which might appear, should not be taken as indicative of future operations or results.

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

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

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

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

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

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

These forward-looking statements are made as of November 14, 2014 and Pure Multi assumes no obligation to update or revise them to reflect new events or circumstances, except as required by law.

BASIS OF PRESENTATION

Unless otherwise noted, all financial information has been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The financial information included in this MD&A for the three and nine months ended September 30, 2014 includes material information up to November 14, 2014. Except as otherwise stated in this MD&A, all dollar amounts in this MD&A, including per unit amounts, are stated in U.S. dollars.

On January 1, 2014, Pure Multi adopted IFRIC 21, *Levies* ("IFRIC 21"), and such standard is reflected on a retrospective basis with restatement of prior period comparative information as of and subsequent to January 1, 2013. IFRIC 21 removes Pure Multi's ability to accrue and recognize property taxes on a pro-rata basis throughout the given reporting year. As a result, property taxes must be recognized when the obligating event occurs, which is deemed to be January 1 of the given reporting year.

All references herein to "consolidated" refer to amounts as reported under IFRS. All references to "Pure Multi's interest" refer to a non-IFRS measure presented on a proportionally consolidated basis and assuming Pure Multi did not adopt the IFRIC 21 accounting policy change. For a reconciliation of Pure Multi's statement of financial position and results of operations, see "Statement of Financial Position and Results of Operations Reconciliation".

Certain figures in this MD&A are non-IFRS measures, including, Pure Multi's interest, Funds from Operations or FFO, Adjusted Funds from Operations or AFFO, and Distributable Income or DI. For an IFRS to non-IFRS reconciliation, see "Statement of Financial Position and Results of Operations Reconciliation", "Liquidity and Capital Resources – Funds from Operations and Adjusted Funds from Operations" and "Distributable Income".

OVERVIEW

About Pure Multi

Pure Multi is a Canadian-based publically traded vehicle which offers investors exclusive exposure to U.S. multi-family real estate assets. It offers investors the ability to participate in monthly distributions, with potential for capital appreciation, stemming from ownership in quality apartment assets located in core cities within the "Sunbelt" region of the U.S.

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

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

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

On May 21, 2014, Pure Multi raised gross proceeds, through the issuance of a private placement, of $20,000,999. On June 27, 2014, Pure Multi used these proceeds to complete the acquisition of Walker Commons, a 352 residential unit, multi-family apartment community ("Walker Commons"), located in Houston, Texas, for a purchase price of $43,800,000.

On July 29, 2014, Pure Multi raised gross proceeds, through a public offering, of $30,162,500. On August 28, 2014, these proceeds were used to complete the acquisition of two investment properties (the "Properties"), consisting of 496 residential units, for an aggregate purchase price of $63,600,000. The Properties consist of a multi-family apartment property ("The Preserve") located in Dallas, Texas and the remaining 80% interest in a multi-family property ("San Brisas") located in Phoenix, Arizona, which was previously partially owned by Pure Multi.

Subsequent to the acquisitions and as at September 30, 2014, Pure Multi's portfolio consisted of 15 investment properties comprising 4,462 residential units and situated on over 244 acres of land.

During the third quarter of 2014, Pure Multi was able to increase total revenues by 39.8% compared to the same quarter in 2013, and obtain an increase of 6.2% in same property revenue growth [2] and an increase of 4.6% in same property average monthly rent per occupied unit [3] during the same period.

Pure Multi earned an average monthly rent per occupied unit of $969.30, or $1.102 per square foot, on its entire portfolio during the three months ended September 30, 2014 (three months ended September 30, 2013 - $906.92 and $1.048, respectively) and average monthly rent per occupied unit of $945.60, or $1.081 per square foot, on its entire portfolio during the nine months ended September 30, 2014 (nine months ended September 30, 2013 - $910.66 and $1.033, respectively).

Pure Multi had mortgages payable in the amount of $262.2 million, with a weighted average interest rate of 3.85% as at September 30, 2014 (December 31, 2013 - $196.3 million and 4.12%, respectively).

The resulting loan to gross book value, after the transactions noted above, is 60.5% as at September 30, 2014 (December 31, 2013 – 64.0%), situated below the maximum indebtedness level of 70% stipulated within the LP Agreement. See "Capital Structure".

Pure Multi's interest	**As at September 30, 2014**	As at December 31, 2013
Number of properties	**15**	13
Number of residential units	**4,462**	3,614
Physical Occupancy	**97.9%**	95.7%
Leased Occupancy	**98.9%**	96.9%
Investment properties *(000's)*	**$ 462,725**	$ 337,603
Mortgages payable *(000's)*	**$ 262,183**	$ 196,333
Weighted average effective interest rate on mortgages payable	**3.85%**	4.12%
Loan to gross book value	**60.5%**	64.0%

Notes:
(1) Pure Multi's interest (non-IFRS measure); (1) represents the proportionate share of all assets, liabilities, revenues and expenses of all its portfolio investments, and (2) prorates and accrues property tax liability and expense, on all portfolio investments, based on the time period of ownership throughout the given reporting year.
(2) Same property revenue growth (non-IFRS measure) represents total property revenues, including other income, for properties owned during the entire comparative periods.
(3) Same property average monthly rent per occupied unit (non-IFRS measure) represents average monthly rental income for occupied units, net of concessions and discounts, for properties owned during the entire comparative periods.

Pure Multi's interest *($000s, except per unit basis) (all per unit amounts based on weighted average number of units outstanding)*	**For the nine months ended September 30, 2014**	For the nine months ended September 30, 2013	**For the three months ended September 30, 2014**	For the three months ended September 30, 2013
Rental revenue, same property[1]	**$ 17,417**	$ 16,577	**$ 8,824**	$ 8,307
Rental revenue, properties acquired[2]	**17,062**	4,563	**4,129**	962
Total rental revenue - Pure Multi's interest[3]	**34,479**	21,140	**12,953**	9,269
Net rental income, same property[4]	**9,542**	8,698	**4,628**	4,359
Net rental income, properties acquired[5]	**8,910**	2,126	**2,335**	449
Total net rental income - Pure Multi's interest[3]	**18,452**	10,824	**6,963**	4,808
Distributions	**8,481**	5,994	**3,438**	2,314
per Class A unit (basic and diluted)	**0.29**	0.27	**0.10**	0.09
per Class B unit (basic and diluted)	**2.12**	1.50	**0.86**	0.58
Distributable income[3]	**10,055**	5,787	**3,962**	2,585
per Class A unit (basic and diluted)	**0.35**	0.26	**0.11**	0.10
per Class B unit (basic and diluted)	**2.51**	1.45	**0.99**	0.65
Payout ratio	**84.4%**	103.6%	**86.8%**	89.5%
Funds from operations[3]	**10,055**	5,787	**3,962**	2,585
per Class A unit (basic and diluted)	**0.35**	0.26	**0.11**	0.10
per Class B unit (basic and diluted)	**2.51**	1.45	**0.99**	0.65
Payout ratio	**84.4%**	103.6%	**86.8%**	89.5%
Adjusted funds from operations[3]	**9,200**	5,278	**3,651**	2,307
per Class A unit (basic and diluted)	**0.32**	0.24	**0.11**	0.09
per Class B unit (basic and diluted)	**2.30**	1.32	**0.91**	0.58
Payout ratio	**92.2%**	113.6%	**94.2%**	100.3%

Notes:
(1) Rental revenue, same property (non-IFRS measure) represents total property revenues, including other income, for properties owned during the entire comparative periods.
(2) Rental revenue, properties acquired (non-IFRS measure) represents total property revenues, including other income, for properties which were acquired and not owned during the entire comparative periods.
(3) For an IFRS to non-IFRS reconciliation, see "Statement of Financial Position and Results of Operations Reconciliation", "Distributable Income", and "Liquidity and Capital Resources – Funds from Operations and Adjusted Funds from Operations".
(4) Net rental income, same property (non-IFRS measure) represents property net rental income for properties owned during the entire comparative periods.
(5) Net rental income, properties acquired (non-IFRS measure) represents property net rental income for properties which were acquired and not owned during the entire comparative periods.

Portfolio Summary

As at September 30, 2014, the geographic concentration of Pure Multi's portfolio is made up of 15 investment properties, with an aggregate of 4,462 units, located within the metropolitan areas of Dallas - Fort Worth, Texas ("DFW"), Houston, Texas and Phoenix, Arizona.

The weighted average physical occupancy rate was 97.9% and weighted average leased occupancy rate was 98.9% for all properties owned as at September 30, 2014 (December 31, 2013 – 95.7% and 96.9%, respectively). The lease terms at residential properties typically have terms between one to 12 months.

				As at September 30, 2014				
Property Name	**Location**	**Year of Acquisition**	**Units**	**Fair Market Value** *($000s)*	**Debt to Fair Market Value**	**Cap Rate**	**Physical Occupancy**	**Leased Occupancy**
Preserve at Arbor Hills	DFW, TX	2014	330	$ 41,000	60.0%	5.85%	96.4%	96.4%
Fairways at Prestonwood	DFW, TX	2013	156	17,800	48.7%	5.75%	96.2%	96.8%
Vistas at Hackberry Creek	DFW, TX	2013	560	48,134	61.3%	6.25%	98.2%	99.6%
Windsong Apartments	DFW, TX	2013	264	18,028	30.8%	6.75%	97.3%	98.9%
Fountainwood Apartments	DFW, TX	2013	288	23,200	56.0%	6.25%	98.6%	100.0%
Livingston Apartments	DFW, TX	2013	180	28,300	56.2%	5.85%	97.2%	98.3%
Oakchase Apartments	DFW, TX	2012	236	14,550	60.1%	6.50%	96.6%	98.3%
Windscape Apartment Homes	DFW, TX	2012	154	10,000	50.9%	6.50%	98.1%	99.4%
Stoneleigh at Valley Ranch	DFW, TX	2012	210	25,600	53.4%	5.75%	99.0%	99.0%
Sunset Point Apartment Homes	DFW, TX	2012	408	25,550	62.5%	6.50%	98.3%	99.0%
Prairie Creek Villas	DFW, TX	2012	464	61,803	51.5%	6.00%	99.1%	99.8%
Stoneleigh at Bear Creek	DFW, TX	2012	436	52,500	61.1%	5.75%	98.2%	99.5%
	DFW, TX		***3,686***	***366,465***	***55.8%***	***6.06%***	***97.9%***	***98.9%***
Walker Commons	Houston, TX	2014	352	43,833	65.0%	6.00%	99.1%	100.0%
The Boulevard at Deer Park	Houston, TX	2013	216	24,127	68.3%	5.65%	98.1%	99.5%
	Houston, TX		***568***	***67,960***	***66.1%***	***5.88%***	***98.8%***	***99.8%***
San Brisas Apartments [(1)]	***Phoenix, AZ***	2013 & 2014	***208***	***28,300***	***60.0%***	***5.35%***	***94.2%***	***96.6%***
Portfolio Total			***4,462***	***$ 462,725***	***57.6%***	***5.99%***	***97.9%***	***98.9%***

Note:
[(1)] Pure Multi acquired a 20% ownership interest in San Brisas during 2013 and acquired the remaining 80% ownership interest during 2014.

Properties Acquired

On June 27, 2014, Pure Multi, through the US REIT, acquired Walker Commons, located in Houston, Texas, for a purchase price of $43,800,000, plus standard closing costs and adjustments. This acquisition was financed with cash and a new 5 year mortgage in the amount of $28,470,000.

On August 28, 2014, Pure Multi, through the US REIT, acquired Preserve, located in Plano, Texas, for a purchase price of $41,000,000, plus standard closing costs and adjustments. This acquisition was financed with cash and a new 7 year mortgage in the amount of $24,600,000.

On August 28, 2014, Pure Multi, through the US REIT, acquired the remaining 80% interest in San Brisas, located in Chandler, Arizona, for a purchase price of $22,640,000, plus standard closing costs and adjustments. With this acquisition, Pure Multi has a 100% ownership interest in San Brisas, as it first acquired a 20% interest in the investment property on October 1, 2013. This acquisition was financed with cash and a new 7 year mortgage in the amount of $16,980,000.

July 2014 Class A Unit Offering

On July 29, 2014, Pure Multi completed a public offering of 6,350,000 Class A Units, at a price of $4.75 per Class A Unit, for gross proceeds of $30,162,500.

Proceeds from the July 2014 Class A Unit Offering were used to acquire Preserve and the remaining 80% interest in San Brisas (collectively, the "Target Properties"). The following tables provide a description about Pure Multi's previous disclosure regarding the proposed use of proceeds to acquire the July 2014 Target Properties, which was identified in Pure Multi's short form prospectus dated July 22, 2014, available on SEDAR at www.sedar.com, and its actual use of such proceeds, including purchase prices (before closing adjustments), mortgage proceeds and balance of funds to complete the acquisition:

Proposed Use of Proceeds *($000s)*	**Purchase Price (Before Closing Adjustments)**	**Estimated Mortgage Proceeds**	**Estimated Balance Required to Close**
Proposed property purchases	$ 63,340	$ 41,171	$ 22,169
Unallocated working capital	-	-	6,036
Totals	**$ 63,340**	**$ 41,171**	**$ 28,205**

Actual Use of Proceeds *($000s)*	**Purchase Price (Before Closing Adjustments)**	**Mortgage Proceeds**	**Balance Required to Close**
Property purchases to date	$ 63,640[(1)]	$ 38,184[(2)]	$ 25,456
Unallocated working capital	-	-	2,749
Totals	**$ 63,640**	**$ 38,184**	**$ 28,205**

Notes:

(1) Pure Multi completed the acquisitions of Preserve and the 80% interest in San Brisas, which closed on August 28, 2014, with the funds from the July 2014 Class A Unit Offering.

(2) Pure Multi acquired Preserve and the 80% interest in San Brisas with funds from the July 2014 Class A Unit Offering and mortgages in the amount of $24,600,000 and $13,584,000, respectively.

Pure Multi had anticipated acquiring the Target Properties for a purchase price of $63,340,000 and obtaining a new mortgage financing in the amount of $41,171,000, as disclosed in the Prospectus dated July 22, 2014. Pure Multi subsequently acquired the Target Properties for $63,640,000 and obtained new mortgage financing in the amount of $38,184,000, as described above. The result of this change increased the actual amount of proceeds required to be used, which also reduced the amount of unallocated working capital from the proposed amounts disclosed in the prospectus dated July 22, 2014.

OUTLOOK

Pure Multi has raised approximately $194.5 million, through public and private offerings, since it began operations in July of 2012 to the date of this report. This includes the issuance of 34,834,824 Class A Units and 2,197,912 share purchase warrants for gross proceeds of $171.5 million, and the issuance of 23,000 Convertible Debentures for gross proceeds of $23 million. These proceeds have been used to acquire a high-quality portfolio of apartment communities, predominantly located within the Dallas-Fort Worth area, but also with exposure to the Houston and Phoenix sub-markets.

As at September 30, 2014, Pure Multi's portfolio consists of 15 investment properties, 4,462 high-quality apartment units, comprising approximately 3.95 million rentable square feet and situated on 245 acres, located in Texas and Arizona.

Pure Multi's strategy is one of strong growth combined with steady cash distributions to unitholders. Management continues to focus on core "Sunbelt" markets within the U.S. and the acquisition of well located, quality apartment communities, with a conservative mix of medium to long-term conventional mortgage debt. In addition to growth by acquisitions, Pure Multi continues to expect strong organic growth to come from within its portfolio. During the third quarter of 2014, Pure Multi experienced same property revenue growth of 6.2% and same property average rental rate growth of 4.6%, compared to the same period in the prior year. On a year-to-date basis, Pure Multi is experiencing exceptional net operating income ("NOI") growth, as evidenced by same property NOI growth of 9.7% during the nine months ended September 30, 2104, compared to the same period in the prior year.

Pure Multi ended the third quarter of 2014 with a physical occupancy rate of 97.9% and a leased occupancy rate of 98.9%, over its entire portfolio, as at September 30, 2014. The portfolio average physical occupancy rate for the first nine months of 2014 was 97.1%, while the average leased occupancy rate was 98.7%. Management targets an annual average physical occupancy rate between 96% and 98%, as this allows for the opportunity of rent increases to be implemented throughout the year, with minimal disruption to the current occupancy rates.

Looking ahead, management believes its portfolio is positioned to continue experiencing strong organic growth, by way of rental rate increases and occupancy rates, due to the strong population and job growth in the markets in which the properties are located. Pure Multi intends to continue to acquire additional properties located in the Dallas-Fort Worth area and build on its already solid presence in one the strongest growing economies in the U.S. Concurrently, Pure Multi will look to diversify its portfolio, by increasing its presence in Houston and Phoenix sub-markets, areas in which management has prior experience and knowledge of the multi-family sector. Management believes these markets will continue to form some of the top economic growth markets in the U.S. and will allow Pure Multi to build on the strong organic growth it has already achieved over the past year.

With the acquisitions completed to date, Pure Multi's platform in the U.S. consists of 82 employees, undertaking marketing, due diligence and management, at its property level. Pure Multi is well positioned to grow its platform and portfolio with future acquisitions. There continues to be a large supply of acquisition opportunities that come to the market, permitting Pure Multi to execute its growth plans with discipline. Management is excited about the growth prospects of the Pure Multi investment platform over the coming months.

SECTION II

STATEMENT OF FINANCIAL POSITION AND RESULTS OF OPERATIONS RECONCILIATION

"Pure Multi's interest" is a non-IFRS measurement representing; (1) Pure Multi's proportionate share of the financial position and results of operations of its entire portfolio, taking into account the difference in accounting for joint ventures using proportionate consolidation versus equity accounting, and (2) accrual of property tax liability and expense, on all portfolio investments, based on time period of ownership throughout the given reporting year. Pure Multi's interest does not have any standardized meaning prescribed by IFRS.

The following tables provide reconciliations from Pure Multi's IFRS financial statements to Pure Multi's financial statements utilizing Pure Multi's interest, as described above, for the comparative periods that have been effected by these reconciling items.

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

Nine months ended September 30, 2014 *($000s)*	Consolidated[(1)]	Pure Multi's Share of Equity-Accounted Investment[(2)]	IFRIC 21 Property Tax Adjustment[(3)]	Pure Multi's Interest[(4)]
REVENUES				
Rental	$ 34,137	$ 342	$ -	$ 34,479
OPERATING EXPENSES				
Insurance	892	4	-	896
Property management	1,024	10	-	1,034
Property taxes	6,792	29	(1,471)	5,351
Property operating expenses	8,651	95	-	8,746
	17,359	139	(1,471)	16,028
NET RENTAL INCOME	16,777	204	1,471	18,452
NET FINANCE INCOME (EXPENSES)				
Interest income	4	-	-	4
Interest expense	(7,307)	(589)	-	(7,896)
Distributions to subsidiary's preferred unitholders	(12)	-	-	(12)
	(7,315)	(589)	-	(7,904)
NET OTHER INCOME (EXPENSES)				
Other income	1	-	-	1
General and administrative	(561)	-	-	(561)
Fair value adjustments to investment properties	12,717	27	238	12,982
IFRIC 21 fair value adjustment to investment properties	1,709	-	(1,709)	-
Franchise taxes	(236)	-	-	(236)
	13,629	27	(1,471)	12,186
SHARE OF PROFIT (LOSS) OF EQUITY-ACCOUNTED INVESTMENT	(358)	358	-	-
NET INCOME AND COMPREHENSIVE INCOME	$ 22,734	$ -	$ -	$ 22,734

Notes:

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

(2) Represents Pure Multi's proportionate share of revenues and expenses of its joint venture that is accounted for using the equity basis of accounting.

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

(4) Represents Pure Multi's interest, as previously described.

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

Three months ended September 30, 2014 *($000s)*	Consolidated(1)	Pure Multi's Share of Equity-Accounted Investment(2)	IFRIC 21 Property Tax Adjustment(3)	Pure Multi's Interest(4)
REVENUES				
Rental	$ 12,871	$ 82	$ -	$ 12,953
OPERATING EXPENSES				
Insurance	338	1	-	339
Property management	387	3	-	390
Property taxes	-	10	1,937	1,947
Property operating expenses	3,289	26	-	3,315
	4,014	39	1,937	5,991
NET RENTAL INCOME	8,857	43	(1,937)	6,963
NET FINANCE INCOME (EXPENSES)				
Interest income	3	-	-	3
Interest expense	(2,697)	(516)	-	(3,213)
Distributions to subsidiary's preferred unitholders	(4)	-	-	(4)
	(2,699)	(516)	-	(3,215)
NET OTHER INCOME (EXPENSES)				
Other income	1	-	-	1
General and administrative	(141)	-	-	(141)
Fair value adjustments to investment properties	6,858	27	232	7,117
IFRIC 21 fair value adjustment to investment properties	(1,705)	-	1,705	-
Franchise taxes	(88)	-	-	(88)
	4,925	27	1,937	6,889
SHARE OF PROFIT (LOSS) OF EQUITY-ACCOUNTED INVESTMENT	(446)	446	-	-
NET INCOME AND COMPREHENSIVE INCOME	$ 10,637	$ -	$ -	$ 10,637

Notes:

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

(2) Represents Pure Multi's proportionate share of revenues and expenses of its joint venture that is accounted for using the equity basis of accounting.

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

(4) Represents Pure Multi's interest, as previously described.

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

Nine months ended September 30, 2013 *($000s)*	Consolidated[(1)]	Pure Multi's Share of Equity-Accounted Investment[(2)]	IFRIC 21 Property Tax Adjustment[(3)]	Pure Multi's Interest[(4)]
REVENUES				
Rental	$ 21,140	$ -	$ -	$ 21,140
OPERATING EXPENSES				
Insurance	514	-	-	514
Property management	632	-	-	632
Property taxes	3,467	-	(41)	3,426
Property operating expenses	5,743	-	-	5,743
	10,356	-	(41)	10,316
NET RENTAL INCOME	10,784	-	41	10,824
NET FINANCE INCOME (EXPENSES)				
Interest income	2	-	-	2
Interest expense	(4,195)	-	-	(4,195)
Distributions to subsidiary's preferred unitholders	(11)	-	-	(11)
Preferred units of subsidiary offering costs	(50)	-	-	(50)
	(4,254)	-	-	(4,254)
NET OTHER INCOME (EXPENSES)				
Other income	6	-	-	6
General and administrative	(431)	-	-	(431)
Fair value adjustments to investment properties	(906)	-	711	(194)
IFRIC 21 fair value adjustment to investment properties	752	-	(752)	-
	(579)	-	(41)	(619)
NET INCOME AND COMPREHENSIVE INCOME	$ 5,950	$ -	$ -	$ 5,950

Notes:

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

(2) Represents Pure Multi's proportionate share of revenues and expenses of its joint venture that is accounted for using the equity basis of accounting.

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

(4) Represents Pure Multi's interest, as previously described.

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

Three months ended September 30, 2013 *($000s)*	Consolidated[(1)]	Pure Multi's Share of Equity-Accounted Investment[(2)]	IFRIC 21 Property Tax Adjustment[(3)]	Pure Multi's Interest[(4)]
REVENUES				
Rental	$ 9,269	$ -	$ -	$ 9,269
OPERATING EXPENSES				
Insurance	244	-	-	244
Property management	276	-	-	276
Property taxes	-	-	1,467	1,467
Property operating expenses	2,474	-	-	2,474
	2,993	-	1,467	4,460
NET RENTAL INCOME	6,275	-	(1,467)	4,808
NET FINANCE INCOME (EXPENSES)				
Interest income	1	-	-	1
Interest expense	(1,954)	-	-	(1,954)
Distributions to subsidiary's preferred unitholders	(4)	-	-	(4)
Preferred units of subsidiary offering costs	(7)	-	-	(7)
	(1,964)	-	-	(1,964)
NET OTHER INCOME (EXPENSES)				
Other income	4	-	-	4
General and administrative	(156)	-	-	(156)
Fair value adjustments to investment properties	(629)	-	547	(83)
IFRIC 21 fair value adjustment to investment properties	(920)	-	920	-
	(1,702)	-	1,467	(235)
NET INCOME AND COMPREHENSIVE INCOME	$ 2,609	$ -	$ -	$ 2,609

Notes:

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

(2) Represents Pure Multi's proportionate share of revenues and expenses of its joint venture that is accounted for using the equity basis of accounting.

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

(4) Represents Pure Multi's interest, as previously described.

RESULTS OF OPERATIONS

All information presented below relates to Pure Multi's interest, as previously disclosed, unless noted otherwise.

Pure Multi's interest (\$000s, except per unit basis)	**For the nine months ended September 30, 2014**	For the nine months ended September 30, 2013	**For the three months ended September 30, 2014**	For the three months ended September 30, 2013
Revenues				
Rental	**$ 34,479**	$ 21,140	**$ 12,953**	$ 9,269
Operating Expenses				
Insurance	**896**	514	**339**	244
Property management	**1,034**	632	**390**	276
Property taxes	**5,351**	3,426	**1,947**	1,467
Property operating expenses	**8,746**	5,743	**3,315**	2,474
	16,028	10,316	**5,991**	4,460
Net Rental Income	**18,452**	10,824	**6,963**	4,808
Net Finance Income (Expenses)				
Interest income	**4**	2	**3**	1
Interest expense	**(7,896)**	(4,195)	**(3,213)**	(1,954)
Distributions to subsidiary's preferred unitholders	**(12)**	(11)	**(4)**	(4)
Preferred units of subsidiary offering costs	**-**	(50)	**-**	(7)
	(7,904)	(4,254)	**(3,215)**	(1,964)
Other Income (Expenses)				
Other income	**1**	6	**1**	4
General and administrative	**(561)**	(431)	**(141)**	(156)
Fair value adjustments to investment properties	**12,982**	(194)	**7,117**	(83)
Franchise taxes	**(236)**	-	**(88)**	-
	12,186	(619)	**6,889**	(235)
Net Income and Comprehensive Income	**$ 22,734**	$ 5,950	**$ 10,637**	$ 2,609
Earnings per Class A unit – basic and diluted	**$ 0.78**	$ 0.27	**$ 0.31**	$ 0.10
Weighted average number of Class A units – basic and diluted	**27,719,200**	20,832,590	**32,902,215**	24,089,000
Earnings per Class B unit – basic and diluted	**$ 5.68**	$ 1.49	**$ 2.66**	$ 0.65
Weighted average number of Class B units – basic and diluted	**200,000**	200,000	**200,000**	200,000

During the nine months ended September 30, 2014, based on Pure Multi's interest, Pure Multi recorded rental revenue of $34,479,108, net rental income of $18,451,563 and net income of $22,733,515 from its investment properties, compared to $21,139,773, $10,824,013 and $5,950,348, respectively, during the nine months ended September 30, 2013. During the nine months ended September 30, 2014, based on Pure Multi's interest, Pure Multi incurred $561,212 of general and administrative expenses (nine months ended September 30, 2013 - $430,708), realized a fair value adjustment to investment properties gain of $12,982,051 (nine months ended September 30, 2013 - loss of $194,105) and incurred franchise tax expense of $235,537 (nine months ended September 30, 2013 - $nil). The increase in revenues, expenses and net income are mostly attributable to Pure Multi operating additional investment properties during the nine months ended September 30, 2014, compared to the same period in 2013, in addition to strong organic growth experienced from the investment properties operated during both periods.

Pure Multi's loan to gross book value ratio decreased to 60.5% at September 30, 2014 from 64.0% at December 31, 2013 and its distribution payout ratio on Distributable Income was 84.4% for the nine months ended September 30, 2014 (nine months ended September 30, 2013 – 103.6%). For further clarity, the Pure Multi's loan to gross book value ratio is defined as the ratio between Pure Multi's overall borrowed money, including the face amount outstanding of any convertible debentures, and the total book value of the assets plus accumulated depreciation and amortization in respect of such assets. Pure Multi defines distribution payout ratio as the percentage of Distributable Income that is paid out to unitholders. For additional information, see "Liquidity and Capital Resources – Distributed Cash".

Rental Revenue

Rental revenue from investment properties includes recoveries of specified operating expenses, in accordance with the terms of the lease agreements.

Operating Expenses

Operating expenses include costs relating to such items as cleaning, building repairs and maintenance, property repairs and maintenance, HVAC, property payroll, insurance, property taxes, utilities and property management fees among other items. The following table illustrates operating expenses as a percentage of total operating expenses:

Pure Multi's interest	**For the nine months ended September 30, 2014**	For the nine months ended September 30, 2013	**For the three months ended September 30, 2014**	For the three months ended September 30, 2013
Insurance	**5.6%**	5.0%	**5.7%**	5.4%
Property management	**6.4%**	6.1%	**6.5%**	6.2%
Property taxes	**33.4%**	33.2%	**32.5%**	32.9%
Property operating expenses	**54.6%**	55.7%	**55.3%**	55.5%
	100.0%	100.0%	**100.0%**	100.0%

Finance Income

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

Finance Expenses

Finance expenses consist of interest expense, distributions to subsidiary's preferred unitholders and preferred units of subsidiary offering costs (see "Financial Condition – Preferred Units"). Pure Multi declared distributions in the amount of $11,719 to the subsidiary's preferred unitholders during the nine months ended September 30, 2014 (nine months ended September 30, 2013- $10,981). Preferred units of subsidiary offering costs are the costs incurred by Pure Multi that relate to the issuance of subsidiary preferred units. During the nine months ended September 30, 2014, Pure Multi did not incur any costs relating to the preferred units of subsidiary offering costs (nine months ended September 30, 2013 - $50,454).

Interest Expense

Interest expense consists of mortgage interest, convertible debenture interest, credit facility interest, amortization of transaction costs and amortization of mark to market mortgage adjustment.

The weighted average interest rate on the mortgages, based on Pure Multi's interest, is 3.85% per annum as at September 30, 2014 (December 31, 2013 - 4.12%) and the mortgages mature between 2017 and 2028 with a weighted average mortgage term of 7.0 years remaining (December 31, 2013 - 8.0 years remaining). Pure Multi intends to refinance any mortgages which mature within six months of the maturity date.

General and Administrative Expenses

General and administrative expenses are primarily comprised of directors' fees, directors' and officers' liability insurance, professional fees, legal fees, filing fees, and administrative expenses. Professional fees include auditing and tax fees. Administrative expenses include US REIT compliance expenditures, investor relations expenses and bank charges. For the nine months ended September 30, 2014, total general and administrative expenses amounted to 1.6% of rental revenue (nine months ended September 30, 2013 - 2.0%). Pursuant to the Asset Management Agreement with the Managing GP, as described under "Related Party Transactions", Pure Multi will not compensate the Managing GP for any remuneration or compensation for its services, which includes providing asset management, administrative and reporting services. The Asset Management Agreement also requires the Managing GP to provide Pure Multi with support services consisting of office space and equipment and the necessary clerical and secretarial personnel for the administration of its day-to-day activities, at no cost.

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

Pure Multi's interest	**For the nine months ended September 30, 2014**	For the nine months ended September 30, 2013	**For the three months ended September 30, 2014**	For the three months ended September 30, 2013
Insurance	**4.3%**	5.0%	**7.0%**	4.6%
Professional fees	**41.8%**	54.6%	**52.6%**	60.7%
Legal and filing fees	**16.7%**	8.5%	**6.3%**	8.7%
Director's fees	**12.9%**	9.3%	**16.2%**	8.2%
Administrative expenses	**24.3%**	22.6%	**17.9%**	17.8%
	100.0%	100.0%	**100.0%**	100.0%
As a percentage of rental revenue	**1.6%**	2.0%	**1.1%**	1.7%

Other Income (Expense)

Other income (expenses), is income (expenses) incurred on foreign exchange gains (losses) incurred by Pure Multi as a minor amount of transactions occur in Canadian dollars while cash and cash equivalents are held in United States dollars.

Fair Value Adjustment to Investment Properties

As Pure Multi revalues its investment properties at fair value each reporting date, it records the fair value adjustments as an income or expense item. For the nine months ended September 30, 2014, based on Pure Multi's interest, Pure Multi recorded a gain of $12,982,051 in fair value adjustments to its investment properties (nine months ended September 30, 2013 - loss of $194,105). The weighted average capitalization rate of the investment properties at September 30, 2014, based on Pure Multi's interest, was 5.99% (December 31, 2013 - 6.16%).

Income Taxes

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

Franchise Taxes

Texas Franchise Tax applicable to Pure Multi, for its investment properties operated in Texas, is equal to 1% of the lesser of: (i) 70% of total revenue; (ii) 100% of total revenue less cost of goods sold; or (iii) 100% of total revenue less compensation expense. Pure Multi recorded a provision for Texas Franchise Tax of $235,537 for the nine months ended September 30, 2014 (nine months ended September 30, 2013 - $nil).

Offering Costs

Offering costs are the costs incurred by Pure Multi that relate to the issuance of equity instruments, which are included in the statement of partners' capital. During the nine months ended September 30, 2014, Pure Multi incurred $2,188,921 of offering costs (nine months ended September 30, 2013 - $2,350,475).

Distributions to Limited Partners

Pure Multi declared distributions in the amount of $8,057,191 to Class A unitholders and $424,063 to Class B unitholders during the nine months ended September 30, 2014 (nine months ended September 30, 2013 - $5,694,141 and $299,692, respectively).

DISTRIBUTABLE INCOME

Pure Multi uses Distributable Income ("DI") to measure its ability to earn and distribute cash to unitholders. DI is a non-IFRS measurement, using Pure Multi's interest as previously disclosed, and should not be construed as an alternative to net earnings determined in accordance with IFRS as an indicator of Pure Multi's performance. DI as computed by Pure Multi may differ from similar computations as reported by other similar business entities and, accordingly, may not be comparable to DI as reported by such business entities. DI does not have any standardized meaning prescribed by IFRS. Management calculates DI by adding to or deducting the following items from net cash from operating activities: non-cash working capital items, IFRIC 21 adjustments, interest income, interest expense, distributions to preferred unitholders and preferred unit offering costs.

Pure Multi's interest *($000s, except per unit basis)*	**For the nine months ended September 30, 2014**	For the nine months ended September 30, 2013	**For the three months ended September 30, 2014**	For the three months ended September 30, 2013
Net cash provided from operating activities	**$ 19,357**	$ 14,421	**$ 10,011**	$ 7,898
Adjustment:				
Changes in non-cash operating working capital	**(3,410)**	(4,774)	**(1,572)**	(2,322)
IFRIC 21 property tax liability adjustment, net	**1,709**	752	**(1,705)**	(920)
Interest income	**4**	2	**3**	1
Interest expense	**(7,593)**	(4,552)	**(2,771)**	(2,061)
Distributions to subsidiary's preferred unitholders	**(12)**	(11)	**(4)**	(4)
Preferred units of subsidiary offering costs	**-**	(51)	**-**	(7)
Distributable Income	**$ 10,055**	$ 5,787	**$ 3,962**	$ 2,585
Class A units	**9,552**	5,498	**3,764**	2,456
Class B units	**503**	289	**198**	129
Distributions to Unitholders				
Class A units	**$ 8,057**	$ 5,694	**$ 3,266**	$ 2,198
Class B units	**424**	300	**172**	116
Total distributions paid	**$ 8,481**	$ 5,994	**$ 3,438**	$ 2,314
Total distributions paid as a % of Distributable Income	**84.4%**	103.6%	**86.8%**	89.5%
Weighted average number of units *(000s)*				
Class A units	**27,719**	20,833	**32,902**	24,089
Class B units	**200**	200	**200**	200
Diluted weighted average number of units *(000s)*				
Class A units	**27,719**	20,833	**32,902**	24,089
Class B units	**200**	200	**200**	200
Basic DI per unit				
Class A units	**$ 0.35**	$ 0.26	**$ 0.11**	$ 0.10
Class B units	**2.51**	1.45	**0.99**	0.65
Diluted DI per unit				
Class A units	**0.35**	0.26	**0.11**	0.10
Class B units	**2.51**	1.45	**0.99**	0.65
Distributions paid per unit				
Class A units	**0.29**	0.27	**0.10**	0.09
Class B units	**2.12**	1.50	**0.86**	0.58

Pure Multi may distribute to unitholders on each distribution date such percentage of the DI of Pure Multi for the month immediately preceding the month in which the distribution date falls, as the board of directors of the Governing GP may determine at their discretion. Currently, the board of directors of the Governing GP intends to make an annual cash distribution to unitholders of $0.375 per Class A Unit. Monthly distributions will be paid on the distribution date to unitholders of record on the last business day of such month. See "Financial Condition – Partners' Capital".

The board of directors of the Governing GP looks beyond quarter-to-quarter fluctuations in working capital when making decisions regarding monthly distributions. As a result, management believes that the measure of DI, which excludes the impact of changes in non-cash working capital, is a better measure for determining operating performance. Management believes that the calculation of Standardized Distributable Cash, defined as cash flow from operations, distorts Pure Multi's quarter-to-quarter distributable cash and payout ratios, as non-cash operating working capital fluctuates.

For the purpose of this MD&A, management defines "Diluted DI per unit" as Distributable Income divided by the diluted weighted average number of units outstanding.

STANDARDIZED DISTRIBUTABLE CASH

The following is a reconciliation of Pure Multi's DI to standardized distributable cash.

Pure Multi's interest (\$000s)	**For the nine months ended September 30, 2014**	For the nine months ended September 30, 2013	**For the three months ended September 30, 2014**	For the three months ended September 30, 2013
Distributable income	**$ 10,055**	$ 5,787	**$ 3,962**	$ 2,585
IFRIC 21 property tax liability adjustment, net	**(1,709)**	(752)	**1,705**	920
Interest income	**(4)**	(2)	**(3)**	(1)
Interest expense	**7,593**	4,552	**2,771**	2,061
Distributions to subsidiary's preferred unitholders	**12**	11	**4**	4
Preferred units of subsidiary offering costs	**-**	51	**-**	7
(Increase) decrease in amounts receivable	**(24)**	230	**(42)**	217
(Increase) decrease in prepaid expenses	**236**	(56)	**256**	141
Increase (decrease) in rental deposits	**246**	309	**114**	157
Increase (decrease) in unearned revenue	**(5)**	327	**149**	190
Increase (decrease) in accounts payable and accrued liabilities	**2,957**	3,964	**1,095**	1,617
Standardized Distributable Cash (net cash from operating activities)	**$ 19,357**	$ 14,421	**$ 10,011**	$ 7,898

SEGMENTED INFORMATION

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

FINANCIAL CONDITION

Assets

Investment Properties

Investment properties are stated at fair value. Fair value adjustments to investment properties arising from changes in fair values are included in the statement of income and comprehensive income in the period which they arise.

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

Prepaid Expenses

Prepaid expenses primarily consist of insurance, utility deposits and property taxes.

Mortgage Reserve Fund

The mortgage reserve fund consists of cash on deposit requested by the lenders to be retained in escrow to pay for any repairs to the properties and certain costs. These funds will be released to pay the respective obligations or once certain conditions are met, such as completion of repairs. As at September 30, 2014, the term for the current mortgage reserve fund is less than 12 months. The amortized cost of the mortgage reserve fund is $6,045,123, based on Pure Multi's interest, as at September 30, 2014, (December 31, 2013 - $5,672,435).

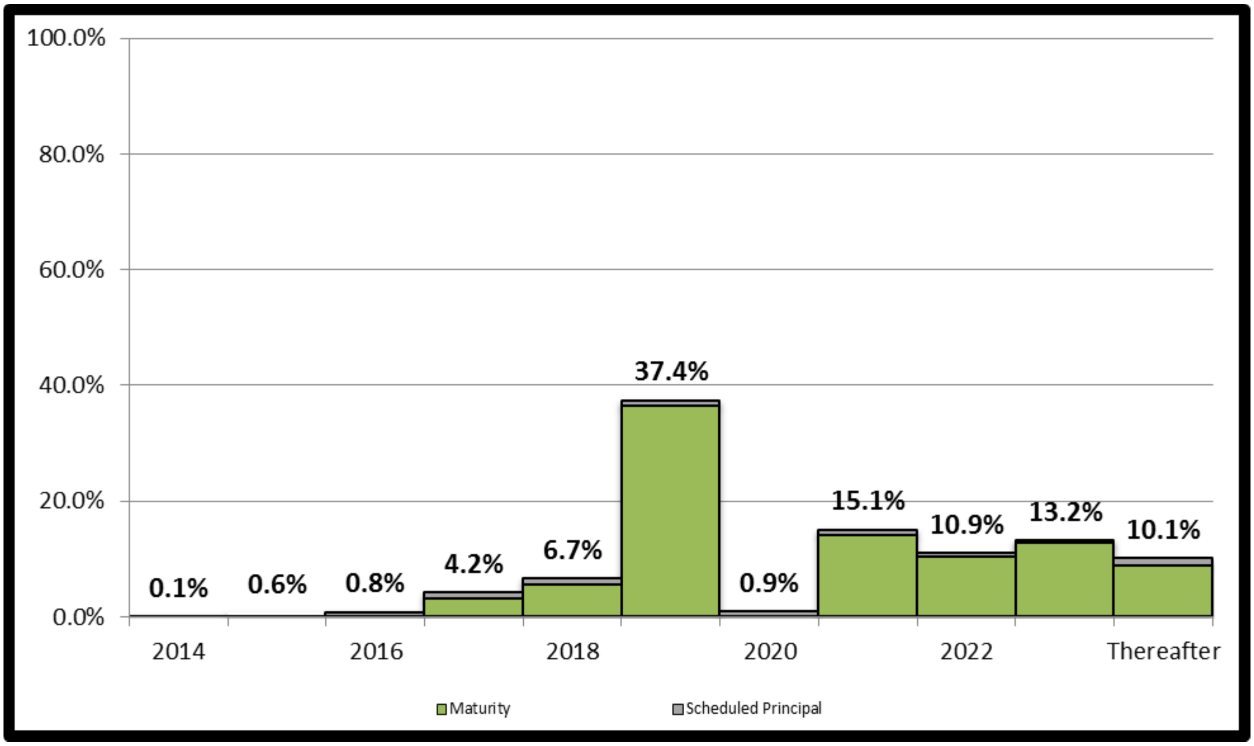
Liabilities

The LP Agreement limits the indebtedness of Pure Multi to a maximum of 70% of the gross book value. The gross book value is defined as the total book value of the assets plus accumulated depreciation and amortization in respect of such assets. The indebtedness is 60.6% of the gross book value as at September 30, 2014 (December 31, 2013 - 64.0%).

Mortgages Payable

The mortgages bear interest at a weighted average effective rate of 3.85%, based on Pure Multi's interest, as at September 30, 2014 (December 31, 2013 - 4.12%) and mature between 2017 and 2028. The scheduled mortgage payments, principal maturities and weighted average effective rate are as follows:

Pure Multi's interest **September 30, 2014** ***($000s)***	***Weighted Average Effective Rate (on expiry)***	**Scheduled Principal Repayments**	**Principal Maturities**	**Total Repayments**
Remainder of 2014	-	$ 336	$ -	$ 336
2015	-	1,608	-	1,608
2016	-	2,083	-	2,083
2017	*3.28%*	2,676	8,209	10,885
2018	*3.51%*	2,830	14,615	17,445
2019	*4.19%*	2,502	95,120	97,622
2020	-	2,434	-	2,434
2021	*3.26%*	2,287	37,060	39,347
2022	*3.53%*	1,572	26,955	28,527
2023	*4.13%*	1,074	33,317	34,391
Thereafter	*3.90%*	3,222	23,099	26,321
	3.85%	$ 22,624	$ 238,375	260,999
Unamortized mortgage transaction costs				(2,200)
Unamortized mark to market mortgage adjustment				3,384
				$ 262,183



Preferred Units of Subsidiary

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

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 and a redemption premium if the preferred units are redeemed before January 1, 2015. The redemption premium is equal to $100 per preferred unit if redemption occurs on or before December 31, 2014. There is no redemption premium for redemptions after December 31, 2014.

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

Convertible Debentures

On August 7, 2013, Pure Multi issued $23,000,000 of 6.5% convertible unsecured subordinated debentures ("6.5% convertible debentures") due on September 30, 2020. Each of the 6.5% convertible debentures is denominated with a face value of $1,000 and is convertible at the holder's option at any time into Class A Units at conversion price of $5.65 per Class A Unit, in accordance with the terms of the trust indenture dated August 7, 2013. On or after September 30, 2016, but prior to September 30, 2018, the 6.5% convertible debentures may be redeemed by Pure Multi, in whole or in part, at a price equal to their principal amount plus accrued and unpaid interest thereon, provided the weighted average trading price of the Class A Units for the 20 consecutive trading days, ending on the fifth trading day immediately preceding the date on which notice of redemption is given, is at least 125% of the conversion price. After September 30, 2018, the 6.5% convertible debentures may be redeemed by Pure Multi at any time. During the nine months ended September 30, 2014, none of the 6.5% convertible debentures have been converted into Class A Units. At September 30, 2014, $23,000,000 of the face value of the 6.5% convertible debentures was outstanding.

The following summarizes the face and carrying values of the 6.5% convertible debentures at September 30, 2014:

	Convertible Debentures Face Value	**Liability Component** Carrying Value	**Equity Component** Carrying Value
Balance as at December 31, 2013	$ 23,000,000	$ 19,663,721	$ 1,985,429
Amortization of transaction costs	-	106,970	-
Balance as at September 30, 2014	**$ 23,000,000**	**$ 19,770,691**	**$ 1,985,429**

Credit Facility

On July 19, 2013, Pure Multi established a revolving credit facility with a lender in the amount of $9,900,000, bearing interest at a variable interest rate based at 2.00% plus the London Interbank Offered Rate ("LIBOR"). At September 30, 2014, Pure Multi had drawn down $5,546,485 (December 31, 2013 - $5,396,485) of the revolving credit facility bearing an interest rate at 2.1561% (December 31, 2013 – 2.1675%). The revolving credit facility is secured by a charge in respect of Windsong and matures on July 19, 2016.

Partners' Capital

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

From the date of formation on May 8, 2012 to December 31, 2012 ("period ended December 31, 2012"), the Managing GP subscribed for 200,000 Class B Units of Pure Multi, at a price of $5.00 per Class B Unit, for gross proceeds to Pure Multi of $1,000,000, which entitles the Class B Unitholders, initially, a 5% interest in Pure Multi. Pure Multi did not issue any additional Class B Units subsequent to this.

From the date of formation, May 8, 2012, to December 31, 2013, Pure Multi issued 24,089,000 Class A Units for gross proceeds of $121,283,350, less offering costs.

On May 21, 2014, Pure Multi issued, through a private placement, a total of 4,395,824 units (the "Units"), at a price of $4.55 per Unit, for gross proceeds of $20,000,999, less offering costs. Each Unit consists of one Class A Unit and one-half Class A Unit purchase warrant (each whole warrant, a "Warrant"). Each Warrant entitles the holder to acquire one additional Class A Unit from Pure Multi at a price of $5.15 per Class A Unit until November 20, 2016.

On July 29, 2014, Pure Multi completed the closing of a public offering of 6,350,000 Class A Units on a bought deal basis, at a price of $4.75 per Class A Unit for gross proceeds of $30,162,500, less offering costs.

As at September 30, 2014, Pure Multi has 34,834,824 Class A Units, 200,000 Class B Units and 2,197,912 Warrants outstanding.

The capital of Pure Multi is divided into Class A Units and Class B Units. The Class A Units are the subject of the public offerings described in the Prospectus' dated July 3, 2012, October 12, 2012, May 1, 2013 and July 22, 2014. The Class B Units were subscribed for by the Managing GP on May 30, 2012. Except as set out in the LP Agreement, no Class A Unit or Class B Unit has any preference or priority over another.

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

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

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

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

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

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

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

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

LIQUIDITY AND CAPITAL RESOURCES

Funds from Operations and Adjusted Funds from Operations

Funds from operations ("FFO") is a non-IFRS measure, using Pure Multi's interest as previously disclosed, and should not be construed as an alternative to net earnings determined in accordance with IFRS. However, FFO is an operating performance measure which is widely used by the real estate industry and Pure Multi has calculated FFO in accordance with the recommendations of the Real Property Association of Canada ("REALpac"). Pure Multi's method of calculating FFO may differ from other companies and accordingly may not be comparable to similar measures presented by other companies.

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

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

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

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

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

Pure Multi's interest *($000s, except per unit basis)*	**For the nine months ended September 30, 2014**	For the nine months ended September 30, 2013	**For the three months ended September 30, 2014**	For the three months ended September 30, 2013
Net income and comprehensive income	**$ 22,734**	$ 5,950	**$ 10,637**	$ 2,609
Adjustment:				
Amortization of transaction costs	**1,019**	138	**802**	60
Amortization of mark to market mortgage adjustments	**(716)**	(496)	**(360)**	(167)
Valuation (gain) loss from investment properties	**(12,744)**	906	**(6,885)**	629
Property tax adjustments on acquisition	**(238)**	(711)	**(232)**	(546)
IFRIC 21 fair value adjustment to investment properties	**(1,709)**	(752)	**1,705**	920
IFRIC 21 property tax liability adjustment, net	**1,709**	752	**(1,705)**	(920)
Funds from operations	**$ 10,055**	$ 5,787	**$ 3,962**	$ 2,585
Maintenance capital provision [1]	**(855)**	(555)	**(311)**	(241)
Capital expenditures (recoveries) related to acquisition of investment properties [1]	**-**	46	**-**	(36)
Adjusted funds from operations	**$ 9,200**	$ 5,278	**$ 3,651**	$ 2,307
Weighted average number of units *(000s)*				
Class A units	**27,719**	20,833	**32,902**	24,089
Class B units	**200**	200	**200**	200
Diluted weighted average number of units *(000s)*				
Class A units	**27,719**	20,833	**32,902**	24,089
Class B units	**200**	200	**200**	200
FFO per unit - Basic				
Class A units	**$ 0.35**	$ 0.26	**$ 0.11**	$ 0.10
Class B units	**2.51**	1.45	**0.99**	0.65
FFO per unit - Diluted				
Class A units	**$ 0.35**	$ 0.26	**$ 0.11**	$ 0.10
Class B units	**2.51**	1.45	**0.99**	0.65
Payout Ratio on FFO	**84.4%**	103.6%	**86.8%**	89.5%
AFFO per unit - Basic				
Class A units	**$ 0.32**	$ 0.24	**$ 0.11**	$ 0.09
Class B units	**2.30**	1.32	**0.91**	0.58
AFFO per unit – Diluted				
Class A units	**$ 0.32**	$ 0.24	**$ 0.11**	$ 0.09
Class B units	**2.30**	1.32	**0.91**	0.58
Payout Ratio on AFFO	**92.2%**	113.6%	**94.2%**	100.3%

Notes:
(1) Based on an industry estimate of $300 per residential unit per year. This maintenance capital provision is estimated to be incurred on the property portfolio as to sustain its current revenue rental income-generating potential into future periods. Pure Multi does not include capital expenditures that increase the value of the current rental revenue, or initial capital expenditures that are required to be performed upon acquisition of an investment property.

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

Pure Multi's interest *($000s)*	**For the nine months ended September 30, 2014**	For the nine months ended September 30, 2013	**For the three months ended September 30, 2014**	For the three months ended September 30, 2013
Funds from operations	**$ 10,055**	$ 5,787	**$ 3,962**	$ 2,585
(Increase) decrease in accounts receivable	**(24)**	230	**(42)**	217
(Increase) decrease in prepaid expenses	**236**	(56)	**256**	141
Increase (decrease) in rental deposits	**246**	309	**114**	157
Increase (decrease) in accounts payable and accrued liabilities	**2,957**	3,964	**1,095**	1,617
Increase (decrease) in unearned revenue	**(5)**	327	**149**	190
IFRIC 21 property tax liability adjustment, net	**(1,709)**	(752)	**1,705**	920
Interest income	**(4)**	(2)	**(3)**	(1)
Interest expense	**7,593**	4,552	**2,771**	2,061
Distributions to subsidiary's preferred unitholders	**12**	11	**4**	4
Preferred units of subsidiary offering costs	**-**	51	**-**	7
Net cash provided from operating activities	**$ 19,357**	$ 14,421	**$ 10,011**	$ 7,898

Capital Resources

Cash generated by investment properties represents the primary source of funds to fund total distributions to limited partners of $8,481,254 for the nine months ended September 30, 2014 (nine months ended September 30, 2013 - $5,993,833).

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

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

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

Distributed Cash

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

For the three and nine months ended September 30, 2014, cash provided from operating activities was more than cash distributions declared. Management expects that cash provided from operating activities will continue to exceed cash distributions declared.

Pure Multi's interest *($000s)*	**For the nine months ended September 30, 2014**	For the nine months ended September 30, 2013	**For the three months ended September 30, 2014**	For the three months ended September 30, 2013
Cash provided from operating activities	**$ 19,357**	$ 14,421	**$ 10,011**	$ 7,898
Actual cash distributions paid or payable	**8,481**	5,994	**3,438**	2,314
Surplus (shortfall) of cash provided from operating activities over cash distributions paid	**$ 10,876**	$ 8,427	**$ 6,574**	$ 5,584

For the three and nine months ended September 30, 2014, net income was more than cash distributions declared. Management expects net income to continue to exceed cash distributions declared.

Pure Multi's interest *($000s)*	**For the nine months ended September 30, 2014**	For the nine months ended September 30, 2013	**For the three months ended September 30, 2014**	For the three months ended September 30, 2013
Net income	**$ 22,734**	$ 5,950	**$ 10,637**	$ 2,609
Actual cash distributions paid or payable	**8,481**	5,994	**3,438**	2,314
Surplus (shortfall) of net income over cash distributions paid	**$ 14,252**	$ (43)	**$ 7,199**	$ 295

CAPITAL STRUCTURE

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

The LP Agreement provides for a maximum indebtedness (or "loan") level of up to 70% of the gross book value. The term "indebtedness" means any obligation of Pure Multi for borrowed money (including the face amount outstanding under any convertible debentures and any outstanding liabilities of Pure Multi arising from the issuance of subordinated notes but excluding any premium in respect of indebtedness assumed by Pure Multi for which Pure Multi has the benefit of an interest rate subsidy), but excludes trade accounts payable, distributions payable to unitholders, preferred units of subsidiary, accrued liabilities arising in the ordinary course of business and short-term acquisition credit facilities. The LP Agreement defines "gross book value" as the book value of the assets of Pure Multi plus the amount of accumulated depreciation and amortization in respect of such assets (and related intangible assets), the amount of future income tax liability arising out of indirect acquisitions and excluding the amount of any receivable reflecting interest rate subsidies on any debt assumed by Pure Multi. Pure Multi's indebtedness is 60.5% as at September 30, 2014 (December 31, 2013 – 64.0%).

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

The LP Agreement allows the board of directors of the Governing GP, at their discretion, to allocate to the unitholders in each year all or a portion of Pure Multi's income for the year, as calculated in accordance with the Tax Act, after all permitted deductions under the Tax Act have been taken. The board of directors of the Governing GP also reviews the cash distribution paid to the unitholders on a regular basis. The total distributions declared to Class A unitholders during the nine months ended September 30, 2014 was $8,057,191 (year ended December 31, 2013 - $7,952,485). The total distributions declared to Class B unitholders during the nine months ended September 30, 2014 was $424,063 (year ended December 31, 2013 - $418,552).

Pure Multi is in compliance with all restrictions during the nine months ended September 30, 2014 and the year ended December 31, 2013.

The capital structure consisted of the following components at September 30, 2014 and December 31, 2013:

Pure Multi's interest ($000s)	**September 30, 2014**	December 31, 2013	Change
Capital			
Mortgages payable	**$ 262,183**	$ 196,333	$ 65,850
Convertible debentures	**19,771**	19,664	107
Preferred units of subsidiary	**125**	125	-
Partners' capital	**182,020**	119,793	62,227
Total Capital	**$ 464,099**	$ 335,915	$ 128,184

The total capital of Pure Multi increased during the nine months ended September 30, 2014 primarily due to the issuance of new Class A Units, proceeds of mortgages related to the acquisitions and net income earned from operations. These increases were partially offset by the repayment of mortgages payable and distributions to the limited partners.

FINANCIAL INSTRUMENTS

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

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

	September 30, 2014		December 31, 2013	
Pure Multi's interest ($000s)	**Carrying Amount**	**Fair Value**	Carrying Amount	Fair Value
Mortgages payable	**$ 262,183**	**$ 268,026**	$ 196,333	$ 201,598
Preferred units of subsidiary	**125**	**125**	125	125
Convertible debentures	**19,771**	**22,954**	19,664	21,390

OFF-BALANCE SHEET ITEMS

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

SECTION III

SUMMARY OF QUARTERLY RESULTS

During the three months ended September 30, 2014, based on Pure Multi's interest:

- Assets increased to $480,829,616 from $403,996,997 as at June 30, 2014. This increase was primarily due to the acquisitions of the investment properties and a fair value increase adjustment on current investment properties. As at September 30, 2014, Pure Multi had cash and cash equivalents of $11,280,271 and amounts receivable of $57,063, compared to $8,995,147 and $14,813, respectively, as at June 30, 2014. The increase in cash and cash equivalents is primarily due to the issuance of Class A Units in June 2014, which was partially offset by the acquisitions of the investment properties.

- Liabilities increased to $298,809,924 from $257,325,963 as at June 30, 2014. This increase was primarily due to the mortgages acquired relating to the investment properties acquired during the same period and an increase in property taxes payable.

- Partners' capital increased to $182,019,692 from $146,641,034 as at June 30, 2014. This increase was primarily due to the issuance of Class A Units during July 2014 and net income earned by Pure Multi during the period, and was partially offset by the distributions declared to unitholders.

- Pure Multi earned rental revenue of $12,953,180 from investment properties held during the quarter (three months ended September 30, 2013 - $9,268,671). These properties incurred operating expenses of $5,990,615, resulting in net rental income of $6,962,565 during the same period (three months ended September 30, 2013 - $4,460,262 and $4,808,409, respectively). The significant increase in rental revenue, operating expenses and net rental income was as a result of Pure Multi operating additional investment properties in the current period compared to the comparative period.

- Pure Multi incurred interest expense of $3,213,418 and distributions to subsidiary's preferred unitholders of $3,906 (three months ended September 30, 2013 - $1,954,383 and $3,906, respectively). This resulted in net finance expenses of $3,214,811 during the same period (three months ended September 30, 2013 - $1,964,091). The significant increases in net finance expenses was a direct result the additional number of mortgages and investment properties operated by Pure Multi in the current period compared to the comparative period.

- Pure Multi incurred general and administrative expenses of $140,900, fair value gain on investment properties of $7,117,288 and incurred franchise tax expense of $88,413 (three months ended September 30, 2013 - $156,495, fair value loss of $82,756, and $nil, respectively).

During the three months ended September 30, 2014, based on Pure Multi's interest, Pure Multi had net income of $9,886,849 (three months ended September 30, 2013 - $2,608,837), as a result of the above transactions.

Pure Multi's interest Quarter ended *($000s, except per unit amounts)*	**September 30, 2014**	June 30, 2014	March 31, 2014	December 31, 2013
Rental revenue	**$ 12,953**	$ 10,900	$ 10,626	$ 10,443
Operating expenses	**5,990**	5,118	4,919	4,910
Net rental income	**6,963**	5,782	5,707	5,533
Interest expense	**(3,213)**	(2,356)	(2,326)	(2,369)
General and administrative expenses	**(141)**	(226)	(194)	(186)
Net income and comprehensive income	**10,637**	5,565	3,110	8,252
Basic net income per unit				
Class A units	**0.31**	0.33	0.12	0.33
Class B units	**2.66**	2.25	0.78	2.06

Pure Multi's interest Quarter ended *($000s, except per unit amounts)*	September 30, 2013	June 30, 2013	March 31, 2013	December 31, 2012
Rental revenue	$ 9,269	$ 6,371	$ 5,500	$ 4,746
Operating expenses	4,461	3,296	2,560	(2,251)
Net rental income	4,808	3,075	2,940	2,495
Interest expense	(1,954)	(1,206)	(1,034)	(944)
General and administrative expenses	(156)	(152)	(122)	(67)
Net income and comprehensive income	2,609	1,647	1,695	1,438
Basic net income per unit				
Class A units	0.10	0.07	0.09	0.09
Class B units	0.65	0.41	0.42	0.36

Pure Multi's interest As at *($000s)*	**September 30, 2014**	June 30, 2014	March 31, 2014	December 31, 2013
Total assets	**$ 480,830**	$ 403,967	$ 347,489	$ 351,007
Total liabilities	**298,810**	257,326	226,963	231,214
Partners' capital	**182,020**	146,641	120,525	119,793
Investment properties	**462,725**	389,797	337,945	337,603
Mortgages payable	**262,183**	223,995	196,046	196,333

Pure Multi's interest As at *($000s)*	September 30, 2013	June 30, 2013	March 31, 2013	December 31, 2012
Total assets	$ 341,174	$ 282,265	$ 202,321	$ 194,636
Total liabilities	227,254	170,402	122,919	115,309
Partners' capital	113,920	111,863	79,403	79,327
Investment properties	325,725	262,943	193,469	175,916
Mortgages payable	193,795	165,380	119,997	111,665

SECTION IV

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Pure Multi's significant accounting policies are described in note 2 to the September 30, 2014 unaudited consolidated financial statements and in note 3 to the December 31, 2013 audited consolidated financial statements.

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

Valuation of Investment Properties

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

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

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

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

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

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

FUTURE ACCOUNTING CHANGES

Pure Multi's significant accounting policies are described in note 2 to the September 30, 2014 unaudited consolidated financial statements and in note 3 to the December 31, 2013 audited consolidated financial statements, available on SEDAR at www.sedar.com or on Pure Multi's website at www.puremultifamily.com.

Adoption of new accounting policies

(a) IAS 32 – Financial instruments: presentation

In December 2011, the IASB made amendments to IAS 32, Financial Instruments: Presentation. The amendments to IAS 32 clarify the requirements for offsetting financial instruments. The amended version of IAS 32 is effective for Pure Multi's year-end beginning January 1, 2014, with early adoption permitted. The adoption of amendments to IAS 32 did not have an impact on Pure Multi's consolidated financial statements.

(b) IFRIC 21 – Levies

January 1, 2014, Pure Multi has retrospectively adopted IFRIC interpretation 21, *Levies* ("IFRIC 21") for the period beginning January 1, 2013. IFRIC 21 clarifies that an entity recognizes a liability for a levy when the activity that triggers payment occurs, as identified by the relevant legislation. IFRIC 21 is applicable to all levies imposed by governments under legislation, including property taxes, but does not apply to accounting for income taxes, fines and penalties or for the acquisition of assets from governments. The adoption of IFRIC 21 requires Pure Multi to recognize the full amount of annual property tax liabilities at the point in time when the property tax obligation is imposed. Pure Multi previously recognized property tax liabilities and related expenses on a pro rata basis throughout the year. Therefore, the adoption of IFRIC 21 has resulted in Pure Multi recording an annual property tax expense earlier than previously recognized. Typically property taxes are adjusted for when the property is sold between buyer and seller based on days of ownership in the year. To avoid double counting, a fair value adjustment to investments properties has been recorded by an amount equivalent to the property tax expense which pertains to the periods beyond the current reporting period. The effect of the implementation of IFRIC 21 has been applied retrospectively to the comparative periods and is disclosed in note 3 to the September 30, 2014 unaudited consolidated financial statements.

Standards issued but not yet effective

(c) IFRS 9 - Financial instruments

In November 2009, as part of the IASB's project to replace International Accounting Standard ("IAS") 39, Financial Instruments: Recognition and Measurement, the IASB issued the first phase of IFRS 9, Financial Instruments, which introduces new requirements for the classification and measurement of financial assets. The standard was revised in October 2010 to include requirements regarding classification and measurement of financial liabilities and is applicable for annual periods starting on or after January 1, 2018. The full impact of the changes in accounting for financial instruments will not be known until the IASB's project has been completed.

SECTION V

RISKS AND UNCERTAINTIES

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

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

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

Interest Rate and Financial Risk

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

Pure Multi manages its financial instruments and interest rate risks based on its cash flow needs. Pure Multi minimizes interest rate risk by obtaining long-term, fixed rate mortgages whenever possible. It targets a conservative ratio of debt to gross book value within the range of 55% to 65% and is restricted under the LP Agreement to a maximum of 70%. The credit facility is the only financial instrument that bears interest at a variable rate, as currently all mortgages payable bear interest at fixed rates; therefore Pure Multi currently is not exposed to significant interest rate risk.

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

	Face Value	
Pure Multi's interest	**September 30, 2014**	**December 31, 2013**
Fixed rate instruments		
Mortgages payable	$ 260,999,454	$ 194,160,399
Convertible debentures	23,000,000	23,000,000
Preferred units	125,000	125,000
	284,124,454	217,285,399
Variable rate instruments		
Credit facility	5,546,485	5,396,485

Credit Risk

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

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

Currency Risk

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

Lease Rollover Risk

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

Unit Prices

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

Environmental Risk

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

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

Liquidity Risk

Real property investments tend to be relatively illiquid, with the degree of liquidity generally fluctuating in relation to demand for and the perceived desirability of such investments. Such illiquidity may tend to limit Pure Multi's ability to vary its portfolio promptly in response to changing economic or investment conditions. If Pure Multi were required to liquidate a real property investment, the proceeds to Pure Multi might be significantly less than the aggregate carrying value of such property.

Liquidity risk is the risk that Pure Multi will not be able to meet its financial obligations as they fall due. Pure Multi's approach to managing liquidity is to ensure that it will have sufficient cash available to meet its liabilities when due. In addition, Pure Multi intends to refinance any mortgages which mature within six months.

Pure Multi's interest	**Nominal interest rate**	**Year of maturity**	**September 30, 2014 Face value**	**December 31, 2013 Face value**
Oakchase Apartments	3.28%	2017	$ 8,751,721	$ 8,882,920
Windscape Apartment Homes	3.52%	2019	5,090,000	5,090,000
Stoneleigh at Valley Ranch	3.51%	2022	13,680,000	13,680,000
Sunset Point Apartment Homes	3.54%	2022	15,970,000	15,970,000
Prairie Creek Villas	6.02%	2019	31,827,733	32,158,701
Stoneleigh at Bear Creek	3.45%	2019	32,080,000	32,080,000
Fairways at Prestonwood	3.46%	2023	8,670,000	8,670,000
Vistas at Hackberry Creek	3.90%	2028	29,500,000	29,500,000
The Boulevard at Deer Park	4.21%	2023	16,480,000	16,480,000
Fountainwood Apartments	4.46%	2023	13,000,000	13,000,000
Livingston Apartments	3.51%	2018	15,900,000	15,900,000
San Brisas Apartments(1)	3.26%	2021	16,980,000	2,748,778
Walker Commons	3.11%	2019	28,470,000	-
Preserve at Arbor Hills	3.26%	2021	24,600,000	-
Total mortgages principal payable			260,999,454	194,160,399
Unamortized mortgage transaction costs			(2,199,941)	(1,926,918)
Unamortized mark to market mortgage adjustment			3,383,690	4,099,337
Total carrying value of mortgages payable			$ 262,183,203	$ 196,332,818

Notes:
(1)On August 28, 2014, Pure Multi acquired a new mortgage payable on San Brisas Apartments and repaid its' previous mortgage payable, bearing an interest rate of 5.63%.

Tax Risk

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

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

RELATED PARTY TRANSACTIONS

Managing GP

Pure Multi is related to the Managing GP, by virtue of having an officer and director in common (Stephen Evans). During the nine months ended September 30, 2014, Pure Multi declared distributions to the Managing GP in the amount of $424,063 (year ended December 31, 2013 - $418,552). Included in accounts payable and accrued liabilities at September 30, 2014 was $424,063 (December 31, 2013 - $357,956).

Sunstone U.S. Opportunity Realty Trust

Pure Multi is related to Sunstone U.S. Opportunity Realty Trust, by virtue of having officers and directors in common (Stephen Evans, Robert King and James Redekop).

There has been no related party transactions between Pure Multi and Sunstone U.S. Opportunity Realty Trust during the nine months ended September 30, 2014. During the year ended December 31, 2013, Pure Multi acquired the following investment properties from Sunstone U.S. Opportunity Realty Trust:

- Windsong acquired on July 19, 2013
- Fountainwood acquired on August 30, 2013
- Livingston acquired on August 30, 2013
- 20% interest in San Brisas acquired on October 1, 2013

Pure Multi negotiated the purchase price of the properties above with reference to independently prepared third party appraisals.

Sunstone U.S. Opportunity (No. 2) Realty Trust

Pure Multi is related to Sunstone U.S. Opportunity (No. 2) Realty Trust, by virtue of having officers and directors in common (Stephen Evans, Robert King and James Redekop).

During nine months ended September 30, 2014, Pure Multi acquired the following investment properties from Sunstone U.S. Opportunity (No. 2) Realty Trust:

- Walker Commons acquired on June 27, 2014;
- 50% interest in Preserve acquired on August 28, 2014; and
- 80% interest in San Brisas acquired on August 28, 2014

Pure Multi negotiated the purchase price of the properties above with reference to independently prepared third party appraisals.

Sunstone U.S. Opportunity (No. 3) Realty Trust

Pure Multi is related to Sunstone U.S. Opportunity (No. 3) Realty Trust, by virtue of having officers and directors in common (Stephen Evans, Robert King and James Redekop).

During the nine months ended September 30, 2014, Pure Multi acquired the following investment property from Sunstone U.S. Opportunity (No. 3) Realty Trust:

- 50% interest in Preserve acquired on August 28, 2014

Pure Multi negotiated the purchase price of the property above with reference to an independently prepared third party appraisal.

Tipton Asset Group, Inc.

Tipton Asset Group, Inc. ("Tipton") is the property manager for Pure Multi. Pure Multi is related to Tipton by virtue of having an officer and director in common with a subsidiary of Pure Multi (Bryan Kerns). Tipton charged $1,034,453 in property management fees during the nine months ended September 30, 2014 (year ended December 31, 2013 - $942,461). Included in accounts payable and accrued liabilities at September 30, 2014 was $nil (December 31, 2013 - $nil).

Compensation

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

Pure Multi compensates the directors of the Governing GP, who are not affiliated with or employees of the Managing GP, through annual compensation. The amount incurred during the nine months ended September 30, 2014 was $72,638 (year ended December 31, 2013 - $67,335).

Asset Management Agreement

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

OUTSTANDING UNIT DATA

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

Upon completion of the offerings and exercise of the over-allotment option, holders of Class A Units share in a 95% equity interest in all distributions and all net assets of Pure Multi, and the Managing GP, as the holder of Class B Units, shares in a 5% equity interest in all distributions and all net assets of Pure Multi.

As at November 14, 2014, the following of Pure Multi's securities were outstanding:

(a) 200,000 Class B Units. Pursuant to the LP Agreement, the Class B Unitholders as a class are entitled to convert some or all of their Class B Units into Class A Units based on the Specified Ratio (as defined in the LP Agreement). See "Financial Condition – Partners' Capital";

(b) 34,834,824 Class A Units;

(c) 2,197,912 Warrants; and

(d) 23,000 Convertible Debentures. The Convertible Debentures are convertible at the option of the holder and redeemable by Pure Multi in accordance with the terms of the trust indenture dated August 7, 2013. See "Financial Condition – Convertible Debentures".

SECTION VI

SUBSEQUENT EVENTS

In November 2014, Pure Multi entered into a binding sale agreement to sell its undivided beneficial interest in Windscape Apartment Homes, located in Dallas, Texas, for gross proceeds of $10,500,000, less standard closing costs and adjustments. The sale is expected to be completed in early December 2014.

ADDITIONAL INFORMATION

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

TRADING SYMBOLS

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

OTCQX: PMULF

Pure Multi-Family REIT LP

Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2014

(Unaudited)

Expressed in United States dollars

Expressed in United States dollars

	September 30, 2014	December 31, 2013
ASSETS		
Non-current assets		
Investment properties (note 4)	**$ 462,724,649**	$ 332,002,818
Equity-accounted investment (note 5)	**-**	2,830,709
	462,724,649	334,833,527
Current assets		
Prepaid expenses	**722,510**	949,752
Mortgage reserve fund (note 6)	**6,045,123**	5,657,019
Amounts receivable	**57,063**	33,051
Cash and cash equivalents	**11,280,271**	6,673,381
	18,104,967	13,313,203
TOTAL ASSETS	**$ 480,829,616**	$ 348,146,730
LIABILITIES		
Non-current liabilities		
Mortgages payable (note 7)	**$ 260,748,960**	$ 192,732,808
Convertible debentures (note 8)	**19,770,691**	19,663,721
Preferred units of subsidiary (note 9)	**125,000**	125,000
	280,644,651	212,521,529
Current liabilities		
Mortgages payable – current portion (note 7)	**1,434,243**	797,854
Credit facility (note 10)	**5,463,473**	5,280,990
Rental deposits	**814,283**	558,862
Unearned revenue	**658,451**	649,867
Accounts payable and accrued liabilities	**9,794,823**	8,544,775
	18,165,273	15,832,348
TOTAL LIABILITIES	**298,809,924**	228,353,877
PARTNERS' CAPITAL (note 11)	**182,019,692**	119,792,853
TOTAL LIABILITIES AND PARTNERS' CAPITAL	**$ 480,829,616**	$ 348,146,730

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

Subsequent event (note 19)

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

Expressed in United States dollars

	Limited Partners Class A	Limited Partners Class B	General Partner	Other Equity Items (Note 11)	Accumulated Earnings (Deficit)	Total
Balance, January 1, 2014	$ 111,876,144	$ 1,000,000	$ 20	$ 1,985,429	$ 4,931,260	$ 119,792,853
Issuance of units	49,460,167	-	-	-	-	49,460,167
Issuance of warrants	-	-	-	703,332	-	703,332
Offering costs	(2,183,184)	-	-	(5,737)	-	(2,188,921)
Distributions to limited partners	-	-	-	-	(8,481,254)	(8,481,254)
Net income for the period	-	-	-	-	22,733,515	22,733,515
Balance, September 30, 2014	**$ 159,153,127**	**$ 1,000,000**	**$ 20**	**$ 2,683,024**	**$ 19,183,521**	**$ 182,019,692**

	Limited Partners Class A	Limited Partners Class B	General Partner	Other Equity Items (Note 11)	Accumulated Earnings (Deficit)	Total
Balance, January 1, 2013	$ 79,226,619	$ 1,000,000	$ 20	$ -	$ (899,911)	$ 79,326,728
Issuance of units	35,000,000	-	-	-	-	35,000,000
Equity component of convertible debentures	-	-	-	1,987,488	-	1,987,488
Offering costs	(2,350,475)	-	-	-	-	(2,350,475)
Distributions to limited partners	-	-	-	-	(5,993,833)	(5,993,833)
Net income for the period	-	-	-	-	5,950,348	5,950,348
Balance, September 30, 2013	**$ 111,876,144**	**$ 1,000,000**	**$ 20**	**$ 1,987,488**	**$ (943,396)**	**$ 113,920,256**

Expressed in United States dollars

	Nine months ended		Three months ended	
	September 30, 2014	September 30, 2013 (Restated – note 3)	**September 30, 2014**	September 30, 2013 (Restated – note 3)
REVENUES				
Rental	**$ 34,136,677**	$ 21,139,773	**$ 12,870,799**	$ 9,268,671
OPERATING EXPENSES				
Insurance	**892,023**	514,009	**338,118**	243,692
Property management	**1,024,039**	632,300	**387,083**	276,200
Property taxes	**6,791,964**	3,466,948	**-**	-
Property operating expenses	**8,651,425**	5,742,970	**3,288,775**	2,473,547
	17,359,451	10,356,227	**4,013,976**	2,993,439
NET RENTAL INCOME	**16,777,226**	10,783,546	**8,856,823**	6,275,232
NET FINANCE INCOME (EXPENSES)				
Interest income	**3,959**	1,849	**2,513**	817
Interest expense (note 12)	**(7,307,449)**	(4,194,862)	**(2,697,380)**	(1,954,383)
Distributions to subsidiary's preferred unitholders	**(11,719)**	(10,981)	**(3,906)**	(3,906)
Preferred units of subsidiary offering costs	**-**	(50,454)	**-**	(6,619)
	(7,315,209)	(4,254,448)	**(2,698,773)**	(1,964,091)
NET OTHER INCOME (EXPENSES)				
Other income	**648**	5,596	**1,120**	3,770
General and administrative	**(561,212)**	(430,708)	**(140,900)**	(156,495)
Fair value adjustments to investment properties (note 4)	**12,716,537**	(905,551)	**6,858,322**	(629,192)
IFRIC 21 fair value adjustment to investment properties (note 4)	**1,708,903**	751,913	**(1,705,409)**	(920,387)
Franchise taxes	**(235,537)**	-	**(88,413)**	-
	13,629,339	(578,750)	**4,924,720**	(1,702,304)
SHARE OF PROFIT (LOSS) OF EQUITY-ACCOUNTED INVESTMENT (note 5)	**(357,841)**	-	**(445,921)**	-
NET INCOME AND COMPREHENSIVE INCOME	**$ 22,733,515**	$ 5,950,348	**$ 10,636,849**	$ 2,608,837
Earnings per Class A unit				
Basic and diluted	**$ 0.78**	$ 0.27	**$ 0.31**	$ 0.10
Weighted average number of Class A units				
Basic and diluted	**27,719,200**	20,832,590	**32,902,215**	24,089,000
Earnings per Class B unit				
Basic and diluted	**$ 5.68**	$ 1.49	**$ 2.66**	$ 0.65
Weighted average number of Class B units				
Basic and diluted	**200,000**	200,000	**200,000**	200,000

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

Expressed in United States dollars

Nine months ended	**September 30, 2014**	September 30, 2013 (Restated – note 3)
Cash provided by (used in)		
OPERATIONS		
Net income	**$ 22,733,515**	$ 5,950,348
Items not involving cash:		
Amortization of transaction costs	**318,771**	138,381
Amortization of mark to market mortgage adjustment	**(513,644)**	(495,876)
Fair value adjustments to investment property (note 4)	**(12,716,537)**	905,551
IFRIC 21 fair value adjustment to investment properties (note 4)	**(1,708,903)**	(751,913)
Property tax adjustments on acquisition	**(238,345)**	(711,446)
Share of (profit) loss of equity-accounted investee (note 5)	**357,841**	-
Interest income	**(3,959)**	(1,849)
Interest expense	**7,502,323**	4,552,357
Distributions to subsidiary's preferred unitholders	**11,719**	10,981
Preferred units of subsidiary offering costs	**-**	50,454
Net change in non-cash working capital items (note 13)	**3,446,248**	4,774,003
	19,189,029	14,420,991
INVESTING		
Acquisitions of investment properties	**(110,624,378)**	(147,894,105)
Transfer of investment property from equity-accounted investment	**(5,660,000)**	-
Capital additions to investment properties	**(1,482,569)**	(2,108,543)
Investments (to) from equity-accounted investment	**2,472,868**	-
Interest received	**3,959**	1,849
	(115,290,120)	(150,000,799)
FINANCING		
Distributions paid to subsidiary's preferred unitholders	**(7,813)**	(7,075)
Distributions paid to limited partners	**(8,082,302)**	(5,570,609)
Interest paid	**(7,925,245)**	(4,058,093)
Credit facility proceeds received	**150,000**	5,396,485
Convertible debenture proceeds received	**-**	23,000,000
Mortgage proceeds received	**70,050,000**	83,550,000
Mortgage reserve fund	**(388,104)**	(2,201,967)
Payment of finance transaction costs	**(600,966)**	(2,225,757)
Proceeds from the issuance of limited partner units	**49,460,167**	35,000,000
Proceeds from the issuance of subsidiary units	**-**	125,000
Proceeds from the issuance of warrants	**703,332**	-
Repayment of mortgages	**(462,167)**	(325,130)
Unit offering costs	**(2,188,921)**	(2,400,929)
	100,707,981	130,281,925

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

Net change in cash and cash equivalents		**4,606,890**		(5,297,883)
Cash and cash equivalents, beginning of period		**6,673,381**		14,960,607
CASH AND CASH EQUIVALENTS, END OF PERIOD	**$**	**11,280,271**	$	9,662,724
Supplemental cash flow information:				
Non-cash financing and investing activity:				
Cash distributions to the limited partners included in accounts payable and accrued liabilities	**$**	**1,512,651**	$	1,052,473

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

1. PURE MULTI-FAMILY REIT LP INFORMATION

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

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

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

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

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

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

These condensed interim consolidated financial statements for the three and nine months ended September 30, 2014 were authorized for issue by the Board of Directors of the Governing GP (the "Board") on November 13, 2014.

2. BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE

a. Statement of compliance and basis of presentation

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

Other than as subsequently disclosed, the significant accounting policies applied by Pure Multi in these unaudited condensed interim consolidated financial statements are the same as those applied to Pure Multi's audited consolidated financial statements for the year ended December 31, 2013. Additional disclosures are required in annual financial statements; therefore, these unaudited condensed interim consolidated financial statements should be read in conjunction with Pure Multi's audited consolidated financial statements for the year ended December 31, 2013.

b. Basis of measurement

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

The preparation of these consolidated financial statements requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying Pure Multi's accounting policies. Areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3(P) to Pure Multi's audited consolidated financial statements for the year ended December 31, 2013.

c. Functional and presentation currency

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

d. Presentation of financial statements

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

e. Future changes in accounting policies

(i) Adoption of new accounting policies

Offsetting financial assets and liabilities

In December 2011, the IASB made amendments to IAS 32, *Financial Instruments: Presentation.* The amendments to IAS 32 clarify the requirements for offsetting financial instruments. The amended version of IAS 32 is effective for Pure Multi's year-end beginning January 1, 2014, with early adoption permitted. The adoption of amendments to IAS 32 did not have an impact on Pure Multi's consolidated financial statements.

Levies

Effective January 1, 2014, Pure Multi has retrospectively adopted IFRIC interpretation 21, *Levies* ("IFRIC 21") for the period beginning January 1, 2013. IFRIC 21 clarifies that an entity recognizes a liability for a levy when the activity that triggers payment occurs, as identified by the relevant legislation. IFRIC 21 is applicable to all levies imposed by governments under legislation, including property taxes, but does not apply to accounting for income taxes, fines and penalties or for the acquisition of assets from governments. The adoption of IFRIC 21 requires Pure Multi to recognize the full amount of annual property tax liabilities at the point in time when the property tax obligation is imposed. Pure Multi previously recognized property tax liabilities and related expenses on a pro rata basis throughout the year. Therefore, the adoption of IFRIC 21 has resulted in Pure Multi recording an annual property tax expense earlier than previously recognized. Typically property taxes are adjusted for when the property is sold between buyer and seller based on days of ownership in the year. To avoid double counting, a fair value adjustment to investments properties has been recorded by an amount equivalent to the property tax expense which pertains to the periods beyond the current reporting period. The effect of the implementation of IFRIC 21 has been applied retrospectively to the comparative periods and is disclosed in note 3.

(ii) Future accounting policy changes

Financial instruments: classification and measurement

In November 2009, as part of the IASB's project to replace International Accounting Standard ("IAS") 39, *Financial Instruments: Recognition and Measurement*, the IASB issued the first phase of IFRS 9, *Financial Instruments*, which introduces new requirements for the classification and measurement of financial assets. The standard was revised in October 2010 to include requirements regarding classification and measurement of financial liabilities and is applicable for annual periods starting on or after January 1, 2018. The full impact of the changes in accounting for financial instruments will not be known until the IASB's project has been completed.

3. ADOPTION OF IFRIC 21

Effective January 1, 2014, Pure Multi has adopted IFRIC 21, as disclosed in note 2, in accordance with the transitional provisions. The following tables provide reconciliations of the impact of the adoption of IFRIC 21 on Pure Multi's consolidated financial statements.

IFRS Impact on the consolidated statements of cash flows

The IFRS adjustments made to the comparative Statement of Income and Comprehensive Income for the nine months ended September 30, 2013 have been made to the Statement of Cash Flows as at the same date.

Expressed in United States dollars

Reconciliation of Net Income and Comprehensive Income for the three months ended September 30, 2013:

Three months ended September 30, 2013	As previously reported	Adjustments	As restated
REVENUES			
Rental	$ 9,268,671	$ -	$ 9,268,671
OPERATING EXPENSES			
Insurance	243,692	-	243,692
Property management	276,200	-	276,200
Property taxes	1,466,823	(1,466,823)	-
Property operating expenses	2,473,547	-	2,473,547
	4,460,262	(1,466,823)	2,993,439
NET RENTAL INCOME	4,808,409	1,466,823	6,275,232
NET FINANCE INCOME (EXPENSES)			
Interest income	817	-	817
Mortgage interest	(1,954,383)	-	(1,954,383)
Distribution to subsidiary's preferred unitholders	(3,906)	-	(3,906)
Preferred units of subsidiary offering costs	(6,619)	-	(6,619)
	(1,964,091)	-	(1,964,091)
NET OTHER INCOME (EXPENSES)			
Other income	3,770	-	3,770
General and administrative	(156,495)	-	(156,495)
Fair value adjustments to investment properties	(82,756)	(546,436)	(629,192)
IFRIC 21 fair value adjustment to investment properties	-	(920,387)	(920,387)
	(235,481)	(1,466,823)	(1,702,304)
NET INCOME AND COMPREHENSIVE INCOME	$ 2,608,837	$ -	$ 2,608,837
Earnings per Class A unit			
Basic and diluted	$ 0.10	$ -	$ 0.10
Weighted average number of Class A units			
Basic and diluted	24,089,000	-	24,089,000
Earnings per Class B unit			
Basic and diluted	$ 0.65	$ -	$ 0.65
Weighted average number of Class B units			
Basic and diluted	200,000	-	200,000

Expressed in United States dollars

Reconciliation of Net Income and Comprehensive Income for the nine months ended September 30, 2013:

Nine months ended September 30, 2013	As previously reported	Adjustments	As restated
REVENUES			
Rental	$ 21,139,773	$ -	$ 21,139,773
OPERATING EXPENSES			
Insurance	514,009	-	514,009
Property management	632,300	-	632,300
Property taxes	3,426,481	40,467	3,466,948
Property operating expenses	5,742,970	-	5,742,970
	10,315,760	40,467	10,356,227
NET RENTAL INCOME	10,824,013	(40,467)	10,783,546
NET FINANCE INCOME (EXPENSES)			
Interest income	1,849	-	1,849
Mortgage interest	(4,194,862)	-	(4,194,862)
Distribution to subsidiary's preferred unitholders	(10,981)	-	(10,981)
Preferred units of subsidiary offering costs	(50,454)	-	(50,454)
	(4,254,448)	-	(4,254,448)
NET OTHER INCOME (EXPENSES)			
Other income	5,596	-	5,596
General and administrative	(430,708)	-	(430,708)
Fair value adjustments to investment properties	(194,105)	(711,446)	(905,551)
IFRIC 21 fair value adjustment to investment properties	-	751,913	751,913
	(619,217)	40,467	(578,750)
NET INCOME AND COMPREHENSIVE INCOME	$ 5,950,348	$ -	$ 5,950,348
Earnings per Class A unit			
Basic and diluted	$ 0.27	$ -	$ 0.27
Weighted average number of Class A units			
Basic and diluted	20,832,590	-	20,832,590
Earnings per Class B unit			
Basic and diluted	$ 1.49	$ -	$ 1.49
Weighted average number of Class B units			
Basic and diluted	200,000	-	200,000

Expressed in United States dollars

4. INVESTMENT PROPERTIES

		2014
Balance, at January 1, 2014	$	332,002,818
Acquisitions		110,624,378
Transfer from equity-accounted investment		5,660,000
Property tax adjustments on acquisition		888,596
Capital additions		1,482,569
Fair value adjustments to investment properties		12,716,537
		463,374,898
IFRIC 21 property tax liability adjustment		(2,359,152)
IFRIC 21 fair value adjustment to investment properties		1,708,903
Balance, September 30, 2014	**$**	**462,724,649**

On June 27, 2014, Pure Multi, through the US REIT, acquired Walker Commons, a multi-family apartment community ("Walker Commons"), located in Houston, Texas, for a purchase price of $43,800,000, plus standard closing costs and adjustments. This acquisition was financed with cash and a new 5 year mortgage in the amount of $28,470,000.

On August 28, 2014, Pure Multi, through the US REIT, acquired Preserve at Arbor Hills, a multi-family apartment community ("Preserve"), located in Plano, Texas, for a purchase price of $41,000,000, plus standard closing costs and adjustments. This acquisition was financed with cash and a new 7 year mortgage in the amount of $24,600,000.

On August 28, 2014, Pure Multi, through the US REIT, acquired the remaining 80% interest in San Brisas Apartments, a multi-family apartment community ("San Brisas"), located in Chandler, Arizona, for a purchase price of $22,640,000, plus standard closing costs and adjustments. After this acquisition, Pure Multi has a 100% ownership interest in San Brisas, as it first acquired a 20% interest in the investment property on October 1, 2013. Pure Multi's initial 20% ownership interest is reflected in the table above by way of a transfer-in from an equity-accounted investment at fair market value of $5,660,000. This acquisition was financed with cash and a new 7 year mortgage in the amount of $16,980,000.

		2013
Balance, at January 1, 2013	$	175,916,459
Acquisitions		147,904,162
Property tax adjustments on acquisition		1,423,429
Capital additions		2,617,282
Fair value adjustments to investment properties		4,141,486
		332,002,818
IFRIC 21 property tax liability adjustment		-
IFRIC 21 fair value adjustment to investment properties		-
Balance, December 31, 2013	**$**	**332,002,818**

On March 15, 2013, Pure Multi, through the US REIT, acquired Laguna Luxury Apartments, which was subsequently renamed as Fairways at Prestonwood ("Prestonwood"), located in Dallas, Texas, for a purchase price of $17,500,000, plus standard closing costs and adjustments. This acquisition was financed with cash and a new 10 year mortgage in the amount of $8,670,000.

On June 6, 2013, Pure Multi, through the US REIT, acquired Vistas at Hackberry Creek Apartments ("Hackberry Creek"), located in Dallas, Texas, for a purchase price of $45,400,000, plus standard closing costs and adjustments. This acquisition was financed with cash and a new 15 year mortgage in the amount of $29,500,000.

On June 21, 2013, Pure Multi, through the US REIT, acquired Deer Park Apartments, which was subsequently renamed as The Boulevard at Deer Park ("Deer Park"), located in Deer Park, Texas, for a purchase price of $23,000,000, plus standard closing costs and adjustments. This acquisition was financed with cash and a new 10 year mortgage in the amount of $16,480,000.

On July 19, 2013, Pure Multi, through the US REIT, acquired Windsong Apartments ("Windsong"), located in Dallas, Texas, for a purchase price of $16,500,000, plus standard closing costs and adjustments. This acquisition was financed with cash and proceeds from a new credit facility.

On August 30, 2013, Pure Multi, through the US REIT, acquired Fountainwood Apartments ("Fountainwood"), located in Euless, Texas, for a purchase price of $19,800,000, plus standard closing costs and adjustments. This acquisition was financed with cash and a new 10 year mortgage in the amount of $13,000,000.

On August 30, 2013, Pure Multi, through the US REIT, acquired Livingston Apartments ("Livingston"), located in Plano, Texas, for a purchase price of $25,500,000, plus standard closing costs and adjustments. This acquisition was financed with cash and a new 5 year mortgage in the amount of $15,900,000.

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

The fair value of the investment properties has been determined on a market value basis. As set out in note 3(P) to Pure Multi's audited annual consolidated financial statements for the year ended December 31, 2013, in arriving at their estimates of market values, management and the independent appraisers have used their market knowledge and professional judgment and did not rely solely on historical transactional comparisons.

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

Pure Multi does not expect to obtain appraisals for each property at each reporting date. Where Pure Multi does not obtain an appraisal for a specific investment property at the reporting date, management uses specific indicators (i.e. market conditions, discount rate changes, etc.) and determines whether a change in fair value has occurred. During the current period, management obtained appraisals on some of the investment properties, therefore management undertook its own valuation process, as described above, on the other investment properties.

Expressed in United States dollars

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

	September 30, 2014		December 31, 2013	
	Weighted average	Range	Weighted average	Range
Capitalization rate*	5.99%	5.35% - 6.75%	6.16%	5.50% - 7.00%

**Capitalization rates are based on Pure Multi's proportionate share of stabilized NOI of its entire portfolio, including its equity-accounted investment.*

5. EQUITY-ACCOUNTED INVESTMENT

On October 1, 2013, Pure Multi, through the US REIT, acquired a 19.99% interest in Sunstone San Brisas LP and a 20% interest in Sunstone San Brisas Apartments, LLC (collectively referred to as "San Brisas"), located in Chandler, Arizona, for a purchase price of $5,600,000, plus standard closing costs and adjustments. This acquisition was financed with cash and the assumption of a mortgage in the amount of $2,755,967 bearing a rate of interest of 5.63%. As the stated rate of the assumed mortgage is greater than the current market rate of interest, an adjustment of $206,913 was determined to increase the assumed mortgage to market value and has been included in the determination of the cost of this acquisition. The mark to market adjustment of the assumed mortgage is amortized over the remaining term on an effective interest rate basis, which reduces the effective interest rate over the current term of the mortgage.

On August 28, 2014, as described in Note 4 to these consolidated financial statements, Pure Multi acquired the remaining 80% interest in San Brisas, resulting in a 100% ownership interest of the investment property. As a result of this transaction, as of August 28, 2014, Pure Multi's interest in San Brisas is no longer measured using the equity method but instead the consolidation method.

During the periods reported below, Pure Multi's significant interest in the joint venture was a 20% share in the ownership of a 208-unit property, San Brisas, located in Chandler, Arizona. This investment was measured using the equity method:

Expressed in United States dollars

	September 30, 2014	December 31, 2013
Balance, beginning of period	$ 2,830,709	$ -
Additions	-	3,016,742
Share of net income (loss)	(357,841)	(186,033)
Distributions	(2,472,868)	-
Balance, end of period	**$ -**	**$ 2,830,709**

As at	September 30, 2014	December 31, 2013
Current assets	$ -	$ 452,939
Non-current assets	-	28,000,000
Current liabilities	-	(513,874)
Non-current liabilities	-	(13,518,632)
Net assets	**-**	**14,420,433**
Pure Multi's share of net assets, before adjustments	-	2,884,087
Adjustment for Pure Multi's unamortized mortgage transaction fee	-	148,624
Adjustment for Pure Multi's unamortized mark to market mortgage adjustment	-	(202,002)
Pure Multi's share of net assets	**$ -**	**$ 2,830,709**

For the nine months ended September 30	2014	2013
Revenues	$ 1,712,156	$ -
Operating expenses	693,264	-
Net rental income	1,018,892	-
Net finance income (expenses)	(453,183)	-
Fair value adjustment to investment properties	135,844	-
Net income (loss) and comprehensive income (loss)	**701,553**	**-**
Pure Multi's share of net income (loss) and comprehensive income (loss), before adjustments	140,311	-
Adjustment for Pure Multi's net finance income (expenses) related to joint venture	(498,152)	-
Pure Multi's share of net income (loss) and comprehensive income (loss)	**$ (357,841)**	**$ -**

Expressed in United States dollars

6. MORTGAGE RESERVE FUND

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

7. MORTGAGES PAYABLE

	Nominal interest rate	Year of maturity	September 30, 2014 Face value	December 31, 2013 Face value
Oakchase	3.28%	2017	$ 8,751,721	$ 8,882,920
Windscape	3.52%	2019	5,090,000	5,090,000
Valley Ranch	3.51%	2022	13,680,000	13,680,000
Sunset Point	3.54%	2022	15,970,000	15,970,000
Prairie Creek	6.02%	2019	31,827,733	32,158,701
Bear Creek	3.45%	2019	32,080,000	32,080,000
Prestonwood	3.46%	2023	8,670,000	8,670,000
Hackberry Creek	3.90%	2028	29,500,000	29,500,000
Deer Park	4.21%	2023	16,480,000	16,480,000
Fountainwood	4.46%	2023	13,000,000	13,000,000
Livingston	3.51%	2018	15,900,000	15,900,000
Walker Commons	3.11%	2019	28,470,000	-
Preserve	3.26%	2021	24,600,000	-
San Brisas	3.26%	2021	16,980,000	-
Total mortgages principal payable			260,999,454	191,411,621
Unamortized mortgage transaction costs			(2,199,941)	(1,778,294)
Unamortized mark to market mortgage adjustment			3,383,690	3,897,335
Total carrying value of mortgages payable			**$ 262,183,203**	**$ 193,530,662**

The mortgages payable are recorded at amortized cost and bear a weighted effective interest rate of 3.85% as at September 30, 2014 (December 31, 2013 – 4.10%).

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

Principal repayments, as of September 30, 2014, based on scheduled repayments to be made on the mortgages payable over the next five years and thereafter are as follows:

Expressed in United States dollars

2014 remaining	$	335,687
2015		1,608,076
2016		2,083,032
2017		10,884,833
2018		17,444,944
Thereafter		228,642,882
	$	260,999,454

8. CONVERTIBLE DEBENTURES

On August 7, 2013, Pure Multi issued $23,000,000 of 6.5% convertible unsecured subordinated debentures ("6.5% convertible debentures") due on September 30, 2020. Each of the 6.5% convertible debentures is denominated with a face value of $1,000 and is convertible at the holder's option at any time into Class A Units at conversion price of $5.65 per Class A Unit, in accordance with the terms of the trust indenture dated August 7, 2013. On or after September 30, 2016, but prior to September 30, 2018, the 6.5% convertible debentures may be redeemed by Pure Multi, in whole or in part, at a price equal to their principal amount plus accrued and unpaid interest thereon, provided the weighted average trading price of the Class A Units for the 20 consecutive trading days, ending on the fifth trading day immediately preceding the date on which notice of redemption is given, is at least 125% of the conversion price. After September 30, 2018, the 6.5% convertible debentures may be redeemed by Pure Multi at any time. During the nine months ended September 30, 2014, none of the 6.5% convertible debentures have been converted into Class A Units. At September 30, 2014, $23,000,000 of the face value of the 6.5% convertible debentures was outstanding.

The following summarizes the face and carrying values of the 6.5% convertible debentures at September 30, 2014:

	Convertible Debentures		**Liability Component**		**Equity Component**	
	Face Value		Carrying Value		Carrying Value	
Balance as at December 31, 2013	$	23,000,000	$	19,663,721	$	1,985,429
Amortization of transaction costs		-		106,970		-
Balance as at September 30, 2014	**$**	**23,000,000**	**$**	**19,770,691**	**$**	**1,985,429**

9. PREFERRED UNITS OF SUBSIDIARY

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

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.

Expressed in United States dollars

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 and a redemption premium if the preferred units are redeemed before January 1, 2015. The redemption premium is equal to $100 per preferred unit if redemption occurs on or before December 31, 2014. There is no redemption premium for redemptions after December 31, 2014.

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

Pure Multi declared distributions of $11,719 during the nine months ended September 30, 2014 to the preferred unitholders (year ended December 31, 2013 – $14,888).

10. CREDIT FACILITY

On July 19, 2013, Pure Multi established a revolving credit facility with a lender in the amount of $9,900,000. At September 30, 2014 there was $5,546,485 outstanding (December 31, 2013 - $5,396,485). The revolving credit facility is interest bearing at a variable interest rate based at 2.00% plus the London Interbank Offered Rate ("LIBOR"). The revolving credit facility is secured by a charge in respect of Windsong and matures on July 19, 2016.

	September 30, 2014	December 31, 2013
Revolving credit facility	$ 9,900,000	$ 9,900,000
Less: Line of credit outstanding	(5,546,485)	(5,396,485)
Remaining unused credit facility	$ 4,353,515	$ 4,503,515

The amount payable on the credit facility at September 30, 2014 was $5,463,473 (December 31, 2013 - $5,280,990). Included in this amount are the related unamortized transaction costs of $83,012 (December 31, 2013 - $115,495), which are amortized over the term of the credit facility, on a straight-line basis.

11. PARTNERS' CAPITAL

a. Limited Partners and General Partner

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

From date of formation on May 8, 2012 to December 31, 2012 ("period ended December 31, 2012"), the Managing GP subscribed for 200,000 Class B units (each a "Class B Unit") of Pure Multi, at a price of $5.00 per Class B Unit, for gross proceeds to Pure Multi of $1,000,000, which entitles the Class B Unitholders, initially, a 5% interest in Pure Multi. Pure Multi did not issue any additional Class B Units subsequent to this.

From the date of formation, May 8, 2012, to December 31, 2013, Pure Multi issued 24,089,000 Class A Units for gross proceeds of $121,283,350, less offering costs.

Expressed in United States dollars

On May 21, 2014, Pure Multi issued, through a private placement, a total of 4,395,824 units (the "Units"), at a price of $4.55 per Unit, for gross proceeds of $20,000,999, less offering costs. Each Unit consists of one Class A Unit and one-half Class A Unit purchase warrant (each whole warrant, a "Warrant"). Each Warrant entitles the holder to acquire one additional Class A Unit from Pure Multi at a price of $5.15 per Class A Unit until November 20, 2016.

On July 29, 2014, Pure Multi completed the closing of a public offering of 6,350,000 Class A Units on a bought deal basis, at a price of $4.75 per Class A Unit for gross proceeds of $30,162,500, less offering costs.

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

b. Other Equity Items

	September 30, 2014			December 31, 2013		
	Convertible Debentures Equity Component (Note 8)	**Warrants**	**Total**	Convertible Debentures Equity Component (Note 8)	Warrants	Total
Balance at beginning of year	**$ 1,985,429**	**$ -**	**$ 1,985,429**	$ -	$ -	$ -
Issuance of convertible debentures, net of offering costs	**-**	**-**	**-**	1,985,429	-	1,985,429
Issuance of warrants, net of offering costs	**-**	**697,595**	**697,595**	-	-	-
Balance at end of period	**$ 1,985,429**	**$ 697,595**	**$ 2,683,024**	$ 1,985,429	$ -	$ 1,985,429

As at September 30, 2014, Pure Multi had outstanding Warrants as follows:

Number of Warrants	**Exercise Price**	**Expiry**
2,197,912	$5.15	November 20, 2016

12. INTEREST EXPENSE

Interest expense consists of the following:

Nine months ended	September 30, 2014	September 30, 2013
Mortgage interest	$ 6,283,051	$ 4,301,527
Credit facility interest	100,990	25,556
Convertible debenture interest	1,118,281	225,274
Amortization of transaction costs	318,771	138,381
Amortization of mark to market mortgage adjustment	(513,644)	(495,876)
	$ 7,307,449	**$ 4,194,862**

Expressed in United States dollars

Three months ended	September 30, 2014	September 30, 2013
Mortgage interest	$ 2,339,633	$ 1,810,367
Credit facility interest	41,097	25,556
Convertible debenture interest	376,822	225,274
Amortization of transaction costs	112,553	59,935
Amortization of mark to market mortgage adjustment	(172,725)	(166,749)
	$ 2,697,380	**$ 1,954,383**

13. NET CHANGE IN NON-CASH WORKING CAPITAL ITEMS

	Nine months ended	
Cash provided by (used in)	September 30, 2014	September 30, 2013
Amounts receivable	$ (24,012)	$ 229,535
Prepaid expenses	227,242	(55,664)
Accounts payable and accrued liabilities	2,979,013	3,963,672
Unearned revenue	8,584	327,393
Rental deposits	255,421	309,067
	$ 3,446,248	**$ 4,774,003**

14. CAPITAL MANAGEMENT

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

The LP Agreement provides for a maximum indebtedness level of up to 70% of the gross book value. The term "indebtedness" means any obligation of Pure Multi for borrowed money (including the face amount outstanding under any convertible debentures and any outstanding liabilities of Pure Multi arising from the issuance of subordinated notes but excluding any premium in respect of indebtedness assumed by Pure Multi for which Pure Multi has the benefit of an interest rate subsidy), but excludes trade accounts payable, distributions payable to unitholders, preferred units of subsidiary, accrued liabilities arising in the ordinary course of business and short-term acquisition credit facilities. The LP Agreement defines "gross book value" as the book value of the assets of Pure Multi plus the amount of accumulated depreciation and amortization in respect of such assets (and related intangible assets), the amount of future income tax liability arising out of indirect acquisitions and excluding the amount of any receivable reflecting interest rate subsidies on any debt assumed by Pure Multi. Pure Multi's indebtedness is 60.5% as at September 30, 2014 (December 31, 2013 – 64.0%). Pure Multi was in compliance with all restrictions during the nine months ended September 30, 2014 and the year ended December 31, 2013.

Expressed in United States dollars

There were no changes in Pure Multi's approach to capital management during the nine months ended September 30, 2014. The capital structure consisted of the following components at September 30, 2014 and December 31, 2013:

	September 30, 2014	December 31, 2013
Capital		
Mortgages payable	$ 262,183,203	$ 193,530,662
Convertible debentures	19,770,691	19,663,721
Preferred units of subsidiary	125,000	125,000
Partners' capital	182,019,692	119,792,853
Total capital	**$ 464,098,586**	**$ 333,112,236**

15. FINANCIAL INSTRUMENTS

Fair value of financial instruments

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

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

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

	September 30, 2014		December 31, 2013	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Mortgages payable	$ 262,183,203	$ 268,025,800	$ 193,530,662	$ 198,636,203
Preferred units of subsidiary	125,000	125,000	125,000	125,000
Convertible debentures	19,770,691	22,954,000	19,663,721	21,390,000

Financial risk management

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

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

There have been no changes to Pure Multi's assessment of its risk factors since December 31, 2013. Please refer to Pure Multi's audited consolidated financial statements and management discussion and analysis for the year ended December 31, 2013 for a discussion of risk factors that have been identified by Pure Multi.

16. RELATED PARTY TRANSACTIONS AND COMMITMENTS

Managing GP

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

During the nine months ended September 30, 2014, Pure Multi declared distributions to the Managing GP in the amount of $424,063 (year ended December 31, 2013 - $418,552). Included in accounts payable and accrued liabilities at September 30, 2014 was $424,063 (December 31, 2013 - $357,956).

Sunstone U.S. Opportunity Realty Trust

Pure Multi is related to Sunstone U.S. Opportunity Realty Trust, by virtue of having officers and directors in common (Stephen Evans, Robert King and James Redekop).

There has been no related party transactions between Pure Multi and Sunstone U.S. Opportunity Realty Trust during the nine months ended September 30, 2014. During the year ended December 31, 2013, Pure Multi acquired the following investment properties from Sunstone U.S. Opportunity Realty Trust:

- Windsong acquired on July 19, 2013;
- Fountainwood acquired on August 30, 2013;
- Livingston acquired on August 30, 2013; and
- 20% interest in San Brisas acquired on October 1, 2013

Pure Multi negotiated the purchase price of the properties above with reference to independently prepared third party appraisals.

Sunstone U.S. Opportunity (No. 2) Realty Trust

Pure Multi is related to Sunstone U.S. Opportunity (No. 2) Realty Trust, by virtue of having officers and directors in common (Stephen Evans, Robert King and James Redekop).

During the nine months ended September 30, 2014, Pure Multi acquired the following investment properties from Sunstone U.S. Opportunity (No. 2) Realty Trust:

- Walker Commons acquired on June 27, 2014;
- 50% interest in Preserve acquired on August 28, 2014; and
- 80% interest in San Brisas acquired on August 28, 2014

Pure Multi negotiated the purchase price of the properties above with reference to independently prepared third party appraisals.

Sunstone U.S. Opportunity (No. 3) Realty Trust

Pure Multi is related to Sunstone U.S. Opportunity (No. 3) Realty Trust, by virtue of having officers and directors in common (Stephen Evans, Robert King and James Redekop).

During the nine months ended September 30, 2014, Pure Multi acquired the following investment property from Sunstone U.S. Opportunity (No. 3) Realty Trust:

- 50% interest in Preserve acquired on August 28, 2014

Pure Multi negotiated the purchase price of the property above with reference to an independently prepared third party appraisal.

Asset Management Agreement

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

Tipton Asset Group, Inc. (“Tipton”) is the property manager for Pure Multi. Pure Multi is related to Tipton by virtue of having an officer and director in common with a subsidiary of Pure Multi (Bryan Kerns). Tipton charged $1,034,453 in property management fees during the nine months ended September 30, 2014 (year ended December 31, 2013 - $942,461). Included in accounts payable and accrued liabilities at September 30, 2014 was $nil (December 31, 2013 - $nil).

Compensation

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

Pure Multi compensates the directors of the Governing GP, who are not affiliated with or employees of the Managing GP, through annual compensation. The amount incurred during the nine months ended September 30, 2014 was $72,638 (year ended December 31, 2013 - $67,335).

17. LEASES

Pure Multi, through the US REIT, has entered into lease agreements on its investment properties. The residential property leases typically have lease terms of 1 to 12 months. Future minimum rental revenue to be earned under non–cancellable operating leases is $23,814,575 as at September 30, 2014 (December 31, 2013 - $16,382,301).

18. FAIR VALUE MEASUREMENT

Pure Multi measures investment properties at fair value at each balance sheet date, the fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions. In certain circumstances, the initial fair value may be based on other observable current market transactions, without modification or on a valuation technique using market based inputs.

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

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

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

	September 30, 2014			December 31, 2013		
(000's)	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Investment properties	$ -	$ -	$ 462,725	$ -	$ -	$ 332,003
Mortgages payable	-	268,026	-	-	198,636	-
Preferred units of subsidiary	-	125	-	-	125	-
Convertible debentures	22,954	-	-	21,390	-	-

There have been no transfers among all levels during the year.

As disclosed above, the fair value methodology for Pure Multi's investment properties is considered Level 3, as significant unobservable inputs are required to determine fair value. Refer to note 4, for a description of how management determines fair value and for further details of the average capitalization rates and ranges for investment properties, including equity-accounted investees.

Investment properties as at September 30, 2014 and December 31, 2013 have been valued using the overall capitalization rate ("OCR") method, an income based approach, whereby the stabilized net operating income is capitalized at the requisite OCR.

Valuations determined by the OCR method are most sensitive to changes in capitalization rates. The table below summarizes the sensitivity of the fair value of investment properties to changes in the capitalization rate at September 30, 2014:

Expressed in United States dollars

	OCR Sensitivity	
Rate sensitivity	Fair value	Change in fair value
+ 75 basis points	$ 411,111,590	$ (51,613,059)
+ 50 basis points	426,983,906	(35,740,743)
+ 25 basis points	444,134,474	(18,590,175)
Base rate (5.99%)	462,724,649	-
- 25 basis points	482,944,225	20,219,576
- 50 basis points	505,018,010	42,293,361
- 75 basis points	529,214,320	66,489,671

19. SUBSEQUENT EVENT

In November 2014, Pure Multi entered into a binding sale agreement to sell its undivided beneficial interest in Windscape Apartment Homes, located in Dallas, Texas, for gross proceeds of $10,500,000, less standard closing costs and adjustments. The sale is expected to be completed in early December 2014.

PURE
MULTI-FAMILY REIT LP

PURE MULTI-FAMILY REIT LP | 910-925 WEST GEORGIA | VANCOUVER | BC | V6C 3L2 | CANADA
604-681-5959 | WWW.PUREMULTIFAMILY.COM | INFO@PUREMULTIFAMILY.COM