



2012 Annual Report

From the date of formation on May 8, 2012 to December 31, 2012



Our high-quality apartment portfolio is unparalleled amongst our Canadian apartment REIT peers.



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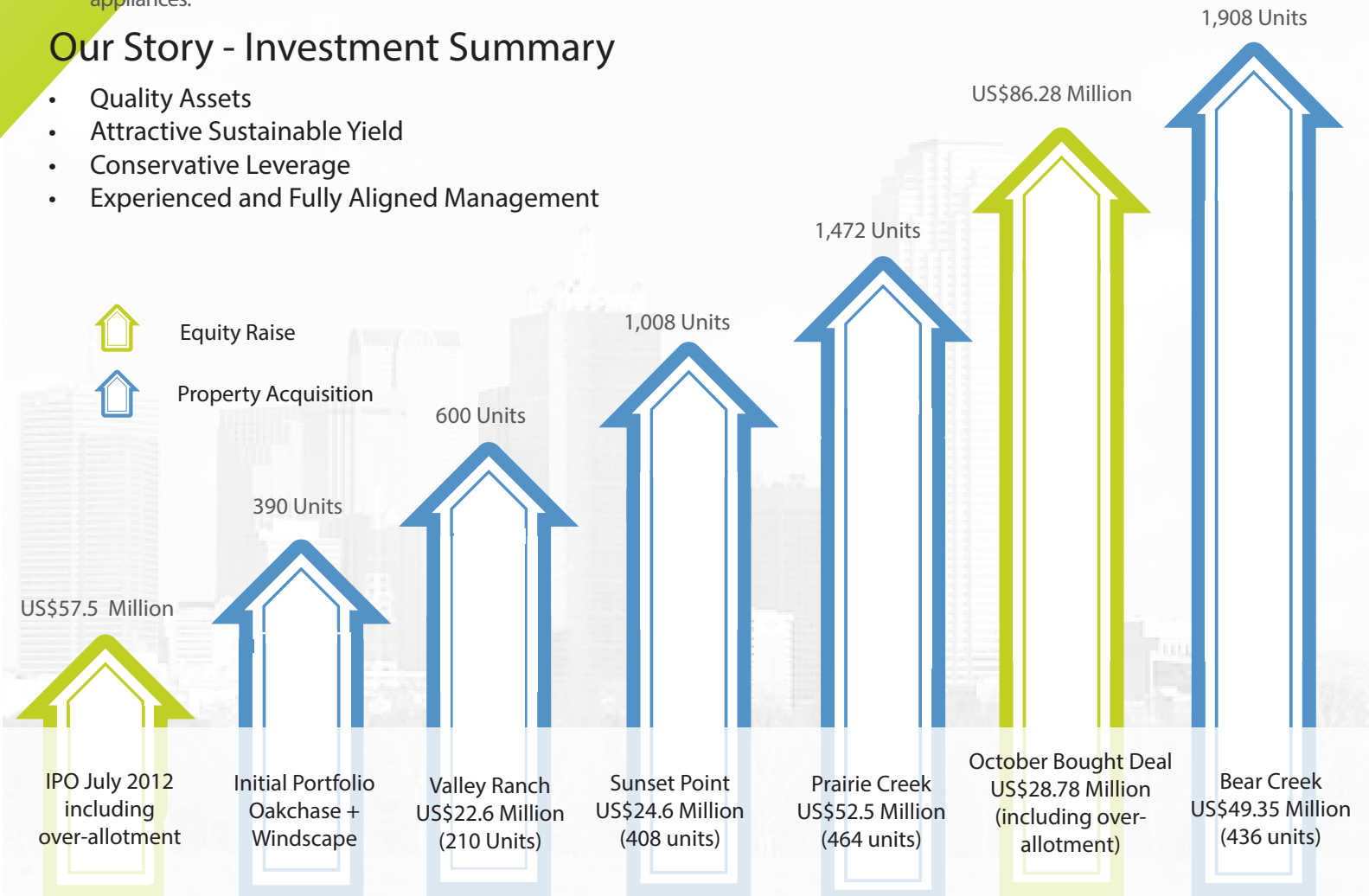
To Our Unitholders

2012 has been a benchmark year for Pure Multi-Family REIT LP. Since our IPO in July 2012, Pure Multi has raised over US\$86.3 million in public offerings and has acquired six properties consisting of over 1,908 apartments located in the Dallas-Fort Worth Metroplex area. Our portfolio has over 1.7 million square feet of rentable space situated on over 117 acres with 155 apartment buildings. Pure Multi has completed over US\$171 million of acquisitions in 2012 with a weighted average cap rate of 7.04%.

What separates us from our competitors is the quality of our assets, which we believe is unparalleled in the Canadian apartment REIT universe. With a weighted average year of construction of 1996, our assets can be classified as newer generation construction and feature prestigious gated community amenities such as community clubhouses and private movie theatres, 24-hour fitness facilities, resort-style swimming pools, tennis courts and outdoor kitchens with gas grills. Unit interiors offer luxury condo-quality unit finishings such as attached and detached garages, high ceilings, crown mouldings and high quality appliances.

Our Story - Investment Summary

- Quality Assets
- Attractive Sustainable Yield
- Conservative Leverage
- Experienced and Fully Aligned Management



Key Acquisitions



Oakchase - July 2012



Windscape - July 2012



Valley Ranch - July 2012



PORTFOLIO FACTS

As at December 31, 2012.

96.4%
OCCUPANCY

1,908
UNITS

114
ACRES

1.7M
RENTABLE S.F.

4.23%
WEIGHTED AVERAGE
INTEREST RATE

7.3YRS
WEIGHTED AVERAGE
MORTGAGE TERM
TO MATURITY

US\$108M
TOTAL DEBT

US\$171M
TOTAL PURCHASE PRICES

7.0%
WEIGHTED AVERAGE
CAP RATE (2013E RUN-RATE)

US\$905
AVG RENT

Strategically Building the Portfolio

Pure Multi's core strategy is to invest in high-quality multi-family assets in primary markets that produce a steady, sustainable yield and offer upside potential through capital appreciation. Pure Multi targets accretive acquisitions located within primary markets that offer strong job and population growth projections, and positive occupancy and rental rate growth trends. Initial target markets have included major, solid growth cities in Texas, Arizona, Nevada and Georgia that are experiencing pent-up demand which exceeds new supply due to muted development activity since 2007.

Pure Multi believes that strong returns can be achieved by targeting high-quality apartment assets in these leading growth markets as the U.S. economic recovery gains momentum.

Historically, U.S. multi-family real estate has generated strong investor returns, outpacing all other real estate sectors over the past 20 years, driven by:

- very diverse income streams,
- low and stable operating costs,
- manageable capital expenditure requirements,
- solid, growing demand / occupancy and
- favourable debt financing terms.

Pure Multi employs a very conservative financial strategy utilizing modest leverage with a targeted loan-to-value range of 55% - 65%. We implement a strategic value-add program that includes common area property improvements and selective unit interior upgrades which augment rental revenues and create capital value for investors.

Pure Multi is unique in that it provides investors with a truly aligned management structure. We do not have any external asset management fees of any type. During the initial growth phase of up to \$300 million in market capitalization, Pure Multi will not incur any management or staff overhead costs whatsoever. Instead, our management team is success driven and remunerated with REIT LP units (rather than any cash compensation).



Sunset Point- Sept. 2012 Prairie Creek- October 2012 Bear Creek - October 2012

Creating Value for Our Investors

Pure Multi executes a pro-active "Value-Add" strategy at our apartment communities. In addition to acquiring high-quality assets in desirable neighborhoods, Pure Multi looks to implement targeted improvements to enhance rental revenues.

Such improvements include adding poolside outdoor kitchens, gas fire pit conversation areas, 24-hour fitness facilities, client business centres, clubhouse renovations, and selective unit interior upgrades. All of these improvements are undertaken with a goal of achieving

the maximum return on invested capital through increased rental rates.

The return on our invested capital is immediate. We are able to achieve rent increases from numerous suites as a certain number of leases expire each month and are then renewed at the higher rates.

For example, by adding an outdoor kitchen with gas grills overlooking the pool area at a cost of \$6,000, we have been able to achieve lease renewals at \$10 to \$20

Case Study Examples of Value-Add Improvements

OUTDOOR KITCHEN OVERLOOKING POOL AREA



EXAMPLE OF NEW FIRE PIT IN COMMON AREA



Common area improvements such as this fire pit typically represent the 'best dollars spent' for capital improvements since every renter benefits from them. These types of improvements have enabled us to enhance our assets and generate significant value on invested capital through strong rental growth.

above base rates. If just one renter pays \$10 more per month, we earn \$120 more revenue per year. When a 6% capitalization rate is applied to this increased revenue ($\$120 / 6\% \text{ cap rate} = \$2,000$ per year) **the asset value increases by \$2,000 - from just one rental unit.**

We also look to do targeted unit interior upgrades including the addition of faux wood vinyl flooring, which looks just like real hardwood at a fraction of the cost; cabinet re-facing; and the application of a cost-

effective new spray-on application which goes on top of existing arborite countertops and changes the appearance to closely resemble granite countertops. (See the Prairie Creek Villas 'before' and 'after' kitchen pictures below). These unit interior improvements result in a rapid return on invested capital and a significant increase in asset value.

The total 'down-time' for Pure Multi's kitchen upgrade strategy, which includes faux wood flooring, spray-on "granite" counter finishing, stainless steel appliances, granite backsplashes and re-finished cabinets, is about five days and the transformation is impressive. Renters have been paying increases of \$100 to \$200 more per month for these improvements, which result in a rapid payback and dramatic value enhancements.

BEFORE - PRAIRIE CREEK VILLAS BASIC KITCHEN



AFTER - PRAIRIE CREEK VILLAS RENOVATED KITCHEN





Financial Highlights

Partnership Unit Distribution Summary

(\$US per Unit, US Source Income)

July 2012	\$0.021
August 2012	\$0.03
September 2012	\$0.03
October 2012	\$0.03
November 2012	\$0.03
December 2012	\$0.03



Year ended December 31, 2012

Revenue	\$6,071,000
Property NOI	\$3,096,000
Funds from Operations	\$1,731,000
FFO Per Class A Unit	\$0.12
Distributions per unit	\$0.36 annual
Total Assets	\$194,636,000
Mortgages Payable	\$111,665,000
Total Debt to Gross Book Value	57.4%

Looking Ahead

Pure Multi's core strategy focuses on acquiring properties in clusters in primary sunbelt markets that demonstrate strong job and population growth dynamics and positive occupancy and rental rate growth trends, such as Dallas and Houston, Texas, or Phoenix, Arizona.

Pure Multi intends to expand into new property markets in the southeast and southwest regions of the United States that also exhibit similar strong growth characteristics. Such expansion will complement the initial portfolio and have the potential to create additional value. We will focus on strategically acquiring new, high quality resort-style apartment communities in the best neighborhoods of high-growth sunbelt cities.

In the long term, Pure Multi's growth strategy is to invest in quality multi-family real estate properties across all major, strong growth markets in the United States.

Our initial base portfolio consists of very high quality assets in upper income sub-markets. Given that this is our first reporting period since our IPO, we do not have the benefit of comparative figures from previous periods, so perhaps the best metric is our projected 2013 run rate AFFO payout ratio of 85% - right in-line with management's expectations. Due to our low cost, aligned management structure and our conservative balance sheet, we strongly believe that Pure Multi is very well positioned for future growth.

On behalf of the management team at Pure Multi-Family REIT LP, I'd like to thank our directors for their hard work and loyalty and our unitholders for their continued support.



Stephen Evans
Chief Executive Officer



Management

Darren Latoski

Director and Executive Chairman

Samantha Adams

Vice President

Stephen Evans

Director and Chief Executive Officer

Scott Shillington, C.A.

Chief Financial Officer

Directors

Robert King

Lead Independent Director

James Redekop

Independent Director

Douglas Scott, C.A.

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Stock Exchange Listing

The TSX Venture

Listing Symbol

RUF.U

Annual Meeting of Shareholders

11:00 am Pacific Daylight Time
Monday, May 13, 2013
The Sutton Place Hotel
Chateau Belair
845 Burrard Street
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