The Preseve at Arbor Hills , Dallas, TX

Q2 2015
QUARTERLY REPORT

To Our Unitholders,

We are pleased to report strong second quarter results that continue to build upon our previously released strong first quarter of 2015. Quarter over quarter, we continue to generate substantial and steady growth.

Revenues totaled $13.9 million, an increase of 27.5% over the $10.9 million during the second 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 98.8% during the quarter, and we had an increase in same property average rent per occupied unit of 5.7%, compared to the same period in the prior year. We continue to press for higher rental rates without sacrificing occupancy.

Our **FFO increased** to $4.4 million during the three months ended June 30, 2015 from $3.1 million during the three months ended June 30, 2014. This resulted in a slight decrease on a per unit basis as it fell from $0.111 per class A unit (or 87.4%) during the second quarter of 2014 to $0.108 per class A unit (or 87.6%) during the second quarter of 2015. This temporary decrease was primarily the result of the increased cash on hand due to the equity raise that occurred on May 8, 2015 and the previously announced successful sales of Windscape Apartment Homes and Sunset Point Apartments. The excess cash on hand from the sales of Windscape Apartment Homes and Sunset Point Apartments was used in the May 7, 2015 acquisition of Park at West Avenue, a newly constructed US$54.25 Million, 360 unit multi-family apartment community located in San Antonio, Texas. A portion of the excess cash on hand from the May 8, 2015 equity raise was used subsequent to the current quarter end, on August 10, 2015, in the US$67.5 Million acquisition of the brand-new, Amalfi Stonebriar, a 365 unit luxury apartment community located on the Frisco/Plano border in North Dallas.

Our **AFFO increased** to $4.2 million during Q2 2015 ($0.103 or 92.6% per class A unit), compared to $2.8 million ($0.101 or 95.9% per class A unit) in the prior year. This represents a slight increase in AFFO per class A unit, which we consider to be impressive given the excess cash on hand, as previously described. **Our strong AFFO and FFO can be attributed to the continued strong organic growth we have achieved across our portfolio, as we experienced same property revenue growth of 5.8% and very strong same property NOI growth of over 9.8%.**

With our latest acquisition, Amalfi Stonebriar, announced subsequent to the end of the second quarter, and the announced sale of Oakchase Apartment Homes, expected to close on September 2, 2015, Pure Multi's portfolio will consist of fourteen investment properties, comprised of 4,419 high quality residential units situated on 243.8 acres of land. The average residential unit size is over 900 square feet, with the average year of construction being 2001.

Our goals remain unchanged – to build a high quality Class A portfolio across key markets in the U.S. sunbelt, while continuing to enhance shareholder value. We are looking forward to an exciting third quarter as we look to deploy the remaining equity raised in our successful May 8, 2015 bought deal by way of property acquisitions.

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 six months ended June 30, 2015

Dated: August 14, 2015

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SECTION I

FORWARD-LOOKING DISCLAIMER

The following 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 six months ended June 30, 2015 should be read in conjunction with Pure Multi's unaudited condensed interim consolidated financial statements for the three and six months ended June 30, 2015, 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 "Outlook", "Results of Operations", "Financial Condition", "Liquidity and Capital Resources" and "Risks and Uncertainties" 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 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 August 14, 2015 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 six months ended June 30, 2015 includes material information up to August 14, 2015. Except as otherwise stated in this MD&A, all dollar amounts in this MD&A, including per unit amounts, are stated in U.S. dollars.

All references herein to "consolidated" refer to amounts as reported under IFRS. All references to "Pure Multi's interest" refer to a non-IFRS measure presented on a proportionally consolidated basis and assumes Pure Multi prorates and accrues property tax liability and expense based on the time period of ownership throughout a given reporting year. For a reconciliation of Pure Multi'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, Distributable Income or DI, same property net rental income growth, same property revenue growth, same property average monthly rent per occupied unit, rental revenue - same property, rental revenue - properties acquired/sold, net rental income - same property and net rental income - properties acquired/sold. For an IFRS to non-IFRS reconciliation, see "Statement of Financial Position and Results of Operations Reconciliation", "Distributable Income" and "Liquidity and Capital Resources – Funds from Operations and Adjusted Funds from Operations".

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 Southwestern and Southeastern portions of the U.S. including states such as Texas, Arizona, Georgia and Nevada (collectively the "Sunbelt").

Pure Multi is a limited partnership formed under the Limited Partnership Act (Ontario) to indirectly invest in multi-family real estate properties in the United States. Pure Multi 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 Pure US Apartments REIT Inc. (the "US REIT"), was established for, among other things, the purposes of acquiring, owning and operating multi-family real estate properties in the United States.

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

On January 14, 2015, Pure Multi sold Sunset Point Apartments, a multi-family apartment community, located in Arlington, Texas ("Sunset Point"), for a sale price of $27,950,000, less standard closing costs and adjustments.

On May 7, 2015, Pure Multi acquired Park at West Avenue, a multi-family apartment community located in San Antonio, Texas ("Park West"), for a purchase price of $54,250,000, plus standard closing costs and adjustments. The cash used to fund this acquisition was derived from the net sale proceeds obtained from the prior sales of Windscape Apartment Homes and Sunset Point, sold on December 18, 2014 and January 14, 2015, respectively, in addition to obtaining new mortgage financing.

On May 8, 2015, Pure Multi completed a bought deal offering of 6,900,000 Class A Units, at a price of $5.10 per Class A Unit, for gross proceeds of $35,190,000 (the "May 2015 Offering").

During the second quarter of 2015, Pure Multi increased total revenues by 27.5% compared to the same period in 2014, and obtained an increase of 9.8% in same property net rental income growth [(2)], an increase of 5.8% in same property revenue growth [(3)] and an increase of 5.7% in same property average monthly rent per occupied unit [(4)], during the same period.

Pure Multi earned an average monthly rent per occupied unit of $1,055.48, or $1.168 per square foot, on its entire portfolio during the three months ended June 30, 2015 (three months ended June 30, 2014 - $937.95 and $1.077, respectively) and average monthly rent per occupied unit of $1,042.83, or $1.156 per square foot, on its entire portfolio during the six months ended June 30, 2015 (six months ended June 30, 2014 - $932.01 and $1.071, respectively).

Pure Multi had mortgages payable of $276.3 million, with a weighted average interest rate of 3.90% as at June 30, 2015 (December 31, 2014 - $256.7 million and 3.86%, respectively).

The resulting loan to gross book value, after the transactions described above, was 53.9% as at June 30, 2015 (December 31, 2014 – 57.9%), well below the maximum indebtedness level of 70% stipulated within the LP Agreement. See "Capital Structure".

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 net rental income growth (non-IFRS measure) represents property net rental income for properties owned during the entire comparative periods;

(3) Same property revenue growth (non-IFRS measure) represents total property revenues, including other income, for properties owned during the entire comparative periods; and

(4) 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	**As at June 30, 2015**	As at December 31, 2014
Number of properties	**14**	14
Number of residential units	**4,260**	4,308
Physical Occupancy	**98.0%**	97.6%
Leased Occupancy	**99.3%**	98.2%
Investment properties *(000's)*	**$ 517,148**	$ 468,518
Mortgages payable *(000's)*	**$ 276,338**	$ 256,735
Weighted average effective interest rate on mortgages payable	**3.90%**	3.86%
Loan to gross book value	**53.9%**	57.9%

Pure Multi's interest *($000s, except per unit basis)* *(all per unit amounts based on basic weighted average number of units outstanding)*	**For the six months ended June 30, 2015**	For the six months ended June 30, 2014	**For the three months ended June 30, 2015**	For the three months ended June 30, 2014
Rental revenue - same property[(1)]	**$ 19,833**	$ 18,666	**$ 9,987**	$ 9,438
Rental revenue - properties acquired/sold[(2)]	**7,118**	2,860	**3,915**	1,462
Total rental revenue - Pure Multi's interest[(3)]	**26,951**	21,526	**13,902**	10,900
Net rental income - same property[(4)]	**11,003**	10,037	**5,533**	5,038
Net rental income - properties acquired/sold[(5)]	**4,155**	1,452	**2,282**	744
Total net rental income - Pure Multi's interest[(3)]	**15,158**	11,489	**7,815**	5,782
Basic weighted average number of units outstanding				
Class A units	**36,893,388**	25,084,739	**38,929,329**	26,069,536
Class B units	**200,000**	200,000	**200,000**	200,000
Distributions	**7,329**	5,044	**3,892**	2,666
per Class A unit	**0.19**	0.19	**0.10**	0.10
per Class B unit	**1.83**	1.26	**0.97**	0.67
Distributable income[(3)]	**8,834**	6,093	**4,513**	3,052
per Class A unit	**0.23**	0.23	**0.11**	0.11
per Class B unit	**2.21**	1.52	**1.13**	0.76
Payout ratio	**83.0%**	82.8%	**86.2%**	87.4%
Funds from operations[(3)]	**8,693**	6,093	**4,442**	3,052
per Class A unit	**0.22**	0.23	**0.11**	0.11
per Class B unit	**2.17**	1.52	**1.11**	0.76
Payout ratio	**84.3%**	82.8%	**87.6%**	87.4%
Adjusted funds from operations[(3)]	**8,228**	5,550	**4,204**	2,780
per Class A unit	**0.21**	0.21	**0.10**	0.10
per Class B unit	**2.06**	1.39	**1.05**	0.70
Payout ratio	**89.1%**	90.9%	**92.6%**	95.9%

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/sold (non-IFRS measure) represents total property revenues, including other income, for properties which were acquired or sold, therefore 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; and

(5) Net rental income - properties acquired/sold (non-IFRS measure) represents property net rental income for properties which were acquired or sold, therefore not owned during the entire comparative periods.

Portfolio Summary

As at June 30, 2015, Pure Multi's portfolio consists of 14 investment properties, with an aggregate of 4,260 residential units, located within four metropolitan areas: (i) Dallas - Fort Worth ("DFW"), Texas, (ii) Houston, Texas, (iii) San Antonio, Texas and (iv) Phoenix, Arizona.

The weighted average physical occupancy rate was 98.0% and weighted average leased occupancy rate was 99.3% for all properties owned as at June 30, 2015 (December 31, 2014 – 97.6% and 98.2%, respectively). Typical residential property leases have terms between one to 12 months.

				As at June 30, 2015				
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	$ 46,000	53.5%	5.50%	97.9%	99.4%
Fairways at Prestonwood	DFW, TX	2013	156	19,074	45.5%	5.75%	98.7%	99.4%
Vistas at Hackberry Creek	DFW, TX	2013	560	53,367	55.3%	6.00%	99.3%	99.6%
Windsong Apartments	DFW, TX	2013	264	20,300	27.3%	6.25%	99.2%	99.6%
Fountainwood Apartments	DFW, TX	2013	288	23,315	55.1%	6.25%	98.6%	99.7%
Livingston Apartments	DFW, TX	2013	180	30,535	51.3%	5.50%	97.8%	98.3%
Oakchase Apartments	DFW, TX	2012	236	17,850	48.3%	5.80%	95.8%	100.0%
Stoneleigh at Valley Ranch	DFW, TX	2012	210	28,000	48.9%	5.50%	98.1%	99.5%
Prairie Creek Villas	DFW, TX	2012	464	71,232	44.2%	5.75%	96.6%	99.4%
Stoneleigh at Bear Creek	DFW, TX	2012	436	52,785	60.8%	5.75%	98.9%	100.0%
	DFW, TX		***3,124***	***362,458***	***50.4%***	***5.78%***	***98.1%***	***99.6%***
Walker Commons	Houston, TX	2014	352	47,832	59.5%	6.00%	99.7%	100.0%
The Boulevard at Deer Park	Houston, TX	2013	216	24,202	68.1%	5.65%	99.1%	100.0%
	Houston, TX		***568***	***72,034***	***62.4%***	***5.88%***	***99.5%***	***100.0%***
Park at West Avenue	***San Antonio, TX***	2015	***360***	***54,258***	***67.3%***	***5.20%***	***95.3%***	***96.4%***
San Brisas Apartments [(1)]	***Phoenix, AZ***	2013 & 2014	***208***	***28,398***	***59.8%***	***5.35%***	***97.1%***	***98.1%***
Portfolio Total			***4,260***	***$ 517,148***	***54.4%***	***5.71%***	***98.0%***	***99.3%***

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 During 2015

On May 7, 2015, Pure Multi, through the US REIT, acquired Park West, a multi-family apartment community, located in San Antonio, Texas, for a sale price of $54,250,000, plus standard closing costs and adjustments. This acquisition was financed with cash and a new 15 year mortgage in the amount of $36,500,000.

Properties Sold During 2015

On January 14, 2015, Pure Multi, through the US REIT, sold Sunset Point, a multi-family apartment community, located in Arlington, Texas, for a sale price of $27,950,000, less standard closing costs and adjustments. The mortgage payable, secured by Sunset Point, was assumed by the purchaser on the same date.

OUTLOOK

Pure Multi has raised approximately $229.7 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 41,734,824 Class A Units and 2,197,912 share purchase warrants for gross proceeds of $206.7 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, San Antonio and Phoenix sub-markets. 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.

As at June 30, 2015, Pure Multi's portfolio consisted of 14 investment properties, 4,260 high-quality apartment units, comprising approximately 3.85 million rentable square feet and situated on 248 acres, located in Texas and Arizona. Pure Multi's platform in the U.S. consists of 95 employees, undertaking marketing, due diligence and management, at its property level.

Through the first half of 2015, Pure Multi continued to deliver outstanding same property growth metrics and expects these to remain strong throughout the second half of the year. In addition to this organic growth, Pure Multi continued to enhance the value of its portfolio by acquiring Park at West Avenue ("Park West"), located in San Antonio, Texas, on May 7, 2015 and Amalfi Stonebriar ("Amalfi"), located in Frisco, Texas, on August 10, 2015. Both of these properties were constructed in 2014 and renew the average year of construction of Pure Multi's portfolio, moving it into the year 2000. As part of Pure Multi's portfolio enhancement strategy, management continues to add value through capital improvements and selective profitable divestures of some of the older assets within the portfolio. During the current year, Pure Multi has completed the divesture of Sunset Point Apartment Homes ("Sunset Point"), located in Arlington, Texas and has announced the pending divesture of Oakchase Apartment Homes ("Oakchase"), also located in Arlington, Texas. Both of these asset divestures, which are two of Pure Multi's oldest properties, represent significant gains on the equity invested by Pure Multi and demonstrate the successful value add initiative implemented by management. The demand for high-quality apartment communities continues to be strong in our targeted markets. As population and job growth continue, upward pressure on apartment availability and rents will continue to improve our same property growth metrics. As the Houston, Texas market is considered to be a market where the current declining price of oil may have an impact on occupancy and revenues, management continues to monitor its two properties located there. Currently, Pure Multi's properties in this area have not seen an impact from the declining oil price, but instead have increased their revenues and net rental income over prior periods.

Pure Multi's refined focus on high-quality, unique assets that are situated in the some of the strongest growth markets in North America, combined with a hands-on management approach that fosters team-engagement in order to drive top tier operating results, allow Pure Multi to continue to achieve some of the strongest operating growth metrics within the market. As management continues to strategically add high-quality assets to the existing portfolio and increase Pure Multi's footprint within strong growth Sunbelt markets, management believes that its investors can expect continued strong operating results from Pure Multi's larger and more diversified portfolio.

SECTION II

STATEMENT OF FINANCIAL POSITION AND RESULTS OF OPERATIONS RECONCILIATION

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

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

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

Six months ended June 30, 2015 *($000s)*	Consolidated[1]	IFRIC 21 Property Tax Adjustment[2]	Pure Multi's Interest[3]
REVENUES			
Rental	$ 26,951	$ -	$ 26,951
OPERATING EXPENSES			
Insurance	667	-	667
Property management	808	-	808
Property taxes	8,566	(4,354)	4,212
Property operating expenses	6,106	-	6,106
	16,147	(4,354)	11,793
NET RENTAL INCOME	10,804	4,354	15,158
NET FINANCE INCOME (EXPENSES)			
Interest income	4	-	4
Interest expense	(5,900)	-	(5,900)
Distributions to subsidiary's preferred unitholders	(8)	-	(8)
	(5,904)	-	(5,904)
NET OTHER INCOME (EXPENSES)			
Other income	1	-	1
General and administrative	(453)	-	(453)
Fair value adjustments to investment properties	20,909	(375)	20,534
IFRIC 21 fair value adjustment to investment properties	3,979	(3,979)	-
Gain on disposal of investment property	10	-	10
Franchise taxes	(164)	-	(164)
	24,282	(4,354)	19,928
NET INCOME AND COMPREHENSIVE INCOME	$ 29,182	$ -	$ 29,182

Notes:

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

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

(3) 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 June 30, 2015 *($000s)*	Consolidated[1]	IFRIC 21 Property Tax Adjustment[2]	Pure Multi's Interest[3]
REVENUES			
Rental	$ 13,902	$ -	$ 13,902
OPERATING EXPENSES			
Insurance	344	-	344
Property management	417	-	417
Property taxes	-	2,200	2,200
Property operating expenses	3,126	-	3,126
	3,887	2,200	6,087
NET RENTAL INCOME	10,015	(2,200)	7,815
NET FINANCE INCOME (EXPENSES)			
Interest income	3	-	3
Interest expense	(2,980)	-	(2,980)
Distributions to subsidiary's preferred unitholders	(4)	-	(4)
	(2,981)	-	(2,981)
NET OTHER INCOME (EXPENSES)			
Other income	-	-	-
General and administrative	(261)	-	(261)
Fair value adjustments to investment properties	9,190	210	9,400
IFRIC 21 fair value adjustment to investment properties	(1,990)	1,990	-
Franchise taxes	(77)	-	(77)
	6,862	2,200	9,062
NET INCOME AND COMPREHENSIVE INCOME	$ 13,896	$ -	$ 13,896

Notes:

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

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

(3) 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:

Six months ended June 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	$ 21,266	$ 260	$ -	$ 21,526
OPERATING EXPENSES				
Insurance	554	3	-	557
Property management	637	8	-	645
Property taxes	6,792	20	(3,408)	3,404
Property operating expenses	5,363	68	-	5,431
	13,346	99	(3,408)	10,037
NET RENTAL INCOME	7,920	161	3,408	11,489
NET FINANCE INCOME (EXPENSES)				
Interest income	1	-	-	1
Interest expense	(4,610)	(73)	-	(4,683)
Distributions to subsidiary's preferred unitholders	(8)	-	-	(8)
	(4,617)	(73)	-	(4,690)
NET OTHER INCOME (EXPENSES)				
Other expense	-	-	-	-
General and administrative	(420)	-	-	(420)
Fair value adjustments to investment properties	5,858	-	7	5,865
IFRIC 21 fair value adjustment to investment properties	3,414	-	(3,414)	-
Franchise taxes	(147)	-	-	(147)
	8,705	-	(3,408)	5,297
SHARE OF PROFIT (LOSS) OF EQUITY-ACCOUNTED INVESTMENT	88	(88)	-	-
NET INCOME AND COMPREHENSIVE INCOME	$ 12,096	$ -	$ -	$ 12,096

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 on 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 June 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	$ 10,770	$ 130	$ -	$ 10,900
OPERATING EXPENSES				
Insurance	283	2	-	285
Property management	322	4	-	326
Property taxes	-	10	1,714	1,724
Property operating expenses	2,748	35	-	2,783
	3,353	51	1,714	5,118
NET RENTAL INCOME	7,417	79	(1,714)	5,782
NET FINANCE INCOME (EXPENSES)				
Interest income	1	-	-	1
Interest expense	(2,320)	(37)	-	(2,357)
Distributions to subsidiary's preferred unitholders	(4)	-	-	(4)
	(2,323)	(37)	-	(2,360)
NET OTHER INCOME (EXPENSES)				
Other expense	-	-	-	-
General and administrative	(226)	-	-	(226)
Fair value adjustments to investment properties	5,858	-	7	5,865
IFRIC 21 fair value adjustment to investment properties	(1,707)	-	1,707	-
Franchise taxes	(74)	-	-	(74)
	3,851	-	1,714	5,565
SHARE OF PROFIT (LOSS) OF EQUITY-ACCOUNTED INVESTMENT	42	(42)	-	-
NET INCOME AND COMPREHENSIVE INCOME	$ 8,987	$ -	$ -	$ 8,987

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 on 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 of the information presented below relates to Pure Multi's interest, unless noted otherwise.

Pure Multi's interest *($000s, except per unit basis)*	**For the six months ended June 30, 2015**	For the six months ended June 30, 2014	**For the three months ended June 30, 2015**	For the three months ended June 30, 2014
Revenues				
Rental	**$ 26,951**	$ 21,526	**$ 13,902**	$ 10,900
Operating Expenses				
Insurance	**667**	557	**344**	285
Property management	**808**	645	**417**	326
Property taxes	**4,212**	3,404	**2,200**	1,724
Property operating expenses	**6,106**	5,431	**3,126**	2,783
	11,793	10,037	**6,087**	5,118
Net Rental Income	**15,158**	11,489	**7,815**	5,782
Net Finance Income (Expenses)				
Interest income	**4**	1	**3**	1
Interest expense	**(5,900)**	(4,683)	**(2,980)**	(2,357)
Distributions to subsidiary's preferred unitholders	**(8)**	(8)	**(4)**	(4)
	(5,904)	(4,690)	**(2,981)**	(2,360)
Other Income (Expenses)				
Other income	**1**	-	-	-
General and administrative	**(453)**	(420)	**(261)**	(226)
Fair value adjustments to investment properties	**20,534**	5,865	**9,400**	5,865
Gain on disposal of investment property	**10**	-	-	-
Franchise taxes	**(164)**	(147)	**(77)**	(74)
	19,928	5,297	**9,062**	5,565
Net Income and Comprehensive Income	**$ 29,182**	$ 12,096	**$ 13,896**	$ 8,987
Earnings per Class A unit – basic	**$ 0.75**	$ 0.46	**$ 0.34**	$ 0.33
Weighted average number of Class A units – basic	**36,893,388**	25,084,739	**38,929,329**	26,069,536
Earnings per Class A unit – diluted	**$ 0.70**	$ 0.42	**$ 0.32**	$ 0.30
Weighted average number of Class A units – diluted	**40,964,184**	29,155,535	**43,000,125**	30,140,332
Earnings per Class B unit – basic and diluted	**$ 7.30**	$ 3.02	**$ 3.47**	$ 2.25
Weighted average number of Class B units – basic and diluted	**200,000**	200,000	**200,000**	200,000

During the six months ended June 30, 2015, based on Pure Multi's interest, Pure Multi recorded rental revenue of $26,950,650, net rental income of $15,157,773, fair value adjustments to investment properties of $20,534,719 and net income of $29,181,523 from its investment properties (six months ended June 30, 2014 - $21,525,928, $11,488,998, $5,864,763 and $12,096,666, respectively). During the six months ended June 30, 2015, based on Pure Multi's interest, Pure Multi incurred $453,070 of general and administrative expenses (six months ended June 30, 2014 - $420,312), realized a fair value gain adjustment to investment properties of $20,534,719 (six months ended June 30, 2014 - $5,864,763) and incurred franchise tax expense of $164,184 (six months ended June 30, 2014 - $147,124). The increase in revenues, expenses and net income are primarily attributable to Pure Multi operating additional investment properties during the six months ended June 30, 2015, compared to the six months ended June 30, 2014, in addition to strong organic rental revenue growth experienced from the investment properties operated during both periods.

Pure Multi's loan to gross book value ratio decreased to 53.9% at June 30, 2015 (December 31, 2014 – 57.9%) and its distribution payout ratio on Distributable Income was 83.0% for the six months ended June 30, 2015 (six months ended June 30, 2014 – 82.8%). For further clarity, 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 (see "Distributable Income"). 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 six months ended June 30, 2015**	For the six months ended June 30, 2014	**For the three months ended June 30, 2015**	For the three months ended June 30, 2014
Insurance	**5.7%**	5.6%	**5.6%**	5.6%
Property management	**6.8%**	6.4%	**6.8%**	6.4%
Property taxes	**35.7%**	33.9%	**36.2%**	33.7%
Property operating expenses	**51.8%**	54.1%	**51.4%**	54.3%
	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 and distributions to subsidiary's preferred unitholders (see "Financial Condition – Preferred Units of Subsidiary"). Pure Multi declared distributions in the amount of $7,813 to the subsidiary's preferred unitholders during the six months ended June 30, 2015 (six months ended June 30, 2014 - $7,813).

Interest Expense

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

The weighted average interest rate on the mortgages, based on Pure Multi's interest, is 3.90% per annum as at June 30, 2015 (December 31, 2014 – 3.86%) and the mortgages mature between 2017 and 2030 with a weighted average mortgage term of 7.3 years remaining (December 31, 2014 – 6.8 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 six months ended June 30, 2015, total general and administrative expenses amounted to 1.7% of rental revenue (six months ended June 30, 2014 – 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 its services, which include 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 six months ended June 30, 2015**	For the six months ended June 30, 2014	**For the three months ended June 30, 2015**	For the three months ended June 30, 2014
Insurance	**4.5%**	3.4%	**3.9%**	3.2%
Professional fees	**35.0%**	38.1%	**28.4%**	41.3%
Legal and filing fees	**17.6%**	20.2%	**14.6%**	8.3%
Director's fees	**12.1%**	11.9%	**11.8%**	11.7%
Administrative expenses	**30.8%**	26.4%	**41.3%**	35.5%
	100.0%	100.0%	**100.0%**	100.0%
G&A expense as a percentage of rental revenue	**1.7%**	2.0%	**1.9%**	2.1%

Other Income (Expenses)

Other income (expenses), is income (expenses) resulting from foreign exchange transactions experienced by Pure Multi, as a small number of transactions occur in Canadian dollars while cash and cash equivalents are held in United States dollars.

Fair Value Adjustments 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 six months ended June 30, 2015, based on Pure Multi's interest, Pure Multi recorded a fair value adjustment gain of $20,534,719 to its investment properties (six months ended June 30, 2014 - $5,864,763). The weighted average capitalization rate of the investment properties at June 30, 2015, based on Pure Multi's interest, was 5.71% (December 31, 2014 – 5.90%).

Gain on Disposal of Investment Property

During the six months ended June 30, 2015, Pure Multi sold Sunset Point for a sale price of $27,950,000. Pure Multi realized a gain on disposal of the investment property in the amount of $9,782. The gain on disposal is a result of the selling price being greater than the fair value of the property, less selling costs. Pure Multi did not sell any properties during the six months ended June 30, 2014.

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 $164,184 for the six months ended June 30, 2015 (six months ended June 30, 2014 - $147,124).

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 six months ended June 30, 2015, Pure Multi incurred offering costs of $1,668,556 (six months ended June 30, 2014 - $205,877).

Distributions to Limited Partners

Pure Multi declared distributions in the amount of $6,962,780 to Class A unitholders and $366,462 to Class B unitholders during the six months ended June 30, 2015 (six months ended June 30, 2014 - $4,791,427 and $252,180, 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 units of subsidiary offering costs.

Pure Multi's interest *($000s, except per unit basis)*	**For the six months ended June 30, 2015**	For the six months ended June 30, 2014	**For the three months ended June 30, 2015**	For the three months ended June 30, 2014
Net cash provided from operating activities	**$ 12,367**	$ 9,346	**$ 10,618**	$ 7,371
Adjustment:				
Changes in non-cash operating working capital	**(1,805)**	(1,838)	**(1,152)**	(183)
IFRIC 21 property tax liability adjustment, net	**3,980**	3,414	**(1,990)**	(1,707)
Interest income	**4**	1	**3**	1
Interest expense	**(5,704)**	(4,822)	**(2,962)**	(2,426)
Distributions to subsidiary's preferred unitholders	**(8)**	(8)	**(4)**	(4)
Distributable Income	**$ 8,834**	$ 6,093	**$ 4,513**	$ 3,052
Class A units	**8,392**	5,788	**4,288**	2,900
Class B units	**442**	305	**225**	152
Distributions to Unitholders				
Class A units	**$ 6,963**	$ 4,792	**$ 3,697**	$ 2,533
Class B units	**366**	252	**195**	133
Total distributions paid	**$ 7,329**	$ 5,044	**$ 3,892**	$ 2,666
Total distributions paid as a % of Distributable Income	**83.0%**	82.8%	**86.2%**	87.4%
Weighted average number of units *(000s)*				
Class A units	**36,893**	25,085	**38,929**	26,070
Class B units	**200**	200	**200**	200
Diluted weighted average number of units *(000s)*				
Class A units	**40,964**	29,156	**43,000**	30,140
Class B units	**200**	200	**200**	200
Basic DI per unit				
Class A units	**$ 0.23**	$ 0.23	**$ 0.11**	$ 0.11
Class B units	**2.21**	1.52	**1.13**	0.76
Diluted DI per unit				
Class A units	**0.22**	0.22	**0.11**	0.11
Class B units	**2.21**	1.52	**1.13**	0.76
Distributions paid per weighted average unit				
Class A units	**0.19**	0.19	**0.10**	0.10
Class B units	**1.83**	1.26	**0.97**	0.67

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. At the rate of current monthly distributions, on an annualized basis, unitholders would receive $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 ($000s)	**For the six months ended June 30, 2015**	For the six months ended June 30, 2014	**For the three months ended June 30, 2015**	For the three months ended June 30, 2014
Distributable income	**$ 8,834**	$ 6,093	**$ 4,513**	$ 3,052
IFRIC 21 property tax liability adjustment, net	**(3,980)**	(3,414)	**1,990**	1,707
Interest income	**(4)**	(1)	**(3)**	(1)
Interest expense	**5,704**	4,822	**2,962**	2,426
Distributions to subsidiary's preferred unitholders	**8**	8	**4**	4
Decrease in amounts receivable	**404**	18	**807**	171
(Increase) decrease in prepaid expenses	**14**	(19)	**(113)**	(26)
Increase in rental deposits	**142**	132	**192**	96
Decrease in unearned revenue	**(265)**	(155)	**(193)**	(101)
Increase in accounts payable and accrued liabilities	**1,510**	1,862	**459**	43
Standardized Distributable Cash (net cash from operating activities)	**$ 12,367**	$ 9,346	**$ 10,618**	$ 7,371

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

<u>Assets</u>

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 once certain conditions are met, such as completion of repairs. As at June 30, 2015, the term for the current mortgage reserve fund is less than 12 months. The amortized cost of the mortgage reserve fund is $3,737,399, based on Pure Multi's interest, as at June 30, 2015, (December 31, 2014 - $6,208,641).

Liabilities

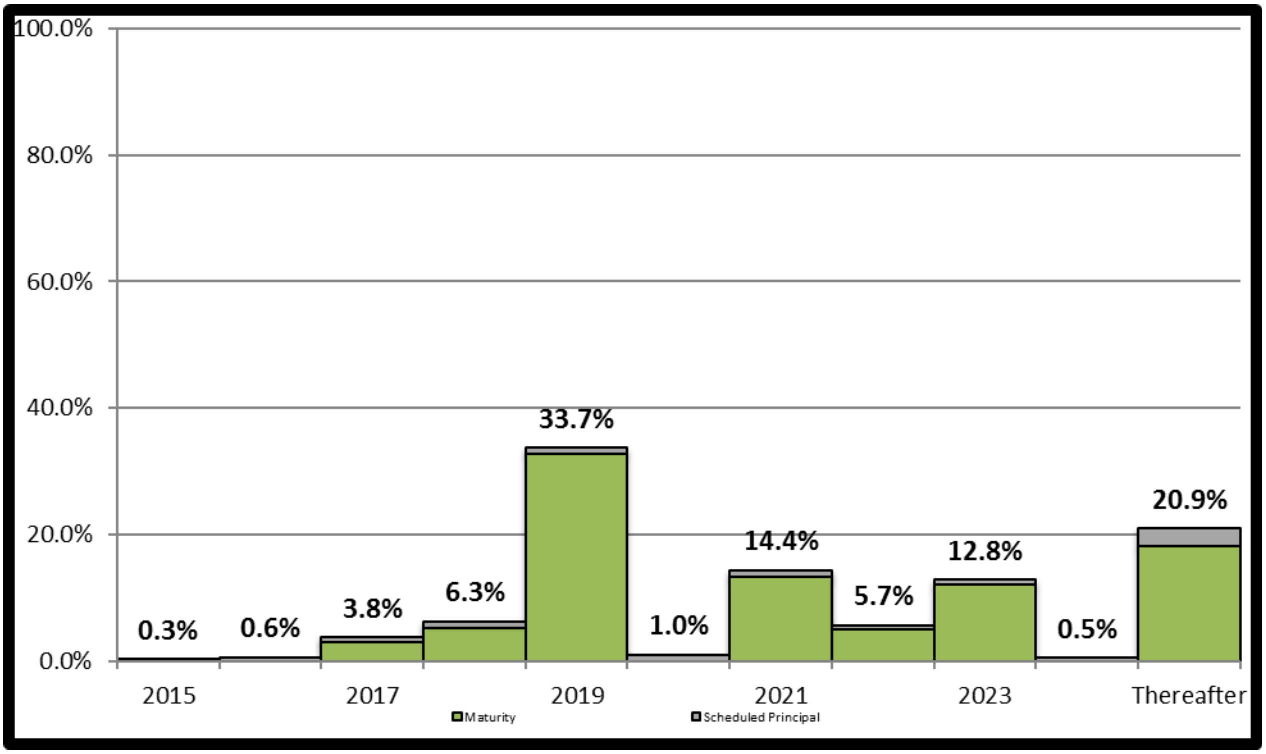
The LP Agreement limits the indebtedness of Pure Multi to a maximum of 70% of the gross book value. The gross book value is defined as the total book value of the assets plus accumulated depreciation and amortization in respect of such assets. The indebtedness is 53.9% of the gross book value as at June 30, 2015 (December 31, 2014 – 57.9%).

Mortgages Payable

The mortgages bear interest at a weighted average effective rate of 3.90%, based on Pure Multi's interest, as at June 30, 2015 (December 31, 2014 – 3.86%) and mature between 2017 and 2030. The scheduled principal payments, principal maturities and weighted average effective rate are as follows:

Pure Multi's interest **June 30, 2015** *($000s)*	***Weighted Average Effective Rate (on expiry)***	**Scheduled Principal Repayments**	**Principal Maturities**	**Total Repayments**
Remainder of 2015	-	$ 702	$ -	$ 702
2016	-	1,775	-	1,775
2017	*3.28%*	2,356	8,209	10,565
2018	*3.51%*	2,814	14,615	17,429
2019	*4.23%*	2,810	90,030	92,840
2020	-	2,758	-	2,758
2021	*3.26%*	2,624	37,060	39,684
2022	*3.51%*	1,989	13,680	15,669
2023	*4.12%*	1,840	33,349	35,189
2024	-	1,453	-	1,453
Thereafter	*3.90%*	7,582	49,922	57,504
	3.90%	$ 28,703	$ 246,865	275,568
Unamortized mortgage transaction costs				(2,086)
Unamortized mark to market mortgage adjustment				2,856
				$ 276,338

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



Preferred Units of Subsidiary

During the year ended December 31, 2013, the US REIT issued 125 preferred units at $1,000 per 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 of directors of the Governing GP does not expect to redeem any preferred units within the next year. Thus, the preferred units are classified as non-current liabilities.

Convertible Debentures

On August 7, 2013, Pure Multi issued $23,000,000 of 6.5% convertible unsecured subordinated debentures (the "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 six months ended June 30, 2015, none of the 6.5% convertible debentures were converted into Class A Units. At June 30, 2015, $23,000,000 of the face value of the 6.5% convertible debentures was outstanding (December 31, 2014 - $23,000,000).

The following summarizes the face and carrying values of the 6.5% convertible debentures at June 30, 2015:

	Convertible Debentures Face Value	**Liability Component** Carrying Value	**Equity Component** Carrying Value
Balance as at December 31, 2014	$ 23,000,000	$ 19,876,109	$ 1,985,429
Amortization of transaction costs	-	76,202	-
Accretion of liability component	-	141,177	-
Balance as at June 30, 2015	**$ 23,000,000**	**$ 20,093,488**	**$ 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 on the London Interbank Offered Rate ("LIBOR") plus 2.00%. At June 30, 2015, Pure Multi had drawn down $5,546,485 (December 31, 2014 - $5,546,485) of the revolving credit facility bearing an interest rate at 2.1850% (December 31, 2014 – 2.1570%). The revolving credit facility matures on July 19, 2016 is secured by a charge on Windsong Apartments ("Windsong"), a multi-family apartment community located in Dallas, Texas.

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, 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, to a 5% interest in Pure Multi. As of the date hereof, Pure Multi has 200,000 Class B Units outstanding.

From the date of formation on May 8, 2012 to December 31, 2014, Pure Multi issued 34,834,824 Class A Units for gross proceeds of $171,446,849, less offering costs. On May 8, 2015, Pure Multi completed the closing of a public offering of 6,900,000 Class A Units, on a bought deal basis, at a price of $5.10 per Class A Unit for gross proceeds of $35,190,000, less offering costs.

As at June 30, 2015, Pure Multi has 41,734,824 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 Pure Multi's prospectuses dated July 3, 2012, October 12, 2012, May 1, 2013, July 22, 2014 and May 4, 2015, and are available on SEDAR at www.sedar.com. The Class B Units were subscribed for by the Managing GP on May 30, 2012. Except as set out in the LP Agreement, no Class A Unit or Class B Unit has any preference or priority over another.

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, 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 (as defined in the LP Agreement) 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 Class A 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 or cash flows, as applicable, determined in accordance with IFRS. However, FFO is an operating performance measure which is widely used by the real estate industry 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, IFRIC 21 adjustments, and gains or losses from property dispositions, it provides a performance measure that, when compared period over period, reflects the impact on operations of trends in occupancy levels, rental rates, operating costs and realty taxes; acquisition activities; and interest costs, and provides a perspective of financial performance that is not immediately apparent from net earnings determined in accordance with IFRS.

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

Adjusted funds from operations ("AFFO") is also a non-IFRS measure, using Pure Multi's interest as previously disclosed, and should not be construed as an alternative to net earnings or cash flows, as applicable, determined in accordance with IFRS. However, AFFO is widely accepted as a performance measurement tool in the real estate industry. AFFO is calculated by adjusting the FFO for non-cash compensation items, accretion of debentures, and maintenance capital expenditures. Pure Multi'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 *($000s, except per unit basis)*	**For the six months ended June 30, 2015**	For the six months ended June 30, 2014	**For the three months ended June 30, 2015**	For the three months ended June 30, 2014
Net income and comprehensive income	**$ 29,182**	$ 12,096	**$ 13,896**	$ 8,987
Adjustment:				
Amortization of transaction costs	**409**	217	**124**	109
Amortization of mark to market mortgage adjustments	**(353)**	(355)	**(177)**	(179)
Fair value adjustment to investment properties	**(20,909)**	(5,858)	**(9,190)**	(5,858)
Gain on disposal of investment property	**(10)**	-	**-**	-
Property tax adjustments on acquisition or sale	**374**	(7)	**(211)**	(7)
IFRIC 21 fair value adjustment to investment properties	**(3,980)**	(3,414)	**1,990**	1,707
IFRIC 21 property tax liability adjustment, net	**3,980**	3,414	**(1,990)**	(1,707)
Funds from operations	**$ 8,693**	$ 6,093	**$ 4,442**	$ 3,052
Maintenance capital provision [1]	**(606)**	(543)	**(309)**	(272)
Accretion of convertible debentures	**141**	-	**71**	-
Adjusted funds from operations	**$ 8,228**	$ 5,550	**$ 4,204**	$ 2,780
Weighted average number of units *(000s)*				
Class A units	**36,893**	25,085	**38,929**	26,070
Class B units	**200**	200	**200**	200
Diluted weighted average number of units *(000s)*				
Class A units	**40,964**	29,156	**43,000**	30,140
Class B units	**200**	200	**200**	200
FFO per unit - Basic				
Class A units	**$ 0.22**	$ 0.23	**$ 0.11**	$ 0.11
Class B units	**2.17**	1.52	**1.11**	0.76
FFO per unit - Diluted				
Class A units	**$ 0.22**	$ 0.22	**$ 0.11**	$ 0.11
Class B units	**2.17**	1.52	**1.11**	0.76
Payout Ratio on FFO	**84.3%**	82.8%	**87.6%**	87.4%
AFFO per unit - Basic				
Class A units	**$ 0.21**	$ 0.21	**$ 0.10**	$ 0.10
Class B units	**2.06**	1.39	**1.05**	0.70
AFFO per unit – Diluted				
Class A units	**$ 0.21**	$ 0.21	**$ 0.10**	$ 0.10
Class B units	**2.06**	1.39	**1.05**	0.70
Payout Ratio on AFFO	**89.1%**	90.9%	**92.6%**	95.9%

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 AFFO and FFO to cash provided by operations:

Pure Multi's interest *($000s)*	**For the six months ended June 30, 2015**	For the six months ended June 30, 2014	**For the three months ended June 30, 2015**	For the three months ended June 30, 2014
Adjusted funds from operations	**$ 8,228**	$ 5,550	**$ 4,204**	$ 2,780
Maintenance capital provision	**606**	543	**309**	272
Accretion of convertible debentures	**(141)**	-	**(71)**	-
Funds from operations	**8,693**	6,093	**4,442**	3,052
(Increase) decrease in accounts receivable	**404**	18	**807**	171
(Increase) decrease in prepaid expenses	**14**	(19)	**(113)**	(26)
Increase (decrease) in rental deposits	**142**	132	**192**	96
Increase (decrease) in accounts payable and accrued liabilities	**1,510**	1,862	**459**	43
Increase (decrease) in unearned revenue	**(265)**	(155)	**(193)**	(101)
IFRIC 21 property tax liability adjustment, net	**(3,980)**	(3,414)	**1,990**	1,707
Accretion of convertible debentures	**141**	-	**71**	-
Interest income	**(4)**	(1)	**(3)**	(1)
Interest expense	**5,704**	4,822	**2,962**	2,426
Distributions to subsidiary's preferred unitholders	**8**	8	**4**	4
Net cash provided from operating activities	**$ 12,367**	$ 9,346	**$ 10,618**	$ 7,371

Capital Resources

Cash generated by investment properties represents the primary source of funds to fund total distributions to limited partners of $7,329,242 for the six months ended June 30, 2015 (six months ended June 30, 2014 - $5,043,607).

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 of maturity.

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 months ended June 30, 2015 and 2014, cash provided from operating activities, less interest paid ("adjusted cash provided from (used by) operating activities"), was more than cash distributions declared. For the six months ended June 30, 2015 and 2014, adjusted cash provided from (used by) operating activities, was less than cash distributions declared due to a timing issue, as a significant portion of the property taxes payable having been paid during the six months ended June 30, 2015 and 2014. Management expects that adjusted cash provided from operating activities will exceed cash distributions declared over each given year ended on December 31 of that year.

Pure Multi's interest ($000s)	**For the six months ended June 30, 2015**	For the six months ended June 30, 2014	**For the three months ended June 30, 2015**	For the three months ended June 30, 2014
Cash provided from operating activities	**$ 12,367**	$ 9,346	**$ 10,618**	$ 7,371
Less interest paid	**(5,650)**	(5,069)	**(2,484)**	(2,070)
Adjusted cash provided from operating activities	**6,717**	4,277	**8,134**	5,301
Actual cash distributions declared	**7,329**	5,044	**3,892**	2,666
Surplus (shortfall) of cash from (used by) operating activities over cash distributions declared	**$ (612)**	$ (767)	**$ 4,242**	$ 2,635

For the three and six months ended June 30, 2015 and 2014, net income was more than cash distributions declared. Management expects net income to continue to exceed cash distributions declared.

Pure Multi's interest ($000s)	**For the six months ended June 30, 2015**	For the six months ended June 30, 2014	**For the three months ended June 30, 2015**	For the three months ended June 30, 2014
Net income	**$ 29,182**	$ 12,096	**$ 13,896**	$ 8,987
Actual cash distributions declared	**7,329**	5,044	**3,892**	2,666
Surplus of net income over cash distributions declared	**$ 21,853**	$ 7,052	**$ 10,004**	$ 6,321

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 53.9% as at June 30, 2015 (December 31, 2014 – 57.9%).

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 six months ended June 30, 2015 was $6,962,780 (six months ended June 30, 2014 - $4,791,427). The total distributions declared to Class B unitholders during the six months ended June 30, 2015 was $366,462 (six months ended June 30, 2014 - $252,180).

The capital structure consisted of the following components at June 30, 2015 and December 31, 2014:

Pure Multi's interest (\$000s)	**June 30, 2015**	December 31, 2014	Change
Capital			
Mortgages payable	**$ 276,338**	$ 256,735	$ 19,603
Convertible debentures	**20,093**	19,876	217
Preferred units of subsidiary	**125**	125	-
Partners' capital	**253,172**	197,798	55,374
Total Capital	**$ 549,728**	$ 474,534	$ 75,194

The total capital of Pure Multi increased from December 31, 2014 to June 30, 2015 primarily due to the May 2015 Offering, which increased partners' capital, the new mortgage obtained as part of the Park West acquisition and net income earned from operations. This was 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 of subsidiary have been calculated based on discounted future cash flows using discount rates that reflect current market conditions for instruments having similar terms and conditions. Discount rates are either provided by lenders or are observable in the open market. The fair value of the convertible debentures has been calculated using quoted prices in active markets.

	June 30, 2015		December 31, 2014	
Pure Multi's interest (\$000s)	**Carrying Amount**	**Fair Value**	Carrying Amount	Fair Value
Mortgages payable	**$ 276,338**	**$ 282,598**	$ 256,735	$ 262,023
Preferred units of subsidiary	**125**	**125**	125	125
Convertible debentures	**20,093**	**22,883**	19,876	22,885

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 June 30, 2015, based on Pure Multi's interest:

- Assets increased to $565,553,334 from $482,813,207 as at March 31, 2015. This increase was primarily due to the acquisition of Park West, the fair value adjustments to investment properties and an increase in cash and cash equivalents due to the May 2015 Offering. As at June 30, 2015, Pure Multi had cash and cash equivalents of $43,513,029 and investment properties of $517,147,803, compared to $26,680,926 and $452,568,400, respectively, as at March 31, 2015.

- Liabilities increased to $312,381,802 from $273,167,836 as at March 31, 2015. This increase was primarily due to the mortgage obtained as part of the Park West acquisition and an increase in property taxes payable.

- Partners' capital increased to $253,171,532 from $209,645,371 as at March 31, 2015. This increase was primarily due to the May 2015 Offering and the 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 $13,901,975 from investment properties held during the quarter (three months ended June 30, 2014 - $10,899,967). These properties incurred operating expenses of $6,087,349, resulting in net rental income of $7,814,626 during the same period (three months ended June 30, 2014 - $5,118,174 and $5,781,793, 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 $2,979,824 and distributions to subsidiary's preferred unitholders of $3,907 (three months ended June 30, 2014 - $2,356,446 and $3,907, respectively). This resulted in net finance expenses of $2,980,546 during the same period (three months ended June 30, 2014 - $2,359,350). The significant increases in net finance expenses was a direct result of 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 $261,198, fair value adjustments to investment properties gain of $9,400,954 and incurred franchise tax expense of $77,386 (three months ended June 30, 2014 - $226,112, $5,864,763 and $73,653, respectively).

During the three months ended June 30, 2015, based on Pure Multi's interest, Pure Multi had net income of $13,896,312 (three months ended June 30, 2014 - $8,986,993), as a result of the above transactions.

Pure Multi's interest Quarter ended *($000s, except per unit amounts)*	**June 30, 2015**	March 31, 2015	December 31, 2014	September 30, 2014
Rental revenue	**$ 13,902**	$ 13,049	$ 13,996	$ 12,953
Operating expenses	**6,087**	5,706	6,336	5,990
Net rental income	**7,815**	7,343	7,660	6,963
Interest expense	**(2,980)**	(2,921)	(3,036)	(3,213)
General and administrative expenses	**(261)**	(192)	(209)	(141)
Net income and comprehensive income	**13,896**	15,285	19,216	10,637
Basic net income per unit				
Class A units	**0.34**	0.42	0.52	0.31
Class B units	**3.47**	3.82	4.80	2.66

Pure Multi's interest Quarter ended *($000s, except per unit amounts)*	June 30, 2014	March 31, 2014	December 31, 2013	September 30, 2013
Rental revenue	$ 10,900	$ 10,626	$ 10,443	$ 9,269
Operating expenses	5,118	4,919	4,910	4,461
Net rental income	5,782	5,707	5,533	4,808
Interest expense	(2,357)	(2,326)	(2,369)	(1,954)
General and administrative expenses	(226)	(194)	(186)	(156)
Net income and comprehensive income	8,987	3,110	8,252	2,609
Basic net income per unit				
Class A units	0.33	0.12	0.33	0.10
Class B units	2.25	0.78	2.06	0.65

Pure Multi's interest As at *($000s)*	**June 30, 2015**	March 31, 2015	December 31, 2014	September 30, 2014
Total assets	**$ 565,553**	$ 482,813	$ 492,791	$ 480,830
Total liabilities	**312,382**	273,168	294,993	298,810
Partners' capital	**253,171**	209,645	197,798	182,020
Investment properties	**517,148**	452,568	468,518	462,725
Mortgages payable	**276,338**	240,577	256,735	262,183

Pure Multi's interest As at *($000s)*	June 30, 2014	March 31, 2014	December 31, 2013	September 30, 2013
Total assets	$ 403,967	$ 347,489	$ 351,007	$ 341,174
Total liabilities	257,326	226,963	231,214	227,254
Partners' capital	146,641	120,526	119,793	113,920
Investment properties	389,797	337,945	337,603	325,725
Mortgages payable	223,995	196,046	196,333	193,795

SECTION IV

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions during the reporting period that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Pure Multi's significant accounting policies are described in note 2 to the June 30, 2015 unaudited consolidated financial statements and in note 3 to the December 31, 2014 audited consolidated financial statements, available on SEDAR at www.sedar.com or on Pure Multi's website at www.puremultifamily.com.

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

Valuation of Investment Properties

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

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

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

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

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

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

FUTURE ACCOUNTING CHANGES

Pure Multi's significant accounting policies are described in note 2 to the June 30, 2015 unaudited consolidated financial statements and in note 3 to the December 31, 2014 audited consolidated financial statements, available on SEDAR at www.sedar.com or on Pure Multi's website at www.puremultifamily.com.

Standards issued but not yet effective

(a) 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 extent of the impact of the adoption has not yet been determined.

(b) IFRS 15 – Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15, *Revenue from Contracts with Customers* ("IFRS 15"). The new standard provides a comprehensive five-step revenue recognition model for all contracts with customers and requires management to exercise significant judgment and make estimates that affect revenue recognition. IFRS 15 is effective for annual periods beginning on or after January 1, 2018, with earlier adoption permitted. The extent of the impact of the adoption has not yet been determined.

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	**June 30, 2015**	**December 31, 2014**
Fixed rate instruments		
Mortgages payable	$ 275,567,455	$ 255,573,769
Convertible debentures	23,000,000	23,000,000
Preferred units of subsidiary	125,000	125,000
	298,692,455	278,698,769
Variable rate instruments		
Credit facility	5,546,485	5,546,485

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 as a relatively small portion of the expenses are in Canadian dollars.

Lease Rollover Risk

Lease rollover risk arises from the possibility that Pure Multi 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.

Class A 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 Class A Units will be sustained. The Class A Units will not necessarily trade at values determined solely by reference to the value of the investment properties of Pure Multi. Accordingly, the Class A 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 Class A Units may be affected by changes in general market conditions, fluctuations in the markets for equity securities and numerous other factors beyond Pure Multi'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**	**June 30, 2015 Face value**	**December 31, 2014 Face value**
Oakchase Apartments	3.28%	2017	$ 8,661,113	$ 8,706,995
Stoneleigh at Valley Ranch	3.51%	2022	13,680,000	13,680,000
Sunset Point Apartment Homes	3.54%	-	-	15,921,585
Prairie Creek Villas	6.02%	2019	31,589,817	31,712,271
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	12,895,571	12,948,076
Livingston Apartments	3.51%	2018	15,749,023	15,824,842
San Brisas Apartments	3.26%	2021	16,980,000	16,980,000
Walker Commons	3.11%	2019	28,470,000	28,470,000
Preserve at Arbor Hills	3.26%	2021	24,600,000	24,600,000
Park at West Avenue	4.02%	2030	36,500,000	-
Total mortgages principal payable			275,567,455	255,573,769
Unamortized mortgage transaction costs			(2,085,642)	(2,048,215)
Unamortized mark to market mortgage adjustment			2,856,303	3,209,439
Total carrying value of mortgages payable			$ 276,338,116	$ 256,734,993

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 six months ended June 30, 2015, Pure Multi declared distributions to the Managing GP in the amount of $366,462 (year ended December 31, 2014 - $595,945). Included in accounts payable and accrued liabilities at June 30, 2015 was $366,462 (December 31, 2014 - $495,630).

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).

There has been no related party transactions between Pure Multi and Sunstone U.S. Opportunity (No. 2) Realty Trust during the six months ended June 30, 2015. During the year ended December 31, 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.

As part of the closing adjustments on the acquisitions of Walker Commons and the 80% interest in San Brisas, Pure Multi paid to Sunstone U.S. Opportunity (No. 2) Realty Trust an amount equal to the fair market value adjustment that Pure Multi would have incurred if it had assumed the mortgage as part of the acquisition. The total amount paid, related to these adjustments, to Sunstone U.S. Opportunity (No. 2) Realty Trust during the year ended December 31, 2014 was $2,926,438.

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).

There has been no related party transactions between Pure Multi and Sunstone U.S. Opportunity (No. 3) Realty Trust during the six months ended June 30, 2015. During the year ended December 31, 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.

Sunstone Multi-Family Management Inc. provides property management services to the US REIT pursuant to a Property Management Agreement, dated May 9, 2012, as amended July 9, 2012. Sunstone Multi-Family Management Inc. has subcontracted Tipton Asset Group, Inc. ("Tipton") as 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 $808,163 in property management fees during the six months ended June 30, 2015 (six months ended June 30, 2014 - $644,757). Included in accounts payable and accrued liabilities at June 30, 2015 was $nil (December 31, 2014 - $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. The amount incurred during the six months ended June 30, 2015 was $54,867 (six months ended June 30, 2014 - $49,881).

Asset Management Agreement

The Managing GP, pursuant to the Asset Management Agreement, provides 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, at no cost, 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. 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, without bonus or penalty, upon not less than 60 days notice. 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 August 14, 2015, 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) 41,734,824 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

(a) **Oakchase Apartments ("Oakchase")**

On August 3, 2015, Pure Multi, through the US REIT, entered into a conditional, non-binding, purchase and sale agreement for the disposition of Oakchase, located in Arlington, Texas, for a sale price of $17,850,000, less standard closing costs and adjustments. The disposition is expected to close on September 2, 2015 and the current mortgage secured by Oakchase will be paid off on the same date.

(b) **Amalfi at Stonebriar ("Amalfi")**

On August 10, 2015, Pure Multi, through the US REIT, acquired Amalfi, a multi-family residential apartment community, located in Frisco, Texas, for a purchase price of $67,500,000, plus standard closing costs and adjustments. This acquisition was financed with cash and a new 12 year mortgage in the amount of $45,000,000.

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 six months ended June 30, 2015

(Unaudited)

Expressed in United States dollars

Expressed in United States dollars

	June 30, 2015	December 31, 2014
ASSETS		
Non-current assets		
Investment properties (note 3)	**$ 517,147,803**	$ 468,518,077
Current assets		
Prepaid expenses	**1,073,296**	1,087,631
Mortgage reserve fund (note 5)	**3,737,399**	6,208,641
Amounts receivable	**81,807**	486,118
Cash and cash equivalents (note 6)	**43,513,029**	16,490,085
	48,405,531	24,272,475
TOTAL ASSETS	**$ 565,553,334**	$ 492,790,552
LIABILITIES		
Non-current liabilities		
Mortgages payable (note 7)	**$ 274,894,802**	$ 255,126,917
Convertible debentures (note 8)	**20,093,488**	19,876,109
Preferred units of subsidiary (note 9)	**125,000**	125,000
	295,113,290	275,128,026
Current liabilities		
Mortgages payable – current portion (note 7)	**1,443,314**	1,608,076
Credit facility (note 10)	**5,495,956**	5,474,301
Rental deposits	**944,536**	802,296
Unearned revenue	**646,107**	910,674
Accounts payable and accrued liabilities	**8,738,599**	11,069,372
	17,268,512	19,864,719
TOTAL LIABILITIES	**312,381,802**	294,992,745
PARTNERS' CAPITAL (note 11)	**253,171,532**	197,797,807
TOTAL LIABILITIES AND PARTNERS' CAPITAL	**$ 565,553,334**	$ 492,790,552

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

Subsequent events (note 20)

Expressed in United States dollars

	Limited Partners Class A	Limited Partners Class B	General Partner	Other Equity Items (Note 11)	Accumulated Earnings	Total
Balance, December 31, 2014	$ 159,153,127	$ 1,000,000	$ 20	$ 2,683,024	$ 34,961,636	$ 197,797,807
Issuance of units	35,190,000	-	-	-	-	35,190,000
Offering costs	(1,668,556)	-	-	-	-	(1,668,556)
Distributions to limited partners	-	-	-	-	(7,329,242)	(7,329,242)
Net income for the period	-	-	-	-	29,181,523	29,181,523
Balance, June 30, 2015	**$ 192,674,571**	**$ 1,000,000**	**$ 20**	**$ 2,683,024**	**$ 56,813,917**	**$ 253,171,532**

	Limited Partners Class A	Limited Partners Class B	General Partner	Other Equity Items (Note 11)	Accumulated Earnings (Deficit)	Total
Balance, December 31, 2013	$ 111,876,144	$ 1,000,000	$ 20	$ 1,985,429	$ 4,931,260	$ 119,792,853
Issuance of units	19,297,667	-	-	-	-	19,297,667
Issuance of warrants	-	-	-	703,332	-	703,332
Offering costs	(200,140)	-	-	(5,737)	-	(205,877)
Distributions to limited partners	-	-	-	-	(5,043,607)	(5,043,607)
Net income for the period	-	-	-	-	12,096,666	12,096,666
Balance, June 30, 2014	**$ 130,973,671**	**$ 1,000,000**	**$ 20**	**$ 2,683,024**	**$ 11,984,319**	**$ 146,641,034**

Expressed in United States dollars

	Six months ended June 30, 2015	Six months ended June 30, 2014	**Three months ended June 30, 2015**	Three months ended June 30, 2014
REVENUES				
Rental	**$ 26,950,650**	$ 21,265,878	**$ 13,901,975**	$ 10,769,981
OPERATING EXPENSES				
Insurance	**667,230**	553,905	**343,702**	283,270
Property management	**808,163**	636,956	**416,499**	322,123
Property taxes	**8,565,976**	6,791,964	**-**	-
Property operating expenses	**6,105,252**	5,362,650	**3,126,361**	2,747,318
	16,146,621	13,345,475	**3,886,562**	3,352,711
NET RENTAL INCOME	**10,804,029**	7,920,403	**10,015,413**	7,417,270
NET FINANCE INCOME (EXPENSES)				
Interest income	**3,677**	1,446	**3,185**	1,003
Interest expense (note 12)	**(5,900,340)**	(4,610,069)	**(2,979,824)**	(2,319,935)
Distributions to subsidiary's preferred unitholders	**(7,813)**	(7,813)	**(3,907)**	(3,907)
	(5,904,476)	(4,616,436)	**(2,980,546)**	(2,322,839)
NET OTHER INCOME (EXPENSES)				
Other income (expense)	**979**	(472)	**(138)**	(448)
General and administrative	**(453,070)**	(420,312)	**(261,198)**	(226,112)
Fair value adjustments to investment properties (note 3)	**20,908,790**	5,858,215	**9,190,004**	5,858,215
IFRIC 21 fair value adjustments to investment properties (note 3)	**3,979,673**	3,414,312	**(1,989,837)**	(1,707,159)
Gain on disposal of investment property (note 3)	**9,782**	-	**-**	-
Franchise taxes	**(164,184)**	(147,124)	**(77,386)**	(73,653)
	24,281,970	8,704,619	**6,861,445**	3,850,843
SHARE OF PROFIT OF EQUITY-ACCOUNTED INVESTMENT (note 4)	**-**	88,080	**-**	41,719
NET INCOME AND COMPREHENSIVE INCOME	**$ 29,181,523**	$ 12,096,666	**$ 13,896,312**	$ 8,986,993
Earnings per Class A unit				
Basic	**$ 0.75**	$ 0.46	**$ 0.34**	$ 0.33
Diluted (note 19)	**$ 0.70**	$ 0.42	**$ 0.32**	$ 0.30
Weighted average number of Class A units				
Basic	**36,893,388**	25,084,739	**38,929,329**	26,069,536
Diluted (note 19)	**40,964,184**	29,155,535	**43,000,125**	30,140,332
Earnings per Class B unit				
Basic and diluted	**$ 7.30**	$ 3.02	**$ 3.47**	$ 2.25
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

Six months ended	**June 30, 2015**	June 30, 2014
Cash provided by (used in)		
OPERATIONS		
Net income	**$ 29,181,523**	$ 12,096,666
Items not involving cash:		
Amortization of transaction costs and accretion of convertible debentures	**549,878**	206,218
Amortization of mark to market mortgage adjustment	**(353,137)**	(340,920)
Fair value adjustments to investment property (note 3)	**(20,908,790)**	(5,858,215)
IFRIC 21 fair value adjustments to investment properties (note 3)	**(3,979,673)**	(3,414,312)
Property tax adjustments on acquisition	**(210,950)**	(6,548)
Property tax adjustments on sale	**585,021**	-
Share of profit of equity-accounted investee (note 4)	**-**	(88,080)
Gain on disposal of investment property (note 3)	**(9,782)**	-
Interest income	**(3,677)**	(1,446)
Interest expense	**5,703,599**	4,744,771
Distributions to subsidiary's preferred unitholders	**7,813**	7,813
Net change in non-cash working capital items (note 13)	**1,804,856**	1,833,187
	12,366,681	9,179,134
INVESTING		
Acquisitions of investment properties	**(54,279,553)**	(45,528,756)
Capital additions to investment properties	**(1,415,454)**	(774,925)
Proceeds received on disposal of investment property	**12,051,950**	-
Disposition costs on disposal of investment property	**(340,218)**	-
Interest received	**3,677**	1,446
	(43,979,598)	(46,302,235)
FINANCING		
Distributions paid to subsidiary's preferred unitholders	**(7,813)**	(7,813)
Distributions paid to limited partners	**(7,242,785)**	(5,014,975)
Interest paid	**(5,649,692)**	(4,990,869)
Mortgage proceeds received	**36,500,000**	28,470,000
Funds from mortgage reserve fund	**2,471,242**	1,490,845
Payment of finance transaction costs	**(348,271)**	(243,735)
Proceeds from the issuance of limited partner units	**35,190,000**	19,297,667
Repayment of mortgages payable	**(608,264)**	(310,126)
Unit offering costs	**(1,668,556)**	(205,877)
Credit facility proceeds received	**-**	150,000
Proceeds from the issuance of warrants	**-**	703,332
	58,635,861	39,338,449

Net change in cash and cash equivalents		**27,022,944**		2,215,348
Cash and cash equivalents, beginning of period		**16,490,085**		6,673,381
CASH AND CASH EQUIVALENTS, END OF PERIOD	**$**	**43,513,029**	$	8,888,729
Supplemental cash flow information:				
Non-cash financing and investing activity:				
Cash distributions to the limited partners included in accounts payable and accrued liabilities	**$**	**1,670,676**	$	1,142,231

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 six months ended June 30, 2015 were authorized for issue by the Board of Directors of the Governing GP (the "Board") on August 11, 2015.

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, 2014. 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, 2014.

b. Basis of measurement

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

The preparation of these condensed interim consolidated financial statements requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying Pure Multi'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, 2014.

c. *Functional and presentation currency*

These condensed interim 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*

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 extent of the impact of the adoption has not yet been determined.

Revenue recognition

In May 2014, the IASB issued IFRS 15, *Revenue from Contracts with Customers* ("IFRS 15"). The new standard provides a comprehensive five-step revenue recognition model for all contracts with customers and requires management to exercise significant judgment and make estimates that affect revenue recognition. IFRS 15 is effective for annual periods beginning on or after January 1, 2018, with earlier adoption permitted. The extent of the impact of the adoption has not yet been determined.

3) INVESTMENT PROPERTIES

		2015
Balance, at December 31, 2014	$	468,518,077
Acquisitions		54,279,553
Dispositions		(27,600,000)
Property tax adjustments on acquisitions and dispositions		(374,071)
Capital additions		1,415,454
Fair value adjustments to investment properties		20,908,790
		517,147,803
IFRIC 21 property tax liability adjustment		(4,913,949)
IFRIC 21 fair value adjustment to investment properties		4,913,949
Balance, June 30, 2015	**$**	**517,147,803**

Expressed in United States dollars

On May 7, 2015, Pure Multi, through the US REIT, acquired Park at West Avenue, a multi-family apartment community ("Park West"), located in San Antonio, Texas, for a purchase price of $54,250,000, plus standard closing costs and adjustments. This acquisition was financed with cash and a new 15 year mortgage in the amount of $36,500,000.

On January 14, 2015, Pure Multi, through the US REIT, sold Sunset Point Apartments, a multi-family apartment community ("Sunset Point"), located in Arlington, Texas, for a sale price of $27,950,000, less standard closing costs and adjustments.

The gain on disposal of Sunset Point is determined as follows:

Sunset Point		
Sale price	$	27,950,000
Selling costs		(340,218)
Net proceeds		27,609,782
Fair value of investment property		(27,600,000)
Gain on disposal of investment property	**$**	**9,782**

The mortgage payable of $15,898,050, secured by Sunset Point, was assumed by the purchaser on the same date and net cash proceeds received by Pure Multi were $12,051,950.

		2014
Balance, at December 31, 2013	$	332,002,818
Acquisitions		110,625,439
Dispositions		(10,014,899)
Transfer from equity-accounted investment		5,660,000
Property tax adjustments on acquisitions and dispositions		580,496
Capital additions		2,157,679
Fair value adjustments to investment properties		27,506,544
		468,518,077
IFRIC 21 property tax liability adjustment		-
IFRIC 21 fair value adjustment to investment properties		-
Balance, December 31, 2014	**$**	**468,518,077**

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. As part of the adjustments made on closing, Pure Multi agreed to pay to the seller, Sunstone U.S. Opportunity (No. 2) Realty Trust (see related party note 16), an amount of $1,689,631, for a portion of the mortgage buyout costs that were equal to the fair market value adjustment that Pure Multi would have incurred if it had assumed the mortgage as part of the acquisition. This additional cost was treated as an acquisition cost at the time of the acquisition. 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.

Expressed in United States dollars

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. As part of the adjustments made on closing, Pure Multi agreed to pay to the seller, Sunstone U.S. Opportunity (No. 2) Realty Trust (see related party note 16), an amount of $1,236,807, for a portion of the mortgage buyout costs that were equal to the fair market value adjustment that Pure Multi would have incurred if it had assumed the mortgage as part of the acquisition. This additional cost was treated as an acquisition cost at the time of the acquisition. After this acquisition, Pure Multi had 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.

On December 18, 2014, Pure Multi, through the US REIT, sold Windscape Apartment Homes, a multi-family apartment community ("Windscape"), located in Dallas, Texas, for a sale price of $10,500,000, less standard closing costs and adjustments. The mortgage payable, secured by Windscape, was paid off in full as of the same date.

The loss on disposal of Windscape is determined as follows:

Windscape		
Sale price	$	10,500,000
Selling costs		(720,522)
Net proceeds		9,779,478
Fair value of investment property		(10,014,899)
Loss on disposal of investment property	**$**	**(235,421)**

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, 2014, 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 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 six months ended June 30, 2015, Pure Multi obtained independent appraisals on six investment properties, representing 43% of the investment properties, held at June 30, 2015 (year ended December 31, 2014 – 93%). Therefore management undertook its own valuation process, as described above, on the investment properties where no independent appraisal was obtained.

Expressed in United States dollars

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

	June 30, 2015		December 31, 2014	
	Weighted average	Range	Weighted average	Range
Capitalization rate	5.71%	5.20% - 6.25%	5.90%	5.35% - 6.25%

4) 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 which has been included in the determination of the cost of the 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, 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:

	June 30, 2015	December 31, 2014
Balance, beginning of period	$ -	$ 2,830,709
Additions	-	-
Share of net income (loss)	-	(357,696)
Equity value at time of acquisition of control	-	(2,473,013)
Balance, end of period	**$ -**	**$ -**

For the six months ended June 30,	2015	2014
Revenues	$ -	$ 1,300,245
Operating expenses	-	496,097
Net rental income	-	804,148
Net finance income (expenses)	-	(387,190)
Net income and comprehensive income	**-**	**416,958**
Pure Multi's share of net income and comprehensive income, before adjustments	-	83,392
Adjustment for Pure Multi's net finance income related to joint venture	-	4,688
Pure Multi's share of net income and comprehensive income, for the period	**$ -**	**$ 88,080**

5) MORTGAGE RESERVE FUND

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

6) CASH AND CASH EQUIVALENTS

Included in cash and cash equivalents, at December 31, 2014, was $4,720,490 of cash held in trust by an escrow agency. This cash represented the net proceeds received from the sale of the Windscape. The cash was deemed readily available and to be released in less than 12 months, therefore it was classified as a current asset. There was no cash held in trust by an escrow agency at June 30, 2015.

Expressed in United States dollars

7) MORTGAGES PAYABLE

	Nominal interest rate	Year of maturity	June 30, 2015 Face value	December 31, 2014 Face value
Oakchase	3.28%	2017	$ 8,616,423	$ 8,706,995
Valley Ranch	3.51%	2022	13,680,000	13,680,000
Sunset Point	3.54%	-	-	15,921,585
Prairie Creek	6.02%	2019	31,476,017	31,712,271
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	12,842,478	12,948,076
Livingston	3.51%	2018	15,672,537	15,824,842
Walker Commons	3.11%	2019	28,470,000	28,470,000
Preserve	3.26%	2021	24,600,000	24,600,000
San Brisas	3.26%	2021	16,980,000	16,980,000
Park West	4.02%	2030	36,500,000	-
Total mortgages principal payable			275,567,455	255,573,769
Unamortized mortgage transaction costs			(2,085,642)	(2,048,215)
Unamortized mark to market mortgage adjustment			2,856,303	3,209,439
Total carrying value of mortgages payable			**$ 276,338,116**	**$ 256,734,993**

The mortgages payable are recorded at amortized cost and bear a weighted average effective interest rate of 3.90% as at June 30, 2015 (December 31, 2014 – 3.86%).

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

Principal repayments, as of June 30, 2015, based on scheduled repayments to be made on the mortgages payable over the next five years and thereafter are as follows:

2015 remaining	$ 701,793
2016	1,774,431
2017	10,563,394
2018	17,428,831
2019	92,840,911
Thereafter	152,258,095
	$ 275,567,455

Expressed in United States dollars

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 six months ended June 30, 2015, none of the 6.5% convertible debentures have been converted into Class A Units. At June 30, 2015, $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 June 30, 2015:

	Convertible Debentures	**Liability Component**	**Equity Component**
	Face Value	Carrying Value	Carrying Value
Balance as at December 31, 2014	$ 23,000,000	$ 19,876,109	$ 1,985,429
Amortization of transaction costs	-	76,202	-
Accretion of liability component	-	141,177	-
Balance as at June 30, 2015	**$ 23,000,000**	**$ 20,093,488**	**$ 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.

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 $7,813 during the six months ended June 30, 2015 to the preferred unitholders (six months ended June 30, 2014 – $7,813).

Expressed in United States dollars

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 June 30, 2015, $5,546,485 (December 31, 2014 - $5,546,485) was drawn on the facility. 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 Apartments and matures on July 19, 2016.

		June 30, 2015		December 31, 2014
Revolving credit facility	$	9,900,000	$	9,900,000
Less: Line of credit outstanding		(5,546,485)		(5,546,485)
Remaining unused credit facility	$	4,353,515	$	4,353,515

The amount payable on the credit facility at June 30, 2015 was $5,495,956 (December 31, 2014 - $5,474,301). Included in this amount are the related unamortized transaction costs of $50,529 (December 31, 2014 - $72,184), which are amortized, on a straight-line basis, over the term of the credit facility.

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 initially entitles the Class B Unitholders to 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, 2014, Pure Multi issued 34,834,824 Class A Units for gross proceeds of $170,743,517, less offering costs. On May 8, 2015, Pure Multi completed the closing of a public offering of 6,900,000 Class A Units, on a bought deal basis, at a price of $5.10 per Class A Unit for gross proceeds of $35,190,000, less offering costs.

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

b) Other Equity Items

	June 30, 2015						December 31, 2014					
		Convertible Debentures Equity Component (Note 8)		**Warrants**		**Total**		Convertible Debentures Equity Component (Note 8)		Warrants		Total
Balance at beginning of year	**$**	**1,985,429**	**$**	**697,595**	**$**	**2,683,024**	$	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	$	697,595	$	2,683,024

Expressed in United States dollars

As at June 30, 2015, 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:

	Six months ended		Three months ended	
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
Mortgage payable interest	$ 4,901,549	$ 3,943,418	$ 2,558,517	$ 1,984,504
Credit facility interest	60,694	59,893	30,580	30,163
Convertible debenture interest	741,356	741,460	372,726	372,726
Amortization of transaction costs and accretion of convertible debentures	549,878	206,218	195,347	103,752
Amortization of mark to market mortgage adjustment	(353,137)	(340,920)	(177,346)	(171,210)
	$ 5,900,340	**$ 4,610,069**	**$ 2,979,824**	**$ 2,319,935**

13) NET CHANGE IN NON-CASH WORKING CAPITAL ITEMS

	Six months ended	
Cash provided by (used in)	June 30, 2015	June 30, 2014
Amounts receivable	$ 404,311	$ 18,248
Prepaid expenses	14,335	(22,709)
Accounts payable and accrued liabilities	1,508,537	1,856,923
Unearned revenue	(264,567)	(151,733)
Rental deposits	142,240	132,458
	$ 1,804,856	**$ 1,833,187**

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.

Expressed in United States dollars

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 53.9% as at June 30, 2015 (December 31, 2014 – 57.9%). Pure Multi was in compliance with all restrictions during the six months ended June 30, 2015 and the year ended December 31, 2014.

There were no changes in Pure Multi's approach to capital management during the six months ended June 30, 2015. The capital structure consisted of the following components at June 30, 2015 and December 31, 2014:

	June 30, 2015	December 31, 2014
Capital		
Mortgages payable	$ 276,338,116	$ 256,734,993
Convertible debentures	20,093,488	19,876,109
Preferred units of subsidiary	125,000	125,000
Partners' capital	253,171,532	197,797,807
Total capital	**$ 549,728,136**	**$ 474,533,909**

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 non-current financial instruments:

	June 30, 2015		December 31, 2014	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Mortgages payable	$ 276,338,116	$ 282,597,594	$ 256,734,993	$ 262,022,675
Preferred units of subsidiary	125,000	125,000	125,000	125,000
Convertible debentures	20,093,488	22,882,700	19,876,109	22,885,000

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, 2014. Please refer to Pure Multi's audited consolidated financial statements and management discussion and analysis for the year ended December 31, 2014 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 six months ended June 30, 2015, Pure Multi declared distributions to the Managing GP in the amount of $366,462 (year ended December 31, 2014 - $595,945). Included in accounts payable and accrued liabilities at June 30, 2015 was $366,462 (December 31, 2014 - $495,630).

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).

There has been no related party transactions between Pure Multi and Sunstone U.S. Opportunity (No. 2) Realty Trust during the six months ended June 30, 2015. During the year ended December 31, 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.

As disclosed in note 3 to these condensed consolidated financial statements, as part of the closing adjustments on the acquisitions of Walker Commons and the 80% interest in San Brisas, Pure Multi paid to Sunstone U.S. Opportunity (No. 2) Realty Trust an amount equal to the fair market value adjustment that Pure Multi would have incurred if it had assumed the mortgage as part of the acquisition. The total amount paid, related to these adjustments, to Sunstone U.S. Opportunity (No. 2) Realty Trust during the year ended December 31, 2014 was $2,926,438.

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).

There has been no related party transactions between Pure Multi and Sunstone U.S. Opportunity (No. 3) Realty Trust during the six months ended June 30, 2015. During the year ended December 31, 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, at no cost, 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. 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, without bonus or penalty, upon not less than 60 days notice. 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 $808,163 in property management fees during the six months ended June 30, 2015 (year ended December 31, 2014 - $1,454,305). Included in accounts payable and accrued liabilities at June 30, 2015 was $nil (December 31, 2014 - $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. The amount incurred during the six months ended June 30, 2015 was $54,867 (year ended December 31, 2014 - $96,797).

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 $23,608,357 as at June 30, 2015 (December 31, 2014 - $22,072,084).

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, acting at arms length, at the measurement date under current market conditions. In certain circumstances, the initial fair value may be based on other observable current market transactions, without modification or on a valuation technique using market based inputs.

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

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

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

	June 30, 2015			December 31, 2014		
(000's)	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Investment properties	$ -	$ -	$ 517,148	$ -	$ -	$ 468,518
Mortgages payable	-	282,598	-	-	262,023	-
Preferred units of subsidiary	-	125	-	-	125	-
Convertible debentures	22,883	-	-	22,885	-	-

There have been no transfers between the 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 3, 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 June 30, 2015 and December 31, 2014 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.

Expressed in United States dollars

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 June 30, 2015:

	OCR Sensitivity	
Rate sensitivity	Fair value	Change in fair value
+ 75 basis points	$ 456,964,058	$ (60,183,745)
+ 50 basis points	475,402,448	(41,745,355)
+ 25 basis points	495,395,122	(21,752,681)
Base rate (5.71%)	517,147,803	-
- 25 basis points	540,904,301	23,756,498
- 50 basis points	566,955,791	49,807,988
- 75 basis points	595,652,943	78,505,140

19) DILUTED EARNINGS PER CLASS A UNIT

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

	Six months ended		Three months ended	
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
Basic net income and comprehensive income	$ 29,181,523	$ 12,096,666	$ 13,896,312	$ 8,986,993
Dilutive interest expense [1]	958,735	812,095	482,520	408,378
Diluted net income and comprehensive income	30,140,258	12,908,761	14,378,832	9,395,371
Diluted net income and comprehensive income allocated to Class A unitholders [2]	**$ 28,633,245**	**$ 12,263,323**	**$ 13,659,890**	**$ 8,925,602**

Notes:

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

[2] See note 13 to Pure Multi's audited consolidated financial statements for the year ended December 31, 2014 for disclosure regarding Class A unitholders allocation of net income and comprehensive income.

	Six months ended		Three months ended	
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
Weighted average number of Class A units - basic	36,893,388	25,084,739	38,929,329	26,069,536
Dilutive effect of the conversion of convertible debentures using the treasury stock method [1]	4,070,796	4,070,796	4,070,796	4,070,796
Weighted average number of Class A units - dilutive	**40,964,184**	**29,155,535**	**43,000,125**	**30,140,332**

Notes:

[1] Conversion of 6.5% convertible debentures based on exercise price of $5.65 per Class A Unit.

20) SUBSEQUENT EVENTS

a) Oakchase Apartments ("Oakchase")

On August 3, 2015, Pure Multi, through the US REIT, entered into a conditional, non-binding, purchase and sale agreement for the disposition of Oakchase, located in Arlington, Texas, for a sale price of $17,850,000, less standard closing costs and adjustments. The disposition is expected to close on September 2, 2015 and the current mortgage secured by Oakchase will be paid off on the same date.

b) Amalfi at Stonebriar ("Amalfi")

On August 10, 2015, Pure Multi, through the US REIT, acquired Amalfi, a multi-family residential apartment community, located in Frisco, Texas, for a purchase price of $67,500,000, plus standard closing costs and adjustments. This acquisition was financed with cash and a new 12 year mortgage in the amount of $45,000,000.

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