



**NOTICE OF SPECIAL MEETING OF UNITHOLDERS  
TO BE HELD ON SEPTEMBER 18, 2019  
AND  
MANAGEMENT INFORMATION CIRCULAR**

Dated August 14, 2019

**YOUR VOTE IS IMPORTANT. PLEASE VOTE TODAY.**

The Board of Directors of Pure Multi-Family REIT (GP) Inc., the general partner of Pure Multi-Family REIT LP, recommends that Pure Multi-Family Unitholders vote FOR the Arrangement Resolution.

Your vote is important regardless of the number of units you own. Whether or not you are able to attend the meeting, we urge you to vote using the enclosed proxy or voting instruction form. Please carefully follow the instructions provided to vote your units. If you have any questions or need assistance with voting, please contact:

Laurel Hill Advisory Group  
North American Toll Free: 1-877-452-7184  
Collect Calls Outside North America: 416-304-0211  
Email: [assistance@laurelhill.com](mailto:assistance@laurelhill.com)

August 14, 2019

Dear fellow unitholder:

### **The Arrangement Agreement**

The Board of Directors (the “**Board**”) of Pure Multi-Family REIT (GP) Inc. (the “**Governing GP**”), the general partner of Pure Multi-Family REIT LP (“**Pure Multi-Family**”), is pleased to invite you to attend a special meeting (the “**Meeting**”) of the holders (the “**Unitholders**”) of Class A units (the “**Class A Units**”) and Class B units (the “**Class B Units**” and together with the Class A Units, the “**Units**”) of Pure Multi-Family to consider the proposed acquisition (the “**Transaction**”) of Pure Multi-Family by an affiliate of Cortland Partners, LLC (“**Cortland**”), a leading multi-family real estate investment, development and management company headquartered in Atlanta, Georgia, for a price of US\$7.61 per Class A Unit (and US\$101.4350 per Class B Unit, being the equivalent price for the Class B Units as per the limited partnership agreement of Pure Multi-Family) in accordance with the terms of an arrangement agreement dated July 18, 2019 between Pure-Multi-Family, Pure Multi-Family (GP) Inc. and an affiliate of Cortland (the “**Arrangement Agreement**”). The Meeting will be held at the offices of Farris LLP, 700 West Georgia Street, 25<sup>th</sup> Floor, Vancouver, British Columbia at 9:00 a.m. (Vancouver time) on September 18, 2019. At the Meeting, you will be asked to vote on a resolution approving the Transaction.

At the closing of the Transaction (the “**Closing**”), Cortland will also acquire all of Pure-Multi Family’s outstanding convertible unsecured subordinated debentures (the “**Pure Debentures**”) for consideration of US\$1,346.90 (plus accrued and unpaid interest) for each US\$1,000 principal amount of Pure Debentures.

### **Background to the Arrangement**

In order to consider proposals from prospective purchasers for Pure Multi-Family, the Board formed a Special Committee of independent directors to evaluate and review such proposals and to supervise the negotiation of the Transaction (the “**Special Committee**”). The Special Committee hired independent legal and financial advisors to assist Pure Multi-Family in its negotiations with Cortland. As a result of that process, Pure Multi-Family was able to negotiate a favourable price for Unitholders, as well as other favourable transaction terms. The background to the Transaction and the negotiation process is described in detail in the accompanying management information circular (the “**Circular**”) (see “*The Arrangement – Background to the Arrangement*”).

### **Board Recommendation**

The Board, after receiving the unanimous recommendation of the Special Committee and in consultation with its legal and financial advisors and after carefully considering the benefits and risks associated with the proposed transaction and all reasonably available alternatives (including the continued execution of Pure Multi-Family’s current strategic plan as an independent publicly traded limited partnership), determined that the Transaction is fair to and in the best interests of the Unitholders and recommends (with the exception of the Chief Executive Officer) that Unitholders vote in favour of the Transaction. In making such determination, the Board and the Special Committee considered several factors, including:

1. The purchase price of US\$7.61 per Class A Unit in cash represents a premium to the pre-announcement trading price of the Units as well as Pure Multi-Family’s net asset value;
2. Pure Multi-Family, under the supervision of the Special Committee, during the period from April 5, 2018 through to August 24, 2018, engaged in an extensive formal sale process, which canvassed the most likely potential bidders for Pure Multi-Family;
3. The all cash purchase price provides Unitholders with certainty of value for their Units as well as immediate liquidity, and removes the risks associated with continued ownership of Units;
4. Unitholders will continue to receive Pure Multi-Family’s current regular monthly distributions until Closing, consistent with existing monthly distribution policies;

5. The Arrangement Agreement contains a “go-shop” provision, which allowed Pure Multi-Family to solicit and engage in discussions and negotiations with respect to potential acquisition proposals for a 25-day period after signing the Arrangement Agreement;
6. The Special Committee took an active and independent role in directing all strategic decisions with respect to the Arrangement Agreement, and the Special Committee and the Board, after considering advice from its financial advisors, concluded that US\$7.61 per Class A Unit was the highest price that Cortland was willing to pay to acquire Pure Multi-Family; and
7. The Board received opinions from Fort Capital Partners and Scotiabank that the purchase price of US\$7.61 per Class A Unit was fair, from a financial point of view, to Unitholders.

A more detailed description of these and other reasons for the Special Committee’s and the Board’s recommendations, as well as certain risks associated with the Transaction, are set forth in the accompanying Circular (see “*The Arrangement – Reasons for the Recommendations*” and “*Risk Factors*”).

### **Support and Voting Agreements**

Each director and senior officer (including the Chief Executive Officer) of the Governing GP and Pure Multi-Family Management Ltd. has entered into customary support and voting agreements pursuant to which they have agreed to vote or cause to be voted Class A Units representing in the aggregate approximately 0.98% of the outstanding Class A Units as of July 18, 2019 in favour of the resolution to approve the Transaction.

### **Unitholder Approval**

In order to proceed, the Transaction must be approved by: (i) at least 66<sup>2/3</sup>% of the votes cast on such resolution by holders of Class A Units and holders of Class B Units present in person or represented by proxy at the Meeting, voting together as a single class, and (ii) a majority of the votes cast by holders of Class A Units and holders of Class B Units present in person or represented by proxy at the Meeting, excluding votes attached to Units that are required to be excluded pursuant to Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*. In addition, pursuant to and in accordance with the policies of the Toronto Stock Exchange, the Transaction must be approved by a majority of votes cast by holders of Class A Units present in person or represented by proxy at the Meeting. The holders of the Pure Debentures are not entitled to vote to approve the Transaction. The Transaction is also subject to a number of other conditions, as described in the accompanying Circular which must be satisfied or waived for the Transaction to proceed. As a result, even if the Transaction is approved by Unitholders at the Meeting, there is no assurance that the Transaction will ultimately be completed (or as to the timing of completion). If all of the conditions to completion of the Transaction are satisfied, we currently anticipate that Closing will occur prior to the end of the third quarter of 2019.

### **Voting Your Units**

The accompanying Circular contains a detailed description of the Transaction, certain risks associated with the Transaction and other important information. Before deciding how to vote, you should read and carefully consider the information contained in the Circular and consult with your financial, legal and other professional advisors. If the Transaction is approved and completed, you must follow the instructions described in the Circular, as well as any instructions provided by your broker, in order to receive the purchase price for Units and/or Pure Debentures.

Your vote is important, regardless of how many Units you own. The accompanying Circular contains instructions about how you can vote your Units at the Meeting, even if you cannot attend the Meeting. It is important that you comply with the instructions and deadlines described in the accompanying Circular and any instructions provided to you by your broker (if you hold your Units through an investment account).

On behalf of Pure Multi-Family, our management team and the Board, I would like to thank all Unitholders for their continuing support. If you have any questions or need assistance in your consideration of the foregoing matters or with the completion and delivery of your proxy, please contact Pure Multi-Family’s

information and proxy solicitation agent, Laurel Hill Advisory Group, by telephone at 1-877-452-7184 (toll free in North America) or 1-416-304-0211 (collect calls outside North America) or by email at [assistance@laurelhill.com](mailto:assistance@laurelhill.com). If the Transaction is completed and you have any questions about depositing your Units or Pure Debentures to the Transaction, including with respect to completing the applicable letter of transmittal, please contact Computershare Trust Company of Canada, which is acting as depositary under the Transaction, by telephone at 1 (800) 564-6253 (toll free in North America) or (514) 982-7555 (outside North America), by facsimile at (905) 771-4082 or by email at [corporateactions@computershare.com](mailto:corporateactions@computershare.com).

Yours truly,

(signed) “Robert King”

Robert King  
Chair of the Board

**Vote using the following  
methods prior to the  
Meeting.**



**Internet**

Vote online at  
[www.investorvote.com](http://www.investorvote.com)

**Registered Unitholders**  
*Units held in own name  
and represented by a  
physical certificate.*

**Beneficial Unitholders**  
*Units held with a broker,  
bank or other  
intermediary.*

Vote online at  
[www.proxyvote.com](http://www.proxyvote.com)



**Telephone or Fax**

Telephone: 1-866-732-8683  
Fax: 1-866-249-7775

Call or fax to the number(s)  
listed on your voting  
instruction form.



**Mail**

Return the form of  
proxy in the enclosed  
postage paid  
envelope.

Return the voting  
instruction form in the  
enclosed postage paid  
envelope.



**PURE MULTI-FAMILY REIT LP**

**NOTICE OF SPECIAL MEETING OF UNITHOLDERS**

NOTICE IS HEREBY GIVEN that a special meeting (the “**Meeting**”) of the holders (“**Unitholders**”) of Class A Units and Class B Units (collectively, the “**Units**”) of Pure Multi-Family REIT LP (“**Pure Multi-Family**”) will be held at the offices of Farris LLP, 700 West Georgia Street, 25<sup>th</sup> Floor, Vancouver, British Columbia at 9:00 a.m. (Vancouver time) on September 18, 2019 for the following purposes:

1. to consider, pursuant to an interim order of the Supreme Court of British Columbia dated August 9, 2019 (as the same may be amended from time to time, the “**Interim Order**”), and, if thought advisable, to pass, with or without amendment, a special resolution (the “**Arrangement Resolution**”) to approve a proposed plan of arrangement (the “**Arrangement**”) under Division 5 of Part 9 of the *Business Corporations Act* (British Columbia) (“**BCBCA**”) whereby, among other things, Portfolio 22 Venture, LLC would acquire all of the issued and outstanding Units for consideration of US\$7.61 per Class A Unit (and the equivalent consideration for the Class B Units in accordance with the terms of the limited partnership agreement of Pure Multi-Family and the Arrangement) in cash. The full text of the Arrangement Resolution is set forth in Schedule B to the accompanying management information circular (the “**Circular**”); and
2. to transact such further and other business as may properly come before the Meeting or any adjournment thereof.

**RECORD DATE**

The record date for the determination of Unitholders entitled to notice of and to vote at the Meeting, and at any adjournment or postponement thereof, is August 12, 2019 (the “**Record Date**”). Each registered holder of Units (a “**Registered Unitholder**”) at the close of business on the Record Date is entitled to such notice and to vote at the Meeting as set out in the accompanying Circular.

**HOW TO VOTE**

If you are a Registered Unitholder, to ensure that your vote is recorded, please return the enclosed form of proxy in the envelope provided for that purpose, properly completed and duly signed, to Pure Multi-Family’s transfer agent, Computershare Investor Services Inc. (“**Computershare**”), at 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1, in accordance with the instructions included on the form of proxy, prior to 9:00 a.m. (Vancouver time) on September 16, 2019 (or no later than 48 hours, excluding Saturdays, Sundays and holidays, before any reconvened meeting if the Meeting is adjourned or postponed), whether or not you plan to attend the Meeting. Notwithstanding the foregoing, the Chair of the Meeting has the discretion to accept proxies received after such deadline. The time limit for the deposit of proxies may also be waived or extended by the Chair of the Meeting at his discretion, without notice.

**If you hold your Units through a broker, investment dealer, bank, trust company or other intermediary (in which case you are a “Beneficial Unitholder”) you should follow the instructions provided by your intermediary to ensure your vote is counted at the Meeting and you should arrange for your intermediary to complete the necessary transmittal documents to ensure that you receive payment for your securities if the Arrangement is completed.**

The voting rights attached to the Units represented by a proxy in the enclosed form of proxy will be voted in accordance with the instructions indicated thereon. If no instructions are given, the voting rights attached to such Units will be voted FOR the Arrangement Resolution.

### HOW TO REVOKE YOUR VOTE

A Registered Unitholder who has given a proxy may revoke such proxy by: (a) completing and signing a proxy bearing a later date and depositing it with Computershare in accordance with the instructions set out in the Circular; or (b) depositing an instrument or act in writing expressly revoking such proxy executed or signed by the Registered Unitholder or by the Registered Unitholder's personal representative or agent authorized in writing: (i) at the principal office of Pure Multi-Family at any time up to and including the last Business Day preceding the day of the Meeting (or in the event that the Meeting is adjourned or postponed, no later than 48 hours, excluding Saturdays, Sundays, and holidays, before any reconvened Meeting), (ii) with the Chair of the Meeting prior to the commencement of the Meeting on the day of the Meeting, or where the Meeting has been adjourned or postponed, prior to the commencement of the reconvened or postponed Meeting on the day of such reconvened or postponed Meeting, or (iii) in any other manner permitted by law.

A Beneficial Unitholder who has given voting instructions to a broker, investment dealer, bank, trust company or other intermediary may revoke such voting instructions by following the instructions of such broker, investment dealer, bank, trust company or other intermediary. However, a broker, investment dealer, bank, trust company or other intermediary may be unable to take any action on the revocation if such revocation is not provided sufficiently in advance of the Meeting or any adjournment or postponement thereof.

### DISSENT RIGHTS

Pursuant to the Interim Order, Registered Unitholders are entitled to dissent in respect of the Arrangement Resolution and, if the Arrangement becomes effective, to be paid the fair value of their Units in accordance with the provisions of the BCBCA, as modified by the Interim Order and the Arrangement. This right is described in detail in the accompanying Circular under the heading "*Dissent Rights*". **Failure to comply strictly with the dissent procedures described in the Circular may result in the loss or unavailability of any right of dissent. Beneficial Unitholders who hold Units registered in the name of a broker, investment dealer, bank, trust company, nominee or other intermediary who wish to dissent should be aware that only Registered Unitholders are entitled to dissent.**

Accordingly, a Beneficial Unitholder who desires to exercise rights of dissent must make arrangements for the registered holder of such Units to dissent on the Beneficial Unitholder's behalf.

### WHO TO CONTACT IF YOU HAVE QUESTIONS

If you have any questions or need assistance in your consideration of the foregoing matters or with the completion and delivery of your proxy, please contact Pure Multi-Family's information and proxy solicitation agent, Laurel Hill Advisory Group, by telephone at 1-877-452-7184 (toll free in North America) or 1-416-304-0211 (collect calls outside North America) or by email at [assistance@laurelhill.com](mailto:assistance@laurelhill.com).

The accompanying Circular provides additional information relating to the matters to be dealt with at the Meeting and forms part of this Notice of Special Meeting of Unitholders.

DATED at Vancouver, British Columbia, this 14<sup>th</sup> day of August, 2019.

**BY ORDER OF THE BOARD OF DIRECTORS OF PURE MULTI-FAMILY REIT (GP) INC.**

(signed) "*Robert King*"

Robert King  
Chair of the Board

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## MANAGEMENT INFORMATION CIRCULAR

### INFORMATION CONTAINED IN THIS CIRCULAR

This Circular is furnished in connection with the solicitation of proxies by and on behalf of management of the Governing GP for use at the Meeting and any adjournment or postponement thereof. Except as otherwise stated, the information contained herein is given as of August 14, 2019.

All capitalized words and terms used but not otherwise defined in this Circular have the meanings set forth in the Glossary of Terms attached as Schedule A to this Circular. Capitalized words and terms used in the Schedules attached to this Circular are defined separately therein. Unless otherwise indicated, all dollar amounts are expressed in U.S. dollars.

No Person has been authorized to give any information or to make any representation in connection with the Arrangement and other matters described herein other than those contained in this Circular and, if given or made, any such information or representation should be considered not to have been authorized by Pure Multi-Family or the Purchaser. This Circular does not constitute the solicitation of an offer to acquire, or an offer to sell, any securities or the solicitation of a proxy by any Person in any jurisdiction in which such solicitation is not authorized or in which the Person making such solicitation is not qualified to do so or to any Person to whom it is unlawful to make such solicitation or offer.

All information in this Circular relating to the Purchaser has been furnished by the Purchaser or obtained by Pure Multi-Family from publicly available sources. Although Pure Multi-Family does not have any knowledge that would indicate that such information is untrue or incomplete, neither Pure Multi-Family nor any of the Directors or Executive Officers assumes any responsibility for the accuracy or completeness of such information, or for the failure by the Purchaser to disclose events or information that may affect the completeness or accuracy of such information. Descriptions in this Circular of the terms of the Arrangement Agreement, the Plan of Arrangement, the Fairness Opinions and the Interim Order are summaries of the terms of those documents and are qualified in their entirety by such terms. Unitholders should refer to the full text of each of these documents. The full text of the Arrangement Agreement may be viewed on SEDAR at [www.sedar.com](http://www.sedar.com). The Plan of Arrangement, the Fort Capital Fairness Opinion, the Scotiabank Fairness Opinions and the Interim Order are attached as Schedule C, Schedule D, Schedule E and Schedule F, respectively, to this Circular.

**Information contained in this Circular should not be construed as legal, tax or financial advice and Unitholders are urged to consult their own professional advisors in connection therewith.**

**EXCHANGE RATE INFORMATION**

The following table sets forth, for the periods indicated, the high, low, average and period-end daily exchange rate for \$1.00, expressed in Canadian dollars, published by the Bank of Canada:

	<b>Six months ended June 30, 2019</b>	<b>Year ended December 31, 2018</b>	<b>Year ended December 31, 2017</b>
	(CDN\$)	(CDN\$)	(CDN\$)
Highest rate during the period	1.3600	1.3642	1.3743
Lowest rate during the period	1.3087	1.2288	1.2128
Average rate for the period	1.3336	1.2957	1.2986
Rate at the end of the period	1.3087	1.3642	1.2545

On July 18, 2019, the daily exchange rate reported by the Bank of Canada for conversion of U.S. dollars into Canadian dollars was \$1.00 = CDN\$1.3069. As of August 14, 2019, the daily exchange rate reported by the Bank of Canada for conversion of U.S. dollars into Canadian dollars was \$1.00 = CDN\$1.3311.

**CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION**

Except for statements of historical fact, certain information contained herein constitutes “forward-looking information” under Canadian securities legislation. Some of the specific forward-looking information in this Circular include, but are not limited to, information with respect to: the Arrangement, the Plan of Arrangement and the Transactions referred to in this Circular, including necessary Court approval and Unitholder Approval and other conditions required to complete the Arrangement; the anticipated timing for completion of the Arrangement; the anticipated benefits of the Arrangement and such other statements regarding Pure Multi-Family’s expectations, intentions, plans and beliefs; Pure Multi-Family continuing to declare and pay regular monthly distributions until the Effective Date; the expected re-designation of all 200,000 Class B Units into 2,665,835 Class A Units by the election of the Class B Unitholders prior to the Effective Time; the estimated fees, costs and expenses of Pure Multi-Family in connection with the Transactions; Management’s expectation that it will continue to have procedures in place to monitor the regularly traded standards of the U.S. Treasury Regulations; the expectation that promptly after the Effective Time, the Class A Units and Pure Debentures will be de-listed from the TSX and the Class A Units will be de-listed from the OTCQX and that Pure Multi-Family will cease to be a reporting issuer. Generally, forward-looking information can be identified by the use of forward-looking terminology such as “may”, “might”, “will”, “could”, “should”, “would”, “occur”, “expect”, “plan”, “anticipate”, “believe”, “intend”, “estimate”, “budget”, “forecast”, “predict”, “potential”, “continue”, “likely”, “schedule”, “seek” or the negative thereof or other similar expressions.

Forward-looking information is based on the opinions and estimates of Management as of the date such information is provided including, but not limited to, assumptions relating to the following: that business and economic conditions affecting Pure Multi-Family’s operations will substantially continue in their current state and that there will be no significant event affecting Pure Multi-Family occurring outside the ordinary course of Pure Multi-Family’s business; that there will be no material delays in obtaining required Court approval and Unitholder Approval in connection with the Arrangement and that such approvals will be obtained; that the Arrangement Agreement will not be amended or terminated; that Pure Multi-Family will continue to declare and pay regular monthly distributions until the Effective Date; that there will be no material changes in the legislative, regulatory and operating framework for Pure Multi-Family and its businesses; and that all other conditions precedent to completing the Arrangement will be met.

Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause actual results to be materially different from those expressed or implied by such forward-looking information, including, but not limited to, risks relating to: risks of non-completion of the Arrangement, the possibility that conditions precedent to Closing of the Arrangement may not be satisfied, the risk of termination of the Arrangement Agreement by either the Purchaser or Pure Multi-Family, the risk that the Termination Fee and the right to match may discourage other

parties from making a Superior Proposal, Pure Multi-Family's lack of any right of specific performance if the Purchaser fails to complete the Arrangement, the restrictions on Pure Multi-Family's conduct of its business prior to completion of the Arrangement, Pure Multi-Family will incur costs that must be paid even if the Arrangement is not completed, the elimination of any continued benefit of Unit ownership, any currency related-risk given the consideration for the Units and Pure Debentures will be paid in U.S. dollars (or in Canadian dollars if such an election is made), the risk of the Purchaser failing to secure financing, the fact that Arrangement will result in tax payable by most Unitholders, certain Directors and Executive Officers may have interests in the Arrangement that may differ from the interests of Unitholders, whether the Class A Units satisfy the regularly traded standards of the U.S. Treasury Regulations for the calendar quarter in which the Transaction occurs and uncertainty in the application of various provisions of the Tax Cuts and Jobs Act with respect to the taxation of individuals and to the international tax and withholding provisions of the Code; a material adverse change or other circumstance that could give rise to the termination of the Arrangement Agreement; material adverse changes in the business or affairs of Pure Multi-Family; competitive factors in the industries in which Pure Multi-Family operates; interest rates, prevailing economic conditions and other factors, many of which are beyond the control of Pure Multi-Family and other risks described in Pure Multi Family's current annual information form and other filings posted under its profile on SEDAR at [www.sedar.com](http://www.sedar.com). See also "Risk Factors" in this Circular.

Although Management has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that could cause results not to be as anticipated, estimated or intended. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information. Pure Multi-Family does not undertake to update any forward-looking information, except in accordance with applicable securities Laws.

#### INFORMATION FOR U.S. UNITHOLDERS

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Pure Multi-Family is a limited partnership formed under the *Limited Partnerships Act* (Ontario) and governed by the Laws of the Province of Ontario pursuant to the LP Agreement. The solicitation of proxies and the transactions contemplated in this Circular involve securities of an issuer located in Canada and are being effected in accordance with Canadian Securities Laws. This Circular has been prepared in accordance with disclosure requirements under Canadian Securities Laws. Unitholders should be aware that disclosure requirements under Canadian Securities Laws differ from disclosure requirements under U.S. federal or state securities Laws. In particular, this solicitation of proxies is not subject to the requirements of Section 14(a) of the U.S. Exchange Act, as amended. Accordingly, this Circular has been prepared in accordance with the disclosure requirements in effect in Canada, which differ from the disclosure requirements in the United States.

The enforcement by investors of civil liabilities under U.S. federal securities laws may be affected adversely by the fact that: (a) Pure Multi-Family is formed under the *Limited Partnerships Act* (Ontario) and governed by the Laws of the Province of Ontario pursuant to the LP Agreement, (b) the Directors and Executive Officers are not residents of the United States and (c) the majority of the assets of the Directors and Executive Officers are located outside the United States. Unitholders may not be able to sue Pure Multi-Family, the Governing GP or the Directors or Executive Officers in a foreign court for violations of U.S. federal or state securities Laws.

Unitholders should not assume that Canadian courts: (a) would enforce judgments of U.S. courts obtained in actions against Pure Multi-Family, the Governing GP or the Directors or Executive Officers predicated upon the civil liability provisions of U.S. federal securities laws or the securities or "blue sky" laws of any state within the United States, or (b) would enforce, in original actions, liabilities against Pure Multi-Family, the Governing GP or the Directors or Executive Officers predicated upon the U.S. federal securities laws or any such state securities or "blue sky" laws. It may be difficult to compel Pure Multi-Family or the Governing GP to subject themselves to a judgment by a U.S. court and it may not be possible for U.S. Unitholders to effect service of process within the United States on Pure Multi-Family, the Governing GP or the Directors or Executive Officers located in Canada.

**THE TRANSACTIONS DESCRIBED IN THIS CIRCULAR HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES REGULATORY AUTHORITY, NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES REGULATORY AUTHORITY PASSED ON THE FAIRNESS OR MERITS OF SUCH TRANSACTIONS OR UPON THE ACCURACY OR ADEQUACY OF THE INFORMATION CONTAINED IN THIS CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.**

Unitholders who are U.S. persons should be aware that the transactions contemplated herein may have tax consequences both in Canada and in the United States. Certain information concerning the Canadian federal income tax consequences of the Arrangement for certain Unitholders who are not residents of Canada is set forth under “*Principal Canadian Federal Income Tax Considerations – Taxation of Unitholders Not Resident in Canada*” and “*Principal U.S. Federal Income Tax Considerations*” in this Circular. Unitholders are urged to consult their own tax advisors to determine the particular tax consequences to them of the Arrangement.

#### **QUESTIONS AND ANSWERS ABOUT THE ARRANGEMENT AND THE MEETING**

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The following questions and answers address briefly some questions you may have regarding the Arrangement and the Meeting. These questions and answers may not address all questions that may be important to you and are qualified in their entirety by the more detailed information contained elsewhere in this Circular, including its Schedules. You are urged to carefully read this entire Circular, including the attached Schedules, and the other documents to which this Circular refers in order for you to understand fully the Arrangement Resolution. All capitalized terms used in the following questions and answers are defined in the Glossary of Terms attached hereto as Schedule A.

**Q: What is the proposed Arrangement?**

**A:** The Arrangement is the proposed acquisition of Pure Multi-Family by the Purchaser, an affiliate of Cortland, pursuant to which, among other things, the Purchaser would acquire all of the issued and outstanding Units for consideration of \$7.61 per Class A Unit in cash (and \$101.4350 per Class B Unit in cash, being the equivalent consideration for the Class B Units in accordance with the terms of the LP Agreement). For more information, see “*The Arrangement*” and “*Arrangement Agreement*”.

**Q: What am I being asked to approve at the Meeting?**

**A:** At the Meeting, Unitholders will be asked to consider and vote on the approval of the Arrangement Resolution, the full text of which is set forth in Schedule B to this Circular, to approve the proposed Arrangement under Division 5 of Part 9 of the BCBCA whereby, among other things, the Purchaser would acquire all of the issued and outstanding Units for the Consideration. For more information, see “*The Arrangement*” and “*Arrangement Agreement*”.

**Q: As a Unitholder of Pure Multi-Family, what will I receive as a result of the completion of the Arrangement?**

**A:** Class A Unitholders (other than Dissenting Holders) will receive, for each Class A Unit they own as at the Effective Time, \$7.61 per Class A Unit in cash. Class B Unitholders (other than Dissenting Holders) will receive, for each Class B Unit they own as at the Effective Time, \$101.4350 per Class B Unit in cash (being the equivalent consideration for the Class B Units in accordance with the terms of the LP Agreement). For more information, see “*The Arrangement*” and “*Procedures for the Surrender of Certificates and Payment of Consideration and Debenture Consideration – Surrender of Certificates and Payment of Consideration to Unitholders and Debentureholders – Payment of Consideration to Unitholders and Debentureholders*”.

**Q: What will happen to the Units that I currently own after completion of the Arrangement?**

**A:** In connection with the Arrangement, your Units will be transferred and assigned to the Purchaser as at the Effective Time and, if you do not exercise your Dissent Rights within the time periods described herein, you will receive the Consideration. Pure Multi-Family expects that the Class A Units will be de-listed from the TSX and the OTCQX promptly following the Effective Time and Pure Multi-Family will cease to be a reporting issuer in each of the provinces in Canada under which it is currently a reporting issuer. For more information, see “*The Arrangement – Arrangement Steps*” and “*The Arrangement – Stock Exchange De-Listing and Reporting Issuer Status*”.

**Q: As a Debentureholder of Pure Multi-Family, what will I receive as a result of the completion of the Arrangement and do I get to vote?**

**A:** Debentureholders will receive, for each \$1,000 principal amount of Pure Debentures they own as at the Effective Time, \$1,346.90 in cash, plus accrued and unpaid interest thereon up to and including the Effective Date. The \$1,346.90 was determined by multiplying: (i) the number of Class A Units into which each such \$1,000 principal amount of Pure Debentures is convertible under the Pure Debenture Indenture (i.e. 176.9912 Class A Units at a conversion price of \$5.65 per Class A Unit) by (ii) the \$7.61 per Class A Unit purchase price. This amount is materially greater than the \$1,000 plus accrued and unpaid interest that a Debentureholder would have received had Pure Multi-Family elected to redeem the Pure Debentures. Debentureholders are not entitled to vote to approve the Arrangement Resolution. Pure Multi-Family expects that the Pure Debentures will be de-listed from the TSX promptly following the Effective Time and that Pure Multi-Family will cease to be a reporting issuer in each of the provinces in Canada under which it is currently a reporting issuer. For more information, see *"The Arrangement – Treatment of the Pure Debentures"* and *"Procedures for the Surrender of Certificates and Payment of Consideration and Debenture Consideration – Surrender of Certificates and Payment of Consideration to Unitholders and Debentureholders – Payment of Consideration to Unitholders and Debentureholders"*, and *"The Arrangement – Stock Exchange De-Listing and Reporting Issuer Status"*.

**Q: When do you expect the Arrangement to be completed?**

**A:** If all of the conditions to completion of the Arrangement are satisfied, Pure Multi-Family anticipates that Closing will occur prior to the end of the third quarter of 2019. For more information, see *"Arrangement Agreement – Conditions to Closing the Arrangement"*.

**Q: If the Arrangement is completed when can I expect to receive my Consideration or my Debenture Consideration?**

**A:** You will be paid the Consideration or Debenture Consideration, as applicable, in cash as soon as reasonably practicable after the Closing. For more information, see *"Procedures for the Surrender of Certificates and Payment of Consideration and Debenture Consideration – Surrender of Certificates and Payment of Consideration to Unitholders and Debentureholders – Payment of Consideration to Unitholders and Debentureholders"*.

**Q: Will Pure Multi-Family continue to pay distributions prior to the Effective Date of the Arrangement?**

**A:** As permitted by the Arrangement Agreement, Pure Multi-Family will continue to declare and pay regular monthly distributions until the Effective Date consistent with its distribution policies in effect as at July 14, 2019. For more information, see *"The Arrangement – Continued Distributions"* and *"Information Concerning Pure Multi-Family – Distributions"*.

**Q: Do any of the Directors and Executive Officers or any other Persons have any interest in the Arrangement that is different than mine?**

**A:** The Directors and Executive Officers have interests in the Arrangement, including as holders of Units, Pure Deferred Units, Pure RUs and Pure Performance Units that may be different from the interests of other Pure Multi-Family securityholders. Members of the Special Committee and the Board were aware of and considered these interests, among other matters, in evaluating and negotiating the Arrangement Agreement and in recommending to Unitholders that they vote FOR the Arrangement Resolution. For more information, see *"The Arrangement – Interests of Certain Persons in the Arrangement"*.

**Q: What happens if the Arrangement is not completed?**

**A:** If the Arrangement is not completed for any reason, neither Unitholders nor Debentureholders will receive payment for any of their Units or Pure Debentures, respectively, Pure Multi-Family will remain a reporting issuer and the Class A Units and Pure Debentures will continue to be listed and traded on the TSX and the Class A Units will continue to be listed for quotation on the OTCQX. Upon termination of the Arrangement Agreement prior to consummation of the Arrangement, Pure Multi-Family will be required to pay all of its fees, costs and expenses in connection with the Transactions and may, under certain circumstances, be required to pay the Purchaser the Termination Fee of \$22,500,000. Upon termination of the Arrangement Agreement, prior to consummation of the Arrangement, under certain other circumstances, the Purchaser will be required to pay to Pure Multi-Family (on behalf of and solely as an agent for the benefit of Unitholders)

the Reverse Termination Amount of \$50,000,000. For more information, see *“Arrangement Agreement – Termination of the Arrangement Agreement”*, *“Arrangement Agreement – Termination Fee and Reverse Termination Amount”* and *“Risk Factors – Risks of non-completion of the Arrangement”*.

**Q: Was a Special Committee formed to examine the Arrangement?**

**A:** Yes. On December 18, 2017, the Board formed a Special Committee originally comprised of Robert King, Sherry Tryssenaar and Fraser Berrill, who are independent, non-Management Directors. Effective as of June 13, 2019, the Special Committee consisted of Robert King, Sherry Tryssenaar, Paul Haggis and Richard Nesbitt, who are independent, non-Management Directors. The Special Committee’s mandate included overseeing and directing the process relating to the evaluation and negotiation of Cortland’s proposal, as well as considering potential alternatives to a transaction with Cortland, including maintaining the status quo, and making a recommendation to the Board as to whether Cortland’s proposal or any other alternative would be in the best interests of the Unitholders and Debentureholders. For more information, see *“The Arrangement – Background to the Arrangement”*.

**Q: What was the recommendation of the Special Committee?**

**A:** The Special Committee, after careful consideration and having received advice from its legal and financial advisors and the Fairness Opinions, unanimously concluded that the Arrangement is fair to and in the best interests of the Unitholders and Debentureholders. Accordingly, the Special Committee unanimously recommended that the Board approve the Arrangement Agreement and recommend that Unitholders vote FOR the Arrangement Resolution at the Meeting. For more information, see *“The Arrangement – Recommendation of the Special Committee”* and *“The Arrangement – Reasons for the Recommendations”*.

**Q: What was the recommendation of the Board and how does the Board recommend I vote?**

**A:** The Board, after careful consideration and having received advice from its legal and financial advisors, the Fairness Opinions, and the unanimous recommendation of the Special Committee, concluded, with the exception of the Chief Executive Officer, that the Arrangement is fair to and in the best interests of the Unitholders and Debentureholders. Accordingly, the Board approved the Arrangement and recommends that Unitholders vote FOR the Arrangement Resolution at the Meeting. For more information, see *“The Arrangement – Recommendation of the Special Committee”*, *“The Arrangement – Recommendation of the Board”*, *“The Arrangement – Reasons for the Recommendations”* and *“The Arrangement – Dissenting Director”*.

**Q: What were the Special Committee’s and Board’s reasons for recommending the Arrangement?**

**A:** The Special Committee and the Board carefully considered the Arrangement and received the benefit of advice from legal and financial advisors. The Special Committee and the Board identified a number of factors in respect of their recommendations to vote FOR the Arrangement Resolution, which include, but are not limited to: (i) the purchase price of \$7.61 per Class A Unit in cash represents a 15% premium to the 20-day volume-weighted average Class A Unit price on the TSX for the period ending June 26, 2019 (the day prior to the public announcement of an unsolicited conditional proposal for the Units) as well as Pure Multi-Family’s net asset value, (ii) the fact that Pure Multi-Family engaged in an extensive Sale Process, which canvassed the most likely potential bidders for Pure Multi-Family, (iii) the all cash purchase price provides Unitholders with certainty of value for their Units as well as immediate liquidity, and removes the risks associated with continued ownership of Units, (iv) Pure Multi-Family will continue to declare and pay regular monthly distributions until the Effective Date consistent with its distribution policies in effect as at July 14, 2019, (v) the Arrangement Agreement contains a “go-shop” provision, which allowed Pure Multi-Family to solicit and engage in discussions and negotiations with respect to potential Acquisition Proposals during the Go-Shop Period, (vi) Pure Multi-Family retains the ability to consider and respond to unsolicited potential Superior Proposals, and to enter into any such Superior Proposal upon payment of a \$22,500,000 Termination Fee, (vii) the Special Committee took an active and independent role in directing all strategic decisions with respect to the Arrangement, and provided oversight, guidance and specific instructions with respect to the negotiations involving the Arrangement and the Special Committee and the Board, after considering advice from its financial advisors, concluded that \$7.61 per Class A Unit is the highest price that Cortland was willing to pay to acquire Pure Multi-Family, (viii) Cortland’s reputation as a leading multi-family real estate investment, development and management company, (ix) Cortland is obligated to pay to Pure Multi-Family the Reverse Termination Amount of \$50,000,000 in certain circumstances, including in connection with certain breaches of the



Arrangement Agreement by Cortland, (x) the Board received opinions from Fort Capital and Scotiabank that the Consideration and the Debenture Consideration is fair, from a financial point of view, to Unitholders and Debentureholders, respectively, (xi) the Arrangement Resolution must be approved by Unitholders and the Arrangement must be also be approved by the Court, which will consider the fairness and reasonableness to all Unitholders and Debentureholders, and (xii) Registered Unitholders have the right to exercise Dissent Rights in connection with the Arrangement. In making their recommendations, the Special Committee and the Board also considered a number of potential risks and other factors resulting from the Arrangement and the Arrangement Agreement. The Special Committee unanimously and the Board (other than the Chief Executive Officer), after careful consideration and having received advice from its legal and financial advisors and the Fairness Opinions, concluded that the Arrangement is fair to and in the best interests of the Unitholders and Debentureholders. For more information, see *"The Arrangement – Reasons for the Recommendations"* and *"Risk Factors"*.

**Q: Was there a fairness opinion prepared in relation to the Arrangement?**

**A:** Yes. Each of Fort Capital and Scotiabank prepared fairness opinions for the Special Committee and the Board. Fort Capital was engaged to provide an independent fairness opinion and will be paid for the delivery of its fairness opinion regardless of its conclusion and such fees are not contingent in any respect on the successful completion of the Arrangement. Scotiabank will also receive fees for its advisory services based on the Consideration paid, a substantial portion of which is contingent on the completion of the Arrangement. Each fairness opinion concluded that the Consideration and Debenture Consideration payable pursuant to the Arrangement is fair, from a financial point of view, to Unitholders and Debentureholders respectively. For more information, see *"The Arrangement – Fairness Opinions"*.

**Q: Are there summaries of the material terms of the agreements relating to the Arrangement?**

**A:** Yes. This Circular includes a summary of the Arrangement Agreement and the terms of the Plan of Arrangement. For more information, see *"Arrangement Agreement"*, *"The Arrangement – Arrangement Steps"* and *"Procedures for the Surrender of Certificates and Payment of Consideration and Debenture Consideration"*.

**Q: What is the vote requirement to pass the Arrangement Resolution?**

**A:** The Arrangement Resolution must be approved by: (i) at least 66<sup>2/3</sup>% of the votes cast on such resolution by Class A Unitholders and Class B Unitholders present in person or represented by proxy at the Meeting, voting together as a single class, and (ii) a majority of the votes cast by Class A Unitholders and Class B Unitholders present in person or represented by proxy at the Meeting excluding votes attached to the Units that are required to be excluded pursuant to MI 61-101. In addition, pursuant to and in accordance with the policies of the TSX, the Arrangement Resolution must be approved by a majority of votes cast by Class A Unitholders present in person or represented by proxy at the Meeting. For more information, see *"The Arrangement – Required Unitholder Approval"*.

**Q: What other approvals are required for the Arrangement?**

**A:** In addition to Unitholder Approval, the Arrangement requires Court approval (via the Interim Order and the Final Order). For more information, see *"The Arrangement – Legal and Regulatory Matters"* and *"Arrangement Agreement – Conditions to Closing the Arrangement"*.

**Q: What are the anticipated Canadian federal income tax consequences to me of the Arrangement?**

**A:** For a summary of the principal Canadian federal income tax consequences of the Arrangement applicable to Unitholders and Debentureholders, see *"Principal Canadian Federal Income Tax Considerations"*. Such summary is not intended to be legal or tax advice. Each Unitholder and Debentureholder should consult their own tax advisors as to the tax consequences of the Arrangement to them with respect to their particular circumstances.

**Q: What are the anticipated U.S. federal income tax consequences to me of the Arrangement?**

**A:** For a summary of certain of the material U.S. federal income tax consequences of the Arrangement applicable to a U.S. Holder and a non-U.S. Holder of Units or Pure Debentures, see *"Principal U.S. Federal Income Tax Considerations"*. Such summary is not intended to be legal or tax advice. Each Holder of Units or Pure Debentures should consult their own tax advisors as to the tax consequences of the Arrangement to them with respect to their particular circumstances.

**Q: Are there risks that I should consider in deciding whether to vote in favour of the Arrangement Resolution?**

**A:** Yes. Some risk factors relate to: risks of non-completion of the Arrangement, the possibility that conditions precedent to Closing of the Arrangement may not be satisfied, the risk of termination of the Arrangement Agreement by either the Purchaser or Pure Multi-Family, the risk that the Termination Fee and the right to match may discourage other parties from making a Superior Proposal, Pure Multi-Family's lack of any right of specific performance if the Purchaser fails to complete the Arrangement, the restrictions on Pure Multi-Family's conduct of its business prior to completion of the Arrangement, Pure Multi-Family will incur costs that must be paid even if the Arrangement is not completed, the elimination of any continued benefit of Unit ownership, any currency related-risk given the consideration for the Units and Pure Debentures will be paid in U.S. dollars (or in Canadian dollars if such an election is made), the risk of the Purchaser failing to secure financing, the fact that Arrangement will result in tax payable by most Unitholders and Debentureholders, certain Directors and Executive Officers may have interests in the Arrangement that may differ from the interests of Unitholders, whether the Class A Units satisfy the regularly traded standards of the U.S. Treasury Regulations for the calendar quarter in which the Transaction occurs and uncertainty in the application of various provisions of the Tax Cuts and Jobs Act with respect to the taxation of individuals and to the international tax and withholding provisions of the Code. For more information, see "*Risk Factors*".

**Q: Where and when is the Meeting?**

**A:** The meeting will be held at the offices of Farris LLP, 700 West Georgia Street, 25th Floor, Vancouver, British Columbia at 9:00 a.m. (Vancouver time) on September 18, 2019.

**Q: Who is eligible to vote at the Meeting?**

**A:** Only Unitholders at the close of business on August 12, 2019, the record date established by the Directors, are entitled to vote at the Meeting.

**Q: When is the proxy cut-off?**

**A:** The proxy cut-off is at 9:00 a.m. (Vancouver time) on September 16, 2019 (or no later than 48 hours, excluding Saturdays, Sundays and holidays, before any reconvened meeting if the Meeting is adjourned or postponed).

**Q: How do I vote my proxy?**

**A:** If you are a Registered Unitholder, to ensure that your vote is recorded, please return the enclosed Form of Proxy in the envelope provided for that purpose, properly completed and duly signed, to Computershare, at 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1, in accordance with the instructions included on the Form of Proxy, prior to 9:00 a.m. (Vancouver time) on September 16, 2019 (or no later than 48 hours, excluding Saturdays, Sundays and holidays, before any reconvened meeting if the Meeting is adjourned or postponed), whether or not you plan to attend the Meeting. Notwithstanding the foregoing, the Chair of the Meeting has the discretion to accept proxies received after such deadline. The time limit for the deposit of proxies may also be waived or extended by the Chair of the Meeting at his discretion, without notice.

If you are a Beneficial Unitholder, you should follow the instructions provided by your Intermediary to ensure your vote is counted at the Meeting and you should arrange for your Intermediary to complete the necessary transmittal documents to ensure that you receive payment for your securities if the Arrangement is completed.

The voting rights attached to the Units represented by a proxy in the enclosed Form of Proxy will be voted in accordance with the instructions indicated thereon. If no instructions are given, the voting rights attached to such Units will be voted FOR the Arrangement Resolution. For more information, see "*Solicitation of Proxies and Voting at the Meeting – Voting of Proxies*".

**Q: Can I appoint someone else to vote my proxy?**

**A:** Yes. A Unitholder is entitled to appoint some other individual, who need not be a Unitholder, to attend and act on the Unitholder's behalf at the Meeting and may do so by striking out the printed names and inserting the name of such other person and, if desired, an alternate to such individual, in the blank space provided in the Form of Proxy. Such Unitholder



should notify the nominee of the appointment, obtain the nominee's consent to act as proxy and should provide voting instructions to the nominee. The nominee should bring personal identification to the Meeting. For more information, see *"Solicitation of Proxies and Voting at the Meeting – Appointment of Proxies"*.

**Q: Can I revoke my proxy after I have submitted it?**

**A:** Yes. You may revoke your proxy prior to the close of voting at the Meeting by doing either of the following:

- (a) completing and signing a proxy bearing a later date and depositing it with Computershare in accordance with the instructions set out in the Circular prior to 9:00 a.m. (Vancouver time) on September 16, 2019 (or no later than 48 hours, excluding Saturdays, Sundays and holidays, before any reconvened meeting if the Meeting is adjourned or postponed); or
- (b) depositing an instrument or act in writing expressly revoking such proxy executed or signed by the Registered Unitholder or by the Registered Unitholder's personal representative or agent authorized in writing:
  - (i) at the principal office of Pure Multi-Family at any time up to and including the last Business Day preceding the day of the Meeting (or in the event that the Meeting is adjourned or postponed, no later than 48 hours, excluding Saturdays, Sundays, and holidays, before any reconvened Meeting);
  - (ii) with the Chair of the Meeting prior to the commencement of the Meeting on the day of the Meeting, or where the Meeting has been adjourned or postponed, prior to the commencement of the reconvened or postponed Meeting on the day of such reconvened or postponed Meeting; or
  - (iii) in any other manner permitted by Law.

Only Registered Unitholders have the right to revoke a proxy. Beneficial Unitholders who wish to change their vote must make appropriate arrangements with their Intermediary and may revoke such voting instructions by following the instructions of such Intermediary. However, an Intermediary may be unable to take any action on the revocation if such revocation is not provided sufficiently in advance of the Meeting or any adjournment or postponement thereof. For more information, see *"Solicitation of Proxies and Voting at the Meeting – Revocation of Proxies"* and *"Solicitation of Proxies and Voting at the Meeting – Beneficial Unitholders"*.

**Q: How do I vote if my Units are held through an Intermediary account?**

**A:** An Intermediary will vote the Units held by you only if you provide instructions to them on how to vote. Without instructions, your Units will not be voted. Every Intermediary has its own mailing procedures and provides its own return instruction, which you should carefully follow in order to ensure that your Units are voted at the Meeting. For more information, see *"Solicitation of Proxies and Voting at the Meeting – Beneficial Unitholders"*.

**Q: Are Unitholders entitled to dissent rights?**

**A:** Yes. Pursuant to the Interim Order, Unitholders entitled to vote at the Meeting who comply with the procedures set out in the BCBCA, as modified by the Plan of Arrangement and the Interim Order, are entitled to dissent in respect of the Arrangement Resolution and, if the Arrangement becomes effective, to be paid the fair value of their Units. The provisions of the BCBCA dealing with the right of dissent are technical and complex. Any Dissenting Holder should seek independent legal advice, as failure to comply strictly with the provisions of Sections 237 – 247 of the BCBCA may result in the loss of all rights of dissent. Only Registered Unitholders entitled to vote at the Meeting are entitled to exercise rights of dissent. A Beneficial Unitholder that wishes to exercise its rights of dissent should immediately contact the Intermediary with whom the Beneficial Unitholder deals in respect of its Units and instruct the Intermediary to exercise the rights of dissent in respect of the Beneficial Unitholder's Units. For more information, see *"Dissent Rights"*.

**Q: Who can help answer my questions?**

**A:** If you have questions, you may contact Pure Multi-Family's information and solicitation agent, Laurel Hill, by telephone at 1-877-452-7184 (toll free in North America) or 1-416-304-0211 (collect calls outside North America) or by email at [assistance@laurelhill.com](mailto:assistance@laurelhill.com).

## SUMMARY

The following is a summary of certain information contained in this Circular, including its Schedules. This summary is not intended to be complete and is qualified in its entirety by the more detailed information contained elsewhere in this Circular, including its Schedules. Certain capitalized terms used in this summary are defined in the Glossary of Terms attached hereto as Schedule A. Unitholders are urged to read this Circular and its Schedules carefully and in their entirety.

### The Meeting

The Meeting will be held at the offices of Farris LLP, 700 West Georgia Street, 25<sup>th</sup> Floor, Vancouver, British Columbia at 9:00 a.m. (Vancouver time) on September 18, 2019. The record date for determining the Unitholders entitled to receive notice of and to vote at the Meeting is August 12, 2019. Only Unitholders of record as of the close of business (Vancouver time) on August 12, 2019 are entitled to receive notice of and to vote at the Meeting.

### Purpose of the Meeting

The purpose of the Meeting is for Unitholders to consider and vote upon the Arrangement Resolution, the full text of which is set out in Schedule B to this Circular. See *"The Arrangement – Required Unitholder Approval"* for a description of the Unitholder Approval requirements to effect the Arrangement. The Board (other than the Chief Executive Officer) recommends that Unitholders vote FOR the Arrangement Resolution.

### Voting at the Meeting

These meeting materials are being sent to both Registered Unitholders and Beneficial Unitholders. Only Registered Unitholders or the Persons they appoint as their proxyholders are permitted to vote at the Meeting. Beneficial Unitholders should follow the instructions on the forms they receive from their Intermediaries so their Units can be voted by the entity that is Registered Unitholder for their Units. No other securityholders of Pure Multi-Family (including the Debentureholders) are entitled to vote at the Meeting. See *"Solicitation of Proxies and Voting at the Meeting"*.

### Parties to the Arrangement

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

Pure Multi-Family REIT (GP) Inc. is a corporation incorporated under the BCBCA on April 30, 2012. The Governing GP's head office is located at 910 – 925 West Georgia Street, Vancouver, British Columbia, V6C 3L2 and its registered office is at 800 – 885 West Georgia Street, Vancouver, BC V6C 3H1. The Governing GP is the general partner of Pure Multi-Family and has the sole responsibility and authority to administer, manage, control and operate the business of Pure Multi-Family. As of the date hereof, the Governing GP's board of directors consists of eight members, the majority of whom are independent.

The Purchaser is an affiliate of Cortland. Cortland is a leading multi-family real estate investment, development and management company. Headquartered in Atlanta, Georgia, Cortland has properties across the US and regional offices in Charlotte, Dallas, Denver, Houston and Orlando. Cortland also houses its global materials sourcing office in Shanghai, China and international development office in London, UK.

### Consideration and Debenture Consideration

Under the terms of the Plan of Arrangement, the Purchaser will acquire, at the Effective Time, all issued and outstanding Units and each Unitholder (other than Dissenting Holders) will receive the Consideration in cash, being \$7.61 per Class A Unit (and \$101.4350 per Class B Unit in cash, being the equivalent consideration for the Class B Units in accordance with the terms of the LP Agreement). Under the terms of the Plan of Arrangement, the Purchaser will also acquire, at the Effective Time, the Pure Debentures in exchange for the Debenture Consideration, being a cash payment to

the Debentureholder for each \$1,000 principal amount of outstanding Pure Debentures equal to \$1,346.90 plus accrued and unpaid interest thereon up to and including the Effective Date, at the rate of interest specified in the Pure Debenture Indenture.

### **Background to the Arrangement**

The Arrangement and the provisions of the Arrangement Agreement are the result of arm's length negotiations conducted between representatives of Pure Multi-Family and Cortland. A summary of the material events leading up to the negotiation of the Arrangement Agreement and the material meetings, negotiations and discussions between Pure Multi-Family and Cortland that preceded the execution and public announcement of the Arrangement Agreement is included in this Circular. See "*The Arrangement – Background to the Arrangement*" for a description of the background to the Arrangement.

### **Recommendation of the Special Committee**

The Special Committee, after careful consideration and having received advice from its legal and financial advisors and the Fairness Opinions, unanimously concluded that the Arrangement is fair to and in the best interests of the Unitholders and Debentureholders. Accordingly, the Special Committee unanimously recommended that the Board approve the Arrangement and recommend that Unitholders vote FOR the Arrangement Resolution at the Meeting.

### **Recommendation of the Board**

The Board, after careful consideration and having received advice from its legal and financial advisors, the Fairness Opinions, and the unanimous recommendation of the Special Committee, concluded, with the exception of the Chief Executive Officer, that the Arrangement is fair to and in the best interests of the Unitholders and Debentureholders and recommends that Unitholders vote FOR the Arrangement Resolution at the Meeting.

### **Reasons for the Recommendation**

In making its voting recommendation to Unitholders, each of the Special Committee and the Board carefully considered the Arrangement and received the benefit of advice from its legal and financial advisors. In the course of its evaluation of the Arrangement, the Special Committee and the Board identified a number of factors in respect of their recommendations to vote FOR the Arrangement Resolution, including those set out below.

- (a) *Premium to Market Price and Net Asset Value.* The Consideration to be paid pursuant to the Arrangement for each Class A Unit represents a 15% premium to the \$6.63 closing price of the Class A Units on the TSX on June 26, 2019 (based on an exchange rate of \$1.00 to CDN\$1.31), the last trading day prior to the public announcement of the EA Sixth Proposal, a 15% premium to the 20-day volume-weighted average Class A Unit price on the TSX for the period ending June 26, 2019 (based on an average exchange rate over the period of \$1.00 to CDN\$1.33), a 12% premium to the fully-diluted IFRS book value per Class A Unit of \$6.79, and a 5% premium to the research consensus net asset value estimate of \$7.24 per Class A Unit.
- (b) *Recent Prior Sale Process.* Pure Multi-Family, under the supervision of the Special Committee, during the period from April 5, 2018 through August 24, 2018, engaged in an extensive formal Sale Process, which canvassed the most likely potential bidders for Pure Multi-Family.
- (c) *Cash Consideration and Immediate Liquidity.* The Consideration to be received by Unitholders is payable entirely in cash, providing Unitholders with certainty of value and immediate liquidity, and removes the risks associated with Pure Multi-Family remaining an independent public entity (including the challenges of acquiring and developing assets on an accretive basis, as well as external factors such as changes in interest rates, capitalization rates, currency exchange rates and capital markets conditions that are beyond the control of Pure Multi-Family and Management).
- (d) *Continued Payment of Regular Monthly Distributions.* Pure Multi-Family will continue to declare and pay regular monthly distributions until the Effective Date consistent with its distribution policies in effect as at July 14, 2019.

- (e) *Go-Shop Provision.* The Arrangement Agreement contains a “go-shop” provision, which allowed Pure Multi-Family to solicit and engage in discussions and negotiations with respect to potential Acquisition Proposals during the Go-Shop Period, and to enter into a Superior Proposal during the Go-Shop Period upon payment of a \$9,500,000 Termination Fee. No Acquisition Proposals were received during the Go-Shop Period.
- (f) *Ability to Respond to Superior Proposals.* Notwithstanding the Special Committee’s and the Board’s determination regarding the low likelihood of other potential acquirers emerging after the Go-Shop Period, Pure Multi-Family retains the ability, under the terms of the Arrangement Agreement, to consider and respond to unsolicited potential Superior Proposals, and to enter into any such Superior Proposal upon payment of a \$22,500,000 Termination Fee.
- (g) *Role of the Special Committee.* The Special Committee took an active and independent role in directing all strategic decisions with respect to the Arrangement, and provided oversight, guidance and specific instructions with respect to the negotiations involving the Arrangement. The Special Committee and the Board, after considering advice from its financial advisors, concluded that \$7.61 per Class A Unit is the highest price that Cortland was willing to pay to acquire Pure Multi-Family.
- (h) *Cortland’s Reputation and Track Record.* The Special Committee and the Board concluded that it is likely that Cortland will complete the Arrangement if all conditions are satisfied, given: (i) Cortland’s extensive track record in completing large-scale real estate transactions, and (ii) Cortland has historically proven that they have access to capital, including favourable debt financing.
- (i) *Reverse Termination Amount.* Cortland is obligated to pay to Pure Multi-Family (on behalf of and solely as an agent for the benefit of Unitholders) the Reverse Termination Amount of \$50,000,000 in certain circumstances, including a failure by Cortland to consummate the Arrangement when required to do so under the terms of the Arrangement Agreement. Cortland, which the Special Committee and the Board, after receiving the advice of Scotiabank, believe is a creditworthy entity, has guaranteed the payment of the Reverse Termination Amount to Pure Multi-Family if and when payable under the Arrangement Agreement in accordance with the Limited Guarantee.
- (j) *Fairness Opinions.* The Special Committee and the Board received the Fort Capital Fairness Opinion from Fort Capital and the Scotiabank Fairness Opinions from Scotiabank to the effect that, as of July 18, 2019, and subject to the assumptions, limitations and qualifications set out in such opinions, the Consideration to be received by Unitholders and the Debenture Consideration to be received by Debentureholders pursuant to the Arrangement Agreement is fair, from a financial point of view, to the Unitholders and Debentureholders, respectively. See “*The Arrangement – Fairness Opinions – Fort Capital Fairness Opinion*” and “*The Arrangement – Fairness Opinions – Scotiabank Fairness Opinions*”.
- (k) *Unitholder and Court Approval.* The Arrangement Resolution must be approved by Unitholders as provided by the Interim Order, Securities Laws and TSX rules. The Arrangement must also be approved by the Court, which will consider the fairness and reasonableness of the Arrangement to all Unitholders and Debentureholders.
- (l) *Dissent Rights.* Registered Unitholders have the right to exercise Dissent Rights in connection with the Arrangement, subject to strict compliance with the requirements applicable to the exercise of Dissent Rights. See “*Dissent Rights*”.

#### Dissenting Director

Stephen Evans, the Chief Executive Officer and a Director of the Governing GP voted against the resolution of the Board to proceed with the Arrangement and to recommend that Unitholders vote in favour of the Arrangement Resolution. The concern raised by Mr. Evans and the basis for voting against the Arrangement is his belief that the Consideration offered does not adequately compensate Unitholders for the current and future inherent value of Pure Multi-Family. Notwithstanding his dissenting vote on the Arrangement, Mr. Evans has executed a Support and Voting Agreement and has agreed to vote his Units in favour of the Arrangement Resolution in accordance with the Support and Voting Agreement.

## Fairness Opinions

Fort Capital and Scotiabank provided their respective opinions as described in greater detail under “*The Arrangement – Fairness Opinions*”. See “*The Arrangement – Fairness Opinions*” and the complete text of the Fairness Opinions, which are attached as Schedule D and Schedule E to this Circular, respectively. Unitholders are urged to, and should, read each Fairness Opinion in its entirety.

## Arrangement Steps

The following is a description of the specific steps to be implemented as part of the Arrangement. The following description is qualified in its entirety by reference to the full text of the Plan of Arrangement which is attached as Schedule C to this Circular. Commencing at the Effective Time, each of the following events shall occur and shall be deemed to occur sequentially as set out below without any further authorization, act or formality in each case, unless stated otherwise, effective as at five minute intervals starting at the Effective Time:

- (a) the Purchaser will advance by way of a loan to Pure Multi-Family an amount equal to the aggregate amount of cash required to be paid by Pure Multi-Family for the cancellation of the Pure Deferred Units, the Pure RUs and the Pure Performance Units under the Plan of Arrangement and Pure Multi-Family will deliver to the Purchaser a duly issued and executed demand interest-free promissory note having a principal amount equal to the amount so advanced;
- (b) the LP Agreement will be amended to the extent necessary or desirable by the Parties to facilitate the Arrangement and the implementation of the steps and transactions described in the Plan of Arrangement and/or contemplated in connection with the Arrangement including providing for the allocation to the Unitholders (including Dissenting Holders) and to the Purchaser of the Net Income and Taxable Income (both terms as defined in the LP Agreement) of Pure Multi-Family for the Fiscal Year (as defined in the LP Agreement) of Pure Multi-Family in which the Closing Date occurs as follows:
  - (i) Pure Multi-Family will allocate its Net Income and Taxable Income earned and realized up to and including the time of the step referred to in (h) below to the Unitholders (including Dissenting Holders) and for greater certainty, no other allocation of the Net Income and Taxable Income of Pure Multi-Family shall be made to the Unitholders (including Dissenting Holders);
  - (ii) Pure Multi-Family will allocate its Net Income and Taxable Income earned and realized on or after the time of the step referred to in (h) below to the Purchaser; and
  - (iii) the Purchaser will make such allocations of its Net Income and Taxable Income to the Unitholders and the Purchaser pursuant to the LP Agreement and the Tax Act as necessary to effect the foregoing allocations;
- (c) notwithstanding the terms of the Unitholder Rights Plan, the Unitholder Rights Plan will be terminated and all URP Rights issued pursuant to the Unitholder Rights Plan shall be cancelled without any payment in respect thereof;
- (d) each Pure Deferred Unit outstanding will, without any further action by or on behalf of a holder of Pure Deferred Units, be cancelled in exchange for the Deferred Unit Payment, less all applicable withholdings, all in full satisfaction of the obligations of Pure Multi-Family in respect of the Pure Deferred Units;
- (e) each Pure RU outstanding, whether vested or unvested, will be deemed to be unconditionally and fully vested, and each such Pure RU will, without any further action by or on behalf of a holder of Pure RUs, be cancelled in exchange for the RU Payment, less applicable withholdings, all in full satisfaction of the obligations of Pure Multi-Family in respect of the Pure RUs;
- (f) each Pure Performance Unit outstanding, whether vested or unvested, will be deemed to be unconditionally and fully vested based on the applicable performance factor (calculated in accordance with the terms of the

Pure RU Plan as if the Effective Date were the vesting date of such Pure Performance Units), and each such Pure Performance Unit (including additional Pure Performance Units that vest as a result of the application of the applicable performance factor) will, without any further action by or on behalf of a holder of Pure Performance Units, be cancelled in exchange for a cash payment from Pure Multi-Family of an amount equal to the Performance Unit Payment, less applicable withholdings, all in full satisfaction of the obligations of Pure Multi-Family in respect of the Pure Performance Units;

- (g) concurrent with the step described in (d), (e) and (f) above, as applicable, (i) each holder of a Pure Deferred Unit, each holder of a Pure RU and each holder of a Pure Performance Unit will cease to be a holder of such Pure Deferred Unit, Pure RU or Pure Performance Unit, as the case may be, (ii) each such holder's name will be removed from each applicable register, (iii) the Pure Deferred Unit Plan, the Pure RU Plan and all agreements, arrangements and understandings relating to any and all of the Pure Deferred Units, the Pure RUs and the Pure Performance Units will be terminated and will be of no further force and effect, and (iv) each such holder will thereafter have only the right to receive the Deferred Unit Payment, the RU Payment or the Performance Unit Payment to which such holder is entitled pursuant to (d), (e) and (f) above, as applicable, at the time and in the manner contemplated under the Plan of Arrangement;
- (h) each of the Units held by a Dissenting Holder in respect of which Dissent Rights have been validly exercised will be deemed to have been transferred without any further act or formality to the Purchaser in consideration for a debt claim against the Purchaser for the amount determined under Article 3 of the Plan of Arrangement, and:
  - (i) such Dissenting Holder will cease to be the holder of such Units and to have any rights as a Unitholder other than the right to be paid fair value for such Units;
  - (ii) such Dissenting Holder's name will be removed as the holder of such Units from the register of Units maintained by or on behalf of Pure Multi-Family; and
  - (iii) the Purchaser will be deemed to be the transferee of such Units free and clear of all Liens (other than the right to be paid fair value for such Units), and will be entered in the register of Units maintained by or on behalf of Pure Multi-Family;
- (i) concurrent with the transaction described in (h) above, each Unit outstanding, other than Units held by a Dissenting Holder in respect of which Dissent Rights have been validly exercised will, without any further action by or on behalf of any Unitholder, be deemed to be assigned and transferred by the holder thereof to the Purchaser in exchange for the Consideration, and:
  - (i) each holder of such Units will cease to be the holder thereof and to have any rights as a Unitholder other than the right to be paid the Consideration per Unit in accordance with the Plan of Arrangement;
  - (ii) the name of each such holder will be removed from the register of the Units maintained by or on behalf of Pure Multi-Family; and
  - (iii) the Purchaser will be deemed to be the transferee of such Unit (free and clear of all Liens) and will be entered in the register of the Units maintained by or on behalf of Pure Multi-Family;
- (j) all Pure Debentures outstanding will, without any further action by or on behalf of any Debentureholder, be deemed to be assigned and transferred by the holder thereof to the Purchaser in exchange for the Debenture Consideration, and
  - (i) each holder of Pure Debentures will cease to be the holder thereof and to have any rights as a Debentureholder other than the right to be paid the Debenture Consideration for such holder's Pure Debentures in accordance with the Plan of Arrangement;
  - (ii) the name of each such holder will be removed from the register of Pure Debentures maintained by or on behalf of Pure Multi-Family; and



- (iii) the Purchaser will be deemed to be the transferee of such Pure Debentures (free and clear of all Liens) and will be entered in the register of Pure Debentures maintained by or on behalf of Pure Multi-Family; and
- (k) all of the rights and obligations of the Governing GP under the LP Agreement shall be assigned by the Governing GP to a transferee to be designated by the Purchaser by notice in writing to the Governing GP not less than two Business Days prior to the Effective Date, and such assignee shall become a party to the LP Agreement and assume all of the obligations of the general partner under the LP Agreement.

### **Voting and Support Agreements**

Each Supporting Unitholder has entered into a Voting and Support Agreement pursuant to which they have agreed to vote or cause to be voted Class A Units representing in the aggregate approximately 0.98% of the outstanding Class A Units as of July 18, 2019 in favour of the Arrangement Resolution. See *"The Arrangement – Voting and Support Agreements"*.

### **Unitholder Approval of the Arrangement**

The Arrangement must be approved by: (i) at least 66<sup>2/3</sup>% of the votes cast on such resolution by Class A Unitholders and Class B Unitholders present in person or represented by proxy at the Meeting, voting together as a single class, and (ii) a majority of the votes cast by Class A Unitholders and Class B Unitholders present in person or represented by proxy at the Meeting excluding votes attached to the Units that are required to be excluded pursuant to MI 61-101. The Debentureholders are not entitled to a vote to approve the Arrangement. In addition, pursuant to and in accordance with the policies of the TSX, the Arrangement Resolution must be approved by a majority of votes cast by Class A Unitholders present in person or represented by proxy at the Meeting. See *"The Arrangement – Required Unitholder Approval"*.

### **Treatment of the Pure Debentures**

Under the terms of the Pure Debenture Indenture, Pure Multi-Family currently has the ability to redeem the Pure Debentures for a redemption price equal to the principal amount of the Pure Debentures plus accrued and unpaid interest thereon. However, under the Plan of Arrangement, Debentureholders as at the Effective Time will receive the Debenture Consideration, being, for each \$1,000 principal amount of Pure Debentures they own, \$1,346.90 in cash, plus accrued and unpaid interest thereon up to and including the Effective Date. The \$1,346.90 was determined by multiplying: (i) the number of Class A Units into which each such \$1,000 principal amount of Pure Debentures is convertible under the Pure Debenture Indenture (i.e. 176.9912 Class A Units at a conversion price of \$5.65 per Class A Unit) by (ii) the \$7.61 per Class A Unit purchase price. This amount is materially greater than the \$1,000 plus accrued and unpaid interest that a Debentureholder would have received had Pure Multi-Family elected to redeem the Pure Debentures. See *"The Arrangement – Treatment of the Pure Debentures"*.

### **Sources of Funds for the Arrangement**

The Purchaser has represented and warranted to Pure Multi-Family that the Purchaser will have sufficient funds available to satisfy the aggregate amount payable by the Purchaser pursuant to the Arrangement Agreement on the Effective Date. The Purchaser's obligations under the Arrangement Agreement are not subject to any conditions regarding the ability of the Purchaser to obtain financing. See *"The Arrangement – Sources of Funds for the Arrangement"*.

### **Court Approval of the Arrangement**

The Arrangement requires approval by the Court. Prior to mailing this Circular, Pure Multi-Family obtained the Interim Order, which provides for the calling and holding of the Meeting, for the granting of the Dissent Rights and other procedural matters. A copy of the Interim Order is attached as Schedule F to this Circular. Subject to the approval of the Arrangement Resolution by Unitholders at the Meeting, the hearing in respect of the Final Order is currently expected to take place on September 20, 2019, or such later date as Pure Multi-Family may decide.

At the hearing, the Court will consider, among other things, the fairness and reasonableness of the Arrangement. The Court may approve the Arrangement in any manner the Court may direct, subject to compliance with any terms and conditions as the Court deems fit. See *"The Arrangement – Legal and Regulatory Matters"*.

### **Surrender of Certificates and Payment of Consideration to Unitholders and Debentureholders**

If the Arrangement Resolution is passed and the Arrangement is implemented, in order to receive the Consideration for Units, and Debenture Consideration for Pure Debentures, Registered Unitholders and Registered Debentureholders must complete and sign the Letter of Transmittal enclosed with this Circular and deliver such Letter of Transmittal together with the certificate(s) (if applicable) representing the Units and/or Pure Debentures and the other documents required by the instructions set out therein to the Depositary in accordance with the instructions contained in the Letter of Transmittal. See *"Procedures for the Surrender of Certificates and Payment of Consideration and Debenture Consideration – Surrender of Certificates and Payment of Consideration to Unitholders and Debentureholders – Letter of Transmittal"*.

Beneficial Unitholders holding Units that are registered in the name of an Intermediary must contact their broker or other intermediary to submit their instructions with respect to the Arrangement and to arrange for the surrender of their Units. These instructions will be forwarded to CDS which will submit the Letter of Transmittal on behalf of all Beneficial Unitholders. See *"Procedures for the Surrender of Certificates and Payment of Consideration and Debenture Consideration – Surrender of Certificates and Payment of Consideration to Unitholders and Debentureholders – Letter of Transmittal"*.

Registered Unitholders who deposit a validly completed and duly signed Letter of Transmittal, together with accompanying certificate(s) representing their Units and any such additional documents and instruments as the Depositary may reasonably require, will receive, in exchange therefor, the aggregate Consideration to which they are entitled under the Arrangement, less any amounts withheld pursuant to the Plan of Arrangement, with such surrendered certificate(s) being cancelled.

Beneficial Debentureholders holding Pure Debentures that are registered in the name of an Intermediary must contact their broker or other intermediary to arrange for the surrender of their Pure Debentures. These instructions will be forwarded to CDS which will submit the Letter of Transmittal on behalf of all Beneficial Debentureholders. See *"Procedures for the Surrender of Certificates and Payment of Consideration and Debenture Consideration – Surrender of Certificates and Payment of Consideration to Unitholders and Debentureholders – Letter of Transmittal"*.

Registered Debentureholders who deposit a validly completed and duly signed Letter of Transmittal, together with accompanying certificate(s) representing their Pure Debentures and any such additional documents and instruments as the Depositary may reasonably require, will receive, in exchange therefor, the aggregate Debenture Consideration to which they are entitled under the Arrangement, less any amounts withheld pursuant to the Plan of Arrangement, with such surrendered certificate(s) being cancelled.

Unitholders and Debentureholders will receive the aggregate Consideration and Debenture Consideration to which they are entitled under the Arrangement in U.S. dollars unless the Unitholder or Debentureholder exercises its right to elect to receive such Consideration or Debenture Consideration in Canadian dollars. For more information, see *"Procedures for the Surrender of Certificates and Payment of Consideration and Debenture Consideration – Surrender of Certificates and Payment of Consideration to Unitholders and Debentureholders – Currency of Payment"*.

### **Payment to Holders of Pure Deferred Units, Pure RUs and Pure Performance Units**

The holders of Pure Deferred Units, Pure RUs and Pure Performance Units are not entitled to vote on the Arrangement Resolution in respect of such Pure Deferred Units, Pure RUs or Pure Performance Units. Under the Plan of Arrangement, the Pure Deferred Units, Pure RUs and Pure Performance Units are being treated in accordance with the contractual rights applicable thereto under the Pure Deferred Unit Plan and the Pure RU Plan, respectively. Pure Multi-Family shall make payments to the holders of Pure Deferred Units, Pure RUs and Pure Performance Units, less applicable withholdings, through Pure Multi-Family's payroll service provider on the next regularly scheduled payroll date following the Effective Date. Holders of Pure Deferred Units, Pure RUs and Pure Performance Units do not need to take any further action in order to receive such payments.

### **Dissent Rights**

There is no mandatory statutory right of dissent and appraisal in respect of plans of arrangement under the BCBCA. However, as contemplated in the Plan of Arrangement and the Interim Order, the Parties have granted to Registered Unitholders who object to the Arrangement the Dissent Rights, which are set out in their entirety in Sections 237



to 247 of the BCBCA, as may be modified by the Interim Order and the Plan of Arrangement, copies of which are attached as Schedule H, Schedule F and Schedule C, respectively, to this Circular, and as may be modified by the Final Order. A Unitholder who wishes to exercise its Dissent Rights must strictly comply with the requirements of the Dissent Rights and failure to do so may result in the loss of such Unitholder's Dissent Rights. Accordingly, each Unitholder who might desire to exercise Dissent Rights should carefully consider and comply with the Dissent Rights and consult his, her or its legal advisor. See "*Dissent Rights*".

### Termination

The Arrangement Agreement may be terminated by either the Purchaser or Pure Multi-Family upon the occurrence of certain specified events, including:

- (a) by mutual written agreement of the Parties;
- (b) by the Purchaser or Pure Multi-Family if: (i) a court or other Governmental Entity has issued an order, decree, ruling or taken any other action prohibiting the Arrangement; (ii) the Arrangement is not completed by the Outside Date; or (iii) if Unitholder Approval is not obtained;
- (c) by the Purchaser if: (i) either Pure Multi-Family or the Governing GP have breached any representation or warranty or failed to perform any covenant or agreement in the Arrangement Agreement; (ii) the Board has effected an Adverse Recommendation Change, (iii) prior to the approval of the Arrangement Resolution, the Board will have failed to reaffirm the Board Recommendation within five Business Days after receipt of any written request to do so from the Purchaser following the public announcement of an Acquisition Proposal (unless such Acquisition Proposal is made prior to the expiration of the Go-Shop Period, and Pure Multi-Family provides a Superior Proposal Notice to the Purchaser within such timeframe, in which case Pure Multi-Family will have until the end of the Matching Period to reaffirm the Board Recommendation), (iv) after the approval of the Arrangement Resolution, the Board shall have failed to confirm publicly its intention to complete the Transactions within five Business Days after receipt of any written request to do so from the Purchaser following the public announcement of an Acquisition Proposal, (v) Pure has breached any of its obligations under Article 5 of the Arrangement Agreement in any material respect, (vi) Pure has committed a Wilful Breach of any of its obligations under Section 2.2 [*Interim Order*], Section 2.3 [*Pure Meeting*], Section 2.4 [*Pure Circular*] or Section 2.5 [*Final Order*] of the Arrangement Agreement; or (vii) a Material Adverse Effect has occurred; or
- (d) by Pure Multi-Family if: (i) the Purchaser has breached any representation or warranty or failed to perform any covenant or other agreement in the Arrangement Agreement; (ii) prior to the approval of the Arrangement Resolution, in order to enter into an Alternative Transaction Agreement with respect to a Superior Proposal, provided that Pure has complied with its obligations under Article 5 of the Arrangement Agreement and Pure Multi-Family pays the Termination Fee in accordance with the Arrangement Agreement; or (iii) (a) the mutual conditions precedent and the conditions precedent in favour of the Purchaser (other than conditions that, by their nature, are to be satisfied at the Effective Time) have been satisfied, (b) Pure Multi-Family has irrevocably confirmed by written notice to the Purchaser that all conditions in favour of Pure Multi-Family and the Governing GP have been satisfied or that it is willing to waive any unsatisfied conditions, and (c) the Purchaser does not provide or cause to be provided to the Depositary and Pure Multi-Family sufficient funds to complete the Transactions, as required pursuant to the Arrangement Agreement, on the earlier of the date that is three Business Days after the delivery of such notice to the Purchaser or the Outside Date.

See "*Arrangement Agreement – Termination of the Arrangement Agreement*"

The Arrangement Agreement requires that Pure Multi-Family pay a Termination Fee of \$22,500,000 and the Purchaser pay the Reverse Termination Amount of \$50,000,000 in certain circumstances. See "*Arrangement Agreement – Termination of the Arrangement Agreement*" and "*– Termination Fee and Reverse Termination Amount*".

**Risk Factors**

Unitholders should consider a number of risk factors relating to the Arrangement and Pure Multi-Family in evaluating whether to approve the Arrangement Resolution. These risk factors are discussed herein and/or certain sections of documents publicly filed, which sections are incorporated herein by reference. See *“Risk Factors”*.

**Income Tax Considerations**

Unitholders and Debentureholders should consult their own tax advisors about the applicable Canadian federal, U.S. federal, provincial, state and local tax, and other foreign tax, consequences to them of the Arrangement. See *“Principal Canadian Federal Income Tax Considerations”* and *“Principal U.S. Federal Income Tax Considerations”*.

**Interest of Certain Persons in Matters to be Acted Upon**

Certain Directors and Executive Officers may have interests in the Arrangement that may be different from the interests of other securityholders. Members of the Special Committee and the Board were aware of and considered these interests, among other matters, in evaluating and negotiating the Arrangement Agreement, and in recommending to Unitholders that they vote FOR the Arrangement Resolution. See *“The Arrangement – Interests of Certain Persons in the Arrangement”*.

**Depository and Proxy Solicitation Agent**

Computershare Trust Company of Canada has been engaged to act as Depository for the receipt of certificates in respect of Units and Pure Debentures and related Letters of Transmittal.

Pure Multi-Family has retained Laurel Hill to assist in the solicitation of proxies. The solicitation of proxies is on behalf of management of Pure Multi-Family. Laurel Hill can be contacted by telephone at 1-877-452-7184 (toll free in North America) or 1-416-304-0211 (collect calls outside North America) or by email at [assistance@laurelhill.com](mailto:assistance@laurelhill.com).

## SOLICITATION OF PROXIES AND VOTING AT THE MEETING

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### Solicitation of Proxies

This Circular is furnished in connection with the solicitation of proxies by and on behalf of the management of the Governing GP for use at the Meeting to be held at the offices of Farris LLP, 700 West Georgia Street, 25<sup>th</sup> Floor, Vancouver British Columbia at 9:00 a.m. (Vancouver time) on September 18, 2019, or at any adjournments thereof, for the purposes set forth in the accompanying Notice of Special Meeting.

No person has been authorized to give any information or to make any representation other than as contained in this Circular in connection with the solicitation of proxies. If given or made, such information or representations must not be relied upon as having been authorized by Pure Multi-Family. The delivery of this Circular shall not create, under any circumstances, any implication that there has been no change in the information set forth herein since the date of this Circular. This Circular does not constitute the solicitation of a proxy by anyone in any jurisdiction in which such solicitation is not authorized, or in which the person making such solicitation is not qualified to do so, or to anyone to whom it is unlawful to make such an offer of solicitation.

It is expected that the solicitation of proxies will be made primarily by mail, but proxies may also be solicited personally or by telephone, fax or other electronic means by the Directors, employees or agents of Pure Multi-Family. All costs of solicitation of proxies by or on behalf of the Directors will be borne by Pure Multi-Family. Pure Multi-Family has retained Laurel Hill to assist in the solicitation of proxies and may also retain other persons as it deems necessary to aid in the solicitation of proxies with respect to the Meeting. The costs of soliciting proxies and printing and mailing this Circular in connection with the Meeting, which are expected to be nominal, will be borne by Pure Multi-Family. Pure Multi-Family and Laurel Hill entered into an engagement agreement with customary terms and conditions, which provides that Laurel Hill will be paid a fee of \$50,000 plus out-of-pocket expenses.

### Appointment of Proxies

The persons named in the accompanying Form of Proxy are Directors or officers of the Governing GP. A Registered Unitholder desiring to appoint some other person, who need not be a Unitholder, to represent him or her at the Meeting may do so by striking out the printed names and inserting the name of such other person and, if desired, an alternate to such person, in the blank space provided in the Form of Proxy. Such Registered Unitholder should notify the nominee of the appointment, obtain the nominee's consent to act as proxy and should provide voting instructions to the nominee. The nominee should bring personal identification to the Meeting.

A Form of Proxy must be in writing and signed by the Registered Unitholder or by the Registered Unitholder's attorney duly authorized in writing or, if the Registered Unitholder is a body corporate or association, under its seal or by an officer or attorney thereof duly authorized indicating the capacity under which such officer or attorney is signing. If an attorney executes the Form of Proxy, evidence of the attorney's authority must accompany the Form of Proxy. A proxy will not be valid unless the completed Form of Proxy is received by Computershare Investor Services Inc., 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1 (facsimile: 1-866-249-7775) not less than 48 hours (excluding Saturdays, Sundays and holidays) prior to the time of the Meeting, or any adjournment or postponement thereof. Alternatively, Registered Unitholders can call the toll-free telephone number of Computershare or access Computershare's dedicated voting website (each as noted on the accompanying Form of Proxy) in order to vote the Units held by them. Notwithstanding the foregoing, the Chair of the Meeting has the discretion to accept proxies received after such deadline. The time limit for the deposit of proxies may also be waived or extended by the Chair of the Meeting at his discretion, without notice.

Beneficial Unitholders who hold their Units of Pure Multi-Family through an Intermediary are not entitled, as such, to vote at the Meeting through a proxy. Regulatory policy requires intermediaries to seek voting instructions from Beneficial Unitholders in advance of the Meeting. Beneficial Unitholders should carefully follow the instructions of their Intermediary, including those on how and when voting instructions are to be provided, in order to have their Units voted at the Meeting. See "*Beneficial Unitholders*" below.

## Revocation of Proxies

A Registered Unitholder who has given a proxy may revoke such proxy by: (a) completing and signing a proxy bearing a later date and depositing it with Computershare in accordance with the instructions set out herein; or (b) depositing an instrument or act in writing expressly revoking such proxy executed or signed by the Registered Unitholder or by the Registered Unitholder's personal representative or agent authorized in writing: (i) at the principal office of Pure Multi-Family at any time up to and including the last Business Day preceding the day of the Meeting (or in the event that the Meeting is adjourned or postponed, no later than 48 hours, excluding Saturdays, Sundays, and holidays, before any reconvened Meeting), (ii) with the Chair of the Meeting prior to the commencement of the Meeting on the day of the Meeting, or where the Meeting has been adjourned or postponed, prior to the commencement of the reconvened or postponed Meeting on the day of such reconvened or postponed Meeting, or (iii) in any other manner permitted by law. A revocation of a proxy does not affect any matter on which a vote has been taken prior to the revocation.

A Beneficial Unitholder who has given voting instructions to an Intermediary may revoke such voting instructions by following the instructions of such Intermediary. However, an Intermediary may be unable to take any action on the revocation if such revocation is not provided sufficiently in advance of the Meeting or any adjournment or postponement thereof.

## Voting of Proxies

**The persons named in the accompanying Form of Proxy will vote or withhold from voting the Units in respect of which they are appointed proxy on any poll (ballot) that may be called for in accordance with the instructions of the Unitholder as indicated on the Form of Proxy and, if the Unitholder specifies a choice with respect to any matter to be acted upon, the Units will be voted accordingly. Where no choice is specified in the Form of Proxy, such Units will be voted "FOR" the matters described therein and in this Circular.**

The accompanying Form of Proxy confers discretionary authority upon the person appointed proxy thereunder to vote with respect to amendments or variations of matters identified in the Notice of Special Meeting and with respect to other matters that may properly come before the Meeting. At the time of the printing of this Circular, the Directors know of no such amendment, variation or other matter, which may be presented to the Meeting. In the event that amendments or variations to matters identified in the Notice of Special Meeting are properly brought before the Meeting or any other business is properly brought before the Meeting, it is the intention of the persons named in the accompanying Form of Proxy to vote in accordance with their best judgment on such matters or business.

## Beneficial Unitholders

Only Registered Unitholders, or the persons they appoint as their proxies, are permitted to vote at the Meeting. These Meeting materials are being sent to both Registered Unitholders and Beneficial Unitholders. You are a Beneficial Unitholder if you hold your Units through an Intermediary. If you are a Beneficial Unitholder and Pure Multi-Family or its agent has sent these materials directly to you, your name and address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the Intermediary holding on your behalf.

There are two kinds of Beneficial Unitholders – those who object to their names being made known to the issuers of securities which they own (called "OBOS" for objecting beneficial owners), and those who do not object (called "NOBOs" for non-objecting beneficial owners). Subject to limited exceptions that may exist from time to time, all issued and outstanding Class A Units are in a book-based system administered by CDS Clearing and Depository Services Inc. ("CDS"). Consequently, all Class A Units are, subject to limited exceptions that may exist from time to time, registered under the name of CDS & Co. (the registration name for CDS). CDS also acts as nominee for brokerage firms through which Beneficial Unitholders hold their Units. Units held by CDS can only be voted (for or against resolutions) upon the instructions of the Beneficial Unitholder.

Pursuant to National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer*, Pure Multi-Family is permitted to deliver proxy-related materials directly to its NOBOs. As a result, NOBOs will receive Meeting materials from their Intermediary, including a voting instruction form. Proxy-related materials will be delivered indirectly to OBOs. As a result, OBOs can expect to receive Meeting materials from their Intermediary, including a voting instruction form, as more particularly described below.

Applicable regulatory policy requires Intermediaries to whom Meeting materials have been sent to seek voting instructions from Beneficial Unitholders in advance of Unitholders' meetings. Every Intermediary has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Unitholders in order to ensure that their Units are voted at the Meeting. Often, the Form of Proxy supplied to a Beneficial Unitholder by its broker is identical to that provided to Registered Unitholders. However, its purpose is limited to instructing the Registered Unitholder how to vote on behalf of the Beneficial Unitholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**"). Broadridge typically prepares a special voting instruction form, mails those forms to the Beneficial Unitholders and asks for appropriate instructions respecting the voting of Units to be represented at the Meeting. Beneficial Unitholders are requested to complete and return the voting instruction form to Broadridge by mail or facsimile. Alternatively, Beneficial Unitholders can call a toll-free telephone number or access Broadridge's dedicated voting website (each as noted on the voting instruction form) to deliver their voting instructions and vote the Units held by them. Additionally, Pure Multi-Family may utilize the Broadridge QuickVote™ service to assist Beneficial Unitholders with voting their Units. Certain Beneficial Unitholders may be contacted by Laurel Hill to conveniently obtain a vote directly over the phone.

Broadridge then tabulates the results of all voting instructions received and provides appropriate instructions respecting the voting of Units to be represented at the Meeting. A Beneficial Unitholder receiving a voting instruction form cannot use that voting instruction form to vote Units directly at the Meeting. The voting instruction form must be returned as directed by Broadridge well in advance of the Meeting in order to have the Units voted. Beneficial Unitholders who receive forms of proxies or voting materials from organizations other than Broadridge should complete and return such forms of proxies or voting materials in accordance with the instructions on such materials in order to properly vote their Units at the Meeting.

**Beneficial Unitholders cannot be recognized at the Meeting for purposes of voting their Units in person or by way of depositing a Form of Proxy. If you are a Beneficial Unitholder and wish to vote in person at the Meeting, please see the voting instructions you received or contact your Intermediary well in advance of the Meeting to determine how you can do so.**

Beneficial Unitholders should carefully follow the voting instructions they receive, including those on how and when voting instructions are to be provided, in order to have their Units voted at the Meeting.

#### **Quorum**

A quorum for any meeting of Unitholders shall be individuals present not being less than two in number and being Unitholders or representing by proxy Unitholders who hold in aggregate not less in aggregate than twenty five percent (25%) of the total number of outstanding Units.

#### **Limited Partnership Structure**

Pure Multi-Family is a limited partnership formed under the *Limited Partnerships Act* (Ontario). Pure Multi-Family was established by Pure Multi-Family Management Limited Partnership, its managing general partner, and the Governing GP pursuant to the terms of a Limited Partnership Agreement dated May 8, 2012, as amended and restated May 28, 2015, as further amended and restated August 21, 2015 and as further amended and restated as of May 24, 2018 (as so amended and restated, the "**LP Agreement**"), as may be amended, restated, modified or supplemented from time to time. Pure Multi-Family was established for the purposes of acquiring, owning and operating quality multi-family real estate properties in major markets in the United States.

Pursuant to an initial public offering, effective July 10, 2012, Pure Multi-Family's Class A Units were listed for trading on the TSX Venture Exchange under the symbol "RUF.U". Effective July 2, 2014, Pure Multi-Family's Class A Units were also listed for trading in Canadian dollars on the TSX Venture Exchange under the symbol "RUF.UN". Effective January 2, 2014, Pure Multi-Family's Class A Units were listed for quotation in United States dollars on the OTCQX International Marketplace under the symbol "PMULF". On April 29, 2019, the Class A Units were de-listed from the TSX Venture Exchange and commenced trading on the TSX under the symbols "RUF.UN" and "RUF.U". The financial year-end of Pure Multi-Family is December 31. The reporting currency of Pure Multi-Family is U.S. dollars. Pure Multi-Family's head office and address for service is located at 910 – 925 West Georgia Street, Vancouver, British Columbia V6C 3L2.

## Voting Agreement

Pursuant to the LP Agreement, decisions relating to the operation and business of Pure Multi-Family are governed by the Governing GP, which has sole responsibility and authority to administer, manage, control and operate the business of Pure Multi-Family. Pure Multi-Family, Sunstone Multi-Family Investment Inc. and the shareholders thereof have entered into a voting agreement (the “**Voting Agreement**”) dated May 8, 2012. Pursuant to the Voting Agreement, Sunstone Multi-Family Investment Inc. agreed that any voting rights with respect to the Governing GP will be voted in favour of the election of directors of the Governing GP and such other matter relating to the Governing GP as may be voted upon by the Unitholders pursuant to the LP Agreement. Further, Sunstone Multi-Family Investment Inc. agreed as the sole shareholder of the Governing GP to cause certain matters relating to the directors of the Governing GP to be effected as directed by Pure Multi-Family and the Unitholders.

In addition, pursuant to the Voting Agreement, Sunstone Multi-Family Investment Inc. agreed that it will not exercise its right to remove the Governing GP as general partner of Pure Multi-Family. The Voting Agreement also contains restrictions on transfers of the shares of the Governing GP, except that Sunstone Multi-Family Investment Inc. may transfer shares of the Governing GP to any of its affiliates.

## Voting Units and Principal Holders Thereof

Pure Multi-Family is authorized to issue an unlimited number of Class A Units and an unlimited number of Class B Units. Pure Multi-Family’s Class A Units and Class B Units collectively comprise the Units referred to in this Circular. As of the date hereof, there are 77,667,465 Class A Units and 200,000 Class B Units outstanding. Each Class A Unit entitles the holder thereof to exercise one vote at any meeting of Unitholders of Pure Multi-Family. On August 12, 2016, pursuant to the terms of the LP Agreement and based on the market capitalization of Pure Multi-Family, the number of Class A Units into which the Class B Units could be re-designated pursuant to the terms of the LP Agreement was fixed at 2,665,835 Class A Units. As a result, as of August 12, 2016, the 200,000 Class B Units outstanding are equivalent in economic, voting and all other respects to 2,665,835 Class A Units, even though they remain designated as Class B Units. The issued and outstanding Class A Units and Class B Units represent 96.68% and 3.32%, respectively, of the outstanding beneficial interests and voting rights in Pure Multi-Family, expressed as a percentage of all outstanding Units as a whole.

Only Unitholders at the close of business on August 12, 2019, the record date established by the Directors, are entitled to receive notice of and to vote at the Meeting.

To the knowledge of the Directors and the Executive Officers, as at August 14, 2019, no person beneficially owns, directly or indirectly, or exercises control or direction over, voting securities of Pure Multi-Family carrying more than 10% of the voting rights attached to any class of voting securities of Pure Multi-Family.

## THE ARRANGEMENT

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### Background to the Arrangement

The execution of the Arrangement Agreement on July 18, 2019 resulted from extensive arm’s length negotiations among representatives of Pure Multi-Family and the Special Committee, on the one hand, and Cortland on the other, and their respective legal and financial advisors. The following is a summary of the material events, meetings, negotiations and discussions that preceded the execution and public announcement of the Arrangement Agreement.

On December 12, 2017, Pure Multi-Family received an unsolicited expression of interest (the “**EA First Proposal**”) from Electra America (“**EA**”). The terms included all cash-consideration of \$7.54 per Class A Unit. The EA First Proposal was highly conditional and required a 30-day exclusivity period.

On December 18, 2017, the Board formed the Special Committee. The Special Committee’s mandate included reviewing, considering and evaluating the EA First Proposal and any other alternative transactions that may be available to Pure Multi-Family, and weighing those alternatives against Pure Multi-Family continuing with its current strategic direction, and making recommendations to the Board with respect thereto. The Special Committee retained Farris LLP as its independent legal advisor.



On December 20, 2017, the Special Committee met with Farris LLP to review the mandate and duties of the Special Committee. The Special Committee also discussed the terms of the engagement of a financial advisor.

Effective December 21, 2017, the Special Committee, on behalf of Pure Multi-Family, engaged Scotiabank as a financial advisor.

On December 23, 2017, the Special Committee met with its legal and financial advisors. Scotiabank gave a presentation that included an overview of the EA First Proposal, a background on EA and potential alternative transactions that might be available to Pure Multi-Family.

On January 5, 2018, at a meeting of the Board, the Special Committee provided an update as to various matters that the Special Committee had considered to date.

On January 15, 2018, the Special Committee met with its legal and financial advisors. Scotiabank gave a comprehensive presentation of the work that it had performed to date, including extensive dialogue that Scotiabank had with Management in developing a five-year forecast that was considered in Scotiabank's analysis. Scotiabank outlined the various methodologies used in its analysis and the results thereof. Scotiabank presented its assessment as to the stand-alone value of Pure Multi-Family and a range of potential alternative transactions that might be available to Pure Multi-Family. Following extensive discussion, the Special Committee resolved to recommend to the Board that the EA First Proposal be rejected and that the Board authorize the Special Committee to communicate such rejection to EA.

On January 16, 2018, the Board met with the Special Committee's legal and financial advisors and its corporate counsel. Scotiabank made a presentation similar to that previously made to the Special Committee. After extensive discussion, the Board adopted the recommendation of the Special Committee to reject the EA First Proposal.

On January 17, 2018, the Special Committee communicated rejection of the EA First Proposal to EA.

On January 22, 2018, Pure Multi-Family received a request from EA that it enter into a confidentiality and standstill agreement. That same day, the Special Committee met with its legal and financial advisors to discuss the request. Given that there had been no change to the terms of the EA First Proposal, the Special Committee declined to enter into the requested confidentiality and standstill agreement and that decision was communicated to EA that same day.

On March 26, 2018, EA provided Pure Multi-Family with a revised unsolicited non-binding conditional proposal at \$7.59 per Class A Unit (the "**EA Second Proposal**"). The Board resolved to re-establish the Special Committee to consider the EA Second Proposal, as the Special Committee had been earlier dissolved after having received no further communication from EA with respect to the EA First Proposal.

On March 27, 2018, the Special Committee met with its legal and financial advisors to consider the EA Second Proposal and discussed potential options that might be available to Pure Multi-Family. Scotiabank presented its preliminary views regarding the EA Second Proposal.

On March 29, 2018, the Board met and received a presentation from Scotiabank regarding the EA Second Proposal. The Board concluded that the EA Second Proposal remained inadequate.

On April 3, 2018, EA issued a news release announcing that it made the EA Second Proposal. Pure Multi-Family also issued a news release that same day outlining the process that had occurred to that point.

On April 4, 2018, the Special Committee met with its legal and financial advisors to discuss, among other things, the feedback that had been received from Unitholders in response to the EA Second Proposal.

On April 5, 2018, the Special Committee met with its legal and financial advisors again to further discuss the Unitholder feedback that had been received. It was determined that it would be in the best interests of Unitholders to run a formal sales process to maximize Unitholder value. The Special Committee resolved to recommend to the Board that the Board initiate a formal process to explore a potential sale of Pure Multi-Family (the "**Sale Process**"). The Board met later that day and, after considerable discussion, resolved to initiate the Sale Process. Pure Multi-Family issued a news release following that Board meeting announcing its reasons for rejecting the EA Second Proposal, including that it was highly

conditional and required a 30-day exclusivity period. Pure Multi-Family also announced that it had commenced a strategic review, which included the Sale Process.

On April 9, 2018, the Special Committee met to receive a presentation from Scotiabank regarding the Sale Process, including a timeline, information for a data room, a discussion of potential buyers, a discussion regarding alternative transactions and next steps. There was also discussion regarding the annual meeting of Unitholders scheduled for May 24, 2018 (the **"2018 Annual Meeting"**) and Unitholder communication.

Over the following weeks, Pure Multi-Family exchanged drafts of a confidentiality and standstill agreement with EA and others that did not include an exclusivity provision given the public Sale Process that was underway.

On April 18, 2018, the Special Committee met to receive an update from Scotiabank regarding the Sale Process.

On April 23, 2018, Pure Multi-Family received a letter from counsel for one of its Unitholders, K2 Principal Fund LP (**"K2"**), providing notice under Pure Multi-Family's Advance Notice Policy (the **"ANP"**) of its desire to nominate certain persons for election as directors at the 2018 Annual Meeting. The Special Committee met later that same day with its legal and financial advisors to discuss the response to K2.

On April 24, 2018, Pure Multi-Family issued a news release disclosing the receipt of notice from K2 of the dissident nominees under the ANP and providing an update on the Sale Process.

On April 25, 2018, the Board met to consider the K2 notice and discussions that had occurred with other Unitholders. The Board was also provided with an update on the Sale Process and the continuing communications with EA.

On April 27, 2018, EA entered into a confidentiality and standstill agreement with Pure Multi-Family, with the standstill lasting for a one-year term.

On May 4 and May 9, 2018, the Special Committee and the Board, respectively, met to discuss the feedback received from Unitholders, the continuing communications with EA and an update on the timing of the Sale Process.

On May 11, 2018, Pure Multi-Family issued a news release advising that the leading independent proxy advisory firms, ISS and Glass Lewis, each recommended that Unitholders vote for the nominees of management of Pure Multi-Family at the 2018 Annual Meeting. That same day, the Special Committee also met to receive an update on the Sale Process and on Unitholder feedback.

On May 16, 2018, Pure Multi-Family announced that K2 advised that it would not put forward any director nominees for election at the 2018 Annual Meeting.

On May 23 and May 30, 2018, the Special Committee met to receive updates on the Sale Process.

On June 6, 2018, the Special Committee met with its legal and financial advisors. Scotiabank advised that it had updated its financial assessment of Pure Multi-Family in advance of the bid deadline for phase one of the Sale Process. Scotiabank advised that, as part of the Sale Process, Scotiabank had contacted 86 potential bidders, and 24 parties had signed confidentiality and standstill agreements with Pure Multi-Family, with 12 potential bidders remaining active but not all expected to make a bid.

On June 8 and June 11, 2018, the Special Committee and Board, respectively, met with its legal and financial advisors to discuss the conclusion of phase one of the Sale Process, as a result of which Pure Multi-Family received non-binding conditional indications of interest with regards to an acquisition of Pure Multi-Family from EA for \$7.71 per Class A Unit in cash and from Cortland at a lower price.

Between June 12 and July 30, 2018, the deadline for submission of final bids under phase two of the Sale Process, the Special Committee met eight times and the Board met once, along with their legal and financial advisors, to discuss among other things, the status of the draft arrangement agreement and due diligence, as well as the progress that was being made with EA and Cortland, who were both part of phase two of the Sale Process. At the conclusion of the final bid deadline, Pure Multi-Family had received no final proposals.



Between July 31 and August 24, 2018, the Special Committee met 11 times and the Board met five times, along with their legal and financial advisors, to discuss the status of negotiations that had continued with EA following the bid deadline, including EA's decision to reduce their earlier indicative price to \$7.64 per Class A Unit (the "**EA Third Proposal**"). On August 23, 2018, EA then advised it was no longer interested in pursuing a potential transaction with Pure Multi-Family. Pure Multi-Family issued a news release on August 24, 2018 disclosing that it had terminated the Sale Process.

Between September 2 and September 17, 2018, the Special Committee met eight times and the Board met once to consider a further expression of interest received from EA, this time at a price of \$7.53 per Class A Unit (the "**EA Fourth Proposal**"), which was the lowest of the prices that EA had previously proposed. The Special Committee concluded, based on a number of factors, to terminate further discussions with EA.

Between the Fall of 2018 and the Spring of 2019, Scotiabank and Pure Multi-Family continued to respond to various inquiries from a number of parties, including several who had participated in the Sale Process. In particular, during that period, Pure Multi-Family entered into an amended and restated Confidentiality Agreement with Cortland on January 16, 2019, which agreement was further amended and restated on March 27, 2019.

On April 12, 2019, Cortland submitted a non-binding conditional proposal to acquire all of the outstanding Class A Units for \$7.25 per Class A Unit in cash (the "**Cortland First Proposal**"). The Cortland First Proposal contained an exclusivity provision requiring Pure Multi-Family to negotiate exclusivity with Cortland for a period of time.

On April 15, 2019, Scotiabank had a discussion with Cortland seeking clarification of certain terms of the Cortland First Proposal.

On April 16, 2019, the written terms of the Cortland First Proposal were forwarded by Scotiabank to the Chair of the Special Committee, who, in turn, forwarded the Cortland First Proposal to all members of the Special Committee.

On April 17, 2019, the Special Committee met to consider the Cortland First Proposal. The Chair of the Special Committee then provided a copy of the Cortland First Proposal to the Board.

On April 18, 2019, the Board met to consider the terms of the Cortland First Proposal. The Chair of the Special Committee contacted Cortland asking for clarification of certain elements of the Cortland First Proposal.

On April 23, 2019, the Board met to further consider the Cortland First Proposal. The Special Committee subsequently met to also further consider the Cortland First Proposal.

On April 24, 2019, the Special Committee met to consider the Cortland First Proposal. Further discussions ensued with Cortland.

On April 26, 2019, Scotiabank provided Cortland with a mark-up of the Cortland First Proposal, with changes that included a per Class A Unit price of \$7.64.

On May 1, 2019, Cortland submitted a revised proposal to acquire Pure Multi-Family at \$7.31 per Class A Unit (the "**Cortland Second Proposal**").

On May 2, 2019, the Special Committee met to consider a response to the Cortland Second Proposal.

On May 3, 2019, Scotiabank provided Cortland with a mark-up of the Second Cortland Proposal, with changes that included a per Class A Unit price of \$7.35.

On May 9, 2019, Cortland submitted a further revised proposal to acquire Pure Multi-Family at \$7.35 per Class A Unit (the "**Cortland Third Proposal**").

On May 12, 2019, Pure Multi-Family received a non-binding conditional proposal from a third party, pursuant to which Pure Multi-Family would be involved in an acquisition of such third party in an all-stock merger based on a Class A Unit price of \$7.15, with Unitholders retaining 46% of the combined entity (the "**Merger Proposal**"). Later that night, the Special Committee met to consider the Cortland Third Proposal in light of the Merger Proposal.

On May 20, 2019, the Special Committee met to further consider the Cortland Third Proposal and the Merger Proposal.

On May 21, 2019, the Board determined that Pure Multi-Family should reject the Merger Proposal and counter the Cortland Third Proposal by increasing the price to \$7.45 per Class A Unit.

On May 23, 2019, Pure Multi-Family signed and delivered to Cortland a letter of intent that incorporated the terms of the Cortland Third Proposal, but provided for an increase in the purchase price per Class A Unit to \$7.45 and a 45-day exclusivity period commencing on May 28, 2019 (although either party was entitled to terminate discussions at any time) (the “**Cortland LOI**”).

On May 24, 2019, Cortland countersigned the Cortland LOI.

On May 27, 2019, the Special Committee met to determine next steps with respect to the negotiation of an arrangement agreement with Cortland.

On June 12, 2019, the Special Committee met to review a draft form of arrangement agreement with Cortland and to determine next steps with respect to the negotiations with Cortland.

On June 13, 2019, Pure Multi-Family held its annual meeting of Unitholders (the “**2019 Annual Meeting**”) and, at the meeting of the Board following the 2019 Annual Meeting, the composition of the Special Committee changed from Robert King, Sherry Tryssenaar and Fraser Berrill to Robert King, Sherry Tryssenaar, Paul Haggis and Richard Nesbitt, who are all independent, non-Management Directors.

On June 18, 2019, EA (now called American Landmark/Electra America) and a financial partner submitted a non-binding conditional proposal to acquire Pure Multi-Family at \$7.54 per Class A Unit, payable in cash (the “**EA Fifth Proposal**”). The EA Fifth Proposal contained a 30-day exclusivity period and a 30-day “go-shop” period following the signing of a definitive agreement. Later that day, the Special Committee met to consider whether to continue to negotiate with Cortland under the terms of the Cortland LOI in light of the EA Fifth Proposal, which was highly conditional.

On June 20, 2019, the Board met to consider whether to continue to negotiate with Cortland under the terms of the Cortland LOI in light of the EA Fifth Proposal. The Board decided to continue to negotiate with Cortland to determine whether a definitive agreement could be reached that could be put to Unitholders for approval.

On June 26, 2019, in response to a request from EA for a meeting to discuss the EA Fifth Proposal, Pure Multi-Family advised EA that it was unable to engage with EA at that time. Later that day, EA submitted a revised proposal to acquire Pure Multi-Family at \$7.61 per Class A Unit in cash (the “**EA Sixth Proposal**”), and shortly thereafter issued a news release announcing that it had made the EA Sixth Proposal. Pure Multi-Family issued a news release confirming receipt of the EA Sixth Proposal. Pure Multi-Family also announced in its news release that it had entered into a letter of intent with an unnamed arm’s length third party (Cortland) that provided for a period of exclusive negotiations, and that Pure Multi-Family was precluded from engaging in any discussions or negotiations with other parties during that exclusivity period.

On June 27, 2019, EA submitted another letter to Pure Multi-Family advising that it expected to be able to complete due diligence within 10 days and that it was prepared to enter into a definitive agreement on substantially the same terms as previously negotiated in 2018. EA issued a news release that same day disclosing the content of the letter to Pure Multi-Family. Pure Multi-Family also received comments from Cortland on the draft arrangement agreement that Pure Multi-Family had submitted to it.

On June 28, 2019, the Special Committee, and then the Board, met to consider the comments received from Cortland on the draft arrangement agreement in light of the EA Sixth Proposal, market reaction to the EA news releases, and the status of Cortland’s due diligence review. The Board determined to continue negotiations with Cortland, but without extending the exclusivity period. At the instruction of the Board, Scotiabank communicated to Cortland that Pure Multi-Family may require a further price increase in order for the Board to approve the entering into of a definitive agreement. Negotiations with Cortland continued.

On July 9, 2019, the Special Committee met to consider a further draft of the arrangement agreement that had been provided by Cortland, in which Cortland, among other things, revised the proposed break-fee to provide for a lower

amount for the initial 10 days following signing of the arrangement agreement. In its consideration of the revised draft of the arrangement agreement, the Special Committee was particularly focused on ensuring that Pure Multi-Family would have the flexibility to respond to an unsolicited superior proposal should an arrangement agreement be entered into with Cortland, and that the break-fee would not act as a material impediment to any potentially higher price being received by Unitholders.

On July 11, 2019, the Board met and resolved to inform Cortland that it would have to increase its offer price for Pure Multi-Family to continue negotiations.

On July 12, 2019, the Chair of the Special Committee sent a letter to Cortland stating that Cortland would need to increase its purchase price to \$7.85 per Class A Unit, among other changes that would be required to be made to Cortland's most recently proposed offer. Later that day, Cortland increased its offer price to \$7.53 per Class A Unit and proposed a two-tier break fee with a lower-tier fee of 1.25% of equity value for 20-calendar days following signing of the arrangement agreement, increasing to 3.5% thereafter. The Special Committee, on behalf of Pure Multi-Family, formally engaged Fort Capital as a financial advisor.

On July 13, 2019, the Board met with its and the Special Committee's legal and financial advisors to discuss the status of the negotiations with Cortland. Following the Board meeting, Cortland was informed that the Board did not view \$7.53 per Class A Unit as providing sufficiently compelling value to Unitholders to justify entering into an arrangement agreement during the exclusivity period.

On July 14, 2019, Cortland increased its offer price to \$7.61 per Class A Unit and included a "go-shop" provision. The Special Committee, and then the Board, met to consider the revised offer from Cortland and determined to continue negotiations with Cortland, at a price of \$7.61 per Class A Unit, with a view to settling a form of arrangement agreement that could be put to Unitholders for approval. Negotiations with Cortland continued.

On July 15, 2019, the Board met with its and the Special Committee's legal and financial advisors to discuss the status of the negotiations with Cortland. The Board determined (with the Chief Executive Officer voting against) that it would be in the best interests of Unitholders to attempt to reach an agreement with Cortland on terms for a transaction at \$7.61 per Class A Unit that the Board could recommend Unitholders approve. Negotiations with Cortland continued.

On July 17, 2019, the Board met with its and the Special Committee's legal and financial advisors. Fort Capital provided an overview as to its assessment of the financial merits of the Arrangement and a discussion ensued on the financial merits of the Arrangement, as well as the remaining issues that needed to be resolved under the arrangement agreement. It was determined to continue the Board meeting the next day to assess the status of negotiations at that time. Negotiations with Cortland continued.

On July 18, 2019, the Board met with its and the Special Committee's legal and financial advisors to obtain an update as to the status of the arrangement agreement. Scotiabank provided its verbal fairness opinions, as well as its plan with respect to the "go-shop" process. Fort Capital then provided its verbal fairness opinion. The Board resolved to proceed with the transactions contemplated by the Arrangement Agreement and determined that such transactions were fair to, and in the best interests of, Unitholders and Debentureholders. The Chair of the Special Committee was authorized to settle the final form of arrangement agreement, on substantially the terms set out in the form of arrangement agreement that was provided to the Board. The resolution was approved by all members of the Board, with the exception of the Chief Executive Officer, who voted against the resolution. Later that day, Pure Multi-Family and Cortland finalized the Arrangement Agreement and a news release was issued announcing the Arrangement.

### **Go-Shop Process**

Following the announcement of the Arrangement Agreement, Pure Multi-Family initiated a "go-shop" process in accordance with the terms of the Arrangement Agreement. Scotiabank contacted 45 potential purchasers and Pure Multi-Family executed three Acceptable Confidentiality Agreements as a result thereof. None of the potential purchasers expressed an interest in submitting an Acquisition Proposal, including EA, which advised Pure Multi-Family on July 29, 2019 that it would not be signing an Acceptable Confidentiality Agreement or otherwise participating in the "go-shop" process. The Go-Shop Period thus expired at 11:59:59 p.m. (Vancouver time) on August 11, 2019 without yielding a Superior Proposal.

## Recommendation of the Special Committee

The Special Committee, after careful consideration and having received advice from its legal and financial advisors and the Fairness Opinions, unanimously concluded that the Arrangement is fair to and in the best interests of the Unitholders and Debentureholders. Accordingly, the Special Committee unanimously recommended that the Board approve the Arrangement and recommend that Unitholders vote FOR the Arrangement Resolution at the Meeting.

## Recommendation of the Board

The Board, after careful consideration and having received advice from its legal and financial advisors, the Fairness Opinions, and the unanimous recommendation of the Special Committee, concluded, with the exception of the Chief Executive Officer, that the Arrangement is fair to and in the best interests of the Unitholders and Debentureholders and recommends that Unitholders vote FOR the Arrangement Resolution at the Meeting.

## Reasons for the Recommendations

The Special Committee and the Board carefully considered the Arrangement and received the benefit of advice from its legal and financial advisors. The Special Committee and the Board identified a number of factors in respect of their recommendations to vote FOR the Arrangement Resolution, including those set out below.

- (a) *Premium to Market Price and Net Asset Value.* The Consideration to be paid pursuant to the Arrangement for each Class A Unit represents a 15% premium to the \$6.63 closing price of the Class A Units on the TSX on June 26, 2019 (based on an exchange rate of \$1.00 to CDN\$1.31), the last trading day prior to the public announcement of the EA Sixth Proposal, a 15% premium to the 20-day volume-weighted average Class A Unit price on the TSX for the period ending June 26, 2019 (based on an average exchange rate over the period of \$1.00 to CDN\$1.33), a 12% premium to the fully-diluted IFRS book value per Class A Unit of \$6.79, and a 5% premium to the research consensus net asset value estimate of \$7.24 per Class A Unit.
- (b) *Recent Prior Sale Process.* Pure Multi-Family, under the supervision of the Special Committee, during the period from April 5, 2018 through August 24, 2018, engaged in an extensive formal Sale Process, which canvassed the most likely potential bidders for Pure Multi-Family.
- (c) *Cash Consideration and Immediate Liquidity.* The Consideration to be received by Unitholders is payable entirely in cash, providing Unitholders with certainty of value and immediate liquidity, and removes the risks associated with Pure Multi-Family remaining an independent public entity (including the challenges of acquiring and developing assets on an accretive basis, as well as external factors such as changes in interest rates, capitalization rates, currency exchange rates and capital markets conditions that are beyond the control of Pure Multi-Family and Management).
- (d) *Continued Payment of Regular Monthly Distributions.* Pure Multi-Family will continue to declare and pay regular monthly distributions until the Effective Date consistent with its distribution policies in effect as at July 14, 2019.
- (e) *Go-Shop Provision.* The Arrangement Agreement contains a “go-shop” provision, which allowed Pure Multi-Family to solicit and engage in discussions and negotiations with respect to potential Acquisition Proposals during the Go-Shop Period, and to enter into a Superior Proposal during the Go-Shop Period upon payment of a \$9,500,000 Termination Fee. No Acquisition Proposals were received during the Go-Shop Period.
- (f) *Ability to Respond to Superior Proposals.* Notwithstanding the Special Committee’s and the Board’s determination regarding the low likelihood of other potential acquirers emerging after the Go-Shop Period, Pure Multi-Family retains the ability, under the terms of the Arrangement Agreement, to consider and respond to unsolicited potential Superior Proposals, and to enter into any such Superior Proposal upon payment of a \$22,500,000 Termination Fee.
- (g) *Role of the Special Committee.* The Special Committee took an active and independent role in directing all strategic decisions with respect to the Arrangement, and provided oversight, guidance and specific instructions

with respect to the negotiations involving the Arrangement. The Special Committee and the Board, after considering advice from its financial advisors, concluded that \$7.61 per Class A Unit is the highest price that Cortland was willing to pay to acquire Pure Multi-Family.

- (h) *Cortland's Reputation and Track Record.* The Special Committee and the Board concluded that it is likely that Cortland will complete the Arrangement if all conditions are satisfied, given: (i) Cortland's extensive track record in completing large-scale real estate transactions, and (ii) Cortland has historically proven that they have access to capital, including favourable debt financing.
- (i) *Reverse Termination Amount.* Cortland is obligated to pay to Pure Multi-Family (on behalf of and solely as an agent for the benefit of Unitholders) the Reverse Termination Amount of \$50,000,000 in certain circumstances, including a failure by Cortland to consummate the Arrangement when required to do so under the terms of the Arrangement Agreement. Cortland, which the Special Committee and the Board, after receiving the advice of Scotiabank, believe is a creditworthy entity, has guaranteed the payment of the Reverse Termination Amount to Pure Multi-Family if and when payable under the Arrangement Agreement in accordance with the Limited Guarantee.
- (j) *Fairness Opinions.* The Special Committee and the Board received the Fort Capital Fairness Opinion from Fort Capital and the Scotiabank Fairness Opinions from Scotiabank to the effect that, as of July 18, 2019, and subject to the assumptions, limitations and qualifications set out in such opinions, the Consideration to be received by Unitholders and the Debenture Consideration to be received by Debentureholders pursuant to the Arrangement Agreement is fair, from a financial point of view, to the Unitholders and Debentureholders, respectively. See "*The Arrangement – Fairness Opinions – Fort Capital Fairness Opinion*" and "*The Arrangement – Fairness Opinions – Scotiabank Fairness Opinions*".
- (k) *Unitholder and Court Approval.* The Arrangement Resolution must be approved by Unitholders as provided by the Interim Order, Securities Laws and TSX rules. The Arrangement must also be approved by the Court, which will consider the fairness and reasonableness of the Arrangement to all Unitholders and Debentureholders.
- (l) *Dissent Rights.* Registered Unitholders have the right to exercise Dissent Rights in connection with the Arrangement, subject to strict compliance with the requirements applicable to the exercise of Dissent Rights. See "*Dissent Rights*".

In making their recommendations, the Special Committee and the Board also considered a number of potential risks and other factors resulting from the Arrangement and the Arrangement Agreement, including those described under "*Risk Factors*".

**The foregoing discussion of certain factors considered by the Special Committee and the Board is not intended to be exhaustive, but includes the material factors considered by the Special Committee and the Board in making their determinations and recommendations with respect to the Arrangement. The Special Committee and the Board did not consider it practicable to, and did not, assign specific weights to the factors considered in reaching their determinations and recommendations and individual Directors may have given different weights to different factors. Neither the Special Committee nor the Board reached any specific conclusion with respect to any of the factors or reasons considered, and the above factors are not presented in any order of priority. The foregoing discussion includes forward-looking information and readers are cautioned that actual results may vary. See "*Cautionary Statement Regarding Forward-Looking Information*".**

#### **Dissenting Director**

Stephen Evans, the Chief Executive Officer and a Director of the Governing GP voted against the resolution of the Board to proceed with the Arrangement and to recommend that Unitholders vote in favour of the Arrangement Resolution. The concern raised by Mr. Evans and the basis for voting against the Arrangement is his belief that the Consideration offered does not adequately compensate Unitholders for the current and future inherent value of Pure Multi-Family. Notwithstanding his dissenting vote on the Arrangement, Mr. Evans has executed a Support and Voting Agreement and has agreed to vote his Units in favour of the Arrangement Resolution in accordance with the Support and Voting Agreement.



## Fairness Opinions

### Fort Capital Fairness Opinion

#### *Engagement of Fort Capital*

Fort Capital was initially approached with respect to providing financial advice to the Special Committee in the summer of 2018. Fort Capital did not render any opinion at that time. Fort Capital was again approached in 2019 and was formally retained on July 12, 2019 pursuant to an engagement letter (the “**Fort Capital Engagement Agreement**”) to provide an opinion as to the fairness, from a financial point of view, of the Consideration and Debenture Consideration to be received by the Unitholders and the Debentureholders, respectively, pursuant to the Arrangement Agreement.

The terms of the Fort Capital Engagement Agreement provide that Fort Capital be paid an engagement fee and a fixed fee upon delivery of the Fort Capital Fairness Opinion. There are no fees payable to Fort Capital under the Fort Capital Engagement Agreement that are contingent upon the conclusion reached by Fort Capital, or upon the successful completion of the Arrangement or any other transaction. In addition, Fort Capital is to be reimbursed for its reasonable out-of-pocket expenses and to be indemnified by Pure Multi-Family in certain circumstances.

Neither Fort Capital, nor any of its affiliates, is an insider, associate, or affiliate (as those terms are defined in the *Securities Act* (Ontario)) of Pure Multi-Family, Cortland, or any of their respective associates or affiliates (collectively, the “**Interested Parties**”). Fort Capital is not acting as an advisor to Pure Multi-Family or any Interested Party in connection with any matter, other than acting as advisor to the Special Committee as described in the Fort Capital Fairness Opinion.

Other than Fort Capital’s engagement by the Special Committee on behalf of Pure Multi-Family to provide the Fort Capital Fairness Opinion, Fort Capital has not been engaged to provide any financial advisory services nor has it participated in any financings involving the Interested Parties within the past two years. Fort Capital does not have a financial interest in the completion of the Arrangement and the fees paid to Fort Capital in connection with its engagement do not give Fort Capital any financial incentive in respect of the conclusion reached in the Fort Capital Fairness Opinion or in the outcome of the Arrangement. There are no understandings, agreements or commitments between Fort Capital and any of the Interested Parties with respect to any future financial advisory or investment banking business. Even though Fort Capital has not provided a valuation, Fort Capital is of the view that it would qualify as an “independent valuator” (as the term is described in MI 61-101) with respect to all Interested Parties.

#### *Summary of the Fort Capital Fairness Opinion*

**The full text of the Fort Capital Fairness Opinion, which sets forth the assumptions made, procedures followed, information reviewed, matters considered, and the scope of the review undertaken by Fort Capital in connection with the Fort Capital Fairness Opinion, is attached to this Circular as Schedule D. All capitalized words and terms used but not otherwise defined in this “Summary of the Fort Capital Fairness Opinion” have the meanings set forth in the Fort Capital Fairness Opinion. Fort Capital provided its opinion solely for the information and assistance of the Special Committee and the Board in connection with, and for the purpose of, its consideration of the Arrangement and may not be relied upon by any other Person. Unitholders should review the Fort Capital Fairness Opinion carefully in its entirety.**

The Fort Capital Fairness Opinion is not, and should not be construed as, advice as to the price at which the Class A Units of Pure Multi-Family may trade at any time. Fort Capital has, however, conducted such analyses as it considered necessary in the circumstances to prepare and deliver the Fort Capital Fairness Opinion. While the Fort Capital Fairness Opinion has been prepared in accordance with the Disclosure Standards for Formal Valuations and Fairness Opinions of the IIROC, Fort Capital is not a member of IIROC and IIROC has not been involved in the preparation or review of the Fort Capital Fairness Opinion.

In connection with rendering the Fort Capital Fairness Opinion, Fort Capital reviewed, considered and relied upon, among other things, the documentation and information set-out under the heading “*Scope of Review*” in the Fort Capital Fairness Opinion.

*Summary of Financial Analysis*

In support of the Fort Capital Fairness Opinion, Fort Capital performed certain financial analyses with respect to Pure Multi-Family, based on methodologies and assumptions that Fort Capital considered appropriate in the circumstances for the purposes of providing the Fort Capital Fairness Opinion and in particular gave consideration to the following methodologies: (i) a net asset value (“NAV”) analysis (including both a discounted cash flow (“DCF”) approach and an income capitalization approach), (ii) a comparable company analysis, (iii) a precedent transaction analysis, and (iv) other considerations.

*NAV Analysis – Discounted Cash Flow Approach*

The DCF approach considers the growth prospects and risks inherent in Pure Multi Family’s business by taking into account the amount, timing and level of uncertainty of the projected after-tax free cash flows of Pure Multi-Family. DCF analysis requires that certain assumptions be made to derive the present value of the future free cash flows including, among other things, revenue growth, realized margins, incurred costs and capital investment, and discount rates. The possibility that one or more of the assumptions will prove to be inaccurate is one factor involved in the determination of the discount rate used to calculate the net present value of the future cash flows.

In connection with the proposed Arrangement Agreement process and as part of its planning exercise, Management prepared a property level financial model which included operating and financial forecast information for the year ended December 2019. Based on Fort Capital’s review of Pure Multi-Family and the performance of the business over the last three years and a discussion with Management about factors influencing Pure Multi-Family’s properties in the future, Fort Capital developed an extended five-year forecast for use in its DCF analysis. This forecast includes the best available assumptions, estimates and judgement of Management and gives consideration Pure Multi-Family and growth trends, including occupancy and supply trends.

In connection with the DCF analysis, Fort Capital considered whether any base level of cost savings would accrue to the Purchaser through the acquisition of 100% of Pure Multi-Family. Fort Capital concluded that there would be savings available to the Purchaser from the elimination of certain costs, including those related to being a publicly-listed entity. Fort Capital believes that a successful acquiror of Pure Multi-Family would reasonably value a base level of public company cost eliminations and has therefore normalized for these costs. Fort Capital has not attempted to identify any purchaser specific synergies that may be available to the Purchaser or other parties.

In addition to the forecast cash flows through the 2019 to 2023 period, Fort Capital determined a terminal value based on a capitalization rate of 5.375% and an occupancy rate of 96% to represent a stabilized, average market environment.

The resulting unlevered after-tax free cash flows were discounted at an estimated weighted average cost of capital (or “WACC”) for the Purchaser. A range of the WACC was estimated after giving consideration to a number of variables under both the CAPM and build up approaches, including interest rates on Pure Multi-Family’s indebtedness and risk-free interest rates, assumed levels of borrowing capacity, equity risk premiums, and risk premiums related to considerations including size, industry and Pure Multi-Family specific risks. In addition to observed data points, Fort Capital gave consideration to Pure Multi-Family specific risks, including relative size (as reflected in the size premium) and geographic concentration. Based on these factors, Fort Capital selected a WACC range of 7.5% to 8.0%.

Applying the range of WACC to the forecast cash flows and terminal value generated a range of values for the properties. Fort Capital then added and subtracted as appropriate the other assets and liabilities on the statement of financial position including the liability associated with the settlement of Pure RUs, Pure Performance Units and Pure Deferred Units to reflect a range of en bloc value for Pure Multi-Family. Fort Capital then divided this number through by the fully diluted Units outstanding (after accounting for the re-designation of the Class B Units and the conversion of the Pure Debentures) to develop an indicative range of value.

*NAV Analysis – Income Capitalization Approach*

For the income capitalization approach, Management’s 2019 NOI projections, after maintenance capital expenditures, on a property-by-property basis was used. Fort Capital used capitalization rates for each property based on the most recent appraisals completed and performed sensitivity analysis to develop a range of values. Fort Capital then

added a portfolio premium ranging from 0.0% to 5.0% to account for the combination of risk diversification and other benefits of scale.

An estimate of corporate G&A costs (after removal of public company expenses) was capitalized using a multiple range of 6.0x to 7.0x and added to the statement of financial position as a liability. Fort Capital then added and subtracted as appropriate the assets and liabilities on the statement of financial position including the liability associated with the settlement of Pure RUs, Pure Performance Units and Pure Deferred Units and divided this number through by the fully diluted Units outstanding to develop an indicative range of value.

#### *Comparable Company Trading Approach*

Fort Capital compared public market trading statistics of Pure Multi-Family to corresponding data from selected publicly-traded real estate companies based in North America that Fort Capital considered to be relevant, with particular focus on those comparable companies that had significant property weightings in the U.S. Sunbelt:

##### Canadian Listed Multi-Family/Apartment REITs

- CAP REIT
- Boardwalk REIT
- Northview REIT
- Killam REIT
- InterRent REIT
- Minto Apartment REIT
- BSR REIT

##### US Listed Multi-Family/Apartment REITs

- Equity Residential
- Essex Property Trust
- Mid-America Apartment Communities
- Camden Property Trust
- AIMCO
- Independence Realty Trust
- Preferred Apartment Communities
- NexPoint Residential Trust
- Bluerock Residential Growth

Fort Capital compared these selected companies with Pure Multi-Family, taking into account factors such as size, trading liquidity, debt levels and U.S. Sunbelt exposure. Fort Capital used the P/FFO and P/AFFO multiples and the premium/(discount) to consensus NAV as the most relevant metrics. Finally, Fort Capital considered a range of control premiums typically associated with the acquisition of control of multi-family REITS in the public markets.

When developing a range for price to FFO, price to AFFO and premium/(discount) to equity research consensus NAV, Fort Capital took into account Sunbelt exposure, relative size, building condition, debt levels and payout levels. Within the selected set of comparable companies, there was a wide range in the observed multiples.

#### *Precedent Transactions*

The precedent transactions approach considers transactions multiples in the context of the publicly disclosed transactions for comparable companies or assets. Fort Capital reviewed 11 selected transactions between 2012 and 2019 of which seven had U.S. Sunbelt exposure, as *italicized* below:



<b>Target</b>	<b>Acquiror</b>
<i>Starlight U.S. Multi-Family (No. 5) Core Fund</i>	<i>Tricon Capital Group Inc.</i>
<i>Monogram Residential Trust</i>	<i>Greystar Investment Group</i>
<i>Milestone Apartments Real Estate Investment Trust</i>	<i>Starwood Capital Group</i>
<i>Post Properties</i>	<i>Mid-America Apartment Communities</i>
<i>True North Apartment Real Estate Investment Trust</i>	<i>Northview Apartment Real Estate Investment Trust</i>
<i>Home Properties</i>	<i>Lone Star Funds</i>
<i>Trade Street Residential</i>	<i>IRT Limited Partner</i>
<i>Associated Estates Realty Corporation</i>	<i>Brookfield Property Group</i>
<i>BRE Properties</i>	<i>Essex Property Trust</i>
<i>Colonial Properties Trust</i>	<i>Mid-America Apartment Communities</i>
<i>TransGlobe Apartment Real Estate Investment Trust</i>	<i>PD Kanco; Starlight Apartments</i>

When developing a range for price to FFO, price to AFFO and premium/(discount) to NAV, Fort Capital took into account size, building condition and relative Sunbelt exposure as well as payout ratios at the time of the transactions.

#### *Other Considerations*

Fort Capital also considered a number of quantitative and qualitative factors including premiums typically paid for control. Fort Capital's understanding is that there has been significant exposure of Pure Multi-Family in the marketplace over the last 18 months with many parties canvassed. Fort Capital further understands that Cortland has been one of the most active buyers of properties in the Sunbelt market and is therefore representative of an educated bidder. Finally, the "go-shop" clause and reduced break fees during the Go-Shop Period allows for significant flexibility in encouraging a Superior Proposal.

#### *Pure Debenture Considerations*

In determination of the fairness of the Debenture Consideration to be received by Debentureholders, Fort Capital considered the underlying attributes of the Pure Debentures, including the conversion price of \$5.65 per Class A Unit, the implied conversion ratio of 176.9912 Class A Units per \$1,000 principal amount of Pure Debentures, as well as the Redemption Rights and change of control attributes as defined in the Pure Debenture Indenture. The Pure Debentures are currently redeemable by Pure Multi-Family at any time at the principal amount which represents \$1,000 per Pure Debenture, plus any accrued and unpaid interest. In addition, Debentureholders have the right to redeem the Pure Debentures at 101% of par upon a change of control which would represent \$1,010 per \$1,000 principal amount of Pure Debentures. As the proposed Consideration per Class A Unit of \$7.61 is significantly above the underlying conversion price of \$5.65 per Class A Unit and the change of control value of \$5.71 per Class A Unit, and given the existing redemption provisions that would result in much lower realized proceeds, Debentureholders would choose to convert. The proposed Debenture Consideration of \$1,346.90 (plus accrued and unpaid interest) represents the equivalent amount of proceeds that would be available to Debentureholders as if they had converted into 176.9912 Class A Units and received the proposed Consideration of \$7.61 per Class A Unit.

#### *Fairness Considerations*

Fort Capital's assessment of the fairness of the Consideration and the Debenture Consideration to be paid by the Purchaser to the Unitholders and the Debentureholders, respectively, pursuant to the Arrangement, from a financial point of view, was based upon several quantitative and qualitative factors including, but not limited to:

- (a) the Consideration compares favourably with the financial range of Class A Unit prices derived from Fort Capital's NAV analysis using the DCF approach and associated sensitivity analysis;

- (b) the Consideration compares favourably with the financial range of Class A Unit prices derived from Fort Capital's NAV analysis using the income capitalization approach and associated sensitivity analysis;
- (c) the Consideration compares well with the financial range of Class A Unit prices derived from comparable company analysis and precedent transaction analysis;
- (d) the Consideration represents a premium of 14.8% based on the closing price of the Class A Units on the TSX on June 26, 2019 and a 14.7% premium based on Pure Multi-Family's 20-day TSX volume weighted average price ending on June 26, 2019;
- (e) equity research analyst estimates and target prices, the extensive nature and results of the Sale Process conducted by Pure Multi-Family and the historical trading prices of the Class A Units of Pure Multi-Family on the TSX over the three-year period ending June 30, 2019; and
- (f) the Debenture Consideration to be received by Debentureholders is equivalent to the amount they would have received if they had converted, and is significantly in excess of the values available in the event Pure Multi-Family redeemed the Pure Debentures or the Debentureholders chose to redeem the Pure Debentures upon a change of control.

### *Conclusion*

It is the opinion of Fort Capital that, based upon the preceding analysis, assumptions, limitations and other relevant factors, the Consideration to be received is fair, from a financial point of view, to the Unitholders and the Debenture Consideration to be received is fair, from a financial point of view, to the Debentureholders.

### Scotiabank Fairness Opinions

#### *Engagement of Scotiabank*

Scotiabank was retained to provide financial advice and assistance to Pure Multi-Family in evaluating the Arrangement, including providing Scotiabank's opinions to the Special Committee and to the Board, as to the fairness, from a financial point of view, of the Consideration and the Debenture Consideration to be received pursuant to the Arrangement by the Unitholders and the Debentureholders, respectively.

Pure Multi-Family initially contacted Scotiabank regarding a potential advisory assignment in December 2017. Scotiabank was formally engaged by Pure Multi-Family through an engagement letter dated December 21, 2017 (the "**Scotiabank Engagement Letter**"). Under the terms of the Scotiabank Engagement Letter, Pure Multi-Family has agreed to pay Scotiabank a fee for its services as financial advisor, including a fee for rendering the Scotiabank Fairness Opinions. A portion of the fees that Scotiabank will receive for its advisory services is contingent upon the completion of the Arrangement. In addition, Scotiabank is to be reimbursed for its reasonable out-of-pocket expenses and to be indemnified by Pure Multi-Family in certain circumstances.

Neither Scotiabank nor any of its affiliates is an insider, associate or affiliate (as those terms are defined in the *Securities Act* (Ontario)) of the Interested Parties. Neither Scotiabank nor any of its affiliates has been engaged to provide any financial advisory services, nor has Scotiabank or any of its affiliates participated in any financing, involving the Interested Parties within the past two years, other than pursuant to the Scotiabank Engagement Letter and as described in the Scotiabank Engagement Letter. In the past two years, Scotiabank and affiliates of Scotiabank have been engaged in the following capacity for the Interested Parties: acting as a lender to Pure Multi-Family as part of its corporate credit facilities and as joint bookrunner on a CDN\$92 million unit offering by Pure Multi-Family in June 2017. There are no understandings, agreements or commitments between Scotiabank and the Interested Parties with respect to any future business dealings. Scotiabank may, in the future, in the ordinary course of its business, perform financial advisory or investment banking services for the Interested Parties. In addition, the Bank of Nova Scotia ("**BNS**"), of which Scotiabank is a wholly-owned subsidiary, or one or more affiliates of BNS, may provide banking or other financial services to one or more of the Interested Parties in the ordinary course of business.

*Summary of Scotiabank Fairness Opinions*

**The full text of the Scotiabank Fairness Opinions, which sets forth the assumptions made, procedures followed, information reviewed, matters considered, and the scope of the review undertaken by Scotiabank in connection with the Scotiabank Fairness Opinions, are attached to this Circular as Schedule E. Scotiabank provided its opinions solely for the information and assistance of the Special Committee and the Board in connection with, and for the purpose of, its consideration of the Arrangement and may not be relied upon by any other Person. Unitholders should review the Scotiabank Fairness Opinions carefully in their entirety.**

The Scotiabank Fairness Opinions have been prepared in accordance with the Disclosure Standards for Formal Valuations and Fairness Opinions of IROC but IROC has not been involved in the preparation or review of the Opinion.

In connection with rendering the Scotiabank Fairness Opinions, Scotiabank reviewed, considered and relied upon, among other things, the documentation and information set-out under the heading “*Scope of Review*” in the Scotiabank Fairness Opinions.

*Summary of Financial Analysis*

In considering the fairness of the Consideration under the Arrangement from a financial point of view to the Unitholders, Scotiabank considered and relied upon, among other things, the following: (i) a comparison of the Consideration to the results of a net asset value analysis of Pure Multi-Family; (ii) a comparison of the multiples implied by the Consideration to the multiples paid in selected precedent transactions; (iii) a comparison of the Consideration to the recent market trading prices of the Class A Units; (iv) a comparison of selected multiples for real estate entities whose securities are publicly traded to the multiples implied by the Consideration; and (v) such other factors, studies and analyses, as Scotiabank deemed appropriate.

In considering the fairness of the Debenture Consideration under the Arrangement from a financial point of view to the Debentureholders, Scotiabank considered and relied upon, among other things, a comparison of the Debenture Consideration to the financial and non-financial terms of the Pure Debentures including coupon, maturity date, conversion rights, redemption rights, and change of control rights as well as the Consideration offered per Class A Unit under the Arrangement.

In arriving at its fairness determination, Scotiabank considered the results of all of its analyses and did not attribute any particular weight to any factor or analysis considered by it. Rather, Scotiabank made its determination as to fairness on the basis of its experience and professional judgment after considering the results of all of its analyses.

*Conclusion*

Based upon and subject to the foregoing, Scotiabank is of the opinion that, as of July 18, 2019:

- (a) the Consideration to be received by the Class A Unitholders pursuant to the Arrangement is fair, from a financial point of view, to the Class A Unitholders;
- (b) the Consideration to be received by the Class B Unitholders pursuant to the Arrangement is fair, from a financial point of view, to the Class B Unitholders; and
- (c) the Debenture Consideration to be received by the Debentureholders pursuant to the Arrangement is fair, from a financial point of view, to the Debentureholders.

**Arrangement Steps**

The following is a description of the specific steps to be implemented as part of the Arrangement. The following description is qualified in its entirety by reference to the full text of the Plan of Arrangement which is attached as Schedule C to this Circular. Commencing at the Effective Time, each of the following events shall occur and shall be deemed to occur sequentially as set out below without any further authorization, act or formality in each case, unless stated otherwise, effective as at five minute intervals starting at the Effective Time:

- (a) the Purchaser will advance by way of a loan to Pure Multi-Family an amount equal to the aggregate amount of cash required to be paid by Pure Multi-Family for the cancellation of the Pure Deferred Units, the Pure RUs and the Pure Performance Units under the Plan of Arrangement and Pure Multi-Family will deliver to the Purchaser a duly issued and executed demand interest-free promissory note having a principal amount equal to the amount so advanced;
- (b) the LP Agreement will be amended to the extent necessary or desirable by the Parties to facilitate the Arrangement and the implementation of the steps and transactions described in the Plan of Arrangement and/or contemplated in connection with the Arrangement including providing for the allocation to the Unitholders (including Dissenting Holders) and to the Purchaser of the Net Income and Taxable Income (both terms as defined in the LP Agreement) of Pure Multi-Family for the Fiscal Year (as defined in the LP Agreement) of Pure Multi-Family in which the Closing Date occurs as follows:
  - (i) Pure Multi-Family will allocate its Net Income and Taxable Income earned and realized up to and including the time of the step referred to in (h) below to the Unitholders (including Dissenting Holders) and for greater certainty, no other allocation of the Net Income and Taxable Income of Pure Multi-Family shall be made to the Unitholders (including Dissenting Holders);
  - (ii) Pure Multi-Family will allocate its Net Income and Taxable Income earned and realized on or after the time of the step referred to in (h) below to the Purchaser; and
  - (iii) the Purchaser will make such allocations of its Net Income and Taxable Income to the Unitholders and the Purchaser pursuant to the LP Agreement and the Tax Act as necessary to effect the foregoing allocations;
- (c) notwithstanding the terms of the Unitholder Rights Plan, the Unitholder Rights Plan will be terminated and all URP Rights issued pursuant to the Unitholder Rights Plan shall be cancelled without any payment in respect thereof;
- (d) each Pure Deferred Unit outstanding will, without any further action by or on behalf of a holder of Pure Deferred Units, be cancelled in exchange for a cash payment from Pure Multi-Family of an amount equal to the Consideration (the “**Deferred Unit Payment**”), less all applicable withholdings, all in full satisfaction of the obligations of Pure Multi-Family in respect of the Pure Deferred Units;
- (e) each Pure RU outstanding, whether vested or unvested, will be deemed to be unconditionally and fully vested, and each such Pure RU will, without any further action by or on behalf of a holder of Pure RUs, be cancelled in exchange for a cash payment from Pure Multi-Family of an amount equal to the Consideration (the “**RU Payment**”), less applicable withholdings, all in full satisfaction of the obligations of Pure Multi-Family in respect of the Pure RUs;
- (f) each Pure Performance Unit outstanding, whether vested or unvested, will be deemed to be unconditionally and fully vested based on the applicable performance factor (calculated in accordance with the terms of the Pure RU Plan as if the Effective Date were the vesting date of such Pure Performance Units), and each such Pure Performance Unit (including additional Pure Performance Units that vest as a result of the application of the applicable performance factor) will, without any further action by or on behalf of a holder of Pure Performance Units, be cancelled in exchange for a cash payment from Pure Multi-Family of an amount equal to the Consideration (the “**Performance Unit Payment**”), less applicable withholdings, all in full satisfaction of the obligations of Pure Multi-Family in respect of the Pure Performance Units;
- (g) concurrent with the step described in (d), (e) and (f) above, as applicable, (i) each holder of a Pure Deferred Unit, each holder of a Pure RU and each holder of a Pure Performance Unit will cease to be a holder of such Pure Deferred Unit, Pure RU or Pure Performance Unit, as the case may be, (ii) each such holder’s name will be removed from each applicable register, (iii) the Pure Deferred Unit Plan, the Pure RU Plan and all agreements, arrangements and understandings relating to any and all of the Pure Deferred Units, the Pure RUs and the Pure Performance Units will be terminated and will be of no further force and effect, and (iv) each such holder will

- thereafter have only the right to receive the Deferred Unit Payment, the RU Payment or the Performance Unit Payment to which such holder is entitled pursuant to (d), (e) and (f) above, as applicable, at the time and in the manner contemplated under the Plan of Arrangement;
- (h) each of the Units held by a Dissenting Holder in respect of which Dissent Rights have been validly exercised will be deemed to have been transferred without any further act or formality to the Purchaser in consideration for a debt claim against the Purchaser for the amount determined under Article 3 of the Plan of Arrangement, and:
    - (i) such Dissenting Holder will cease to be the holder of such Units and to have any rights as a Unitholder other than the right to be paid fair value for such Units;
    - (ii) such Dissenting Holder's name will be removed as the holder of such Units from the register of Units maintained by or on behalf of Pure Multi-Family; and
    - (iii) the Purchaser will be deemed to be the transferee of such Units free and clear of all Liens (other than the right to be paid fair value for such Units), and will be entered in the register of Units maintained by or on behalf of Pure Multi-Family;
  - (i) concurrent with the transaction described in (h) above, each Unit outstanding, other than Units held by a Dissenting Holder in respect of which Dissent Rights have been validly exercised will, without any further action by or on behalf of any Unitholder, be deemed to be assigned and transferred by the holder thereof to the Purchaser in exchange for the Consideration, and:
    - (i) each holder of such Units will cease to be the holder thereof and to have any rights as a Unitholder other than the right to be paid the Consideration per Unit in accordance with the Plan of Arrangement;
    - (ii) the name of each such holder will be removed from the register of the Units maintained by or on behalf of Pure Multi-Family; and
    - (iii) the Purchaser will be deemed to be the transferee of such Unit (free and clear of all Liens) and will be entered in the register of the Units maintained by or on behalf of Pure Multi-Family;
  - (j) all Pure Debentures outstanding will, without any further action by or on behalf of any Debentureholder, be deemed to be assigned and transferred by the holder thereof to the Purchaser in exchange for the Debenture Consideration, and
    - (i) each holder of Pure Debentures will cease to be the holder thereof and to have any rights as a Debentureholder other than the right to be paid the Debenture Consideration for such holder's Pure Debentures in accordance with the Plan of Arrangement;
    - (ii) the name of each such holder will be removed from the register of Pure Debentures maintained by or on behalf of Pure Multi-Family; and
    - (iii) the Purchaser will be deemed to be the transferee of such Pure Debentures (free and clear of all Liens) and will be entered in the register of Pure Debentures maintained by or on behalf of Pure Multi-Family; and
  - (k) all of the rights and obligations of the Governing GP under the LP Agreement shall be assigned by the Governing GP to a transferee to be designated by the Purchaser by notice in writing to the Governing GP not less than two Business Days prior to the Effective Date, and such assignee shall become a party to the LP Agreement and assume all of the obligations of the general partner under the LP Agreement.

## Voting and Support Agreements

**The following is a summary of the material terms of the Support and Voting Agreements and is subject to, and qualified in its entirety by, the full text of the Support and Voting Agreements, the form of which is attached as Schedule E to the Arrangement Agreement and available under Pure Multi-Family's SEDAR profile at [www.sedar.com](http://www.sedar.com). Unitholders are urged to read the form of Support and Voting Agreement in its entirety.**

In connection with the Arrangement, each Supporting Unitholder has entered into a Voting and Support Agreement pursuant to which they have agreed to vote or cause to be voted Class A Units representing in the aggregate approximately 0.98% of the outstanding Class A Units as of July 18, 2019 in favour of the Arrangement Resolution, as well as, Pure Deferred Units, Pure RUs and Pure Performance Units, and any Class A Units acquired by the Supporting Unitholder at any time prior to the close of business on the record date of the Meeting (including from the re-designation of Class B Units or the redemption or conversion of Pure RUs or Pure Performance Units) (collectively, the **"Relevant Securities"**).

The Supporting Unitholders have also agreed, among other things, not to:

- (a) sell, transfer, gift, assign, pledge, hypothecate, encumber, convert, distribute or otherwise dispose of any of the Relevant Securities or any interest therein or enter into any agreement, arrangement or understanding in connection therewith, unless the Supporting Unitholder retains the irrevocable right to vote, or cause to be voted, the Relevant Securities at the Meeting in favor of the Arrangement Resolution;
- (b) deposit any of the Relevant Securities into a voting trust, or grant (or permit to be granted) any proxies or powers of attorney or attorney in fact, or enter into a voting agreement, understanding or arrangement, with respect to the voting of the Relevant Securities;
- (c) directly or indirectly take any action that, if taken by either Pure Multi-Family or the Governing GP, would constitute a breach of Article 5 of the Arrangement Agreement;
- (d) assert or exercise any Dissent Rights in respect of the Transactions or the transactions associated therewith that the Supporting Unitholder may have; and
- (e) bring, institute, maintain, prosecute, commence or participate in or voluntarily aid, and shall, and has agreed to, take all actions necessary to opt out of any class in any class action with respect to, any claim, derivative or otherwise, against Pure Multi-Family, the Governing GP or the Purchaser or any of their Subsidiaries (or any of their respective successors) relating to the negotiation, execution and delivery of the Arrangement Agreement or any other agreement relating to the Transactions or the consummation of the Transactions or which alleges that the execution and delivery of the Arrangement Agreement or the approval of the Arrangement Agreement and the Transactions by the Board or the board of directors or similar governing body of the Purchaser, as applicable, breaches any fiduciary duty of such governing body or any member thereof or which otherwise challenges the Arrangement Agreement and the Transactions.

Each Support and Voting Agreement will terminate on the earlier of: (i) the Effective Time; (ii) the date of termination of the Arrangement Agreement in accordance with its terms; and (iii) the mutual consent of the parties to the respective Support and Voting Agreement.

In addition, a Supporting Unitholder may terminate its Support and Voting Agreement if: (i) any representation or warranty of the Purchaser under the Support and Voting Agreement or under the Arrangement Agreement is untrue or incorrect in any material respect; (ii) the amount of the consideration offered by the Purchaser to the holders of Relevant Securities pursuant to the Transactions is reduced, the form of the consideration is changed, or the terms of the Arrangement Agreement are otherwise changed in any manner that is adverse to the Supporting Unitholder; (iii) the Board effects an Adverse Recommendation Change; or (iv) the Transactions are not completed by the Outside Date provided that at the time of such termination under (i), (iii) or (iv) the respective Supporting Unitholder is not in material default in the performance of its obligations under the Support and Voting Agreement.



**Continued Distributions**

Pure Multi-Family will continue to declare and pay regular monthly distributions until the Effective Date consistent with its distribution policies in effect as at July 14, 2019, which shall not exceed \$0.03125 per Class A Unit per month.

**Required Unitholder Approval**

In order for the Arrangement to be effected, Unitholders will be asked to consider and, if deemed advisable, approve the Arrangement Resolution and any other related matters at the Meeting. The Arrangement Resolution must be approved by: (i) at least 66<sup>2/3</sup>% of the votes cast on such resolution by Class A Unitholders and Class B Unitholders present in person or represented by proxy at the Meeting, voting together as a single class, and (ii) a majority of the votes cast by Class A Unitholders and Class B Unitholders present in person or represented by proxy at the Meeting excluding votes attached to the Units that are required to be excluded pursuant to MI 61-101. The Debentureholders are not entitled to a vote to approve the Arrangement.

In addition, pursuant to and in accordance with the policies of the TSX, the Arrangement Resolution must be approved by a majority of votes cast by Class A Unitholders present in person or represented by proxy at the Meeting.

The full text of the Arrangement Resolution and Plan of Arrangement are attached to this Circular as Schedules B and C, respectively.

**Treatment of the Pure Debentures**

Under the terms of the Pure Debenture Indenture, Pure Multi-Family currently has the ability to redeem the Pure Debentures for a redemption price equal to the principal amount of the Pure Debentures plus accrued and unpaid interest thereon. However, under the Plan of Arrangement, Debentureholders will receive the Debenture Consideration, being, for each \$1,000 principal amount of Pure Debentures they own, \$1,346.90 in cash, plus accrued and unpaid interest thereon up to and including the Effective Date, at the rate of interest specified in the Pure Debenture Indenture. The \$1,346.90 was determined by multiplying: (i) the number of Class A Units into which each such \$1,000 principal amount of Pure Debentures is convertible under the Pure Debenture Indenture (i.e. 176.9912 Class A Units at a conversion price of \$5.65 per Class A Unit) by (ii) the \$7.61 per Class A Unit purchase price. This amount is materially greater than the \$1,000 plus accrued and unpaid interest that a Debentureholder would have received had Pure Multi-Family elected to redeem the Pure Debentures.

**Sources of Funds for the Arrangement**

The Purchaser has represented and warranted to Pure Multi-Family that the Purchaser will have sufficient funds available to satisfy the aggregate amount payable by the Purchaser pursuant to the Arrangement Agreement on the Effective Date. The Purchaser's obligations under the Arrangement Agreement are not subject to any conditions regarding the ability of the Purchaser to obtain financing.

**Interests of Certain Persons in the Arrangement**

Certain Directors and Executive Officers may have interests in the Arrangement that may be different from the interests of other securityholders, including those described below. Members of the Special Committee and the Board were aware of and considered these interests, among other matters, in evaluating and negotiating the Arrangement Agreement, and in recommending to Unitholders that they vote FOR the Arrangement Resolution.

**Ownership of Securities of Pure Multi-Family and Consideration to be Received**

The following table sets out the names and positions of the Directors and Executive Officers and their affiliates, as applicable, having an interest in the Arrangement and former Directors that were Directors of the Governing GP as at the beginning of the last financial year of Pure Multi-Family, and the designation, number and percentage of the outstanding securities of Pure Multi-Family beneficially owned, directly or indirectly, or over which control or direction is exercised by each such Person and, where known after reasonable enquiry, by their respective associates or affiliates and the consideration to be received for such securities pursuant to the Arrangement.

Securities of Pure Multi-Family Beneficially Owned, Directly or Indirectly or over which Control or Direction is Exercised <sup>(1)</sup>						
Name and Position with Pure Multi-Family	Units	Pure RUs (including Pure Performance Units) <sup>(2)</sup>	Deferred Units <sup>(3)</sup>	Total Securities <sup>(4)</sup>	% <sup>(5)</sup>	Total Estimated Amount of Consideration to Be Received <sup>(6)</sup>
Robert W. King <i>Chair of the Board and Independent Director</i>	65,000 Class A Units	-	4,127.9	69,127.9	0.08	\$526,063.32
Fraser R. Berrill <i>Independent Director</i>	19,000 Class A Units	-	4,127.9	23,127.9	0.03	\$176,003.32
Sherry D. Tryssenaar <i>Independent Director</i>	12,000 Class A Units	-	4,127.9	16,127.9	0.02	\$122,733.32
John C. O'Neill <i>Director</i>	33,300 Class A Units	-	4,127.9	37,427.9	0.04	\$284,826.32
Maurice Kagan <i>Independent Director</i>	8,000 Class A Units	-	4,127.9	12,127.9	0.01	\$92,293.32
Paul G. Haggis <i>Independent Director</i>	-	-	-	-	-	-
Richard W. Nesbitt <i>Independent Director</i>	-	-	-	-	-	-
James Redekop <i>Former Director</i>	105,000 Class A Units	-	4,010.6	109,010.6	0.13	\$829,570.67
James Speakman <i>Former Director</i>	-	-	1,178	1,178	-	\$8,964.58
Stephen Evans <i>Director and Chief Executive Officer</i>	584,135 Class A Units 96,000 Class B Units <sup>(7)</sup>	99,317.86	-	1,963,053.66	2.35	\$14,938,838.35
Scott B. Shillington <i>Chief Financial Officer</i>	21,250 Class A Units 2,000 Class B Units <sup>(7)</sup>	40,055.80	-	87,964.15	0.11	\$669,407.18
Samantha Adams <sup>(8)</sup> <i>Senior Vice-President</i>	8,092 Class A Units 4,000 Class B Units <sup>(7)</sup>	45,281.70	-	106,690.40	0.13	\$811,913.94
Andrew Greig <sup>(8)</sup> <i>Vice-President, Investor Relations</i>	35,757 Class A Units 2,000 Class B Units <sup>(7)</sup>	8,568.16	-	70,983.51	0.08	\$540,184.51

## Notes:

- (1) The information in the table is current as of August 14, 2019.
- (2) Number of Pure RUs (including Pure Performance Units) reflects the applicable performance factor anticipated to be applied at the time of Closing, and includes accrued distribution restricted units accrued.
- (3) Includes accrued distribution deferred units.
- (4) Class A Unit equivalent based on price.
- (5) Percentage ownership of Pure Multi-Family on a fully-diluted basis (i.e. assuming the redemption of all outstanding Pure RUs (including Pure Performance Units) and Pure Deferred Units, re-designation of all Class B Units and conversion of all Pure Debentures).
- (6) Subject to applicable withholdings.
- (7) Each Class B Unit is the equivalent in economic, voting and all other respects to 13.329175 Class A Units.
- (8) Employee of Management Ltd.

Vesting and Settlement of Pure Deferred Units, and Pure RUs (including Pure Performance Units)*Pure Deferred Units*

The Board adopted the Pure Deferred Unit Plan effective as of January 1, 2018. The purpose of the Pure Deferred Unit Plan is to promote a greater alignment of interests between the non-executive Directors and the Unitholders. Each eligible person (a person who is, on the applicable date, a non-executive Director) may, subject to the conditions of the Deferred Unit Plan, elect to be paid up to 25% of his or her annual retainer, in the form of Pure Deferred Units in lieu of cash, provided that Pure Multi-Family shall match this elected amount for each participant annually in the form of additional Pure Deferred Units. Under the Pure Deferred Unit Plan, one Pure Deferred Unit shall be equivalent in value to one Class A Unit. The Pure Deferred Units credited to a participant's deferred unit account shall vest immediately and be redeemable by the participant (or, where the participant has died, his or her estate) during the period commencing six months following specified events (including disability, retirement or death) and ending on December 1 of the second calendar year following such event. The Plan of Arrangement provides that each outstanding Pure Deferred Unit shall be cancelled in exchange for a cash payment from Pure Multi-Family of an amount equal to the Consideration, less applicable withholdings. See "*The Arrangement – Arrangement Steps*". As at the date of this Circular, there were 25,828.1 Pure Deferred Units, including distribution deferred units, outstanding.

*Pure RUs (including Pure Performance Units)*

On May 21, 2014, the Unitholders approved the adoption of the Pure RU Plan, as amended May 24, 2018, for the purposes of supporting the achievement of Pure Multi-Family's performance objectives, ensuring that the interests of Directors, key management and key employees are aligned with the success of Pure Multi-Family, providing incentive bonus compensation to Directors, key management and key employees, and attracting, retaining and motivating Directors, key management and key employees critical to the long-term success of Pure Multi-Family. Pure RUs may be granted to directors, officers, employees and consultants of Pure Multi-Family and its affiliates in the discretion of the Board and the number of Pure RUs granted to a participant may be increased by a performance factor established by the Directors at the time of grant. Unless otherwise determined by the Board, Pure RUs (including Pure Performance Units) vest and become available for redemption on the third anniversary of their being granted, or on a change of control event in certain circumstances.

The Plan of Arrangement provides that:

- (a) each Pure RU outstanding, whether vested or unvested, shall be deemed to be unconditionally and fully vested, and *each* such Pure RU shall, without any further action by or on behalf of a holder of Pure RUs, be cancelled in exchange for a cash payment from Pure Multi-Family of an amount equal to the Consideration, less applicable withholdings; and
- (b) each Pure Performance Unit outstanding, whether vested or unvested, shall be deemed to be unconditionally and fully vested based on the applicable performance factor (calculated in accordance with the terms of the Pure RU Plan as if the Effective Date were the vesting date of such Pure Performance Units), and each such Pure Performance Unit (including additional Pure Performance Units that vest as a result of the application of the applicable performance factor) shall, without any further action by or on behalf of a holder of Pure Performance Units, be cancelled in exchange for a cash payment from Pure Multi-Family of an amount equal to the Consideration, less applicable withholdings.

As at the date of this Circular, there were a total of 83,310.12 Pure RUs, including distribution restricted units, and 83,310.12 Pure Performance Units (with no multiplier being applied to this number), including distribution performance units, outstanding. All of the outstanding Pure RUs and Pure Performance Units, including the distribution restricted units and the distribution performance units, are unvested.

The holders of Pure Deferred Units, Pure RUs and Pure Performance Units are not entitled to vote on the Arrangement Resolution in respect of such Pure Deferred Units, Pure RUs or Pure Performance Units. Under the Plan of Arrangement, the Pure Deferred Units, Pure RUs and Pure Performance Units are being treated in accordance with the contractual rights applicable thereto under the Pure Deferred Unit Plan and the Pure RU Plan, respectively.

Termination and Change of Control Benefits

Effective January 1, 2017, Management Ltd., an indirect subsidiary of Pure Multi-Family, entered into an amended executive employment agreement with Mr. Stephen Evans, the Chief Executive Officer of the Governing GP, whereby Mr. Evans agreed to act as the Chief Executive Officer of Management Ltd. to, among other things, promote the best interests of Management Ltd. and Pure Multi-Family, the Governing GP and the US REIT. Such agreement provides that Management Ltd. may terminate Mr. Evans' employment at any time, without cause, by paying a one-time lump payment in an amount equal to two times his annual base salary and annual short-term incentive plan ("**STIP**") (based on an average of STIP paid in prior years to a maximum of three prior years). In such case, Mr. Evans would be entitled to continue to participate in Management Ltd.'s benefits program for a period of one year. In addition, all unvested equity and related instruments held by Mr. Evans will vest in accordance with the provisions of the respective equity compensation plans pursuant to which same were granted. The agreement also provides that upon the occurrence of a "change of control event" (as such term is defined in the employment agreement), Mr. Evans may terminate his employment by providing Management Ltd. with written notice of his resignation within six months after a "change of control event". In such case, Mr. Evans would be entitled to the same payments and benefits as if his employment was terminated without cause.

Mr. Evans' employment agreement is expected to be terminated no later than the day immediately preceding the Closing Date, in which case, Mr. Evans would be entitled to a severance payment of CDN\$2,104,466 as at the Effective Date. This payment is based on an assumed (solely for the purposes of such calculation) termination date of September 30, 2019 and does not include vesting of any Pure RUs or Pure Performance Units previously granted to Mr. Evans.

Effective January 1, 2017, the Management Ltd., an indirect subsidiary of Pure Multi-Family, entered into an executive employment agreement with Mr. Scott Shillington, the Chief Financial Officer of the Governing GP, whereby Mr. Shillington agreed to act as the Chief Financial Officer of Management Ltd. to, among other things, oversee and manage financial reporting, internal control, treasury and debt and tax in respect of Pure Multi-Family.

Management Ltd. may terminate Mr. Shillington's employment at any time, without cause, by paying a one-time lump payment in an amount equal to: (i) his pro-rated annual base salary, based on the date of termination, equal to 12 months plus one month for each year of employment with Management Ltd. up to a maximum of 18 months, (ii) all unpaid and accrued vacation pay, and (iii) pro-rated annual STIP (based on an average of STIP paid in the three years prior to the date of termination, or less if there is less than a three year history). In such case, Mr. Shillington would be entitled to continue to participate in Management Ltd.'s benefits program until the earlier of: (i) 12 months following the date of termination, or (ii) the date Mr. Shillington becomes entitled to equivalent coverage and benefits through alternate employment. In addition, all unvested equity and related instruments held by Mr. Shillington will vest in accordance with the provisions of the respective equity compensation plans pursuant to which same were granted.

Upon the occurrence of a "change of control" (as such term is defined in the employment agreement), Mr. Shillington may resign his employment for "good reason" (as such term is defined in the employment agreement) and be entitled to the same payments and benefits as if his employment was terminated without cause.

Mr. Shillington's employment agreement is expected to be terminated no later than the day immediately preceding the Closing Date, in which case, Mr. Shillington would be entitled to a severance payment of CDN\$620,979 as at the Effective Date. This payment is based on an assumed (solely for the purposes of such calculation) termination date of September 30, 2019 and does not include vesting of any Pure RUs or Pure Performance Units previously granted to Mr. Shillington.

Effective January 1, 2017, Management Ltd., an indirect subsidiary of Pure Multi-Family, entered into an executive employment agreement with Ms. Samantha Adams, whereby Ms. Adams agreed to act as the Senior Vice President of Management Ltd. to, among other things, build out the operations team in the U.S., oversee property management operations, and support the growth of the operations team.

Management Ltd. may terminate Ms. Adams' employment at any time, without cause, by paying a one-time lump payment in an amount equal to: (i) her pro-rated annual base salary, based on the date of termination, equal to 12 months plus one month for each year of employment with Management Ltd. up to a maximum of 18 months, (ii) all unpaid and accrued vacation pay, and (iii) pro-rated annual STIP (based on an average of STIP paid in the three years prior to the date

of termination, or less if there is less than a three year history). In such case, Ms. Adams would be entitled to continue to participate in Management Ltd.'s benefits program until the earlier of: (i) 12 months following the date of termination, or (ii) the date Ms. Adams becomes entitled to equivalent coverage and benefits through alternate employment. In addition, all unvested equity and related instruments held by Ms. Adams will vest in accordance with the provisions of the respective equity compensation plans pursuant to which same were granted.

Upon the occurrence of a "change of control" (as such term is defined in the employment agreement), Ms. Adams may resign her employment for "good reason" (as such term is defined in the employment agreement) and be entitled to the same payments and benefits as if her employment was terminated without cause.

Ms. Adams' employment agreement is expected to be terminated no later than the day immediately preceding the Closing Date, in which case, Ms. Adams would be entitled to a severance payment of \$CDN687,637 as at the Effective Date. This payment is based on an assumed (solely for the purposes of such calculation) termination date of September 30, 2019 and does not include vesting of any Pure RUs or Pure Performance Units previously granted to Ms. Adams.

Effective January 1, 2017, Management Ltd., an indirect subsidiary of Pure Multi-Family, entered into an executive employment agreement with Mr. Andrew Greig, whereby Mr. Greig agreed to act as Vice President – Investor Relations of Management Ltd to, among other things, conduct strategic planning, direction and execution of the investor relations, public relations and media relations function of Pure Multi-Family.

Management Ltd. may terminate Mr. Greig's employment at any time, without cause, by paying a one-time lump payment in an amount equal to: (i) his pro-rated annual base salary, based on the date of termination, equal to six months plus one month for each year of employment with Management Ltd. up to a maximum of 12 months, (ii) all unpaid and accrued vacation pay, and (iii) pro-rated annual STIP (based on an average of STIP paid in the three years prior to the date of termination, or less if there is less than a three year history). In such case, Mr. Greig would be entitled to continue to participate in Management Ltd.'s benefits program until the earlier of: (i) 12 months following the date of termination, or (ii) the date Mr. Greig becomes entitled to equivalent coverage and benefits through alternate employment. In addition, all unvested equity and related instruments held by Mr. Greig will vest in accordance with the provisions of the respective equity compensation plans pursuant to which same were granted.

Upon the occurrence of a "change of control" (as such term is defined in the employment agreement), Mr. Greig may resign his employment for "good reason" (as such term is defined in the employment agreement) and be entitled to the same payments and benefits as if his employment was terminated without cause.

Mr. Greig's employment agreement is expected to be terminated no later than the day immediately preceding the Closing Date, in which case, Mr. Greig would be entitled to a severance payment of \$CDN199,743 as at the Effective Date. This payment is based on an assumed (solely for the purposes of such calculation) termination date of September 30, 2019 and does not include vesting of any Pure RUs or Pure Performance Units previously granted to Mr. Greig.

#### Indemnification and Insurance

The Arrangement Agreement provides that the Purchaser (as successor to Pure Multi-Family) will indemnify and hold harmless each present and former Director and officer of Pure Multi-Family and its Subsidiaries and the Governing GP determined as of the Effective Time, against any costs or expenses (including reasonable attorneys' fees), judgments, fines, losses, claims, damages or liabilities incurred in connection with any Action, arising out of matters existing or occurring at or prior to the Effective Time, whether asserted or claimed prior to, at or after the Effective Time, to the fullest extent permitted by Law (and the Purchaser will also advance expenses as incurred to the fullest extent permitted under Law; provided however, that the Person to whom expenses are advanced provides an undertaking to repay such advances if and when a court of competent jurisdiction ultimately determines in a non-appealable ruling that such Person is not entitled to indemnification).

Further, the Arrangement Agreement provides that Pure Multi-Family, or if Pure Multi-Family is unable to, the Purchaser shall obtain and fully pay for "tail" insurance policies with a claims period of at least six years from and after the Effective Time from an insurance carrier with the same or better credit rating as Pure Multi-Family's current insurance carrier with respect to directors' and officers' liability insurance and fiduciary liability insurance for Pure Multi-Family and its

Subsidiaries with benefits and levels of coverage at least as favorable as Pure Multi-Family's existing policies with respect to matters existing or occurring at or prior to the Effective Time (including in connection with the Arrangement Agreement, the Transactions or actions contemplated thereby); provided that in no event shall Pure Multi-Family pay, nor shall the Purchaser be required to cause Pure Multi-Family to pay, annual premiums in the aggregate of more than an amount equal to 300% of the current annual premiums paid by Pure Multi-Family for such insurance.

## **Legal and Regulatory Matters**

### Canadian Securities Law Matters

Pure Multi-Family is a reporting issuer (or its equivalent) in all of the provinces of Canada, other than Quebec, and, accordingly, is subject to applicable Securities Laws of such provinces. The securities regulatory authorities in the Provinces of Ontario, Alberta, Manitoba and New Brunswick have adopted MI 61-101. MI 61-101 establishes disclosure, valuation, review and approval processes in connection with certain transactions (business combinations, related party transactions, insider bids, and issuer bids) where there is a potential for conflicts of interest because the transaction involves one or more interested or related parties who are parties to the transaction and have the potential to receive information, advantages, different consideration or other benefits that are not available to other securityholders.

The Arrangement constitutes a "business combination" for the purposes of MI 61-101. In assessing whether the Arrangement could be considered to be a "business combination" for the purposes of MI 61-101, Pure Multi-Family reviewed all benefits or payments which related parties of Pure Multi-Family are entitled to receive, directly or indirectly, as a consequence of the Arrangement, to determine whether any benefit or payment paid to such related parties of Pure Multi-Family constitute a "collateral benefit" (as defined in MI 61-101). For these purposes, the only related parties of Pure Multi-Family that are entitled to receive a benefit, directly or indirectly, as a consequence the Arrangement, are the Directors and Executive Officers and their affiliates.

A "collateral benefit", as defined in MI 61-101, includes any benefit that a "related party" of Pure Multi-Family (which includes the Directors and Executive Officers and their affiliates) is entitled to receive, directly or indirectly, as a consequence of the Arrangement, including, without limitation, an increase in salary, a lump sum payment, a payment for surrendering securities, or other enhancement in benefits related to past or future services as an employee, director or consultant of Pure Multi-Family or its affiliates. However, MI 61-101 exempts from the meaning of "collateral benefit" certain benefits to a related party received solely in connection with the related party's services as an employee, director or consultant of an issuer or an affiliated entity of the issuer or a successor to the business of the issuer where, among other things:

- (a) the benefit is not conferred for the purpose, in whole or in part, of increasing the value of the consideration paid to the related party for securities relinquished under the transaction;
- (b) the conferring of the benefit is not, by its terms, conditional on the related party supporting the transaction in any manner;
- (c) full particulars of the benefit are disclosed in the disclosure document for the transaction, and, either:
  - (i) at the time the transaction is agreed to, the related party and its associated entities beneficially own or exercise control or direction over, less than 1% of the "outstanding securities" (as defined in MI 61-101 for the purposes of this section of the Circular) of each class of equity securities of the issuer; or
  - (ii) if the transaction is a "business combination", (I) the related party discloses to an independent committee of the issuer the amount of consideration that the related party expects it will be beneficially entitled to receive, under the terms of the transaction, in exchange for the equity securities beneficially owned by the related party, (II) the independent committee, acting in good faith, determines that the value of the benefit, net of any offsetting costs to the related party, is less than five percent of the value referred to in subclause (I), and (III) the independent committee's determination is disclosed in the disclosure document for the transaction.



The accelerated vesting of the Pure Deferred Units and Pure RUs (including Pure Performance Units) pursuant to the Plan of Arrangement, the severance payments to certain related parties of Pure Multi-Family being Mr. Evans (as Chief Executive Officer), Mr. Shillington (as Chief Financial Officer), Ms. Adams (as Senior Vice-President of Management Ltd.) and Mr. Andrew Greig (as Vice-President, Investor Relations of Management Ltd.), and the indemnification and provision of insurance for the benefit of the Directors and Executive Officers pursuant to the terms of the Arrangement Agreement, all as described above under *"The Arrangement - Interests of Certain Persons in the Arrangement"*, and, in the case of Mr. Evans, an assignment of the trade name "Pure" in connection with the Closing to a company wholly-owned by Mr. Evans, may be considered "collateral benefits" received by the applicable Directors or Executive Officers or their affiliates for the purposes of MI 61-101, subject to the availability of the exemption described above.

Following disclosure by each of the Directors and Executive Officers of the number of Pure Multi-Family securities held by them, the Board has determined that the aforementioned benefits or payments to be received by such related parties, other than Mr. Evans, Mr. Shillington, Ms. Adams and Mr. Greig, fall within the exemption to the definition of "collateral benefit" for the purposes of MI 61-101 described above, since these benefits are to be received solely in connection with such related parties' services as employees or directors of the Governing GP or of any affiliated entities of Pure Multi-Family, are not conferred for the purpose, in whole or in part, of increasing the value of the consideration paid to such related parties for their Units, are not conditional on such related parties supporting the Arrangement in any manner, and at the time of the entering into of the Arrangement Agreement, none of such related parties entitled to receive any of the benefits described above exercised control or direction over, or beneficially owned, more than 1% of the outstanding securities of any class of equity securities of Pure Multi-Family, as calculated in accordance with MI 61-101.

In contrast, each of Mr. Evans, Mr. Shillington, Ms. Adams and Mr. Greig owns 1% or more of the outstanding Class B Units, and the Special Committee has determined that the value of the benefits to be received by each of them in exchange for their Units does not represent less than 5% of the consideration to be received by each of them pursuant to the terms of the Arrangement. See *"The Arrangement - Interests of Certain Persons in the Arrangement – Termination and Change of Control Benefits"*. While such benefits were not conferred for the purpose, in whole or in part, of increasing the value of the consideration paid to such individuals for securities relinquished under the Arrangement and the conferring of such benefits was not conditional on any of such individuals supporting the Arrangement, any Units beneficially owned, or over which control or direction is exercised by Mr. Evans, Mr. Shillington, Ms. Adams and Mr. Greig will be excluded from voting for the purposes of determining whether minority approval of the Arrangement Resolution has been obtained. In order to ensure compliance with the requirements under MI 61-101, the requisite Unitholder Approval for the Arrangement Resolution will require the majority of the Units to be voted at the meeting in favour of the Arrangement Resolution, excluding the votes which may be cast by Mr. Evans, Mr. Shillington, Ms. Adams and Mr. Greig.

Pure Multi-Family is not required to obtain a formal valuation under MI 61-101 as: (i) no "interested party", as defined in MI 61-101, is, as a consequence of the Arrangement, directly or indirectly acquiring Pure Multi-Family, and (ii) an "interested party" is not a party to any "connected transaction", as defined in MI 61-101, to the Arrangement that is a "related party transaction", as defined in MI 61-101, for which Pure Multi-Family would be required to obtain a formal valuation.

#### Court Approval Process

A Plan of Arrangement under the BCBCA requires Court approval. Prior to mailing this Circular, the Governing GP obtained the Interim Order, which provides for, among other things, the calling and holding of the Meeting, for the granting of the Dissent Rights and certain other procedural matters. The Interim Order is attached as Schedule F to this Circular. The Interim Order does not constitute approval of the Plan of Arrangement or the contents of this Circular by the Court. Subject to the terms of the Plan of Arrangement, and if the Arrangement Resolution is approved by Unitholders, the hearing in respect of the Final Order is scheduled to take place on September 20, 2019 at 9:45 a.m. (Vancouver time) at the courthouse at 800 Smithe Street, Vancouver, British Columbia. Any Unitholder who wishes to appear, or to be represented, and to present evidence or arguments at the hearing for the Final Order must file with the Court and serve upon the solicitors for Pure Multi-Family, a Response to Petition and any additional affidavits or other materials upon which any such Unitholder intends to rely, on or before 4:00 p.m. (Vancouver time) on September 18 (or 4:00 p.m. (Vancouver time) on the date that is two Business Days prior to the date of the hearing for the Final Order) or as provided in the Interim Order. Only those Persons who file a Response to Petition in compliance with the Notice of Hearing of Petition and the Interim Order will be provided with notice of the materials filed by Pure Multi-Family in support of the application for the Final Order.

The Court has broad discretion under the BCBCA when making orders with respect to an Arrangement and the Court, in hearing the application for the Final Order, will consider, among other things, the fairness and reasonableness of the Arrangement. The Court may approve the Arrangement in any manner the Court may direct, subject to compliance with any terms and conditions that the Court deems fit. In the event that the hearing is postponed, adjourned or rescheduled then, subject to further order of the Court, only those Persons having previously served a Response to Petition in compliance with the Notice of Hearing of Petition and the Interim Order will be given notice of the postponement, adjournment or rescheduled date. A copy of the Notice of Hearing of Petition, which includes the relief sought in the Final Order, is attached as Schedule G to this Circular.

### **Stock Exchange De-Listing and Reporting Issuer Status**

The Class A Units are currently listed for trading on the TSX under the symbols “RUF.UN” and “RUF.U”, and listed for quotation on the OTCQX International Marketplace under the symbol “PMULF”. The Pure Debentures are currently listed for trading on the TSX under the symbol “RUF.DB.U”. Pure Multi-Family expects that the Class A Units and Pure Debentures will be de-listed from the TSX and the Class A Units will be de-listed from the OTCQX International Marketplace promptly after the Effective Time.

Following the Effective Date, it is expected that the Purchaser will cause Pure Multi-Family to apply to cease to be a reporting issuer under the securities legislation of each of the provinces in Canada under which it is currently a reporting issuer (or equivalent) or take or cause to be taken such other measures as may be appropriate to ensure that Pure Multi-Family is not required to prepare and file continuous disclosure documents under applicable Securities Laws.

### **Re-designation of Class B Units**

Class B Unitholders have the right, at any time, to exercise the Conversion Rights in respect of any of the Class B Units, provided that: (a) Pure Multi-Family is legally entitled to comply with its obligations in connection with the exercise of the Conversion Rights, and (b) the Class B Unitholder who exercises the Conversion Rights complies with all applicable Securities Laws.

It is expected that all 200,000 Class B Units outstanding will be re-designated into 2,665,835 Class A Units by election of the Class B Unitholders prior to the Effective Time and such re-designated Class A Units will be acquired by Cortland along with and on the same terms as the balance of the outstanding Class A Units.

If the Class B Unitholders do not elect to exercise their Conversion Rights with respect to the Class B Units, the Class B Units will be arranged pursuant to the terms of the Plan of Arrangement, and Class B Unitholders will be paid the Consideration attributable to the Class B Units under the Arrangement.

### **Expenses**

The estimated fees, costs and expenses of Pure Multi-Family in connection with the Arrangement, including financial advisors' fees, stock exchange and regulatory filing fees, Special Committee fees, legal and accounting fees, proxy solicitation fees and printing and mailing costs, but excluding payments to be made by Pure Multi-Family to certain of the Pure Securityholders and Directors and Executive Officers as a result of the Arrangement, are anticipated to be approximately \$7.4 million. Under the Arrangement Agreement, all such fees, costs and expenses incurred prior to the Effective Time will be borne by Pure Multi-Family if the Arrangement is not completed.

### **Effects on Pure Multi-Family if the Arrangement is not Completed**

If the Arrangement Resolution is not approved by Unitholders or if the Arrangement is not completed for any other reason: (i) Unitholders will not receive the Consideration for any of their Units and Debentureholders will not receive the Debenture Consideration for any of the Pure Debentures in connection with the Arrangement, and (ii) Pure Multi-Family will remain a reporting issuer and the Units will continue to be listed on the TSX and the OTCQX and the Pure Debentures will continue to be listed on the TSX. For more information and additional consequences if the Arrangement is not completed, see “*Risk Factors*”.

## ARRANGEMENT AGREEMENT

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The following is a summary of the material terms of the Arrangement Agreement and is subject to, and qualified in its entirety by, the full text of the Arrangement Agreement, which is available under Pure Multi-Family's SEDAR profile at [www.sedar.com](http://www.sedar.com). Unitholders are urged to read the Arrangement Agreement in its entirety, as the rights and obligations of the Parties are governed by the express terms of the Arrangement Agreement and not by this summary or any other information contained in this Circular.

The following summary of the Arrangement Agreement is included solely to provide Unitholders with information regarding the terms of the Arrangement Agreement. It is not intended to provide factual information about the Parties or any of their respective subsidiaries or affiliates. The Arrangement Agreement contains representations and warranties by the Parties that were made only for purposes of that agreement and as of specific dates or are subject to a standard of materiality that is different from what may be viewed as material to the Unitholders, such as being qualified by reference to a Material Adverse Effect. The assertions embodied in those representations and warranties are qualified by information in the confidential Pure Disclosure Letter. Accordingly, Unitholders should not rely on the representations and warranties as characterizations of the actual state of facts, since they are modified in important part by the Pure Disclosure Letter. The Pure Disclosure Letter contains information that has been included in Pure Multi-Family's general prior public disclosures, as well as potential additional non-public information. Moreover, information concerning the subject matter of the representations and warranties may have changed since the date of the Arrangement Agreement, which subsequent information may or may not be fully reflected in the public record.

### Effective Date

The Arrangement will become effective at the Effective Time, on the date which the Parties agree in writing, or in the absence of such agreement, five Business Days after the satisfaction or waiver of the conditions precedent set out in the Arrangement Agreement and described in "*Arrangement Agreement – Conditions to Closing the Arrangement*" below (excluding conditions that, by their terms, cannot be satisfied until the Effective Date, but subject to the satisfaction or, where not prohibited, the waiver by the applicable Party or Parties in whose favour the condition is, of those conditions as of the Effective Date).

### Representations and Warranties

The Arrangement Agreement contains representations and warranties of: (i) Pure Multi-Family to the Purchaser, (ii) the Governing GP to the Purchaser, and (iii) the Purchaser to Pure Multi-Family and the Governing GP, in each case of a nature customary for transactions of this type. The representations and warranties are, in some cases, subject to specified exceptions and qualifications including those contained in the Pure Disclosure Letter.

The representations and warranties of Pure Multi-Family relate to matters such as: organization, good standing and qualification; capital structure; authority; approval; governmental filings; non-violation of certain contracts; Pure Multi-Family's public disclosure record; financial statements; compliance with Securities Laws; absence of certain changes; litigation and liabilities; employee benefits; labour matters; compliance with Laws; compliance with Privacy Laws; Material Contracts; real and personal property; mortgages; rent rolls; environmental matters; taxes; insurance; intellectual property; assets; related party transactions; brokers and finders; receipt of the Fairness Opinions; and competition matters.

The representations and warranties of the Purchaser relate to matters such as: organization, good standing and qualification; corporate authority; governmental filings; no violations; sufficient funds; brokers and finders; litigation; Investment Canada Act; and the Limited Guarantee.

The representations and warranties of each of the Parties to the Arrangement Agreement will expire on the earlier of the Effective Time and the date on which the Arrangement Agreement is terminated in accordance with its terms.

### Covenants

#### Conduct of Business Pending the Arrangement

The Arrangement Agreement provides that during the period between the date of the Arrangement Agreement and the earlier of the Effective Time and the time that the Arrangement Agreement is terminated in accordance with its

terms, Pure Multi-Family will, and will cause its Subsidiaries (subject to certain exceptions set out in the Arrangement Agreement and the Pure Disclosure Letter) to: (i) conduct its business in the Ordinary Course, in a proper and prudent manner and in accordance with good industry practice and Laws, (ii) use commercially reasonable efforts to maintain and preserve its business organization, assets, properties, employees, goodwill and business relationships with customers, suppliers, creditors, lessors, lessees, distributors, licensors, partners, business associates, Governmental Entities and other Persons with which Pure Multi-Family or any of its Subsidiaries has business relations, and (iii) perform and comply with all of its obligations under the Material Contracts. In addition to these general covenants, Pure Multi-Family has also agreed to certain specific covenants, which, among other things, restrict the ability of Pure Multi-Family or its Subsidiaries to undertake certain actions outside of the Ordinary Course without the Purchaser's express prior written consent, unless expressly required or permitted by the Arrangement Agreement or as required by Law or the rules or requirements of the TSX.

#### The Meeting

Under the Arrangement Agreement, Pure Multi-Family is required to convene and conduct the Meeting in all material respects in accordance with the Interim Order, Pure Multi-Family's Organizational Documents (to the extent that Pure Multi-Family's Organizational Documents are consistent with the Interim Order) and Law as promptly as reasonably practicable and in any event Pure Multi-Family will use commercially reasonable efforts to do so not later than September 20, 2019. Pure Multi-Family is not permitted to adjourn, postpone or cancel (or propose the adjournment, postponement or cancellation of) the Meeting without the prior written consent of the Purchaser except as required for quorum purposes (in which case the Meeting will be adjourned and not cancelled) or as required by Law or by a Governmental Entity. Subject to the terms of the Arrangement Agreement, Pure Multi-Family must use its commercially reasonable efforts to solicit proxies in favour of the approval of the Arrangement Resolution and against any resolution submitted by any Person that is inconsistent with the Arrangement Resolution and the completion of any of the Transactions.

#### Agreement to Take Certain Actions

The Parties have agreed to cooperate with each other and use their respective commercially reasonable efforts to take or cause to be taken all actions and do or cause to be done all things reasonably necessary, proper or advisable on their part under the Arrangement Agreement and Law to consummate and make effective the Transactions as soon as practicable.

The Parties have agreed that they will use their commercially reasonable efforts to obtain the Required Regulatory Approvals as soon as reasonably practicable during the period between the date of the Arrangement Agreement and the earlier of the Effective Time and the time that the Arrangement Agreement is terminated in accordance with its terms and to cooperate with and keep one another reasonably informed as to the status of and the processes and proceedings relating to obtaining any Required Regulatory Approval.

Pure Multi-Family has agreed to cooperate with the Purchaser and use its commercially reasonable efforts to take, or cause to be taken, all actions, and do or cause to be done all things, reasonably necessary, proper or advisable on its part under Law and rules and policies of the TSX and OTCQX to enable the de-listing by Pure Multi-Family of the Class A Units from the TSX and OTCQX and, if applicable, the de-listing by Pure Multi-Family of the Pure Debentures from the TSX, promptly after the Effective Time.

The Parties will use their respective commercially reasonable efforts to prevent the entry of (and, if entered, to have vacated, lifted, reversed or overturned) any Restraint that results from any shareholder or unitholder litigation or Law issued by any Governmental Entity against the Parties or any of their respective directors or officers relating to the Arrangement Agreement or the Transactions. In the event of Transaction Litigation, the Parties will promptly notify the other Parties of any such Transaction Litigation, will keep the other Parties reasonably informed with respect to the status thereof, will give the other Parties the opportunity to participate in the defense of any Transaction Litigation, and will not settle or agree to settle any Transaction Litigation without the other Parties' prior written consent, such consent not to be unreasonably withheld, delayed or conditioned.

Go-Shop Period

The Arrangement Agreement provides that from the date of the Arrangement Agreement until 11:59:59 p.m. (Vancouver time) on August 11, 2019 (the “**Go-Shop Period**”), Pure and its Representatives had the right to:

- (a) solicit, initiate, knowingly encourage or otherwise facilitate any inquiry, proposal or offer that constitutes or may have reasonably been expected to lead to, an Acquisition Proposal;
- (b) enter into or otherwise engage or participate in any discussions or negotiations with any Person, including any Person’s Representatives, regarding any Acquisition Proposal; or
- (c) subject to the entry into, and in accordance with, an Acceptable Confidentiality Agreement, furnish any non-public information to any Person and any Person’s Representatives relating to Pure and its Subsidiaries.

During the Go-Shop Period, Pure was required to promptly provide the Purchaser with any non-public information that was provided or furnished to any such Person. Pure was also prohibited from paying, agreeing to pay or causing to be paid or reimbursed, agreeing to reimburse or causing to be reimbursed the expenses of any Person, or any of such Person’s Representatives or financing sources, in connection with any Acquisition Proposals (or inquiries, proposals or offers that may have lead to an Acquisition Proposal). For more information on the outcome of the “go-shop” process, see “*The Arrangement – Go-Shop Process*”.

Restriction on Solicitation of Acquisition Proposals After the Go-Shop Period

Pure has agreed that, from and after 12:00:01 a.m. (Vancouver time) on August 12, 2019 (the “**No-Shop Period Start Time**”) that:

- (a) it will, and will cause its Subsidiaries and their Representatives to immediately cease and cause to be terminated all actions permitted during the Go-Shop Period under the Arrangement Agreement;
- (b) Pure and its Subsidiaries will not, and Pure will not permit its Subsidiaries and Representatives to, directly or indirectly, solicit, initiate, knowingly encourage or otherwise facilitate (including by way of furnishing any non-public information) any inquiry, proposal or offer that constitutes or may reasonably be expected to lead to, an Acquisition Proposal; or
- (c) Pure and its Subsidiaries will not, and Pure will not permit its Subsidiaries and Representatives to, directly or indirectly, enter into or otherwise engage or participate in any discussions or negotiations with any Person, including any Person’s Representatives, (other than the Purchaser and the Purchaser’s Representatives) regarding any Acquisition Proposal; provided however, that Pure may ascertain facts from the Person making such Acquisition Proposal for the sole purpose of the Board informing itself about such Acquisition Proposal and the Person that made it.

Pure has further agreed that until the earlier of the Effective Time or the termination of the Arrangement Agreement in accordance with its terms, except as otherwise expressly permitted under Article 5 of the Arrangement Agreement, Pure and its Subsidiaries will not and Pure will not permit its respective Subsidiaries or Representatives to, directly or indirectly:

- (a) (i) fail to make, withhold, withdraw, modify or qualify, or publicly propose to withhold, withdraw, modify or qualify, the Board Recommendation in a manner adverse to the Purchaser, (ii) make, or permit any Representative of Pure or any of its Subsidiaries to make, any public statement in connection with the Meeting by or on behalf of the Board that would reasonably be expected to have the same effect, or (iii) accept, approve, endorse or recommend, or publicly propose to accept, approve, endorse or recommend, any Acquisition Proposal, or take any action inconsistent with the Board Recommendation (the actions in this clause (a) being an “**Adverse Recommendation Change**”); or

- (b) approve, endorse, recommend or enter into or publicly propose to approve, endorse, recommend or enter into, any memorandum of understanding, letter of intent, or similar arrangement (other than an Acceptable Confidentiality Agreement) relating to an Acquisition Proposal (an “**Alternative Transaction Agreement**”).

#### Responding to an Acquisition Proposal

Notwithstanding the restrictions described under “*Arrangement Agreement – Covenants – Restriction on Solicitation of Acquisition Proposals After the Go-Shop Period*”, if at any time following the No-Shop Period Start Time and prior to obtaining the approval of the Arrangement Resolution, Pure receives from a Person a bona fide written Acquisition Proposal that was not, directly or indirectly, solicited, initiated, knowingly encouraged or otherwise facilitated in violation of the restrictions described under “*Arrangement Agreement – Covenants – Restriction on Solicitation of Acquisition Proposals After the Go-Shop Period*”, Pure may, in response to such Acquisition Proposal: (i) furnish information with respect to Pure in response to a request therefor by such Person, and (ii) engage in or participate in discussions or negotiations with such Person regarding such Acquisition Proposal, if and only if:

- (a) prior to the taking of any such action, the Board determines in good faith, after receiving the advice of its legal and financial advisors, that such Acquisition Proposal constitutes or could reasonably be expected to lead to a Superior Proposal; and
- (b) prior to providing any such information, Pure Multi-Family enters into a confidentiality agreement with such Person that will include a standstill provision no less onerous or more beneficial to such Person than in the Confidentiality Agreement, and that is otherwise on terms and conditions no less onerous or more beneficial to such Person than those set forth in the Confidentiality Agreement; provided that such confidentiality agreement need not include any provision solely to the extent such provision would prohibit or purport to prohibit a confidential proposal being made to the Board (or any committee thereof) (“**Acceptable Confidentiality Agreement**”); provided that Pure Multi-Family sends a copy of such Acceptable Confidentiality Agreement to the Purchaser promptly following its execution and before any non-public information is provided to any such Person and the Purchaser is promptly provided (to the extent not previously provided) with any such information provided to such Person.

#### Alternative Transaction Agreement and Matching Period

At any time prior to obtaining the approval of the Arrangement Resolution, the Board may, in response to a bona fide written Acquisition Proposal that was not directly or indirectly, solicited, initiated, knowingly encouraged or otherwise facilitated in violation of Article 5 of the Arrangement Agreement, simultaneously: (i) enter into an Alternative Transaction Agreement with respect to a Superior Proposal, and (ii) effect an Adverse Recommendation Change, if and only if:

- (a) Pure has complied with its obligations under Article 5 of the Arrangement Agreement;
- (b) the Board determines in good faith, after receiving the advice of its legal and financial advisors, that such Acquisition Proposal constitutes a Superior Proposal and it is the intention of the Board to enter into an Alternative Transaction Agreement with respect to a Superior Proposal and simultaneously effect an Adverse Recommendation Change;
- (c) Pure Multi-Family provides the Purchaser with written notice of its intention to take such action (a “**Superior Proposal Notice**”), which notice will include certain prescribed information with respect to such Acquisition Proposal as well as a copy of such Acquisition Proposal and all material and substantive supporting materials supplied to Pure Multi-Family in connection therewith, including any financing documents, subject to, in the case of financing documents, customary confidentiality provisions with respect to fee letters or similar information. The Parties have agreed that neither the delivery of a Superior Proposal Notice nor any public announcement thereof that Pure Multi-Family is required to make under Law will constitute an Adverse Recommendation Change unless and until Pure Multi-Family will have failed at or prior to the end of the Matching Period (and, upon the occurrence of such failure, such Superior Proposal Notice and such public announcement will constitute an Adverse Recommendation Change) to publicly announce that it: (i) is recommending the Transactions, and (ii) has determined that such other Acquisition Proposal (taking into



account any modifications or adjustments made to the Transactions agreed to by the Purchaser in writing and any modifications or adjustments made to such other Acquisition Proposal) is not a Superior Proposal and has publicly rejected such Acquisition Proposal;

- (d) during the Matching Period, the Board has negotiated in good faith with the Purchaser (to the extent the Purchaser desires to negotiate) regarding any revisions to the terms of the Transactions proposed by the Purchaser in response to such Acquisition Proposal;
- (e) at the end of the Matching Period, the Board determines in good faith, after receiving the advice of its legal and financial advisors (and taking into account any amendment or modification to the terms of the Arrangement Agreement or the Transactions that the Purchaser has agreed in writing to make), that: (i) such Acquisition Proposal continues to constitute a Superior Proposal, and (ii) the failure by the Board to recommend that Pure Multi-Family enter into an Alternative Transaction Agreement with respect to such Acquisition Proposal that constitutes a Superior Proposal would be inconsistent with its fiduciary duties; and
- (f) in the case of an Alternative Transaction Agreement, prior to or concurrently with entering into an Alternative Transaction Agreement, Pure Multi-Family terminates the Arrangement Agreement and pays the Termination Fee.

During the Matching Period, the Purchaser will have the opportunity, but not the obligation, to offer to amend the terms of the Arrangement and the Arrangement Agreement, and Pure Multi-Family will cooperate with the Purchaser with respect thereto, including meeting and negotiating in good faith with the Purchaser to enable the Purchaser to make such adjustments to the terms and conditions of the Arrangement and the Arrangement Agreement as the Purchaser deems appropriate and as would permit the Purchaser to proceed with the Arrangement and any related transactions on such adjusted terms. The Board will review any such offer by the Purchaser to amend the terms of the Arrangement and the Arrangement Agreement in order to determine, in good faith, after receiving the advice of its legal and financial advisors, whether the Purchaser's offer to amend the Arrangement and the Arrangement Agreement, upon its acceptance, would result in the applicable Acquisition Proposal ceasing to be a Superior Proposal when assessed against the Arrangement as it is proposed to be amended as at the termination of the Matching Period. If the Board so determines that the applicable Acquisition Proposal would cease to be a Superior Proposal when assessed against the Arrangement as it is proposed to be amended as at the termination of the Matching Period, the Purchaser will amend the terms of the Arrangement and the Parties will enter into an amendment to the Arrangement Agreement reflecting the offer by the Purchaser to amend the terms of the Arrangement and the Arrangement Agreement, and will take and cause to be taken all such actions as are necessary to give effect to the foregoing.

The Board will promptly reaffirm its Board Recommendation by press release after: (a) any Acquisition Proposal is publicly announced or made and the Board determines it is not a Superior Proposal, (b) the Board determines that a proposed amendment to the terms of the Transactions as set out in the preceding paragraph would result in an Acquisition Proposal not being a Superior Proposal when assessed against the Arrangement as it is proposed to be amended as at the termination of the Matching Period, and the Purchaser has so amended the terms of the Arrangement, or (c) the Purchaser, acting reasonably, requests reaffirmation of such Board Recommendation by the Board. The Purchaser will be given a reasonable opportunity to review and comment on the form and content of any such press release.

Each successive amendment or modification to any such Acquisition Proposal that results in an increase in, or modification of, the consideration (or value of such consideration) to be received by the Unitholders or Debentureholders or other material terms or conditions thereof shall constitute a new Acquisition Proposal, will require a new Superior Proposal Notice and the Purchaser will be afforded a new Matching Period.

If Pure Multi-Family provides a Superior Proposal Notice to the Purchaser on a date that is less than ten Business Days before the Meeting, Pure Multi-Family shall be entitled to and shall upon request from the Purchaser, acting reasonably, postpone the Meeting to a date that is not more than 15 Business Days after the scheduled date of the Meeting, but in any event to a date that is less than five Business Days prior to the Outside Date.

### Notification of Acquisition Proposals

In addition to the obligations of Pure described under “*Arrangement Agreement – Covenants – Responding to an Acquisition Proposal*” and “*Arrangement Agreement – Covenants – Alternative Transaction Agreement and Matching Period*”, if Pure or any of its Subsidiaries or any of their respective Representatives receives or otherwise becomes aware of any inquiry, proposal or offer that constitutes, or may reasonably be expected to lead to, an Acquisition Proposal, or any request for non-public information relating to Pure or any of its Subsidiaries (other than requests for information in the Ordinary Course consistent with past practice and unrelated to an Acquisition Proposal) or for discussions or negotiations regarding any Acquisition Proposal, Pure will promptly (and in any event within 24 hours) notify the Purchaser orally and in writing of such Acquisition Proposal, inquiry, proposal, offer or request, and the identity of all Persons making the Acquisition Proposal, inquiry, proposal, offer or request, and will provide to the Purchaser copies of any such Acquisition Proposal, inquiry, proposal, offer or request (or where no such copies are available, a reasonably detailed written description thereof). Pure will keep the Purchaser reasonably informed (orally and in writing) on a current basis (and in any event at the Purchaser’s request and otherwise no later than 24 hours after the occurrence of any modifications, developments, discussions and negotiations) of the status of any such Acquisition Proposal, inquiry, proposal, offer or request (including the terms and conditions thereof and any modification thereto), and any developments, discussions and negotiations with respect thereto, including furnishing copies of all written documents, correspondence and draft documentation and reasonably detailed written summaries of any material inquiries or discussions. Pure will promptly (and in any event within 24 hours) notify the Purchaser orally and in writing if it determines to begin providing information or to engage in discussions or negotiations relating to an Acquisition Proposal pursuant to, and in compliance with, Article 5 of the Arrangement Agreement. Pure will, subject to applicable restrictions under Law, prior to or concurrent with the time it is provided to any Persons, provide to the Purchaser any non-public information concerning Pure Multi-Family or any of its Subsidiaries that Pure provided to any Person in connection with any Acquisition Proposal which was not previously provided to the Purchaser.

Nothing contained in the Arrangement Agreement will prevent the Board from: (i) complying with Section 2.17 of National Instrument 62-104 – *Take-over Bids and Issuer Bids* and similar provisions under Securities Laws relating to the provision of a directors’ circular in respect of an Acquisition Proposal, or (ii) making any disclosure to Pure Securityholders, if the Board determines in good faith, after receiving the advice of its legal advisors, that the failure to make such disclosure would be a breach of its fiduciary duties, or would violate Securities Laws or any requirements of the TSX.

### Financing Cooperation

Pure has agreed to, and to cause their Subsidiaries and their respective Representatives to, use their commercially reasonable efforts to, provide such cooperation as may be reasonably requested by the Purchaser, on reasonable notice, in connection with the arrangement of any debt or other financing or refinancing required by the Purchaser including:

- (a) participating in a reasonable number of due diligence sessions with prospective financing sources;
- (b) providing customary assistance to the Purchaser in the preparation of materials for rating agency presentations, offering documents and bank information memoranda (including a bank information memorandum that does not include material non-public information and the delivery of customary authorization letters with respect to the bank information memoranda executed by a senior officer of Pure) required in connection with the Purchaser’s financing;
- (c) furnishing the Purchaser and its financing sources with financial and other pertinent information regarding Pure and its Subsidiaries reasonably required in writing by the Purchaser at least ten days prior to Closing;
- (d) using its commercially reasonable efforts to obtain accountants’ comfort letters, legal opinions, and other documentation and items relating to such financing reasonably requested in writing by the Purchaser at least ten days prior to the Closing to the extent required under applicable “know your customer” and anti-money laundering rules and regulations; and

- (e) executing and delivering any customary commitment letters, underwriting or placement agreements, registration statements, credit agreements, indentures, pledge and security documents, other definitive financing documents or other requested certificates or documents reasonably requested by the Purchaser.

Such cooperation by Pure is not required if it would unreasonably interfere with the ongoing operations of Pure Multi-Family and its Subsidiaries, or unreasonably interfere with or hinder or delay the performance by Pure Multi-Family or its Subsidiaries of their obligations under the Arrangement Agreement. Neither Pure Multi-Family nor the Governing GP are required to provide cooperation that involves any binding commitment by Pure Multi-Family, the Governing GP or their respective Subsidiaries, unless the commitment is conditional on the completion of the Arrangement and terminates without liability to Pure Multi-Family, the Governing GP or their respective Subsidiaries upon the termination or completion of the Arrangement Agreement.

Pure Multi-Family will not be required to: (i) pay any commitment, consent, termination fee, prepayment premium, defeasance cost or other similar fee or incur any other liability in connection with the arrangement of the Purchaser's financing prior to the Effective Time (all of which will be timely paid or advanced by the Purchaser), (ii) take any action or do anything that would contravene any applicable Law, agreements that relate to borrowed money or any Material Contract, or be capable of impairing or preventing the satisfaction of any conditions precedent in the Arrangement Agreement, (iii) commit to take any action that is not contingent on the consummation of the transactions contemplated in the Arrangement Agreement at the Effective Time, or (iv) except as required to comply with applicable Law, disclose any information that in the reasonable judgment of Pure Multi-Family would result in the disclosure of any confidential information or violate any obligations of Pure Multi-Family or any other Person with respect to confidentiality.

The Purchaser has agreed to promptly reimburse Pure Multi-Family and its Subsidiaries for all reasonable and documented out-of-pocket costs (including reasonable and documented out-of-pocket legal fees) incurred by Pure Multi-Family and its Subsidiaries in connection with any cooperation with respect to the Purchaser's financing and has agreed to indemnify and hold harmless Pure Multi-Family and its Subsidiaries, and their respective Representatives from and against any and all losses, damages, claims, costs or expenses suffered or incurred by any of them in connection with any cooperation with respect to the Purchaser's financing.

The Purchaser has agreed that obtaining financing is not a condition to any of its obligations under the Arrangement Agreement regardless of the reasons why financing is not obtained or whether such reasons are within or beyond the control of the Purchaser.

#### Certain Other Covenants

The Arrangement Agreement contains certain other covenants of the Parties relating to, among other things:

- (a) (i) affording the Purchaser with reasonable access to Pure Multi-Family's premises, properties, assets, senior management, books, Contracts and records, (ii) furnishing to the Purchaser all information concerning Pure Multi-Family's financial and operating data, business, properties and personnel as may reasonably be requested, and (iii) providing reasonable cooperation to the Purchaser's officers and other authorized Representatives with respect to day one readiness integration planning (such as payroll, regulatory compliance and financial reporting requirements);
- (b) advising the Purchaser of any event, change or development that has resulted in, or that to Pure's Knowledge, would have a Material Adverse Effect;
- (c) notifying the Purchaser of certain matters including: (i) written notice or other communication received from any third party alleging any material breach or default under any Contract to which Pure Multi-Family or any of its Subsidiaries is a party, (ii) written notice or other communication received by Pure Multi-Family from any third party alleging that the consent or waiver of such third party is or may be required in connection with the Transactions, or (iii) written notice or other communication received by Pure Multi-Family from a Governmental Entity in connection with the Arrangement Agreement;

- (d) assisting in effecting the resignations of the Governing GP's directors and cause them to be replaced immediately following the Closing by persons nominated by the Purchaser;
- (e) at the request of the Purchaser, acting reasonably, Pure Multi-Family has agreed to use commercially reasonable efforts to obtain all other third person consents, waivers, licenses, exemptions, orders, approvals, agreements, amendments and modifications to the Material Contracts that are necessary to permit consummation of the Transactions;
- (f) giving effect to the waiver, if required, of the application of the Unitholder Rights Plan to the Transactions and ensure that the Unitholder Rights Plan does not interfere with or impede the success of any of the Transactions;
- (g) not waiving the application of the Unitholder Rights Plan to any Acquisition Proposal unless it is a Superior Proposal and the Matching Period has expired, and not amending the Unitholder Rights Plan nor authorize, approve or adopt any other unitholder rights plan or enter into any agreement providing therefor;
- (h) agreeing on a communication plan in connection with the Arrangement Agreement and the completion of the Transactions and, except as required by Law, a Party will not issue any press release or make any other public statement or disclosure without the consent of the other Parties; and
- (i) cooperating regarding Pure Multi-Family's Existing Loan Documents and related assumption documents.

#### Conditions to Closing the Arrangement

##### Mutual Conditions Precedent

The Parties are not required to complete the Arrangement unless each of the following conditions is satisfied or waived by the Parties on or prior to the Effective Time:

- (a) **Arrangement Resolution.** The Arrangement Resolution will have been approved and adopted by the Unitholders in accordance with the Interim Order.
- (b) **Interim Order and Final Order.** The Interim Order and the Final Order having each been obtained on terms consistent with the Arrangement Agreement and having not been set aside or modified in a manner unacceptable to the Parties, acting reasonably, on appeal or otherwise.
- (c) **Illegality.** No court or other Governmental Entity of competent jurisdiction will have enacted, issued, promulgated, or made any judgement, order, writ, injunction or decree or enforced or entered any Law (whether temporary, preliminary or permanent) (collectively, "**Restraints**") that is in effect and has the effect of preventing, restraining, enjoining or otherwise prohibiting the consummation of the Transactions.

##### Conditions in Favour of the Purchaser

The Purchaser is not required to complete the Arrangement unless each of the following conditions is satisfied or waived by the Purchaser on or prior to the Effective Time:

- (a) **Representations and Warranties.**
  - (i) The representations and warranties of Pure Multi-Family set forth in Sections (2)(a) and (2)(b) [*Capital Structure*] of Schedule C of the Arrangement Agreement will be true and correct (without giving effect to any "Material Adverse Effect", "materiality" or similar qualifications contained therein) as of the date of the Arrangement Agreement and as of the Closing Date as though made on and as of such date and time, except for any failures to be so true and correct that, individually or in the aggregate, are *de minimis* in nature and amount.

- (ii) The representations and warranties of the Governing GP set forth in Section 3.1(2) [*Authority; Approval*] of the Arrangement Agreement and of Pure Multi-Family set forth in Section (1) [*Organization, Good Standing and Qualification*], Section (3) [*Authority; Approval*], Section (4)(b)(i) [*No Violation*] and Section (21) [*Brokers and Finders*] of Schedule C of the Arrangement Agreement will be true and correct (without giving effect to any “Material Adverse Effect”, “materiality” or similar qualifications contained therein) in all material respects as of the date of the Arrangement Agreement and as of the Closing Date as though made on and as of such date and time.
- (iii) The representations and warranties of Pure Multi-Family set forth in Schedule C of the Arrangement Agreement (other than those set forth in (i) and (ii) above) will be true and correct (without giving effect to any “Material Adverse Effect”, “materiality” or similar qualifications contained therein) as of the date of the Arrangement Agreement and as of the Closing Date as though made on and as of such date and time (except to the extent that any of such representations and warranties expressly speaks as of an earlier date, in which case such representation and warranty will be true and correct as of such earlier date), except where the failure of such representations and warranties of Pure Multi-Family to be so true and correct, has not had, and would not reasonably be expected to have, a Material Adverse Effect.
- (b) **Performance of Covenants.** Pure Multi-Family and the Governing GP having fulfilled or complied in all material respects with each of their respective covenants contained in the Arrangement Agreement to be fulfilled or complied with by them on or prior to the Effective Time.
- (c) **Dissent Rights.** Dissent Rights will not have been exercised with respect to more than 10% of the issued and outstanding Units.
- (d) **Material Adverse Effect.** Since the date of the Arrangement Agreement, there will not have occurred a Material Adverse Effect.
- (e) **REIT Tax Opinion.** The Purchaser having received a tax opinion (the “**REIT Tax Opinion**”) that will be rendered by KPMG LLP (or other tax advisor to Pure Multi-Family and/or the Governing GP reasonably acceptable to the Purchaser), will be dated as of the Closing Date, and will be in a specified form, providing that US REIT has been organized and operated in conformity with the requirements for qualification and taxation as a Real Estate Investment Trust under the Code.

#### Conditions in Favour of Pure Multi-Family and the Governing GP

Pure Multi-Family and the Governing GP are not required to complete the Arrangement unless each of the following conditions is satisfied or waived by Pure Multi-Family and the Governing GP:

- (a) **Representations and Warranties.** The representations and warranties of the Purchaser set forth in Schedule D of the Arrangement Agreement will be true and correct in all material respects as of the date of the Arrangement Agreement and as of the Closing Date as though made on and as of such date and time (except to the extent that any such representation and warranty expressly speaks as of an earlier date, in which case such representation and warranty will be true and correct as of such earlier date); provided however, that notwithstanding anything in the Arrangement Agreement to the contrary, this condition related to the representations and warranties of the Purchaser will be deemed to have been satisfied unless the failure of such representations and warranties of the Purchaser to be so true and correct, individually or in the aggregate, would prevent the ability of the Purchaser to consummate the Transactions.
- (b) **Performance of Covenants.** The Purchaser having: (i) provided or caused to be provided to the Depositary sufficient cash to satisfy the aggregate Consideration payable to the Unitholders and the aggregate Debenture Consideration payable to the Debentureholders, (ii) provided or caused to be provided to Pure Multi-Family directly sufficient cash to allow Pure Multi-Family to satisfy the aggregate amount payable to the holders of Pure Deferred Units, Pure RUs and Pure Performance Units, all as provided for in the Plan of Arrangement, and (iii) fulfilled or complied with all other covenants in all material respects contained in the Arrangement Agreement to be fulfilled or complied with by it on or prior to the Effective Time.

**Termination of the Arrangement Agreement**

The Arrangement Agreement may be terminated prior to the Effective time by the mutual written agreement of the Parties.

**Termination by Either Pure Multi-Family or the Purchaser**

The Arrangement Agreement may be terminated at any time prior to the Effective Time by either Pure Multi-Family or the Purchaser, if:

- (a) the Arrangement Resolution is not approved by the Unitholders entitled to vote at the Meeting in accordance with the Interim Order;
- (b) any court or other Governmental Entity of competent jurisdiction has issued an order, decree, ruling or taken any other action in each case permanently restraining, enjoining or otherwise prohibiting the Arrangement substantially on the terms contemplated by the Arrangement Agreement and such order, decree, ruling or other action shall have become final and non-appealable; or
- (c) the Effective Time does not occur on or prior to the Outside Date, provided however that a Party may not terminate the Arrangement Agreement pursuant to this clause (c) if the failure of the Effective Time to so occur was primarily caused by, or is a result of, a breach by such Party of any of its obligations under the Arrangement Agreement.

**Termination by Pure Multi-Family**

Pure Multi-Family may terminate the Arrangement Agreement if:

- (a) the Purchaser has breached any representation or warranty or failed to perform any covenant or other agreement in the Arrangement Agreement, which breach or failure to perform: (i) is incapable of being cured by the Purchaser prior to the Outside Date or otherwise is not cured by the earlier of: (1) 20 Business Days following written notice by Pure Multi-Family to the Purchaser of such breach, and (2) the Outside Date, and (ii) would cause any Purchaser representations and warranties condition or Purchaser covenants condition in the Arrangement Agreement not to be satisfied; provided however, that neither Pure Multi-Family or the Governing GP are then in breach of the Arrangement Agreement or have not failed to perform any covenant or other agreement in the Arrangement Agreement so as to cause any Pure Multi-Family or the Governing GP representations and warranties condition or Pure Multi-Family or the Governing GP covenants condition not to be satisfied;
- (b) prior to the approval of the Arrangement Resolution, in order to enter into an Alternative Transaction Agreement with respect to a Superior Proposal, provided that Pure Multi-Family and the Governing GP have complied with their obligations under Article 5 of the Arrangement Agreement and Pure Multi-Family pays the Termination Fee in accordance with the Arrangement Agreement; or
- (c) (i) the mutual conditions precedent and the conditions precedent in favour of the Purchaser (other than conditions that, by their nature, are to be satisfied at the Effective Time) have been satisfied, (ii) Pure Multi-Family has irrevocably confirmed by written notice to the Purchaser that all conditions in favour of Pure Multi-Family and the Governing GP have been satisfied or that it is willing to waive any unsatisfied conditions, and (iii) the Purchaser does not provide or cause to be provided to the Depositary and Pure Multi-Family sufficient funds to complete the Transactions, as required pursuant to the Arrangement Agreement, on the earlier of the date that is three Business Days after the delivery of such notice to the Purchaser or the Outside Date.



Termination by the Purchaser

The Purchaser may terminate the Arrangement Agreement if:

- (a) either Pure Multi-Family or the Governing GP has breached any representation or warranty or failed to perform any covenant or agreement in the Arrangement Agreement, which breach or failure to perform: (i) is incapable of being cured by Pure Multi-Family or the Governing GP, as the case may be, prior to the Outside Date or otherwise is not cured by the earlier of: (A) 20 Business Days following written notice by the Purchaser to Pure Multi-Family of such breach, and (B) the Outside Date, and (ii) would cause any Pure Multi-Family or the Governing GP representations and warranties condition or any Pure Multi-Family or the Governing GP covenants condition not to be satisfied; provided that the Purchaser is not then in breach of the Arrangement Agreement or has not failed to perform any covenant or other agreement in the Arrangement Agreement so as to cause any Purchaser representations and warranties condition or Purchaser covenants condition not to be satisfied;
- (b) (i)(A) the Board has effected an Adverse Recommendation Change, (B) prior to the approval of the Arrangement Resolution, the Board will have failed to reaffirm the Board Recommendation within five Business Days after receipt of any written request to do so from the Purchaser following the public announcement of an Acquisition Proposal (unless such Acquisition Proposal is made prior to the expiration of the Go-Shop Period, and Pure Multi-Family provides a Superior Proposal Notice to the Purchaser within such timeframe, in which case Pure Multi-Family will have until the end of the Matching Period to reaffirm the Board Recommendation), or (C) after the approval of the Arrangement Resolution, the Board shall have failed to confirm publicly its intention to (subject to all of the applicable conditions contained in the Arrangement Agreement) complete the Transactions within five Business Days after receipt of any written request to do so from the Purchaser following the public announcement of an Acquisition Proposal, (ii) Pure has breached any of its obligations under Article 5 of the Arrangement Agreement in any material respect, or (iii) Pure has committed a Wilful Breach of any of its obligations under Section 2.2 [*Interim Order*], Section 2.3 [*Pure Meeting*], Section 2.4 [*Pure Circular*] or Section 2.5 [*Final Order*] of the Arrangement Agreement; or
- (c) a Material Adverse Effect has occurred.

**Termination Fee and Reverse Termination Amount**Termination Fee Payable by Pure Multi-Family

Pure Multi-Family has agreed to pay the Termination Fee to the Purchaser, if:

- (a) Pure Multi-Family terminates the Arrangement Agreement pursuant to the provision described in paragraph (b) under “*Arrangement Agreement – Termination of the Arrangement Agreement – Termination by Pure Multi-Family*” above;
- (b) the Purchaser terminates the Arrangement Agreement pursuant to the provision described in paragraph (b) under “*Arrangement Agreement – Termination of the Arrangement Agreement – Termination by the Purchaser*” above; or
- (c) all of the following are satisfied:
  - (i) Pure Multi Family or the Purchaser terminates the Arrangement Agreement pursuant to the provision described in paragraph (a) or (c) under “*Arrangement Agreement – Termination of the Arrangement Agreement – Termination by Either Pure Multi-Family or the Purchaser*” above or the Purchaser terminates the Arrangement Agreement pursuant to the provision described in paragraph (a) under “*Arrangement Agreement – Termination of the Arrangement Agreement – Termination by the Purchaser*” above;

- (ii) an Acquisition Proposal has been publicly announced and not withdrawn by any Person (other than the Purchaser or any of its Affiliates); and
- (iii) within 12 months following the date of such termination, Pure Multi-Family shall have entered into any Alternative Transaction Agreement (which is thereafter consummated) or consummated or effected any Acquisition Proposal,

provided that for the purposes of the foregoing, references to “20% or more” in the defined term “Acquisition Proposal” are deemed to be references to “50% or more”.

In the event that the Termination Fee is paid to the Purchaser in circumstances for which such Termination Fee is payable, payment of the Termination Fee will be the sole and exclusive monetary remedy of the Purchaser against Pure Multi-Family.

#### Amount of Termination Fee

For the purposes of the Arrangement Agreement, “**Termination Fee**” means:

- (a) an amount equal to \$22,500,000; or
- (b) an amount equal to \$9,500,000 if Pure Multi-Family terminates the Arrangement Agreement pursuant to the provision described in paragraph (b) under “*Arrangement Agreement – Termination of the Arrangement Agreement – Termination by Pure Multi-Family*” above and either:
  - (i) (A) such termination occurs prior to the No-Shop Period Start Time and (B) Pure Multi-Family has simultaneously entered into an Alternative Transaction Agreement to consummate a Superior Proposal at the time of such termination; or
  - (ii) (A) such termination occurs on the date that is the earlier of: (1) 11:59:59 p.m. (Vancouver time) on August 20, 2019, and (2) the date that is one day after the date on which the last Matching Period ends, and (B) Pure Multi-Family has simultaneously entered into an Alternative Transaction Agreement with an Excluded Party to consummate a Superior Proposal at the time of such termination.

#### Reverse Termination Amount

The Purchaser has agreed to pay the Reverse Termination Amount to Pure Multi-Family (on behalf of and solely as an agent for the benefit of the Unitholders) if Pure Multi-Family terminates the Arrangement Agreement pursuant to the provision described in paragraph (a) or (c) under “*Arrangement Agreement – Termination of the Arrangement Agreement – Termination by Pure Multi-Family*”.

In the event that the Reverse Termination Amount is paid to Pure Multi-Family (on behalf of and solely as an agent for the benefit of the Unitholders) in circumstances for which such Reverse Termination Amount is payable, payment of the Reverse Termination Amount will be the sole and exclusive remedy of Pure Multi-Family against the Purchaser.

#### Expenses

Except as otherwise provided in the Arrangement Agreement, all costs, expenses and fees (including out-of-pocket third party transaction expenses) incurred in connection with the Arrangement Agreement, the Plan of Arrangement and the Transactions, including all costs, expenses and fees of Pure Multi-Family incurred prior to or after the Effective Time in connection with, or incidental to, the Plan of Arrangement, will be paid by the Party incurring such costs, expenses and fees whether or not the Arrangement is consummated.

### Amendments

The Arrangement Agreement and the Plan of Arrangement may, at any time and from time to time before or after the holding of the Meeting but not later than the Effective Time, be modified or amended by mutual written agreement, executed and delivered by duly authorized officers of the respective Parties, without further notice to or authorization on the part of the Pure Securityholders, and any such modification or amendment may, subject to the Interim Order, Final Order and Law, without limitation:

- (a) change the time for performance of any of the obligations or acts of the Parties;
- (b) modify any representation or warranty contained in the Arrangement Agreement or in any document delivered pursuant to the Arrangement Agreement;
- (c) modify any of the covenants contained in the Arrangement Agreement and modify performance of any of the obligations of the Parties; and/or
- (d) modify any mutual conditions contained in the Arrangement Agreement.

### **PROCEDURES FOR THE SURRENDER OF CERTIFICATES AND PAYMENT OF CONSIDERATION AND DEBENTURE CONSIDERATION**

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#### **Surrender of Certificates and Payment of Consideration to Unitholders and Debentureholders**

##### Depository Agreement

On August 14, 2019, Pure Multi-Family, the Purchaser and the Depository entered into the Depository Agreement. Pursuant to the Arrangement Agreement, following receipt of the Final Order and at or prior to the Closing the Purchaser is required to deposit, or arrange to be deposited, for the benefit of Unitholders and Debentureholders, sufficient cash with the Depository to satisfy the aggregate Consideration and Debenture Consideration to be paid to Unitholders and Debentureholders, respectively, under the Plan of Arrangement.

##### Letter of Transmittal

If the Arrangement Resolution is passed and the Arrangement is implemented, in order to receive the Consideration for Units or Debenture Consideration for Pure Debentures, as the case may be, Registered Unitholders and Registered Debentureholders must complete and sign the Letter of Transmittal enclosed with this Circular and deliver such Letter of Transmittal together with the certificate(s) (if applicable) representing the Units or Pure Debentures, as applicable, and the other documents required by the instructions set out therein to the Depository in accordance with the instructions contained in the Letter of Transmittal. Registered Unitholders and Registered Debentureholders can obtain additional copies of the Letter of Transmittal by contacting the Depository. Each Letter of Transmittal is also available under Pure Multi-Family's profile on SEDAR at [www.sedar.com](http://www.sedar.com) and on Pure Multi-Family's website at [www.puremultifamily.com](http://www.puremultifamily.com).

Beneficial Unitholders holding Units that are registered in the name of an Intermediary must contact their broker or other Intermediary to submit their instructions with respect to the Arrangement and to arrange for the surrender of their Units. These instructions will be forwarded to CDS which will submit the Letter of Transmittal on behalf of all Beneficial Unitholders.

Beneficial Debentureholders holding Pure Debentures that are registered in the name of an Intermediary must contact their broker or other intermediary to arrange for the surrender of their Pure Debentures. These instructions will be forwarded to CDS which will submit the Letter of Transmittal on behalf of all Beneficial Debentureholders. See *"Procedures for the Surrender of Certificates and Payment of Consideration and Debenture Consideration – Surrender of Certificates and Payment of Consideration to Unitholders and Debentureholders – Letter of Transmittal"*.

The Letter of Transmittal contains procedural information relating to the Arrangement and should be reviewed carefully. The tendering of a Letter of Transmittal will constitute a binding agreement between the Unitholder or Debentureholder, as the case may be, Pure Multi-Family and the Purchaser upon the terms and subject to the conditions of the Arrangement. In all cases, Consideration for Units or Debenture Consideration for Pure Debentures deposited will be

made only after timely receipt by the Depositary of certificate(s) representing the Units or Pure Debentures, as the case may be, together with a properly completed and duly executed Letter of Transmittal relating to such Units or Pure Debentures, and any other required documents.

All questions as to validity, form, eligibility and acceptance of any Units or Pure Debentures deposited pursuant to the Arrangement Agreement will be determined by the Purchaser in its sole discretion. Unitholders and Debentureholders agree that such determination shall be final and binding. The Purchaser reserves the absolute right to reject any and all deposits which it determines not to be in proper form or which may be unlawful for it to accept under the Laws of any jurisdiction. The Purchaser reserves the absolute right to waive any defect or irregularity in any Letter of Transmittal or in the deposit of any Units and any such waiver or non-waiver will be binding upon the affected Unitholders or Debentureholders. The granting of a waiver to one or more Unitholders or Debentureholders does not constitute a waiver for any other Unitholders or Debentureholders. The Purchaser reserves the right to demand strict compliance with the terms of the Letter of Transmittal. There shall be no duty or obligation on Pure Multi-Family, the Purchaser or the Depositary or any other Person to give notice of any defect or irregularity in any deposit of Units or Pure Debentures and no liability shall be incurred by any of them for failure to give such notice. However, the Depositary has agreed to make reasonable efforts to contact any affected Pure Securityholders in an effort to cause any irregularity to be corrected.

The method of delivery of certificates representing Units or Pure Debentures and all other required documents is at the option and risk of the Person depositing the same. Pure Multi-Family recommends that such documents be delivered by hand to the Depositary and a receipt obtained or, if mailed, that registered mail with return receipt requested be used and that appropriate insurance be obtained.

#### Payment of Consideration to Unitholders and Debentureholders

Following receipt of the Final Order and prior to the Effective Time, the Purchaser shall deliver or cause to be delivered to the Depositary sufficient funds in escrow to pay the aggregate Consideration to be paid to Unitholders, as at the Effective Time, and the aggregate Debenture Consideration payable to the Debentureholders, as at the Effective Time, under the Plan of Arrangement.

Registered Unitholders who deposit a validly completed and duly signed Letter of Transmittal, together with accompanying certificate(s) representing their Units and any such additional documents and instruments as the Depositary may reasonably require, will receive, in exchange therefor, the aggregate Consideration to which they are entitled under the Arrangement, less any amounts withheld pursuant to the Plan of Arrangement, with such surrendered certificate(s) being cancelled.

Registered Debentureholders who deposit a validly completed and duly signed Letter of Transmittal, together with accompanying certificate(s) representing their Pure Debentures and any such additional documents and instruments as the Depositary may reasonably require, will receive, in exchange therefor, the aggregate Debenture Consideration to which they are entitled under the Arrangement, less any amounts withheld pursuant to the Plan of Arrangement, with such surrendered certificate(s) being cancelled.

After the Effective Time and until surrendered for cancellation, each certificate that immediately prior to the Effective Time represented one or more Units or Pure Debentures shall be deemed at all times to represent only the right to receive in exchange therefor the Consideration or Debenture Consideration that the holder of such certificate is entitled to receive in accordance to the Plan of Arrangement, less any amounts withheld pursuant to the Plan of Arrangement.

Registered Unitholders and Registered Debentureholders who do not forward to the Depositary a duly completed Letter of Transmittal, together with the certificate(s) representing their Units or Pure Debentures, as applicable, and the other required documents, will not receive the aggregate Consideration or Debenture Consideration to which they are otherwise entitled until deposit thereof is made, provided that if such deposit is not made on or prior to the sixth anniversary of the Effective Date, then the Consideration or Debenture Consideration that such former Registered Unitholder or Registered Debentureholder, as applicable, was entitled to receive shall be automatically cancelled without any repayment of capital in respect thereof and the Consideration or Debenture Consideration to which such former Registered Unitholder or Registered Debentureholder, as applicable, was entitled, shall be delivered to the Purchaser by the Depositary, and the certificates formerly representing the Units or Pure Debentures, as applicable, shall cease to represent a right or claim of any kind or nature as of such final proscription date.

Any payment made by way of cheque by the Depositary pursuant to the Plan of Arrangement that has not been deposited or has been returned to the Depositary or that otherwise remains unclaimed, in each case, on or before the sixth anniversary of the Effective Date, and any right or claim to payment hereunder that remains outstanding on the sixth anniversary of the Effective Date, shall cease to represent a right or claim of any kind or nature and the right of any: (a) Unitholder to receive the Consideration to which they are entitled pursuant to the Plan of Arrangement shall terminate and be deemed to be surrendered and forfeited to the Purchaser for no consideration, or (b) Debentureholder to receive the Debenture Consideration to which they are entitled pursuant to the Plan of Arrangement shall terminate and be deemed to be surrendered and forfeited to the Purchaser for no consideration.

In the event any certificate which immediately prior to the Effective Date represented one or more outstanding Units or Pure Debentures that were transferred pursuant to the Plan of Arrangement shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the Person claiming such certificate to be lost, stolen or destroyed, the Depositary will issue in exchange for such lost, stolen or destroyed certificate, the Consideration or Debenture Consideration, as applicable, deliverable in accordance with such holder's duly completed and executed Letter of Transmittal. When authorizing such payment in exchange for any lost, stolen or destroyed certificate, the Person to whom such cash is to be delivered shall, as a condition precedent to the delivery of such Consideration or Debenture Consideration, as applicable, give a bond satisfactory to the Purchaser and the Depositary (each acting reasonably) in such sum as the Purchaser may direct (acting reasonably), or otherwise indemnify the Purchaser and Pure Multi-Family in a manner satisfactory to the Purchaser and Pure Multi-Family, acting reasonably, against any claim that may be made against the Purchaser and Pure Multi-Family with respect to the certificate alleged to have been lost, stolen or destroyed.

The Purchaser, Pure Multi-Family and the Depositary, as applicable, shall be entitled to deduct and withhold, or to direct any Person to deduct and withhold on their behalf, from any amount payable to any Person under the Plan of Arrangement, such amounts as the Purchaser, Pure Multi-Family or the Depositary, as applicable, determines, acting reasonably, are required or permitted to be deducted and withheld with respect to such payment under the Tax Act, the United States Internal Revenue Code of 1986 or any provision of any other Law; provided, however that no withholding may be made under Sections 1445 or 1446 of the Code unless the Purchaser notifies Pure Multi-Family in writing of its determination to withhold and the reasons therefor at least 10 business days prior to the Meeting, in which case the Purchaser and Pure Multi-Family will use commercially reasonable efforts to reduce or eliminate such proposed withholding. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes hereof as having been paid to the Person in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted to the appropriate taxing authority.

The Depositary will receive reasonable and customary compensation for its services in connection with the Arrangement, will be reimbursed for certain out-of-pocket expenses and will be indemnified by Pure Multi-Family against certain liabilities under applicable securities Laws and expenses in connection therewith.

#### Currency of Payment

Subject to compliance with the procedures described above, Registered Unitholders and Registered Debentureholders will receive the aggregate Consideration and Debenture Consideration, respectively, to which they are entitled under the Arrangement in U.S. dollars unless the Registered Unitholder or Registered Debentureholder exercises its right to elect in the Letter of Transmittal to receive such Consideration or Debenture Consideration in Canadian dollars. If a Registered Unitholder or Registered Debentureholder wishes to receive the aggregate Consideration or Debenture Consideration to which it is entitled in Canadian dollars, the box captioned "Currency of Payment" in the Letter of Transmittal must be completed. If the Registered Unitholder or Registered Debentureholder does not make an election in its Letter of Transmittal, the Registered Unitholder or Registered Debentureholder will receive payment in U.S. dollars.

A Beneficial Unitholder will receive the aggregate Consideration to which it is entitled in U.S. dollars unless it contacts the Intermediary in whose name its Units are registered and requests that the Intermediary make an election on its behalf. If the Beneficial Unitholder's Intermediary does not make an election on its behalf, the Beneficial Unitholder will receive payment in U.S. dollars.

A Beneficial Debentureholder will receive the aggregate Debenture Consideration to which it is entitled in U.S. dollars unless it contacts the Intermediary in whose name its Pure Debentures are registered and requests that the

Intermediary make an election on its behalf. If the Beneficial Debentureholder's Intermediary does not make an election on its behalf, the Beneficial Debentureholder will receive payment in U.S. dollars.

The exchange rate that will be used to convert payments from U.S. dollars into Canadian dollars will be the rate established by the Depositary on the date the funds are converted, which rate will be based on the prevailing market rate on the date the funds are converted. The risk of any fluctuations in such rates, including risks relating to the particular date and time at which funds are converted, will be solely borne by the Registered Unitholder or Registered Debentureholder. The Depositary will act as principal in such currency conversion transactions conducted with the Purchaser.

#### **Payment to Holders of Pure Deferred Units, Pure RUs and Pure Performance Units**

The holders of Pure Deferred Units, Pure RUs and Pure Performance Units are not entitled to vote on the Arrangement Resolution in respect of such Pure Deferred Units, Pure RUs or Pure Performance Units. Under the Plan of Arrangement, the Pure Deferred Units, Pure RUs and Pure Performance Units are being treated in accordance with the contractual rights applicable thereto under the Pure Deferred Unit Plan and the Pure RU Plan, respectively. Pure Multi-Family shall make payments to holders of Pure Deferred Units, Pure RUs and Pure Performance Units, less applicable withholdings, through Pure Multi-Family's payroll service provider on the next regularly scheduled payroll date following the Effective Date. Holders of Pure Deferred Units, Pure RUs and Pure Performance Units do not need to take any further action in order to receive such payments.

#### **DISSENT RIGHTS**

There is no mandatory statutory right of dissent and appraisal in respect of plans of arrangement under the BCBCA. However, as contemplated in the Plan of Arrangement and the Interim Order, copies of which are attached as Schedule C and Schedule F, respectively, to this Circular, the Parties have granted to Unitholders who object to the Arrangement the Dissent Rights. The Dissent Rights adopt the dissent procedures set forth in Division 2 of Part 8 of the BCBCA, as may be modified by the Plan of Arrangement, the Interim Order and the Final Order. A copy of Division 2 of Part 8 of the BCBCA is attached as Schedule H to this Circular.

The following is a summary of the Dissent Rights. Such summary is not a comprehensive statement of the procedures to be followed by a Unitholder who seeks to exercise such Dissent Rights and is qualified in its entirety by reference to the full text of the Plan of Arrangement, the Interim Order, and Division 2 of Part 8 of the BCBCA, which are attached as Schedule C, Schedule F and Schedule H, respectively, to this Circular.

**The Dissent Rights are technical and complex. Any Unitholders who wish to exercise their Dissent Rights should seek independent legal advice, as failure to comply strictly with the Dissent Rights may result in the loss or unavailability of their right of dissent.**

Pursuant to the Interim Order, each Registered Unitholder may exercise Dissent Rights under Section 238 of the BCBCA and in the manner set forth in Sections 242 to 247 of the BCBCA, all as modified by the Plan of Arrangement as the same may be modified by the Interim Order or the Final Order in respect of the Arrangement, provided that the written objection to the Arrangement Resolution contemplated by Section 242 of the BCBCA must be sent to and received by Pure Multi-Family, at Suite 910, 925 West Georgia Street, Vancouver, British Columbia V6C 3L2 Canada, Attention: Robert King, Chair of the Special Committee of the Board, with a copy to Pure Multi-Family's counsel, Koffman Kalef LLP, 19<sup>th</sup> Floor 885 West Georgia Street, Vancouver, British Columbia V6C 3H4, Attention: Vikram Dhir and counsel to the Special Committee, Farris LLP, 25th Floor, 700 West Georgia Street, Vancouver, British Columbia V7Y 1B3, Attention: Teresa Tomchak, not later than 4:00 p.m. (Vancouver time) on September 16, 2019 (or the day that is two Business Days immediately preceding the date that any adjourned or postponed Meeting is reconvened or held, as the case may be). Dissenting Holders who:

- (a) are ultimately determined to be entitled to be paid fair value for such Units in respect of which Dissent Rights have been validly exercised will be deemed to have irrevocably transferred and assigned such Units (free and clear of any Liens) to the Purchaser and will be entitled to be paid the fair value of such Units by the Purchaser (which fair value, notwithstanding anything to the contrary in the BCBCA, will be determined as of the close of business on the day before the Arrangement Resolution was adopted at the Meeting) and will not be entitled to any other payment or consideration, including any payment that would be payable under the Arrangement has such holders not exercised their Dissent Rights in respect of such Units; or



- (b) are ultimately not entitled, for any reason, to be paid by the Purchaser fair value for their Units in respect of which Dissent Rights have been validly exercised, will be deemed to have participated in the Arrangement in respect of those Units on the same basis as a non-dissenting Unitholder.

In no event will the Purchaser, Pure Multi-Family or any other Person be required to recognize a Dissenting Holder as a registered or beneficial owner of Units or any interest therein (other than the rights set forth above) after the completion of the steps set forth above and at such time the names of such Dissenting Holders will be deleted from the central securities register of Pure Multi-Family as at and from the completion of the steps above.

In addition to any other restrictions set forth in the Interim Order, the Unitholders who vote or instruct a proxyholder to vote in favour of the Arrangement Resolution shall not be entitled to exercise Dissent Rights.

Beneficial Unitholders who wish to dissent with respect to their Units should be aware that only Registered Unitholders may exercise Dissent Rights in respect of Units registered in such holder's name. In many cases, Units beneficially owned by a Beneficial Unitholder are registered either: (a) in the name of an Intermediary; or (b) in the name of a clearing agency (such as CDS) of which the Intermediary is a participant. Accordingly, Beneficial Unitholders will not be entitled to exercise their Dissent Rights directly with respect to their Units, unless the Units are re-registered in the Beneficial Unitholder's name and the procedures to exercise Dissent Rights are strictly complied with. **A Beneficial Unitholder who wishes to exercise Dissent Rights with respect to their Units should immediately contact the Intermediary with whom such Beneficial Unitholder deals in respect of its Units and either: (i) instruct such Intermediary to exercise the Dissent Rights on such Beneficial Unitholder's behalf (which, if the Units are registered in the name of CDS or other clearing agency, may require that the Units first be re-registered in the name of such Intermediary), or (ii) instruct such Intermediary to re-register such Units in the name of such Beneficial Unitholder, in which case such Beneficial Unitholder would be able to exercise the Dissent Rights directly without the involvement of such Intermediary.**

A Dissenting Holder must dissent with respect to all Units in which the holder owns a beneficial interest. A Registered Unitholder who wishes to dissent must deliver written notice of dissent (a "**Notice of Dissent**") to and be received by Pure Multi-Family, at Suite 910, 925 West Georgia Street, Vancouver, British Columbia V6C 3L2 Canada, Attention: Robert King, Chair of the Special Committee of the Board, with a copy to Pure Multi-Family's counsel, Koffman Kalef LLP, 19<sup>th</sup> Floor 885 West Georgia Street, Vancouver, British Columbia V6C 3H4, Attention: Vikram Dhir and counsel to the Special Committee, Farris LLP, 25<sup>th</sup> Floor, 700 West Georgia Street, Vancouver, British Columbia V7Y 1B3, Attention: Teresa Tomchak, not later than 4:00 p.m. (Vancouver time) on September 16, 2019 (or the day that is two Business Days immediately preceding the date that any adjourned or postponed Meeting is reconvened or held, as the case may be). Any failure by a Dissenting Holder to strictly comply with the Dissent Rights may result in the loss of that holder's Dissent Rights. A Beneficial Unitholder who wishes to exercise Dissent Rights must arrange for the Registered Unitholder holding their Units to deliver the Notice of Dissent in strict compliance with the Dissent Rights or for beneficially owned Units to be registered in his, her or its name.

The delivery of a Notice of Dissent does not deprive a Dissenting Holder of the right to vote at the Meeting on the Arrangement Resolution; however, a Dissenting Holder who has delivered a Notice of Dissent and who votes in favour of the Arrangement Resolution will no longer be considered a Dissenting Holder. A Unitholder need not vote its Units against the Arrangement Resolution in order to dissent. A vote against the Arrangement Resolution, whether in person or by proxy, does not constitute a Notice of Dissent.

A Dissenting Holder must prepare a separate Notice of Dissent for himself, herself or itself, if dissenting on his, her or its own behalf, and for each other person who beneficially owns Units registered in the Dissenting Holder's name and on whose behalf the Dissenting Holder is dissenting; and must dissent with respect to all of the Units registered in his, her or its name beneficially owned by the Beneficial Holders on whose behalf he, she or it is dissenting.

The Notice of Dissent must set out the name and address of the Dissenting Holder, the number of Units in respect of which the Notice of Dissent is being given (the "**Notice Units**") and whichever of the following is applicable: (a) if the Notice Units constitute all of the Units of which the Dissenting Holder is both the registered and beneficial owner and the Dissenting Holder holds no other Units as beneficial owner, a statement to that effect; (b) if the Notice Units constitute all of the Units of which the Dissenting Holder is both the registered and beneficial owner but the Dissenting Holder owns additional Units beneficially, a statement to that effect and the names of the Registered Unitholders of such additional Units, the number of such additional Units held by each of those registered owners and a statement that Notices of Dissent

are being, or have been, sent with respect to all such additional Units; or (c) if the Dissent Rights are being exercised by a Registered Unitholder on behalf of a Beneficial Unitholder who is not the Dissenting Holder, a statement to that effect and the name and address of the Beneficial Unitholder and a statement that the Registered Unitholder is dissenting with respect to all Units of the Beneficial Unitholder that are registered in such Registered Unitholder's name.

Pure Multi-Family is required, promptly after the later of: (a) the date on which it forms the intention to proceed with the Arrangement, and (b) the date on which the Notice of Dissent was received, to notify each Dissenting Holder of its intention to act on the Arrangement Resolution. If the Arrangement Resolution is approved and if Pure Multi-Family notifies the Dissenting Holders of its intention to act upon the Arrangement Resolution, the Dissenting Holder is then required, within one month after Pure Multi-Family gives such notice, to send to Pure Multi-Family the certificates representing the Notice Units if such Units are certificated, and a written statement that requires Purchaser to purchase all of the Notice Units. If the Dissent Right is being exercised by the Dissenting Holder on behalf of a Beneficial Unitholder who is not the Dissenting Holder, a statement signed by the Beneficial Unitholder is required which sets out whether the Beneficial Unitholder is the beneficial owner of other Units and, if so: (i) the names of the registered owners of such Units, (ii) the number of such Units, and (iii) that dissent is being exercised in respect of all of such Units. Upon delivery of these documents, the Dissenting Holder is deemed to have sold the Units and the Purchaser is deemed to have purchased them. Once the Dissenting Holder has done this, the Dissenting Holder may not vote or exercise any unitholder rights in respect of the Notice Units.

The Dissenting Holder and the Purchaser may agree on the payout value of the Notice Units; otherwise, either party may apply to the Court to determine the payout value of the Notice Units or apply for an order that value be established by arbitration or by reference to the registrar or a referee of the Court. After a determination of the payout value of the Notice Units, the Purchaser must then promptly pay that amount to the Dissenting Holder. Pursuant to the Plan of Arrangement, the Purchaser is required to pay the payout value of the Notice Units.

A Dissenting Holder loses his, her or its Dissent Rights if, before full payment is made for the Notice Units, Pure Multi-Family abandons the Arrangement that has given right to the Dissent Right, a court permanently enjoins the action, or the Dissenting Holder withdraws the Notice of Dissent with Pure Multi-Family's consent. When these events occur, Pure Multi-Family must return the unit certificates, if applicable, to the Dissenting Holder and the Dissenting Holder regains the ability to vote and exercise unitholder rights.

The discussion above is only a summary of the Dissent Rights, which are technical and complex. A Unitholder who intends to exercise Dissent Rights should carefully consider and comply with the provisions of Division 2 of Part 8 of the BCBCA, as may be modified by the Interim Order, the Plan of Arrangement and the Final Order. **Persons who are Beneficial Unitholders registered in the name of an Intermediary or in some other name, who wish to dissent should be aware that only the registered owner of such Units is entitled to dissent.**

It is suggested that any Unitholder wishing to avail himself, herself or itself of the Dissent Rights seek his, her or its own legal advice as failure to comply strictly with the applicable provisions of the BCBCA, as modified by the Interim Order and the Plan of Arrangement, may prejudice the availability of such Dissent Rights. Dissenting Holders should note that the exercise of Dissent Rights can be a complex, time-consuming and expensive process.

Section 246 of the BCBCA outlines certain events when Dissent Rights will cease to apply where such events occur before payment is made to the Dissenting Holders of the fair value of the Units surrendered (including if the Arrangement Resolution is not approved or is otherwise not proceeded with). In such events, the Dissenting Holder will be entitled to the return of the applicable unit certificate(s), if any, and rights as a Unitholder in respect of the applicable Units will be regained.

Any Unitholder wishing to avail himself or herself of the Dissent Rights that, for any reason, does not properly fulfill the dissent procedures in accordance with the applicable requirements, acts inconsistently with such dissent, or who, for any other reason, is not entitled to be paid the fair value of their Units shall be treated as if the Unitholder had participated in the Arrangement on the same basis as a non-dissenting Unitholder.

It is a condition to the completion of the Arrangement that holders of no more than 10% of the issued and outstanding Units have exercised Dissent Rights in respect of the Arrangement.

## PRINCIPAL CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the view of KPMG, tax advisor to Pure Multi-Family, the following is a summary, as of the date hereof, of the principal Canadian federal income tax considerations generally applicable under the Tax Act to a holder (“**Holder**”) of Class A Units or Pure Debentures: (a) who disposes of such Class A Units or Pure Debentures pursuant to this Arrangement, and (b) who: (i) for purposes of the Tax Act and at all relevant times, deals at arm’s length with Pure Multi-Family, and the Governing GP and the Purchaser and is not affiliated with Pure Multi-Family, the Governing GP and the Purchaser, and (ii) holds such Class A Units or Pure Debentures as capital property. Generally, the Class A Units or Pure Debentures will be considered to be capital property to such a Holder provided such Class A Units or Pure Debentures are not held in the course of carrying on a business and have not been acquired in one or more transactions considered to be an adventure or concern in the nature of trade.

This summary is not applicable to a Holder: (i) that is a “financial institution” as defined for purposes of sections 142.2 to 142.7 of the Tax Act (the “**mark-to-market rules**”), (ii) that has made or makes a functional currency reporting election pursuant to section 261 of the Tax Act, (iii) an interest in which is a “tax shelter investment” as defined in the Tax Act (and this summary assumes that no such persons hold Class A Units or Pure Debentures), (iv) that has, directly or indirectly, a “significant interest” as defined in subsection 34.2(1) of the Tax Act in Pure Multi-Family, (v) to which the US REIT or any other affiliate of Pure Multi-Family is or becomes a “foreign affiliate” for purposes of the Tax Act, or (vi) that has entered or enters into a “derivative forward agreement” (as defined in the Tax Act) with respect to the Class A Units and/or Pure Debentures. Any such Holders should consult their own tax advisors to determine the tax consequences to them of the Arrangement.

This summary assumes that: (i) Pure Multi-Family (and each Class A Unit) is not a “tax shelter” or “tax shelter investment”, each as defined in the Tax Act, and (ii) Class A Units of Pure Multi-Family that represent more than 50% of the fair market value of all issued and outstanding Class A Units in Pure Multi-Family are held by Unitholders that are not “financial institutions” as defined for purposes of the mark-to-market rules. However, no assurances can be given in this regard. The tax consequences described herein may be materially and detrimentally different in the event that one or more of these assumptions are not accurate.

This summary is based upon the provisions of the Tax Act in force as of the date hereof, a certificate of representations from an officer of the Governing GP provided to KPMG (the “**Officer’s Certificate**”), and on KPMG’s understanding of the publicly available administrative policies and assessing practices of the Canada Revenue Agency (the “**CRA**”) published prior to the date hereof. This summary takes into account all specific proposals to amend the Tax Act which have been publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the “**Proposed Amendments**”). There can be no assurance that the Proposed Amendments will be enacted in their current form or at all, or that the CRA will not change its administrative policies and assessing practices.

Except for the Proposed Amendments, this summary does not otherwise take into account or anticipate any changes in law or in administrative policies or assessing practices, whether by legislative, governmental or judicial decision or action. There can be no assurances that such changes, if made, might not be retroactive. Modification or amendment of the Tax Act or Proposed Amendments could significantly alter the status of Pure Multi-Family for tax purposes and the tax consequences to Holders. This summary also does not take into account provincial, territorial, U.S., state, or other foreign tax legislation or considerations, which may differ significantly from those discussed in this summary.

**THIS SUMMARY IS OF A GENERAL NATURE ONLY AND IS NOT INTENDED TO BE, NOR SHOULD IT BE CONSTRUED TO BE, LEGAL OR TAX ADVICE TO ANY PARTICULAR HOLDER. THIS SUMMARY IS NOT EXHAUSTIVE OF ALL POSSIBLE CANADIAN FEDERAL INCOME TAX CONSIDERATIONS. HOLDERS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS TO DETERMINE THE PARTICULAR TAX CONSEQUENCES TO THEM OF THE ARRANGEMENT AND ANY OTHER CONSEQUENCES TO THEM IN CONNECTION WITH THE ARRANGEMENT UNDER CANADIAN FEDERAL, PROVINCIAL, TERRITORIAL OR LOCAL TAX LAWS AND UNDER FOREIGN TAX LAWS, HAVING REGARD TO THEIR OWN PARTICULAR CIRCUMSTANCES.**

### Currency

The Tax Act requires all taxpayers to compute their “Canadian tax results” (as defined in the Tax Act) in Canadian currency. Where an amount that is relevant in computing a taxpayer’s Canadian tax results is expressed in a currency other

than Canadian currency, such amount must be converted to Canadian currency using the “relevant spot rate” (as defined by the Tax Act).

### **Status of Pure Multi-Family**

Based on the Officer’s Certificate, this summary assumes that Pure Multi-Family is not, and will not be, at any relevant time, a SIFT partnership (as defined in the Tax Act). If Pure Multi-Family were a SIFT partnership at any relevant time or times, the income tax consequences would, in some respects, be materially and adversely different from those described below.

### **Allocation of Income or Loss of Pure Multi-Family**

The Tax Act provides that if at any time in a fiscal period of a partnership, a person ceases to be a member of the partnership, then for the purposes of allocating income or loss of the partnership to such person, the person is deemed to be a member of the partnership at the end of the fiscal period of the partnership. The Arrangement requires that for the fiscal period of Pure Multi-Family in which the Effective Date occurs, Pure Multi-Family compute its income or loss for the period from January 1 to the Effective Date and that Pure Multi-Family allocate such income or loss to the Unitholders (including Dissenting Holders). The amount of such income (loss) so allocated to a Unitholder will be added to (deducted from) the adjusted cost base of the Class A Units owned by the Unitholder for the purpose of the computation of the Unitholder’s capital gain or loss on the disposition of Class A Units to the Purchaser.

### **Taxation of Unitholders Resident in Canada**

The following portion of this summary is generally applicable to a Holder of Class A Units who, at all relevant times, for purposes of the Tax Act and any applicable income tax convention or treaty is, or is deemed to be, resident in Canada (a “Resident Unitholder”).

#### Sale of Class A Units to the Purchaser

The sale of Class A Units by a Resident Unitholder (including a Dissenting Holder) to the Purchaser will result in a disposition of such Class A Units by the Resident Unitholder for purposes of the Tax Act. The Resident Unitholder will realize a capital gain (or capital loss) equal to the amount, if any, by which the proceeds of disposition of the Class A Units, less any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of such Class A Units to the Resident Unitholder.

#### Capital Gains and Capital Losses

In general, one-half of a capital gain realized by a Resident Unitholder on a disposition of Class A Units, and any net taxable capital gains allocated by Pure Multi-Family to the Resident Unitholder, must be included in computing such Resident Unitholder’s income as a taxable capital gain. One-half of a capital loss realized by a Resident Unitholder on a disposition of Class A Units, and the amount, if any, of allowable capital loss allocated by Pure Multi-Family in respect of such Resident Unitholder, are deductible as an allowable capital loss against taxable capital gains realized in the year and any remaining balance may be deducted against taxable capital gains realized in any of the three years preceding the particular year or any year subsequent to the particular year, to the extent and under the circumstances described in the Tax Act.

#### Alternative Minimum Tax

A Resident Unitholder who is an individual or trust (except for certain trusts) may be liable for alternative minimum tax on certain amounts including capital gains realized by such Resident Unitholder on a disposition of Class A Units as well as the proportionate share of capital gains realized by Pure Multi-Family as allocated to such Resident Unitholder.

### Refundable Tax

A Resident Unitholder which is a “Canadian-controlled private corporation” (as defined in the Tax Act) may also be liable to pay an additional refundable tax on the Resident Unitholder’s share of “aggregate investment income” (as defined in the Tax Act), which includes a taxable capital gain from the disposition of Class A Units by the Resident Unitholder.

### Foreign Tax Credits and Deductions

A Resident Unitholder may be subject to additional U.S. tax on a disposition of Class A Units. If so, such U.S. tax may be deductible as a foreign tax credit from the Resident Unitholder’s Canadian federal income tax otherwise payable for that year, subject to the detailed rules and limitations under the Tax Act, provided that in the event any U.S. tax is withheld that does not represent the final U.S. income tax liability for the year, the Resident Unitholder also files a U.S. federal income tax return to establish the Resident Unitholder’s final U.S. income tax liability for the year and the Resident Unitholder is not entitled to a refund of such withholding tax. The portion of such U.S. tax paid that cannot be claimed as a foreign tax credit will not be deductible as an expense to the Resident Unitholder and will remain unused. Where such Resident Unitholders are not entitled to all benefits under the Convention Between Canada and the United States of America with Respect to Taxes on Income and on Capital, signed September 26, 1980, as amended (the “**Treaty**”), the proceeds receivable on a disposition of Class A Units may not qualify as U.S. source income for purposes of the Tax Act (including for Canadian foreign tax credit purposes), and, where such Resident Unitholders are trusts, their beneficiaries may not be considered to have paid such tax for purposes of the Tax Act and, accordingly, may not be entitled to a foreign tax credit in respect of such U.S. tax for Canadian tax purposes.

The foregoing mechanism for claiming foreign tax credits under the Tax Act in respect of U.S. taxes does not apply to Resident Unitholders that are Plans. A Resident Unitholder that is a Plan will not be entitled to a foreign tax credit under the Tax Act in respect of any U.S. tax paid by the Plan (including any withholding tax imposed on distributions paid to the Plan).

The rules applicable to foreign tax credits under the Tax Act are complex and Resident Unitholders should consult their own tax advisors regarding their ability to claim foreign tax credits under the Tax Act.

See “*Principal U.S. Federal Income Tax Considerations*” for further information on the taxation of the Resident Unitholders for U.S. federal income tax purposes since such taxation directly affects the Resident Unitholder’s entitlement to foreign tax credits outlined above.

### **Taxation of Unitholders Not Resident in Canada**

The following portion of this summary is generally applicable to a Holder of Class A Units (including a Dissenting Holder) who, for purposes of the Tax Act and any applicable income tax convention or treaty, and at all relevant times: (i) is not and has not been a resident or deemed to be a resident of Canada, and (ii) does not use or hold, and is not deemed to use or hold, Class A Units in connection with carrying on a business in Canada (a “**Non-Resident Unitholder**”). Special rules, not discussed in this summary, may apply to a Non-Resident Unitholder that is an insurer carrying on business in Canada and elsewhere.

The following portion of this summary assumes, based on the Officer’s Certificate, that the Class A Units are not, and will not be, “taxable Canadian property” for the purposes of the Tax Act at the time that the Class A Units are sold to the Purchaser.

### Sale of Class A Units to the Purchaser

A Non-Resident Unitholder generally will not be subject to tax under Part I of the Tax Act on any capital gain realized by the Non-Resident Unitholder on the disposition of Class A Units.

**Unitholders should consult their own tax advisors in respect of the tax consequences of the disposition of their Class A Units.**

## **Taxation of Debentureholders Resident in Canada**

The following portion of this summary is generally applicable to a Holder of Pure Debentures who, at all relevant times, for purposes of the Tax Act and any applicable income tax convention or treaty is, or is deemed to be, resident in Canada (a “**Resident Debentureholder**”).

### Sale of Pure Debentures to Purchaser

The sale of Pure Debentures to the Purchaser will result in a disposition of such Pure Debentures for purposes of the Tax Act. The Resident Debentureholder will realize a capital gain (or capital loss) equal to the amount by which the proceeds of disposition, excluding any accrued interest on the Pure Debenture, are greater (or less) than the aggregate of the Resident Debentureholder’s adjusted cost base thereof and any reasonable costs of disposition.

### Capital Gains and Capital Losses

In general, one-half of a capital gain realized by a Resident Debentureholder on a disposition of Pure Debentures must be included in computing such Resident Debentureholder’s income as a taxable capital gain. One-half of a capital loss realized by a Resident Debentureholder on a disposition of Pure Debentures is deductible as an allowable capital loss against taxable capital gains realized in the year and any remainder may be deducted against taxable capital gains in any of the three years preceding the particular year or any year following the particular year to the extent and under the circumstances described in the Tax Act.

### Interest on Pure Debentures

Upon a disposition of a Pure Debenture, interest accrued thereon to the date of disposition and not yet due will be included in computing the Resident Debentureholder’s income, except to the extent such amount was otherwise included in the Resident Debentureholder’s income, and will be excluded in computing the Resident Debentureholder’s proceeds of disposition of the Pure Debenture. A Resident Debentureholder who has over-accrued interest income will generally be entitled to a deduction in computing income for a taxation year in which a Pure Debenture is disposed of for an amount equal to such over-accrued income.

### Refundable Tax

A Resident Debentureholder which is a “Canadian-controlled private corporation” (as defined in the Tax Act) may also be liable to pay an additional refundable tax on the Debentureholder’s “aggregate investment income” (as defined in the Tax Act), which includes amounts in respect of interest on Pure Debentures and taxable capital gains from the disposition of Pure Debentures.

### Foreign Tax Credits or Deductions

A Resident Debentureholder may be subject to additional U.S. tax on a disposition of Pure Debentures. If so, such tax may be eligible for a foreign tax credit, subject to the detailed rules and limitations under the Tax Act, provided that in the event any U.S. tax is withheld that does not represent the final U.S. income tax liability for the year, the Resident Debentureholder also files a U.S. federal income tax return to establish the Resident Debentureholder’s final U.S. income tax liability for the year and the Resident Debentureholder is not entitled to a refund of such withholding tax. The portion of such U.S. tax paid that cannot be claimed as a foreign tax credit will not be deductible as an expense to the Resident Debentureholder and will remain unused. Where a Resident Debentureholder is not entitled to all benefits under the Treaty, the proceeds receivable on a disposition of a Pure Debenture may not qualify as U.S. source income for purposes of the Tax Act (including for Canadian foreign tax credit purposes), and, where such Resident Debentureholders are trusts, their beneficiaries may not be considered to have paid such tax for purposes of the Tax Act and, accordingly, may not be entitled to a foreign tax credit in respect of such U.S. tax for Canadian tax purposes.



### **Taxation of Debentureholders Not Resident in Canada**

The following discussion applies to a Debentureholder who, at all relevant times, for purposes of the Tax Act: (i) is neither resident nor deemed to be resident in Canada, (ii) does not, and is not deemed to, use or hold the Pure Debentures in carrying on a business in Canada, and (iii) is not a person who carries on an insurance business in Canada or elsewhere (a **“Non-Resident Debentureholder”**).

The following portion of this summary assumes, based on the Officer’s Certificate, that the Pure Debentures are not, and will not be, “taxable Canadian property” for the purposes of the Tax Act at the time that the Pure Debentures are sold to the Purchaser.

### **Sale of Pure Debentures to the Purchaser**

The sale of Pure Debentures to the Purchaser will result in a disposition of such Pure Debentures. A Non-Resident Debentureholder will not be subject to tax under the Tax Act in respect of a capital gain realized on the disposition of Pure Debentures.

### **Interest on Pure Debentures**

A Non-Resident Debentureholder will generally not be subject to Canadian income or withholding tax in respect of amounts paid or credited or deemed to have been paid or credited by Pure Multi-Family as, on account or in lieu of, or in satisfaction of, interest on the Pure Debentures.

**Debentureholders should consult their own tax advisors in respect of the tax consequences of the disposition of their Pure Debentures.**

### **PRINCIPAL U.S. FEDERAL INCOME TAX CONSIDERATIONS**

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In the view of Greenberg Traurig, LLP, U.S. tax counsel to Pure Multi-Family, the following is a general summary of certain U.S. federal income tax considerations applicable to a U.S. Holder (as defined below) and to a non-U.S. Holder (as defined below) of Class A Units or Pure Debentures with respect to the Arrangement. This summary is for general information purposes only and does not purport to be a complete discussion of all potential U.S. federal income tax considerations that may apply to a U.S. Holder or a non-U.S. Holder as a result of the Arrangement. This summary does not consider the individual facts and circumstances of any particular holder that may affect the U.S. federal income tax consequences to such holder, including any tax consequences to a holder under an applicable income tax treaty, unless otherwise provided. Accordingly, this summary is not intended to be, and should not be construed as, legal or U.S. federal income tax advice. This summary does not address the U.S. federal alternative minimum, U.S. federal estate and gift, U.S. state and local, and non-U.S. tax consequences to U.S. Holders and non-U.S. Holders of the Arrangement. Except as discussed below, this summary does not discuss reporting requirements. Each U.S. Holder and non-U.S. Holder should consult its own tax advisors regarding the U.S. federal income, U.S. federal alternative minimum, U.S. federal estate and gift, U.S. state and local, and non-U.S. tax consequences of the Arrangement.

No legal opinion from U.S. counsel or ruling from the U.S. Internal Revenue Service (the **“IRS”**) has been requested, or will be obtained, regarding the U.S. federal income tax consequences of the Arrangement. This summary is not binding on the IRS, and the IRS is not precluded from taking a position that is different from, and contrary to, the positions taken in this summary. In addition, because the authorities on which this summary is based are subject to various interpretations, the IRS and the U.S. courts could disagree with one or more of the positions taken in this summary.

This summary is based on the Code, the regulations promulgated under the Code (the **“U.S. Treasury Regulations”**), published rulings of the IRS, published administrative positions of the IRS, the Treaty, and U.S. court decisions that are applicable and, in each case, as in effect and available, as of the date of this Circular. Any of the authorities on which this summary is based could be changed in a material and adverse manner at any time, and any such change could be applied on a retroactive or prospective basis which could affect the U.S. federal income tax considerations described in this summary. This summary does not discuss the potential effects, whether adverse or beneficial, of any proposed legislation that, if enacted, could be applied on a retroactive or prospective basis.

For purposes of this summary, the term “**U.S. Holder**” means a beneficial owner of Class A Units or Pure Debentures participating in the Arrangement that is: (a) an individual who is treated as a citizen or resident of the United States for U.S. federal income tax purposes, (b) a corporation (or other entity taxable as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any state thereof, or the District of Columbia, (c) an estate, the income of which is subject to U.S. federal income taxation regardless of its source, or (d) a trust if it: (i) is subject to the primary supervision of a court within the United States and one or more U.S. persons have the authority to the control all substantial decisions, or (ii) has a valid election in effect under applicable U.S. Treasury Regulations to be treated as a U.S. person.

For purposes of this summary, a “**non-U.S. Holder**” is a beneficial owner of Class A Units or Pure Debentures participating in the Arrangement that is neither a U.S. Holder nor a partnership (or entity or arrangement treated as a partnership) for U.S. federal income tax purposes.

This summary does not address all of the U.S. federal income tax consequences of the Arrangement applicable to holders that are subject to special provisions under the Code, including, but not limited to, holders that, (a) are tax exempt organizations, qualified retirement plans, individual retirement accounts, or other tax deferred accounts, (b) are financial institutions, underwriters, insurance companies, real estate investment trusts, or regulated investment companies, (c) are controlled foreign corporations or passive foreign investment companies under the Code, (d) are brokers or dealers in securities or currencies or holders that are traders in securities that elect to apply a mark-to-market accounting method, (e) are U.S. Holders that have a “functional currency” other than the U.S. dollar, (f) own Class A Units or Pure Debentures as part of a straddle, hedging transaction, conversion transaction, constructive sale, or other arrangement involving more than one position, (g) acquired Class A Units or Pure Debentures in connection with the exercise of employee stock options or otherwise as compensation for services, (h) hold Class A Units or Pure Debentures other than as a capital asset within the meaning of Section 1221 of the Code (generally, property held for investment purposes), (i) are partnerships or other pass-through entities (and investors in such partnerships and entities), (j) are required to accelerate the recognition of any item of gross income with respect to the Class A Units or Pure Debentures as a result of such income being recognized on an applicable financial statement, (k) own or have owned (directly, indirectly, or by attribution) more than 5% of the Pure Debentures or Class A Units that are listed for trading on an established securities market at any time, except as otherwise provided in this summary, or (l) are U.S. expatriates or former long-term residents of the United States. Holders that are subject to special provisions under the Code, including holders described immediately above, should consult their own tax advisors regarding the U.S. and non-U.S. tax consequences relating to the Arrangement.

If an entity or arrangement that is classified as a partnership for U.S. federal income tax purposes holds Class A Units or Pure Debentures, the U.S. federal income tax consequences to such partnership and the partners of such partnership participating in the Arrangement generally will depend in part on the activities of the partnership and the status of such partners. This summary does not address the tax consequences to any such partner or partnership. Partners of entities or arrangements that are classified as partnerships or passthrough entities for U.S. federal income tax purposes should consult their own tax advisors regarding the U.S. federal income tax consequences of the Arrangement.

On December 22, 2017, the Tax Cuts and Jobs Act was signed into law. The Tax Cuts and Jobs Act made significant changes to the U.S. federal income tax rules for taxation of individuals and to the international tax and withholding provisions of the Code, generally effective for taxable years beginning after December 31, 2017. Many of these changes have created uncertainties in the application of various provisions of the Code. See “*Risk Factors*”

**THIS DISCUSSION IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT TAX ADVICE. EACH U.S. AND NON-U.S. HOLDER OF CLASS A UNITS OR PURE DEBENTURES IS URGED TO CONSULT WITH ITS OWN TAX ADVISOR REGARDING THE TAX CONSEQUENCES OF THE ARRANGEMENT, INCLUDING THE APPLICATION AND EFFECT OF U.S. FEDERAL, STATE, LOCAL, NON-U.S., AND OTHER TAX LAWS.**

#### **U.S. Federal Income Tax Classification of Pure Multi-Family**

This summary assumes that Pure Multi-Family is treated as a partnership for U.S. federal income tax purposes. Whether Pure Multi-Family is treated as a partnership in a particular year for U.S. federal income tax purposes depends on the composition of Pure Multi-Family’s gross income for that year. Management of Pure Multi-Family has represented that it believes and expects that the type and amount of Pure Multi-Family’s gross income allows Pure Multi-Family to be

treated as a partnership for U.S. federal income tax purposes since formation through the Closing Date. However, no assurances can be given that Pure Multi-Family will be treated as a partnership for U.S. federal income tax purposes in its current year. The U.S. federal income tax consequences of the Arrangement may be materially adversely affected relative to the description in this summary if Pure Multi-Family is not treated as a partnership for U.S. federal income tax purposes.

### **U.S. Federal Income Tax Treatment of the Pure Debentures**

This summary assumes that the Pure Debentures are treated as debt for U.S. federal income tax purposes. The Pure Debentures are complex financial instruments and no assurance can be given that the IRS or the courts will agree with such treatment or with the tax consequences described below. Pure Multi-Family has not sought any rulings from the IRS concerning the treatment of the Pure Debentures and the tax consequences described below are not binding on the IRS or the courts, either of which could disagree with the explanations or conclusions contained in this summary. Accordingly, holders of Pure Debentures should consult with their tax advisors regarding the consequences to them of the possible re-characterization of the Pure Debentures as equity (or otherwise) for U.S. federal income tax purposes. As a general matter, however, to the extent the Pure Debentures are re-characterized as equity for U.S. federal income tax purposes, the tax consequences should be as described with respect to the Class A Units.

The remainder of this discussion assumes the Pure Debentures are treated as debt for U.S. federal income tax purposes.

This summary also assumes that the Pure Debentures were not issued with original issue discount for U.S. federal income tax purposes.

### **U.S. Federal Income Tax Consequences of the Arrangement to Non-U.S. Holders of Class A Units**

#### Exchange of Class A Units for the Consideration

A non-U.S. Holder's exchange of Class A Units for the Consideration will be a taxable transaction for U.S. federal income tax purposes, subject to the Unit 5 Percent Exception described below. Accordingly, subject to the Unit 5 Percent Exception described below, a non-U.S. Holder will recognize gain or loss in an amount equal to the difference between the amount of cash received by the holder and the holder's adjusted tax basis in the Class A Units. A non-U.S. Holder's amount realized will be measured by the sum of the cash received in the exchange by him plus the non-U.S. Holder's share of Pure Multi-Family's nonrecourse liabilities (if any). To the extent the Class A Units were acquired by a non-U.S. Holder cash basis taxpayer (or an accrual taxpayer who elects so) in a currency other than U.S. dollars, the non-U.S. Holder's U.S. tax basis of the Class A Units should generally be equal to the U.S. dollar value of the foreign currency on the settlement date of the acquisition. Likewise, to the extent the amount realized upon a disposition of Class A Units by a cash basis taxpayer (or an accrual basis taxpayer who elects so) is in a currency other than U.S. dollars, the amount realized generally should equal the U.S. dollar value of the foreign currency on the settlement date of the disposition.

Under the Foreign Investment in Real Property Tax Act of 1980, as amended ("**FIRPTA**"), a non-U.S. person's gain from the disposition of a United States real property interest ("**USRPI**") is generally treated as income effectively connected with a U.S. trade or business ("**ECI**") and is subject to U.S. federal income tax, withholding, and filing requirements and is not exempt under the Treaty. A USRPI generally includes shares in corporations organized in the United States, such as the US REIT, the fair market value of whose interests in real property located in the United States, at any time in a five-year testing period, equals or exceeds 50 percent of the fair market value of the sum of its interests in real property located in the United States, its interests in real property located outside the United States and its other assets used or held for use in a trade or business. Management of Pure Multi-Family believes that the shares of the US REIT held by Pure Multi-Family are USRPIs because substantially all of the assets of the US REIT consist of its investments in U.S. real estate.

Under a "look-through" rule, a non-U.S. person's gain from disposition of an interest in an entity treated as a partnership for U.S. federal income tax purposes, wherever organized, is treated as gain from disposition of an interest in a USRPI to the extent gain on the disposition of the partnership interest is attributable to USRPIs, such as the US REIT stock owned by Pure Multi-Family. Therefore, subject to the Unit 5 Percent Exception described below, gain on the exchange of the Class A Units by a non-U.S. Holder under the Arrangement generally will be treated as ECI and the taxable amount (gain

reduced by allocable deductions, if any) will be subject to U.S. federal income tax at graduated rates, which would be reported on a U.S. federal income tax return using a U.S. taxpayer identification number ("**U.S. TIN**").

Additionally, a non-U.S. person's gain from the disposition of an interest in a partnership which is engaged in a U.S. trade or business is generally treated, in whole or in part, as ECI, regardless of the Unit 5 Percent Exception described below. Management of Pure Multi-Family has represented (and this summary assumes) that Pure Multi-Family has not and will not be engaged in a trade or business in the United States at any time during any taxable year. If, contrary to Management's expectations, Pure Multi-Family were engaged in a U.S. trade or business, then gain or loss from the sale of the Class A Units by a non-U.S. Holder would be treated as effectively connected with such trade or business to the extent that such non-U.S. Holder would have had effectively connected gain or loss had Pure Multi-Family sold all of its assets at their fair market value as of the date of such sale. In such case, any such effectively connected gain would be taxable at the regular graduated U.S. federal income tax rates (regardless of the Unit 5 Percent Exception described below), which would be reported on a U.S. federal income tax return using a U.S. TIN. Because the Unit 5 Percent Exception described below would not be applicable to gain that would be realized on a hypothetical disposition of Pure Multi-Family's shares of the US REIT, it is likely that a non-U.S. Holder would have substantially more effectively connected gain from a disposition of an interest in Pure Multi-Family if Pure Multi-Family is engaged in a U.S. trade or business.

#### Unit 5 Percent Exception

A non-U.S. Holder of Class A Units generally will not be subject to U.S. federal income tax and should not generally have a U.S. federal income tax filing requirement on the exchange of the Class A Units under the Arrangement as long as the Class A Units are "regularly traded on an established securities market" and the holder does not hold, actually or constructively, more than 5 percent of the outstanding Class A Units at any time during the shorter of the five-year period ending on the date of disposition, or the period that such Class A Units were held (the "**Unit 5 Percent Exception**"). Complex constructive ownership and attribution rules apply to determining whether a holder qualifies for the Unit 5 Percent Exception. Non-U.S. Holders of Units should consult their own tax advisors regarding these rules.

Class A Units are currently listed on both the TSX and the OTCQX. An established securities market includes national securities exchanges outside the United States that are officially recognized, sanctioned or supervised by governmental authority and should include the TSX. An established securities market also includes an over-the-counter market that is reflected by the existence of an interdealer quotation system. An interdealer quotation system is any system of general circulation to brokers and dealers which regularly disseminates quotations of stocks and securities by identified brokers or dealers, other than by quotation sheets which are prepared and distributed by a broker or dealer in the regular course of business and which contain only quotations of such broker or dealer.

In general terms, the U.S. Treasury Regulations consider interests in a partnership traded on a non-U.S. exchange like the TSX to be regularly traded in a particular quarter if each of four tests is met (the "**TSX Publicly Traded Exception**").

First, trades are effected, other than in *de minimis* quantities, on at least 15 days during the calendar quarter.

Second, the aggregate number of units traded in the calendar quarter as a percentage of the average number of units in such class outstanding during the calendar quarter equals or exceeds a minimum threshold. The minimum quarterly threshold is 2.5 percent if the average number of partners of record is 2,500 or more and 7.5 percent otherwise. Although not entirely free from doubt, a partner of record for this purpose is likely to include the beneficial non-U.S. Holder rather than a nominee or custodian.

Third, 100 or fewer persons do not own or constructively own 50 percent or more of the outstanding class of partnership units at any time in the calendar quarter.

Fourth, the partnership units are traded in registered form and the partnership meets certain reporting requirements, which include identifying each person who, at any time in the year, was the beneficial owner of more than 5 percent of any class of units in the partnership that are traded.

Where the Class A Units are regularly traded on both the TSX and a U.S. established securities market, such as the OTCQX, during a calendar year, the aforementioned four tests generally should not need to be met for such calendar year if

trading activity on the U.S. established securities market satisfies different set of requirements (the “**U.S. Publicly Traded Exception**”).

Under the U.S. Publicly Traded Exception, unlike the TSX Publicly Traded Exception, there is no specific requirement as to the volume of trading that must occur. The U.S. Treasury Regulations provide that a class of interests (such as the Class A Units) that is traded on an established securities market located in the United States is considered to be regularly traded for any calendar quarter during which it is regularly quoted by brokers or dealers making a market in such interest. A broker or dealer makes a market in a class of interests only if the broker or dealer holds himself out to buy or sell interests in such class at the quoted price.

Under applicable U.S. securities laws, the OTCQX tiers of OTC Markets Group Inc. are over-the-counter markets that have an interdealer quotation system of general circulation to brokers and dealers which regularly disseminates quotations of stocks and securities by identified brokers or dealers, other than by quotation sheets prepared and distributed by a broker or dealer in the regular course of business and which contain only quotations of such broker or dealer. As such, the OTCQX tiers of OTC Markets Group Inc. should be treated as an “established securities market” located in the United States. For each calendar quarter during which the Class A Units are regularly quoted on the OTCQX, the Class A Units should be treated as regularly traded on an established securities market in the United States and, accordingly, gain on sales of Class A Units by non-U.S. Holders that own 5% or less of the outstanding Class A Units during the applicable testing period would not be subject to U.S. federal income tax. Neither the Code, the applicable U.S. Treasury Regulations, administrative pronouncements nor judicial decisions provide guidance as to the frequency or duration with which the Class A Units must be quoted and traded during a calendar quarter to be considered “regularly traded” on an established securities market located in the United States. Due to the lack of guidance, non-U.S. Holders of Class A Units are cautioned that there can be no assurance that the IRS will concur that the U.S. Publicly Traded Exception is satisfied by Pure Multi-Family at any time.

Management of Pure Multi-Family has represented that it believes the Class A Units have satisfied the regularly traded standards of the U.S. Treasury Regulations in previous calendar quarters. Management has also represented that it has and will continue to have procedures in place to monitor the “regularly traded” standards of the U.S. Treasury Regulations. However, since certain of the requirements are based on factual matters and future events that are beyond Management’s control, Management cannot provide assurances that each of the requirements in the U.S. Treasury Regulations will be met for the calendar quarter in which the Arrangement occurs.

Non-U.S. Holders of Class A Units that meet the Unit 5 Percent Exception may still be subject to U.S. federal income tax if either:

- (a) the non-U.S. Holder is an individual who is present in the United States for 183 days or more in the taxable year of the disposition and certain other conditions are met; or
- (b) the gain is effectively connected with the conduct by the non-U.S. Holder of a trade or business within the United States unless such holder is a resident under the Treaty (or another U.S. income tax treaty) and such gain is not considered attributable to an U.S. permanent establishment.

A non-U.S. Holder of Class A Units described in (a) or (b) is subject to similar U.S. federal income tax consequences as described above under “*Exchange of Class A Units for the Consideration*”.

#### Purchaser’s Withholding Obligations

A purchaser is generally required to withhold 15 percent U.S. tax upon the purchase of Class A Units from a non-U.S. Holder. However, a purchaser of Class A Units is not required to withhold such tax if the Class A Units are considered “regularly traded on an established securities market,” regardless of whether the selling non-U.S. Holder meets the Unit 5 Percent Exception discussed above. For this withholding purpose, a class of interests is presumed to be regularly traded during a calendar quarter if such interests were regularly traded on an established securities market during the previous calendar quarter.



If the Class A Units are not considered “regularly traded on an established securities market” for withholding purposes, a purchaser of Class A Units will be required to withhold tax at the rate of 15 percent of the amount realized from the sale and to report and remit such tax to the IRS. Such withheld amount would not be an additional tax but would be a credit against the selling non-U.S. Holder’s U.S. federal income tax liability arising from the sale. A selling non-U.S. Holder that has sufficient proof of withholding may generally recover any excess withholding by filing a U.S. federal income tax return (with a U.S. TIN), provided the return is filed no later than two years after the tax is withheld.

Under the Arrangement Agreement, no withholding agent is permitted to make any such withholding (or withholding under Section 1446 of the Code; see discussion below) unless the Purchaser notifies Pure Multi-Family in writing of its determination to withhold and the reasons therefor at least 10 business days prior to the Meeting, in which event the parties agree to use commercially reasonable efforts to reduce or eliminate such proposed withholding, including but not limited to providing and accepting any certifications or representations that are reasonably available or appropriate to reduce or eliminate the withholding requirement.

Additionally, if Pure Multi-Family is engaged in a U.S. trade or business, a purchaser may be required to withhold 10 percent U.S. tax upon the purchase of Class A Units from a non-U.S. Holder under Section 1446(f) of the Code. Management of Pure Multi-Family has represented that Pure Multi-Family has not and will not be engaged in a trade or business in the United States at any time during any taxable year. If, contrary to Management’s expectations, Pure Multi-Family were engaged in a U.S. trade or business, the amount realized from the sale of Class A Units by a non-U.S. Holder generally may be subject to a 10% U.S. federal withholding tax under Section 1446(f) of the Code.

Notwithstanding the foregoing, pursuant to IRS Notice 2018-8, the withholding rules under Section 1446(f) of the Code have been suspended with respect to dispositions of interests in publicly traded partnerships, until final regulations or other guidance is issued on how to withhold, deposit, and report the tax withheld for such dispositions. For this purpose, a “publicly traded partnership” means a partnership the interests in which are: (i) traded on an established securities market, or (ii) readily tradable on a secondary market (or the substantial equivalent thereof). Pure Multi-Family should be treated as a publicly traded partnership under these tests. Although recently proposed U.S. Treasury Regulations would end the suspension of the withholding rules under Section 1446(f) of the Code with respect to dispositions of interests in publicly traded partnerships, the proposed Regulations would only apply to transfers that occur on or after the date that is 60 days after the proposed Regulations are published as final Regulations.

## **U.S. Federal Income Tax Consequences of the Arrangement to Non-U.S. Holders of Pure Debentures**

### **Exchange of Pure Debentures for the Debenture Consideration**

A non-U.S. Holder’s exchange of the Pure Debentures for the Debenture Consideration will be a taxable transaction for U.S. federal income tax purposes, subject to the Debenture 5 Percent Exception described below. Accordingly, subject to the Debenture 5 Percent Exception described below, a non-U.S. Holder generally will recognize gain or loss in an amount equal to the difference between the holder’s amount realized and the holder’s adjusted tax basis in the Pure Debentures. A non-U.S. Holder’s amount realized will equal the cash payment received under the Arrangement, minus the accrued and unpaid interest on the Pure Debentures up to and including the Effective Date. To the extent the Pure Debentures were acquired by a non-U.S. Holder cash basis taxpayer (or an accrual taxpayer who elects so) in a currency other than U.S. dollars, the non-U.S. Holder’s U.S. tax basis of the Pure Debentures should generally be equal to the U.S. dollar value of the foreign currency on the settlement date of the acquisition. Likewise, to the extent the amount realized upon a disposition of Pure Debentures by a cash basis taxpayer (or an accrual basis taxpayer who elects so) is in a currency other than U.S. dollars, the amount realized generally should equal the U.S. dollar value of the foreign currency on the settlement date of the disposition. Payments attributable to accrued and unpaid interest will be taxed as interest in the manner described under “*Payments of Interest*” below.

A debt instrument, such as a Pure Debenture, that is convertible into equity of a partnership is considered an interest in the partnership “other than solely as a creditor” and its disposition is treated in a manner similar to the disposition of an interest in a partnership owning USRPIs. Thus, gain from the disposition of the Pure Debenture will be treated as gain from the disposition of a USRPI to the extent attributable to gain of the US REIT owned by Pure Multi-Family.



Therefore, subject to the Debenture 5 Percent Exception described below, gain on the exchange of the Pure Debentures by a non-U.S. Holder under the Arrangement generally should be treated as ECI. The taxable amount (gain reduced by allocable deductions, if any) will be subject to U.S. federal income tax at graduated rates, similar to the tax consequences described above under *“U.S. Federal Income Tax Consequences of the Arrangement to Non-U.S. Holders of Class A Units — Exchange of Class A Units for the Consideration”* with respect to Class A Units not considered “regularly traded on an established securities market.”

#### Debenture 5 Percent Exception

A non-U.S. Holder should not be subject to U.S. federal income tax and should not generally have a U.S. federal income tax filing requirement on the exchange of the Pure Debentures under the Arrangement as long as the Class A Units are regularly traded on an established securities market (see *“U.S. Federal Income Tax Consequences of the Arrangement to Non-U.S. Holders of Class A Units — Unit 5 Percent Exception”* above for a discussion of determining whether the Class A Units are considered to be regularly traded on an established securities market), and provided also one of the following two conditions is satisfied (collectively, the **“Debenture 5 Percent Exception”**):

- (a) if, contrary to Management’s expectations, the Pure Debentures are themselves considered to be regularly traded on an established securities market (see *“U.S. Federal Income Tax Consequences of the Arrangement to Non-U.S. Holders of Class A Units — Unit 5 Percent Exception”* above for when a class of securities is considered to be regularly traded on an established securities market) and the non-U.S. Holder does not hold, actually or constructively, more than 5 percent of the outstanding Pure Debentures at any time during the shorter of the five-year period ending on the date of the disposition or the period the Pure Debentures are held; or
- (b) if the Pure Debentures are not themselves considered to be regularly traded on an established securities market, but on the date the Pure Debentures were acquired by the non-U.S. Holder, the Pure Debentures had a fair market value less than or equal to 5 percent of the fair market value of Pure Multi-Family’s total outstanding Class A Units and this ownership test continued to be met if a holder subsequently purchased additional Pure Debentures (this condition, the **“Non-Traded Debenture 5 Percent Exception”**).

Complex constructive ownership and attribution rules apply in determining whether a person qualifies for the Debenture 5 Percent Exception. Non-U.S. Holders of Pure Debentures should consult their own tax advisors regarding these rules.

#### Payments of Interest

Pure Multi-Family is assumed to be treated as a business entity organized outside the United States that is treated as a partnership and that is not subject to U.S. federal income tax. Further, Management has represented that Pure Multi-Family has not and will not be engaged in a trade or business in the United States at any time during any taxable year. As a result, interest paid on the Pure Debentures by Pure Multi-Family to non-U.S. Holders should be treated as non-U.S. source interest income. Non-U.S. source interest income is not generally subject to U.S. federal income tax and does not result in a U.S. federal income tax filing requirement to a non-U.S. Holder unless the interest income is treated as ECI of the non-U.S. Holder.

Non-U.S. source interest income that is treated as ECI of a non-U.S. Holder is generally subject to U.S. federal income tax on a net income basis at graduated rates, in the same manner as for U.S. persons, unless such holder is a resident under the Treaty (or another U.S. income tax treaty) and such interest is not considered attributable to an U.S. permanent establishment. If the non-U.S. Holder earning interest that is ECI is a corporation, the interest may also be subject to an additional branch profits tax of 30 percent. The branch profits tax rate is generally 5 percent under the Treaty, but may be reduced to zero in certain circumstances.

#### Purchaser’s Withholding Obligations

A purchaser is generally required to withhold 15 percent U.S. tax upon the purchase of Pure Debentures from a non-U.S. Holder. However, a purchaser of Pure Debentures is not required to withhold tax if the Pure Debentures are themselves considered “regularly traded on an established securities market,” regardless of whether the selling non-U.S.

Holder owns more than 5 percent (actually or constructively) of all of the Pure Debentures outstanding. Management of Pure Multi-Family does not expect the Pure Debentures themselves to be considered “regularly traded on an established securities market.”

If the Pure Debentures themselves are not considered “regularly traded on an established securities market,” a purchaser is required to withhold tax at the rate of 15 percent of the amount realized from the sale and to report and remit such tax to the IRS if, on the date the Pure Debentures were acquired by the selling holder the Pure Debentures had a fair market value greater than 5 percent of the fair market value of Pure Multi-Family’s total outstanding Class A Units (i.e., the selling holder did not meet the Non-Traded Debenture 5 Percent Exception). Such withheld amount would not be an additional tax but would be a credit against the selling non-U.S. Holder’s U.S. federal income tax liability arising from the sale. A selling non-U.S. Holder that has sufficient proof of withholding may generally recover any excess withholding by filing a U.S. federal income tax return (with a U.S. TIN), provided the return is filed no later than two years after the tax is withheld.

The Purchaser may not be able to determine whether a seller of the Pure Debenture meets the Non-Traded Debenture 5 Percent Exception and, therefore, may be required to withhold 15 percent upon the purchase of Pure Debentures. Under the Arrangement Agreement, no withholding agent is permitted to make any such withholding unless the Purchaser notifies Pure Multi-Family in writing of its determination to withhold and the reasons therefor at least 10 business days prior to the Meeting, in which event the parties agree to use commercially reasonable efforts to reduce or eliminate such proposed withholding, including but not limited to providing and accepting any certifications or representations that are reasonably available or appropriate to reduce or eliminate the withholding requirement.

#### **Backup Withholding and Information Reporting on Non-U.S. Holders**

The payment of gross proceeds from the disposition of Class A Units or Pure Debentures to or through the U.S. office of any broker (U.S. or foreign) will generally be subject to information reporting and possible backup withholding unless the non-U.S. Holder certifies as to its non-U.S. status under penalties of perjury (generally on an IRS Form W-8BEN or IRS Form W-8BEN-E) or otherwise establishes an exemption, provided that the broker does not have actual knowledge or reason to know that the holder is a U.S. person or that the conditions of any other exemption are not, in fact, satisfied. The payment of gross proceeds from the disposition of Class A Units or Pure Debentures to or through a non-U.S. office of a non-U.S. broker will not be subject to information reporting or backup withholding unless the non-U.S. broker has certain types of relationships with the United States (a “**U.S. related person**”). In the case of the payment of the proceeds from the disposition of Class A Units or Pure Debentures to or through a non-U.S. office of a broker that is either a U.S. person or a U.S. related person, the U.S. Treasury Regulations require information reporting (but not backup withholding) on the payment unless the broker has documentary evidence in its files that the holder is not a U.S. person and the broker has no knowledge to the contrary. Non-U.S. Holders of Class A Units or Pure Debentures should consult their own tax advisors on the application of information reporting and backup withholding to them in light of their particular circumstances.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules from a payment to a non-U.S. Holder may be refunded or credited against the holder’s U.S. federal income tax liability, if any, if the holder provides the required information to the IRS on a timely basis. Non-U.S. Holders of Class A Units or Pure Debentures should consult their own tax advisors regarding the filing of a U.S. tax return for claiming a refund of such backup withholding.

#### **U.S. Federal Income Tax Consequences of the Arrangement to U.S. Holders**

##### Exchange of Class A Units for the Consideration

A U.S. Holder’s exchange of Class A Units for the Consideration pursuant to the Arrangement will be a taxable transaction for U.S. federal income tax purposes. Accordingly, a U.S. Holder will recognize gain or loss in an amount equal to the difference between the holder’s amount realized and the holder’s adjusted tax basis in the Class A Units. A U.S. Holder’s amount realized will be measured by the sum of the cash received in the exchange plus the U.S. Holder’s share of Pure Multi-Family’s nonrecourse liabilities (if any).

Except as noted below, gain or loss recognized by a U.S. Holder on the exchange of Class A Units will generally be capital gain or loss and will be long-term capital gain or loss if such Class A Units have been held for more than one year. However, a portion of this gain or loss is separately computed and taxed as ordinary income or loss under Section 751 of the Code to the extent attributable to “unrealized receivables,” including potential recapture items such as depreciation recapture, or to “inventory items” of Pure Multi-Family. The amount of gain or loss taxed to a U.S. Holder as ordinary income or loss under Section 751 of the Code on the exchange of Class A Units should not be substantial.

Preferential tax rates for long-term capital gains are generally applicable to a U.S. Holder that is an individual, estate or trust. There are no preferential tax rates for long-term capital gains for a U.S. Holder that is a corporation. A U.S. Holder’s ability to deduct capital losses is subject to significant limitations under the Code.

Certain U.S. Holders that are individuals, estates, or trusts are subject to an additional tax on net investment income. For these purposes, net investment income includes gain recognized from the exchange of the Units.

U.S. Holders who purchased Class A Units at different times and will exchange the Class A Units within a year of their most recent purchase are urged to consult their tax advisors regarding the application of certain “split holding period” rules to them and the treatment of any gain or loss as long-term or short-term capital gain or loss. U.S. Holders in publicly traded partnerships may choose to use the actual holding period for each unit sold provided certain requirements are met. U.S. Holders of Class A Units should consult their tax advisors regarding these rules.

#### Exchange of Pure Debentures for the Debenture Consideration

A U.S. Holder’s exchange of the Pure Debentures for the Debenture Consideration will be a taxable transaction for U.S. federal income tax purposes. Accordingly, a U.S. Holder will recognize gain or loss (if any) in an amount equal to the difference between the holder’s amount realized and the holder’s adjusted tax basis in the Pure Debentures. For these purposes, the amount realized does not include any amount attributable to accrued and unpaid interest. Amounts attributable to accrued and unpaid interest will be taxed as interest in the manner described under “*Payments of Interest*” below.

A U.S. Holder’s amount realized generally will equal the amount of cash received in the exchange. A U.S. Holder’s adjusted tax basis in a Pure Debenture generally will be the amount paid for the Pure Debenture, increased by any market discount previously included in income with respect to the Pure Debenture and decreased (but not below zero) by bond premium amortized with respect to the Pure Debenture.

Except as described below with respect to accrued market discount, gain or loss recognized by a U.S. Holder on the exchange of Pure Debentures will generally be capital gain or loss and will be long-term capital gain or loss if such Pure Debentures have been held for more than one year. Preferential tax rates for long-term capital gains are generally applicable to a U.S. Holder that is an individual, estate or trust. There are no preferential tax rates for long-term capital gains for a U.S. Holder that is a corporation. A U.S. Holder’s ability to deduct capital losses is subject to significant limitations under the Code.

A U.S. Holder will be considered to have acquired a Pure Debenture with market discount if the stated principal amount of such Pure Debenture exceeded the U.S. Holder’s initial tax basis in such Pure Debenture by more than a *de minimis* amount. If a U.S. Holder’s Pure Debentures were acquired with market discount, any gain that recognized on the exchange would be treated as ordinary income to the extent of the market discount that accrued during the U.S. Holder’s period of ownership, unless the U.S. Holder previously had elected to include market discount in income as it accrued for U.S. federal income tax purposes.

Certain U.S. Holders that are individuals, estates, or trusts are subject to an additional tax on net investment income. For these purposes, net investment income includes gain recognized from the exchange of the Pure Debentures.

### Payments of Interest

The portion of the Debenture Consideration attributable to accrued and unpaid interest on the Pure Debentures generally will be taxable to a U.S. Holder as ordinary income at the time it is received or accrued, in accordance with the U.S. Holder's usual method of accounting for tax purposes.

### Information Reporting and Backup Withholding

Payments of cash made within the U.S. or by a U.S. payor or U.S. middleman in connection with the Arrangement may be subject to information reporting and backup withholding tax, currently at a rate of 24%, if a U.S. Holder: (a) fails to furnish such U.S. Holder's correct U.S. taxpayer identification number and other required information (generally on an IRS Form W-9), (b) furnishes an incorrect U.S. taxpayer identification number, or (c) fails to establish that such U.S. Holder is otherwise exempt from backup withholding. Backup withholding is not an additional tax. Any amounts withheld under the U.S. backup withholding tax rules will be allowed as a credit against a U.S. Holder's U.S. federal income tax liability, if any, or will be refunded, if such U.S. Holder furnishes required information to the IRS in a timely manner. Each U.S. Holder should consult its own tax advisor regarding the information reporting and backup withholding rules in their particular circumstances and the availability of and procedures for obtaining an exemption from backup withholding.

Provided that a U.S. Holder appropriately certifies its U.S. status, no withholding will be required under Sections 1445 or 1446 of the Code, even if such withholding would be required with respect to a non-U.S. Holder under the rules described above.

## **RISK FACTORS**

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**Unitholders should carefully consider the following risks related to the Arrangement, in addition to the other risks described elsewhere in this Circular, in evaluating whether to approve the Arrangement Resolution. Additional risks and uncertainties, including those currently unknown to or considered immaterial by Pure Multi-Family may also adversely affect the Arrangement. The following risk factors are not an exhaustive list of all risk factors associated with the Arrangement.**

### **Risks of non-completion of the Arrangement**

There are risks to Pure Multi-Family of the Arrangement not being completed, including the costs to Pure Multi-Family incurred in pursuing the Arrangement, the consequences and opportunity costs of the suspension of strategic pursuits of Pure Multi-Family in accordance with the terms of the Arrangement Agreement and the risks associated with the diversion of Management's attention away from the conduct of Pure Multi-Family's business in the ordinary course.

If the Arrangement is not completed, the market price of the Units of the Pure Debentures may be materially adversely affected. In addition, if the Arrangement is not completed for any reason, there are risks that the announcement of the Arrangement and the dedication of substantial resources of Pure Multi-Family to the completion thereof could have a negative impact on Pure Multi-Family's current business relationships and could have a material adverse effect on the current and future operations, financial conditions and prospects of Pure Multi-Family. If the Arrangement is not completed and the Board decides to seek an alternative transaction, there can be no assurance that it will be able to find a party willing to pay consideration for the Units of the Pure Debentures that is equivalent to, or more attractive than, the Consideration or the Debenture Consideration to be received by the Unitholders or Debentureholders, respectively, pursuant to the Arrangement.

### **Conditions precedent to Closing of the Arrangement may not be satisfied**

The completion of the Arrangement is subject to a number of conditions precedent, some of which are outside of Pure Multi-Family's and the Purchaser's control, including, without limitation, receipt of the Unitholder Approval, receipt of the Final Order, and there being no applicable Law or order in effect that makes the consummation of the Arrangement illegal or otherwise restricts, prevents or prohibits the Arrangement. In addition, completion of the Arrangement by the Purchaser is conditional on, among other things, there having not occurred any change, event, state of factors or development that has had or would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect and the receipt by the Purchaser of the REIT Tax Opinion. There can be no certainty, nor can Pure Multi-Family or the

Purchaser provide any assurance, that all conditions precedent to the Arrangement will be satisfied or waived, or, if satisfied or waived, when they will be satisfied or waived, and as such, completion of the Arrangement is uncertain. See “Arrangement Agreement – Conditions to Closing the Arrangement”.

### **Termination of the Arrangement Agreement**

Each of Pure Multi-Family and the Purchaser has the right, in certain circumstances, to terminate the Arrangement Agreement. Accordingly, there can be no certainty, nor can Pure Multi-Family provide any assurance, that the Arrangement Agreement will not be terminated by either of Pure Multi-Family or the Purchaser prior to the completion of the Arrangement. Further, if the Arrangement Agreement is terminated under certain circumstances, Pure Multi-Family may be required to pay Pure Multi-Family Termination Fee or the Purchaser Expenses. See “Arrangement Agreement – Termination of the Arrangement Agreement” and “Arrangement Agreement – Termination Fee and Reverse Termination Amount”.

### **Pure Multi-Family Termination Fee may discourage other parties from proposing a significant business transaction with Pure Multi-Family**

Pursuant to the Arrangement Agreement, Pure Multi-Family is required to pay the Purchaser the Termination Fee in the event the Arrangement Agreement is terminated following the occurrence of certain events, including a Superior Proposal. The Termination Fee may discourage other parties from participating in a transaction with Pure Multi-Family. See “Arrangement Agreement – Termination of the Arrangement Agreement”.

### **No right of specific performance**

If the Purchaser fails to complete the Arrangement when required to, Pure Multi-Family is not entitled to specifically enforce the Arrangement Agreement. Pure Multi-Family’s exclusive remedy will be limited to the Reverse Termination Amount in the circumstances in which it is payable.

### **Conduct of Pure Multi-Family’s business**

Under the Arrangement Agreement, Pure Multi-Family must generally conduct its business in the ordinary course, and Pure Multi-Family is, prior to the completion of the Arrangement or the termination of the Arrangement Agreement, subject to covenants prohibiting Pure Multi-Family from taking certain actions without the prior consent of the Purchaser to carry out certain actions, which may delay or prevent Pure Multi-Family from pursuing business opportunities that may arise or preclude actions that would otherwise be advisable if Pure Multi-Family were to remain a publicly traded issuer.

### **Pure Multi-Family will incur costs**

Certain costs related to the Arrangement, such as legal, accounting and certain financial advisor fees, must be paid by Pure Multi-Family even if the Arrangement is not completed. See “The Arrangement – Expenses”.

### **No continued benefit of Unit or Pure Debenture ownership**

The Arrangement will result in Pure Multi-Family no longer existing as a publicly traded issuer and, as such: (i) Unitholders will not benefit from any appreciation in the value of, or distributions on, their Units after the completion of the Arrangement, and (ii) Debentureholders will not benefit from any appreciation in the value of, or interest payments on, their Pure Debentures after the completion of the Arrangement.

### **Purchaser’s financing**

As of the date of this Circular, the Purchaser has no material assets and requires third party financing from Cortland and/or one or more external financing sources in order to consummate the Arrangement. If the conditions precedent to the Purchaser’s financing are not satisfied, or the Purchaser’s financing sources otherwise do not advance the funds the Purchaser requires to consummate the Arrangement, the Purchaser may not be able to complete the Arrangement even if all of the conditions to Closing in the Arrangement Agreement have been satisfied or waived and Pure Multi-Family would rely on the Limited Guarantee.

**Consideration to be received by Unitholders and Debentureholders is payable in U.S. dollars**

The consideration for the Units and Pure Debentures will be paid in U.S. dollars (or in Canadian dollars if such an election is made in the Letter of Transmittal), which may result in Unitholders and Debentureholders assuming currency-related risk. See *“Procedures for the Surrender of Certificates and Payment of Consideration and Debenture Consideration – Surrender of Certificates and Payment of Consideration to Unitholders and Debentureholders – Currency of Payment”*.

**The Arrangement will result in tax payable by most Unitholders and Debentureholders**

The Arrangement will be a taxable transaction for most Unitholders and Debentureholders and, as a result, Taxes will generally be required to be paid by such Unitholders or Debentureholders on any income and gains that result from receipt of the Consideration or the Debenture Consideration, as applicable, under the Arrangement. Unitholders and Debentureholders are advised to consult with their own tax advisors to determine the tax consequences of the Arrangement to them. See *“Principal Canadian Federal Income Tax Considerations”* and *“Principal U.S. Federal Income Tax Considerations”*.

**Interests of certain Persons in the Arrangement**

Certain Directors and Executive Officers may have interests in the Arrangement that may be different from, or in addition to, the interests of Unitholders generally including, but not limited to, those interests discussed under the heading *“The Arrangement – Interests of Certain Persons in the Arrangement”*.

**FIRPTA**

A non-U.S. person disposing of a USRPI, including shares of a U.S. corporation (such as the US REIT) whose assets consist principally of USRPIs, is generally subject to U.S. federal income tax under FIRPTA, on the gain recognized on the disposition and is required to file a U.S. federal income tax return reporting this disposition, and the Purchaser may be required to withhold 15% U.S. tax from amounts payable to such persons. Under a “look-through” rule, a non-U.S. person’s gain from disposition of an interest in an entity treated as a partnership for U.S. federal income tax purposes, wherever organized, is treated as gain from disposition of an interest in a USRPI to the extent gain on the disposition of the partnership interest is attributable to USRPIs, such as the US REIT stock owned by Pure Multi-Family. FIRPTA does not apply, however, to the disposition of an interest in a partnership if the class of such interests is considered “regularly traded on an established securities market” and the non-U.S. person does not hold, actually or constructively, more than 5% of the outstanding interests at any time during the five-year period ending on the date of disposition or such shorter period that the interests were held.

Management of Pure Multi-Family has represented that it believes the Class A Units have satisfied the regularly traded standards of the U.S. Treasury Regulations in previous calendar quarters. Management has also has represented that it has and will continue to have procedures in place to monitor the regularly traded standards of the U.S. Treasury Regulations. However, since certain of the requirements are based on factual matters and future events that are beyond Management’s control, Management cannot provide assurances that each of the requirements in the U.S. Treasury Regulations will be met for the calendar quarter in which the Transaction occurs. See *“Certain U.S. Federal Income Tax Considerations”*.

**Non-U.S. Holders of Units and Debentures should consult their own advisors with respect to the application of FIRPTA to their own individual circumstances.**

**The Tax Cuts and Jobs Act**

On December 22, 2017, the Tax Cuts and Jobs Act was signed into law. The Tax Cuts and Jobs Act made significant changes to the U.S. federal income tax rules for taxation of individuals and to the international tax and withholding provisions of the Code, generally effective for taxable years beginning after December 31, 2017. Many of these changes have created uncertainties in the application of various provisions of the Code.

**Holders of the Units and Pure Debentures should consult their own tax advisors with respect to the effect of the Tax Cuts and Jobs Act and other legislative, regulatory or administrative developments and proposals and their potential effect on the Arrangement based upon their own individual circumstances.**



## Risks Related to Pure Multi-Family

If the Arrangement is not completed, Pure Multi-Family will continue to face many of the risks that it currently faces with respect to its business and affairs. For further risk factors related to Pure Multi-Family's business and operational risks, please refer to Pure Multi-Family's Annual Information Form dated April 12, 2019. The Annual Information Form available on SEDAR at [www.sedar.com](http://www.sedar.com).

## INFORMATION CONCERNING PURE MULTI-FAMILY

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### General

Pure Multi-Family is a limited partnership formed under the *Limited Partnerships Act* (Ontario). Pure Multi-Family, through the US REIT, was established for, among other things, the purposes of acquiring, owning and operating high quality, multi-family real estate properties in the United States.

Pure Multi-Family is a Canadian-based, vertically integrated, internally managed, publicly traded vehicle which offers investors exclusive exposure to high quality, multi-family real estate properties in the United States.

The Class A Units are listed for trading on the TSX in United States dollars under the symbol "RUF.U" (U.S. dollar listing) and Canadian dollars under the symbol "RUF.UN". The Class A Units are also listed for quotation in the United States dollars on the OTCQX International Marketplace under the symbol "PMULF". The Pure Debentures are listed and posted for trading on the TSX in United States dollars under the symbol "RUF.DB.U".

The head office of Pure Multi-Family is located 910 – 925 West Georgia Street, Vancouver BC V6C 3L2. Pure Multi-Family's property management office is located at 450 – 5810 Tennyson Parkway, Plano, Texas, 75024.

### Price Range and Trading Volume of Class A Units

#### Class A Units – Canadian Dollar Listing

The Class A Units are listed and posted for trading on the TSX in Canadian dollars under the symbol "RUF.UN". The following table sets forth the high and low trading prices and the volumes traded of the Class A Units (in Canadian dollars) on the TSX Venture Exchange and the TSX, as applicable, for the periods indicated.

Month	High (\$)	Low (\$)	Volume
<b>2018</b>			
July	\$9.25	\$8.95	1,148,036
August	\$9.48	\$8.04	4,011,749
September	\$8.79	\$8.14	2,211,443
October	\$8.62	\$7.97	1,483,357
November	\$8.38	\$7.93	1,159,361
December	\$8.48	\$7.58	1,079,944
<b>2019</b>			
January	\$8.47	\$8.10	1,800,260
February	\$8.69	\$8.20	1,595,170
March	\$9.08	\$8.45	2,264,750
April <sup>(1)</sup>	\$9.21	\$8.37	1,039,460
May	\$9.29	\$8.52	1,320,330
June <sup>(2)</sup>	\$9.70	\$8.61	5,822,500
July	\$10.18	\$9.41	14,706,120
August 1 - 14	\$10.18	\$9.99	4,671,760

## Notes:

- (1) On April 29, 2019, the Class A Units were de-listed from the TSX Venture Exchange and commenced trading on the TSX under the symbol "RUF.UN".
- (2) On June 26, 2019, being the last trading day prior to the public announcement of an unsolicited conditional proposal for the Units of Pure Multi-Family, the closing price of the Class A Units on the TSX under the symbol "RUF.UN" was CDN\$8.70.

Class A Units – U.S. Dollar Listing

The Class A Units are listed and posted for trading on the TSX in United States dollars under the symbol "RUF.U". The following table sets forth the high and low trading prices and the volumes traded of the Class A Units (in United States dollars) on the TSX Venture Exchange and the TSX, as applicable, for the periods indicated.

Month	High (\$)	Low (\$)	Volume
<b>2018</b>			
July	\$7.20	\$6.70	277,794
August	\$7.33	\$6.38	183,955
September	\$6.78	\$6.23	142,728
October	\$6.71	\$6.15	118,602
November	\$6.35	\$6.00	69,810
December	\$6.27	\$5.67	79,524
<b>2019</b>			
January	\$6.59	\$6.09	72,760
February	\$6.73	\$6.15	161,640
March	\$6.80	\$6.39	70,625
April <sup>(1)</sup>	\$7.00	\$6.42	73,855
May	\$7.00	\$6.45	61,950
June <sup>(2)</sup>	\$7.50	\$6.39	136,675
July	\$7.75	\$7.10	2,837,768
August 1 - 14	\$7.64	\$7.56	2,123,780

## Notes:

- (1) On April 29, 2019, the Class A Units were de-listed from the TSX Venture Exchange and commenced trading on the TSX under the symbol "RUF.U".
- (2) On June 26, 2019, being the last trading day prior to the public announcement of an unsolicited conditional proposal for the Units of Pure Multi-Family, the closing price of the Class A Units on the TSX under the symbol "RUF.U" was \$6.62.

Pure Debentures

The Debentures are listed and posted for trading on the TSX in U.S. dollars under the symbol “RUF.DB.U”. The following table sets forth the high and low trading prices and the volumes traded of the Debentures on the TSX Venture Exchange and the TSX, as applicable, for the periods indicated.

Month	High (\$)	Low (\$)	Volume
<b>2018</b>			
July	\$125.51	\$120.00	224,000
August	\$129.00	\$120.03	307,000
September	\$119.00	\$110.00	20,000
October	\$115.00	\$109.30	372,000
November	\$112.00	\$106.30	1,258,000
December	\$110.00	\$108.00	31,000
<b>2019</b>			
January	\$111.97	\$108.09	320,000
February	\$115.90	\$109.50	24,000
March	\$118.40	\$114.00	783,000
April <sup>(1)</sup>	\$119.03	\$118.87	23,000
May	\$120.99	\$118.00	784,000
June <sup>(2)</sup>	\$130.03	\$115.00	1,215,000
July	\$136.00	\$127.12	997,000
August 1 - 14	\$135.40	\$132.85	242,000

## Notes:

- (1) On April 29, 2019, the Pure Debentures were de-listed from the TSX Venture Exchange and commenced trading on the TSX under the symbol “RUF.DB.U”.
- (2) On June 26, 2019, being the last trading day prior to the public announcement of an unsolicited conditional proposal for the Units of Pure Multi-Family, the closing price of the Debentures under the symbol “RUF.DB.U” on the TSX was \$115.00.

**Distributions**

Pure Multi-Family currently pays, and has paid since September 2013, an annualized distribution of \$0.375 per Class A Unit, or \$0.03125 per Class A Unit per month. In accordance with the Arrangement Agreement, Pure Multi-Family will continue to declare and pay regular monthly distributions until the Effective Date consistent with its distribution policies in effect as at July 14, 2019, which shall not exceed \$0.03125 per Class A Unit per month.

**Previous Distributions of Units and Pure Debentures**

During the five-year period prior to the date of the Arrangement Agreement, Pure Multi-Family has not distributed any Units or Pure Debentures other than as set out below:

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

On May 8, 2015, Pure Multi-Family completed a public 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.

On December 11, 2015, Pure Multi-Family completed a public offering of 7,250,000 Class A Units, at a price of \$5.40 per Class A Unit, for gross proceeds of \$39,150,000.

On July 29, 2016, Pure Multi-Family completed a public offering of 4,884,000 Class A Units, at a price of \$5.857 (CDN\$7.64) per Class A Unit, for gross proceeds of \$28,603,483 (CDN\$37,313,760).

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

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

During the five-year period ending on the date of the Arrangement Agreement, Pure Multi-Family issued: (i) 2,197,913 Class A Units pursuant to the exercise of Class A purchase warrants, at an exercise price of \$5.15 per Class A Unit, for gross proceeds of \$11,319,252, and (ii) 976,628 Class A Units pursuant to the conversion of Pure Debentures in accordance with the terms of the Pure Debenture Indenture.

### **Previous Sales**

During the 12-month period prior to the date of this Circular, Pure Multi-Family has not issued or purchased: (i) any Units (other than the issuance of Class A Units upon the conversion of Pure Debentures in accordance with the terms of the Pure Debenture Indenture), or (ii) any Pure Debentures.

### **INFORMATION CONCERNING THE PURCHASER**

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The Purchaser, Portfolio 22 Venture, LLC is a limited liability company formed under the laws of Delaware. The Purchaser is an affiliate of Cortland Partners, LLC.

Cortland is a leading multi-family real estate investment, development and management company. Headquartered in Atlanta, Georgia, Cortland has properties across the US and regional offices in Charlotte, Dallas, Denver, Houston and Orlando. Cortland also houses its global materials sourcing office in Shanghai, China and international development office in London, UK.

The Purchaser was formed solely for the purpose of engaging in the transactions contemplated by the Arrangement Agreement, and has not engaged in any business activities other than in connection with the transactions contemplated by the Arrangement Agreement.

### **INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

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Other than as set forth in this Circular and Pure Multi-Family's financial statements for the fiscal year ended December 31, 2018, available on SEDAR at [www.sedar.com](http://www.sedar.com), no insider of Pure Multi-Family nor any proposed nominee for election as a Director, nor any associate or affiliate of the foregoing, has any material interest, direct or indirect, in any transaction since the commencement of Pure Multi-Family's last financial period or in any proposed transaction which has materially affected or would materially affect Pure Multi-Family.

### **AUDITOR**

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Pure Multi-Family's auditor is KPMG LLP, Chartered Professional Accountants.

### **ADDITIONAL INFORMATION**

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Additional information relating to Pure Multi-Family may be found on SEDAR at [www.sedar.com](http://www.sedar.com). Additional financial information is provided in Pure Multi-Family's audited financial statements and management's discussion and analysis for Pure Multi-Family's most recently completed financial year. A copy of Pure Multi-Family's financial statements and management's discussion and analysis is available, free of charge, upon written request to Scott Shillington, Chief Financial Officer of Pure Multi-Family, Suite 910, 925 West Georgia Street, Vancouver, British Columbia, V6C 3L2. These documents are also available on SEDAR at [www.sedar.com](http://www.sedar.com).

## **APPROVAL OF CIRCULAR**

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The undersigned hereby certifies that the contents and the sending of this Circular have been approved by the Directors.

DATED at Vancouver, British Columbia, this 14<sup>th</sup> day of August, 2019.

**BY ORDER OF THE DIRECTORS OF PURE MULTI-FAMILY REIT (GP) INC.**

(signed) *"Robert King"*

Robert King  
Chair of the Board

**CONSENT OF FORT CAPITAL**

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**To: The Special Committee of the Board of Directors and the Board of Directors of Pure Multi-Family REIT (GP) Inc. as general partner of Pure Multi-Family REIT LP**

Reference is made to the fairness opinion dated July 18, 2019 (the “**Fort Capital Fairness Opinion**”), which Fort Capital Partners (“**Fort Capital**”) prepared for the special committee of the board of Directors (the “**Special Committee**”) and the board of directors (the “**Board of Directors**”) of Pure Multi-Family REIT (GP) Inc., the general partner of Pure Multi-Family REIT LP (“**Pure Multi-Family**”) in connection with the proposed plan of arrangement under Division 5 of Part 9 of the *Business Corporations Act* (British Columbia), pursuant to which Portfolio 22 Venture, LLC will, among other things, acquire all of the Class A Units and Class B Units of Pure Multi-Family for consideration of US\$7.61 per Class A Unit and US\$101.4350 per Class B Unit in cash. The Fort Capital Fairness Opinion was given as of July 18, 2019 and remains subject to the assumptions, qualifications and limitations contained therein.

We consent to the inclusion in the management information circular of Pure Multi-Family dated August 14, 2019 (the “**Circular**”) of the Fort Capital Fairness Opinion and a summary of the Fort Capital Fairness Opinion and to the references to our firm name and the Fort Capital Fairness Opinion in the Circular. In providing such consent, Fort Capital does not intend that any person or persons other than the Special Committee and the Board of Directors shall be entitled to rely upon the Fort Capital Fairness Opinion.

All terms used but not defined herein have the meanings ascribed thereto in the Circular.

DATED at Vancouver, Canada this 14<sup>th</sup> day of August, 2019.

(signed) “*Fort Capital Partners*”

Fort Capital Partners



**CONSENT OF SCOTIABANK**

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**To: The Special Committee of the Board of Directors and the Board of Directors of Pure Multi-Family REIT (GP) Inc. as general partner of Pure Multi-Family REIT LP**

Reference is made to the fairness opinions dated July 18, 2019 (the “**Scotiabank Fairness Opinions**”), which Scotia Capital Inc. (“**Scotiabank**”) prepared for the special committee of the board of Directors (the “**Special Committee**”) and the board of directors (the “**Board of Directors**”) of Pure Multi-Family REIT (GP) Inc., the general partner of Pure Multi-Family REIT LP (“**Pure Multi-Family**”) in connection with the proposed plan of arrangement under Division 5 of Part 9 of the *Business Corporations Act* (British Columbia), pursuant to which Portfolio 22 Venture, LLC will, among other things, acquire all of the Class A Units and Class B Units of Pure Multi-Family for consideration of US\$7.61 per Class A Unit and US\$101.4350 per Class B Unit in cash. The Scotiabank Fairness Opinions were given as of July 18, 2019 and remain subject to the assumptions, qualifications and limitations contained therein.

We consent to the inclusion in the management information circular of Pure Multi-Family dated August 14, 2019 (the “**Circular**”) of the Scotiabank Fairness Opinions and a summary of the Scotiabank Fairness Opinions and to the references to our firm name and the Scotiabank Fairness Opinions in the Circular. In providing such consent, Scotiabank does not intend that any person or persons other than the Special Committee and the Board of Directors shall be entitled to rely upon the Scotiabank Fairness Opinions.

All terms used but not defined herein have the meanings ascribed thereto in the Circular.

DATED at Toronto, Canada this 14<sup>th</sup> day of August, 2019.

(signed) “*Scotia Capital Inc.*”

Scotia Capital Inc.

## SCHEDULE A

### GLOSSARY OF TERMS

Unless the context otherwise requires or where otherwise provided, the following words and terms shall have the meanings set forth below when used in the Circular.

**"2018 Annual Meeting"** has the meaning ascribed to it under the heading *"The Arrangement – Background to the Arrangement"*.

**"2019 Annual Meeting"** has the meaning ascribed to it under the heading *"The Arrangement – Background to the Arrangement"*.

**"Acceptable Confidentiality Agreement"** has the meaning ascribed to it under the heading *"Arrangement Agreement – Covenants – Responding to an Acquisition Proposal"*.

**"Acquisition Proposal"** means, other than the Transactions, any offer, proposal or inquiry (written or oral) from any Person or group of Persons relating to: (i) the direct or indirect sale, disposition, alliance or joint venture (or any other arrangement having the same economic effect as a sale), in a single transaction or series of related transactions of the Pure Assets representing 20% or more of the consolidated assets or contributing 20% or more of the consolidated revenue, as applicable, of Pure Multi-Family and its Subsidiaries taken as a whole, (ii) the direct or indirect purchase or acquisition by any Person or group of Persons of 20% or more of the issued and outstanding Class A Units or any other class of voting, equity or other securities or any other equity interests (including securities convertible into or exercisable or exchangeable for securities or equity interests) of Pure Multi-Family, (iii) any direct or indirect take-over bid, tender offer, exchange offer or other transaction that, if consummated, would result in a Person or group of Persons beneficially owning 20% or more of the Class A Units or any other class of voting, equity or other securities or any other equity interests (including securities convertible into or exercisable or exchangeable for securities or equity interests) of Pure Multi-Family, (iv) any plan of arrangement, merger, amalgamation, consolidation, share exchange, business combination, reorganization, recapitalization, liquidation, dissolution, or winding up or other similar transaction involving Pure Multi-Family and/or one or more of its Subsidiaries whose assets or revenues constitute, individually or in the aggregate, 20% or more of the consolidated assets or contribute 20% or more of the consolidated revenue, as applicable, of Pure Multi-Family and its Subsidiaries taken as a whole, or (v) any other transaction or series of transactions involving Pure Multi-Family and/or one of its Subsidiaries that would have the same effect as the foregoing.

**"Action"** means any action, cause of action, claim, demand, litigation, suit, investigation, grievance, citation, summons, subpoena, inquiry, audit, hearing, arbitration, charge, examination, mediation or other similar civil, criminal or regulatory proceeding, in law or in equity, commenced, brought, conducted or heard by or before any Governmental Entity.

**"Adverse Recommendation Change"** has the meaning ascribed to it under the heading *"Arrangement Agreement – Covenants – Restriction on Solicitation of Acquisition Proposals After the Go-Shop Period"*.

**"Affiliate"** means an **"affiliate"** as defined in NI 45-106.

**"Alternative Transaction Agreement"** has the meaning ascribed to it under the heading *"Arrangement Agreement – Covenants – Restriction on Solicitation of Acquisition Proposals After the Go-Shop Period"*.

**"ANP"** has the meaning ascribed to it under the heading *"The Arrangement – Background to the Arrangement"*.

**"Arrangement"** means the arrangement under Division 5 of Part 9 of the BCBCA on the terms and subject to the conditions set out in the Plan of Arrangement, subject to any amendments or variations made in accordance with the terms of the Arrangement Agreement or made at the direction of the Court in the Final Order with the consent of the Parties, acting reasonably.

**"Arrangement Agreement"** means the Arrangement Agreement dated July 18, 2019 between the Purchaser, Pure Multi-Family, and the Governing GP.

**"Arrangement Resolution"** means the special resolution approving the Plan of Arrangement to be considered at the Meeting by the Unitholders, which is attached as Schedule B hereto.

**"BCBCA"** means the *Business Corporations Act* (British Columbia), S.B.C. 2002, c. 57.

**"Beneficial Debentureholders"** means a Debentureholder who holds its Pure Debentures through a broker, investment dealer, bank, trust company or other intermediary.

**"Beneficial Unitholder"** means a Unitholder who holds its Units through a broker, investment dealer, bank, trust company or other intermediary.

**"BNS"** has the meaning ascribed to it under the heading *"The Arrangement – Fairness Opinions – Scotiabank Fairness Opinions – Engagement of Scotiabank"*.

**"Board"** means the board of directors of the Governing GP, as constituted from time to time.

**"Board Recommendation"** has the meaning ascribed thereto in Section 2.4(2) of the Arrangement Agreement.

**"Broadridge"** has the meaning ascribed to it under the heading *"Solicitation of Proxies and Voting at the Meeting – Beneficial Unitholders"*.

**"Business Day"** means any day of the year, other than a Saturday, Sunday or any day on which major banks are closed for business in Vancouver, British Columbia or Atlanta, Georgia.

**"CDS"** has the meaning ascribed to it under the heading *"Solicitation of Proxies and Voting at the Meeting – Beneficial Unitholders"*.

**"Circular"** means this management information circular dated August 14, 2019, together with all schedules and appendices hereto and documents incorporated herein by reference, distributed by Pure Multi-Family in connection with the Meeting.

**"Class A Unitholders"** means the registered and/or beneficial holders of the Class A Units, as the context requires.

**"Class A Units"** means the Class A units in the capital of Pure Multi-Family.

**"Class B Unitholders"** means the registered and/or beneficial holders of the Class B Units, as the context requires.

**"Class B Units"** means the Class B units in the capital of Pure Multi-Family and, for the purposes of this Circular, each Class B Unit shall be deemed to equal 13.329175 Class A Units in accordance with the LP Agreement.

**"Closing"** means the closing of the Arrangement which will take place at the offices of Farris LLP in Vancouver, British Columbia, or such at such other location as may be agreed by the Parties.

**"Closing Date"** means the date on which Closing occurs.

**"Code"** means the U.S. Internal Revenue Code of 1986, as amended.

**"Computershare"** means Computershare Investor Services Inc.

**"Confidentiality Agreement"** means the amended & restated confidentiality and standstill agreement dated March 27, 2019 between Pure Multi-Family and Cortland Acquisitions, LLC.

**"Consideration"** means \$7.61 in cash per Class A Unit and \$101.4350 in cash per Class B Unit.

**"Contract"** means any legally binding agreement, arrangement, commitment, engagement, contract, franchise, license, lease, obligation, note, bond, mortgage, indenture, undertaking, joint venture or other obligation.

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

**"Cortland"** means Cortland Partners, LLC, a Delaware limited liability company.

**"Cortland First Proposal"** has the meaning ascribed to it under the heading *"The Arrangement – Background to the Arrangement"*.

**"Cortland LOI"** has the meaning ascribed to it under the heading *"The Arrangement – Background to the Arrangement"*.

**"Cortland Second Proposal"** has the meaning ascribed to it under the heading *"The Arrangement – Background to the Arrangement"*.

**“Cortland Third Proposal”** has the meaning ascribed to it under the heading *“The Arrangement – Background to the Arrangement”*.

**“Court”** means the Supreme Court of British Columbia, sitting in Vancouver, British Columbia, or other court as applicable.

**“CRA”** has the meaning ascribed to it under the heading *“Principal Canadian Federal Income Tax Considerations”*.

**“DCF”** has the meaning ascribed to it under the heading *“The Arrangement – Fairness Opinions – Fort Capital Fairness Opinion – Summary of Financial Analysis”*.

**“Debenture 5 Percent Exception”** has the meaning ascribed to it under the heading *“Principal U.S. Federal Income Tax Considerations – U.S. Federal Income Tax Consequences of the Arrangement to Non-U.S. Holders of Pure Debentures – Debenture 5 Percent Exception”*.

**“Debenture Consideration”** means a cash payment for each \$1,000 principal amount of outstanding Pure Debentures equal to: (a) \$1,346.90 plus (b) accrued and unpaid interest thereon up to and including the Effective Date, at the rate of interest specified in the Pure Debenture Indenture.

**“Debentureholders”** means the registered and/or beneficial holders of the Pure Debentures.

**“Deferred Unit Payment”** has the meaning ascribed to it under the heading *“The Arrangement – Arrangement Steps”*.

**“Depository”** means Computershare Trust Company of Canada.

**“Directors”** means the directors of the Governing GP.

**“Dissent Rights”** means, in connection with the Arrangement, the right of a Registered Unitholder to exercise rights of dissent with respect to Units held by such Unitholder pursuant to sections 237 to 247 of the BCBCA, as modified by the Interim Order and the Plan of Arrangement.

**“Dissenting Holder”** means a Registered Unitholder who has validly exercised its Dissent Rights and has not withdrawn or been deemed to have withdrawn such exercise of Dissent Rights, but only in respect of the Units in respect of which Dissent Rights are validly exercised in accordance with the Plan of Arrangement by such Registered Unitholder.

**“EA”** has the meaning ascribed to it under the heading *“The Arrangement – Background to the Arrangement”*.

**“EA Fifth Proposal”** has the meaning ascribed to it under the heading *“The Arrangement – Background to the Arrangement”*.

**“EA First Proposal”** has the meaning ascribed to it under the heading *“The Arrangement – Background to the Arrangement”*.

**“EA Fourth Proposal”** has the meaning ascribed to it under the heading *“The Arrangement – Background to the Arrangement”*.

**“EA Second Proposal”** has the meaning ascribed to it under the heading *“The Arrangement – Background to the Arrangement”*.

**“EA Sixth Proposal”** has the meaning ascribed to it under the heading *“The Arrangement – Background to the Arrangement”*.

**“EA Third Proposal”** has the meaning ascribed to it under the heading *“The Arrangement – Background to the Arrangement”*.

**“ECI”** has the meaning ascribed to it under the heading *“Principal U.S. Federal Income Tax Considerations – U.S. Federal Income Tax Consequences of the Arrangement to Non-U.S. Holders of Class A Units – Exchange of Class A Units for the Consideration”*.

**“Effective Date”** means the date on which the Arrangement becomes effective.

**“Effective Time”** means 12:01 a.m. (Vancouver time) on the Effective Date, or such other time as the Parties agree to in writing before the Effective Date.

**“Excluded Party”** means any Person from whom Pure Multi-Family or any of its Representatives has received a bona fide written Acquisition Proposal after the date of the Arrangement Agreement and prior to the No-Shop Period Start

Time, which written Acquisition Proposal the Board has determined in good faith prior to the start of the No-Shop Period Start Time, after receiving the advice of its legal and financial advisors, constitutes or could reasonably be expected to lead to a Superior Proposal; provided, however, that a Person will immediately cease to be an Excluded Party (and the provisions of the Arrangement Agreement applicable to Excluded Parties will cease to apply with respect to such Person) if: (a) such Acquisition Proposal made by such Person prior to the start of the No-Shop Period Start Time is withdrawn, (b) if the equity sources for such Excluded Party are modified, or (c) such Acquisition Proposal, in the good faith determination of the Board (after consultation with its legal and financial advisors), no longer is or could no longer be reasonably expected to lead to a Superior Proposal.

**“Executive Officers”** means the executive officers of Pure Multi-Family, including the executive officers of the Governing GP and/or Management Ltd.

**“Existing Loan Documents”** means any mortgage, indenture, capital lease, guarantee, loan or credit agreement, security agreement or other Contract (other than accounts receivables and payables in the Ordinary Course) relating to indebtedness for borrowed money or the deferred purchase price of property owned by Pure Multi-Family or any of its Subsidiaries, or that provides for any interest rate cap, interest rate collar, interest rate, currency or commodity derivative or hedging transaction, in either case, whether incurred, assumed, guaranteed or secured by any asset.

**“Fairness Opinions”** means the opinions of Fort Capital and Scotiabank to the effect that, as of the date thereof and subject to the limitations, qualifications and assumptions set forth therein, the Consideration to be received by the Unitholders and the Debenture Consideration to be received by the Debentureholders under the Arrangement is fair, from a financial point of view, to the Unitholders and the Debentureholders, respectively.

**“Final Order”** means the final order of the Court pursuant to Section 291(4) of the BCBCA after a hearing upon the procedural and substantive fairness of the terms and conditions of the Arrangement, in a form acceptable to the Parties, acting reasonably, approving the Arrangement, as such order may be amended by the Court (with the consent of the Parties, acting reasonably) at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended on appeal (provided however, that any such amendment must be acceptable to the Parties, acting reasonably).

**“FIRPTA”** has the meaning ascribed to it under the heading *“Principal U.S. Federal Income Tax Considerations – U.S. Federal Income Tax Consequences of the Arrangement to Non-U.S. Holders of Class A Units – Exchange of Class A Units for the Consideration”*.

**“Form of Proxy”** means the form of proxy accompanying this Circular.

**“Fort Capital”** means Fort Capital Partners.

**“Fort Capital Engagement Agreement”** has the meaning ascribed to it under the heading *“The Arrangement – Fairness Opinions – Fort Capital Fairness Opinion – Engagement of Fort Capital”*.

**“Fort Capital Fairness Opinion”** means the opinion of Fort Capital, dated as of July 18, 2019, a copy of which is attached hereto as Schedule D.

**“Go-Shop Period”** has the meaning ascribed to it under the heading *“Arrangement Agreement – Covenants – Go-Shop Period”*.

**“Governing GP”** means Pure Multi-Family REIT (GP) Inc., a company incorporated under the laws of British Columbia and the general partner of Pure Multi-Family.

**“Governmental Entity”** means: (a) any international, multinational, national, federal, provincial, territorial, state, regional, municipal, local or other government, governmental or public body, authority or department, central bank, court, tribunal, arbitral body, commission, board, bureau, commissioner, ministry, governor in council, agency or instrumentality, domestic or foreign, (b) any subdivision or authority of any of the above, (c) any quasi-governmental, administrative or private body, including any tribunal, commission, committee, regulatory agency or self-regulatory organization, exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing, or (d) any stock exchange.

**“Holder”** has the meaning ascribed to it under the heading *“Principal Canadian Federal Income Tax Considerations”*.

**“IFRS”** means International Financial Reporting Standards as issued by the International Accounting Standards Board and applicable at the relevant time.

**"IIROC"** means the Investment Industry Regulatory Organization of Canada.

**"Interested Parties"** has the meaning ascribed to it under the heading *"The Arrangement – Fairness Opinions – Fort Capital Fairness Opinion – Engagement of Fort Capital"*.

**"Interim Order"** means the interim order of the Court pursuant to Section 291(2) of the BCBCA, providing for, among other things, the calling and holding of the Meeting, in a form acceptable to the Parties, acting reasonably, as such order may be amended by the Court with the consent of the Parties, acting reasonably.

**"Intermediary"** means an intermediary with which a Beneficial Unitholder may deal, including banks, trust companies, securities dealers or brokers and trustees or administrators of self-directed trusts governed by RRSPs, RRIFFs, RESPs (each as defined in the Tax Act) and similar plans, and their nominees.

**"Investment Canada Act"** means Investment Canada Act, R.S.C., 1985, c. 28 (1st Supp.).

**"IRS"** has the meaning ascribed to it under the heading *"Principal U.S. Federal Income Tax Considerations"*.

**"K2"** has the meaning ascribed to it under the heading *"The Arrangement – Background to the Arrangement"*.

**"Laurel Hill"** means the Laurel Hill Advisory Group.

**"Law"** means, with respect to any Person, any and all applicable law (statutory, common or otherwise), constitution, treaty, convention, ordinance, code, rule, regulation, order, injunction, judgment, award, decree, ruling, published administrative policy (to the extent such policy has the force of law or is binding on the Person to which it purports to apply), or other similar requirement, whether domestic or foreign, enacted, adopted, promulgated or applied by a Governmental Entity that is binding upon or applicable to such Person or its business, undertaking, property or securities, and to the extent that they have the force of law, policies, guidelines, notices and protocols of any Governmental Entity.

**"Letter of Transmittal"** means the applicable letter of transmittal, on terms and conditions not inconsistent with the Arrangement Agreement and the Plan of Arrangement, to be delivered by Pure Multi-Family to: (i) Unitholders providing for delivery of the certificates representing the Unitholder's Units to the Depositary, and (ii) Debentureholders providing for delivery of the certificates representing the Debentureholder's Pure Debentures to the Depositary.

**"Lien"** means any mortgage, deed of trust, charge, pledge, hypothec, security interest, lien (statutory or otherwise), prior claim, encroachment, option, right of first refusal or first offer, occupancy right, covenant, assignment, defect of title, restriction, adverse right or other third party interest or encumbrance, in each case, whether contingent or absolute.

**"Limited Guarantee"** means the limited guarantee dated the date hereof between Pure Multi-Family, the Purchaser and Cortland pursuant to which the Purchaser has: (a) agreed to guarantee to pay the Reverse Termination Amount, (b) has represented that it has sufficient cash in its bank accounts to fund the Reverse Termination Amount, and (c) has agreed not to transfer cash from its bank accounts so as to cause a breach in the representation described in (b) above, and pursuant to which Cortland has agreed to indemnify Pure Multi-Family for losses or liabilities suffered by Pure Multi-Family as a result of a breach by the Purchaser of the covenant in (c) above, on the terms and conditions set forth therein, as amended, replaced or supplemented in accordance therewith and in accordance with the terms hereof.

**"LP Agreement"** has the meaning ascribed to it under the heading *"Solicitation of Proxies and Voting at the Meeting – Limited Partnership Structure"*.

**"Management"** means the senior management of Pure Multi-Family, including the officers of the Governing GP and/or Management Ltd.

**"Management Ltd."** means Pure Multi-Family Management Ltd.

**"mark-to-market rules"** has the meaning ascribed to it under the heading *"Principal Canadian Federal Income Tax Considerations"*.

**"Matching Period"** means the five Business Day period following the Purchaser's receipt of the Superior Proposal Notice.

**"Material Adverse Effect"** means any change, event, occurrence, effect, state of facts, development, condition or circumstance that, individually or in the aggregate with other such changes, events, occurrences, effects, states of



facts, developments, conditions or circumstances would reasonably be expected to be material and adverse to the business, assets, liabilities, properties, operations, condition (financial or otherwise) or results of operations of Pure Multi-Family and its Subsidiaries, taken as a whole, except to the extent that any such change, event, occurrence, effect, state of facts, development, condition or circumstance results from:

- (a) any change in general economic, political, business, regulatory, or market conditions or in national or global financial, credit or capital markets;
- (b) any changes or developments in relation to currency exchange or interest rates;
- (c) any change in Law, including any Laws in respect to taxes, IFRS or regulatory accounting requirements, in each case after the date hereof;
- (d) any earthquake, hurricane, tornado, tsunami, flood or other natural disaster or outbreak or escalation of hostilities or acts of war (whether or not declared) or act of terrorism;
- (e) the announcement of the Arrangement Agreement or the pendency of the Transactions including, (i) the identity of the Purchaser or any of its Affiliates, (ii) by reason of any communication by the Purchaser or any of its Affiliates regarding the plans or intentions of the Purchaser with respect to the conduct of the business of Pure Multi-Family and its Subsidiaries following the Effective Time, and (iii) the impact of any of the foregoing on any relationships with customers, suppliers, vendors, business partners, employees or any other Person, in each case other than any inaccuracy or breach of the representation and warranty set forth in Section (4) of Schedule C of the Arrangement Agreement or any change, event, occurrence, effect, state of facts, development, condition or circumstance related thereto;
- (f) the taking of any specific action expressly required by, or the failure to take any specific action expressly prohibited by, the Arrangement Agreement (excluding actions, or the failure to take any actions, in the Ordinary Course);
- (g) any change in the market price or trading volume of any securities of Pure Multi-Family or any suspension of trading in securities generally on the TSX, or any credit rating downgrade, negative outlook, watch or similar event relating to Pure Multi-Family (it being understood that the causes underlying such change in market price or trading volume, if not otherwise excluded from the definition of Material Adverse Effect, may be taken into account in determining whether a Material Adverse Effect has occurred);
- (h) the failure of Pure Multi-Family or its Subsidiaries to meet any internal or published projections, forecast or estimates of, or guidance related to, revenues, earnings, cash flows or other financial metrics before, on or after the date hereof (it being understood that the causes underlying such failure, if not otherwise excluded from the definition of Material Adverse Effect, may be taken into determining whether a Material Adverse Effect has occurred);
- (i) any change, event or development that affects the real estate industry generally; and
- (j) actions taken or not taken with the express prior written approval of the Purchaser,

provided however, that: (A) with respect to the foregoing clauses (a) through (d) and clause (i), such change, event, occurrence, effect, state of facts, development, condition or circumstance does not: (I) primarily relate to (or have the effect of primarily relating to) Pure Multi-Family and its Subsidiaries, or (II) disproportionately adversely affect Pure Multi-Family and its Subsidiaries compared to other companies of similar size operating in the industries in which Pure Multi-Family and its Subsidiaries carry on a material portion of their business in the aggregate, and (B) references in certain Sections of the Arrangement Agreement to dollar amounts are not intended to be, and will not be deemed to be, illustrative for purposes of determining whether a **“Material Adverse Effect”** has occurred.

**“Material Contract”** has the meaning ascribed thereto in Section (12)(a) of Schedule C of the Arrangement Agreement.

**“Meeting”** means the special meeting of Unitholders to be held on September 18, 2019, and any adjournment or postponement thereof.

**“Merger Proposal”** has the meaning ascribed to it under the heading *“The Arrangement – Background to the Arrangement”*.

**“MI 61-101”** means Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions*.

**“NAV”** has the meaning ascribed to it under the heading *“The Arrangement – Fairness Opinions – Fort Capital Fairness Opinion – Summary of Financial Analysis”*.

**“NI 45-106”** means National Instrument 45-106 – *Prospectus Exemptions*.

**“No-Shop Period Start Time”** has the meaning ascribed to it under the heading *“Arrangement Agreement – Covenants – Restriction on Solicitation of Acquisition Proposals After the Go-Shop Period”*.

**“NOBOs”** has the meaning ascribed to it under the heading *“Solicitation of Proxies and Voting at the Meeting – Beneficial Unitholders”*.

**“Non-Resident Debentureholder”** has the meaning ascribed to it under the heading *“Principal Canadian Federal Income Tax Considerations – Taxation of Debentureholders Not Resident in Canada”*.

**“Non-Resident Unitholder”** has the meaning ascribed to it under the heading *“Principal Canadian Federal Income Tax Considerations – Taxation of Unitholders Not Resident in Canada”*.

**“Non-Traded Debenture 5 Percent Exception”** has the meaning ascribed to it under the heading *“Principal U.S. Federal Income Tax Considerations – U.S. Federal Income Tax Consequences of the Arrangement to Non-U.S. Holders of Pure Debentures – Debenture 5 Percent Exception”*.

**“non-U.S. Holder”** has the meaning ascribed to it under the heading *“Principal U.S. Federal Income Tax Considerations”*.

**“Notice of Dissent”** has the meaning ascribed to it under the heading *“Dissent Rights”*.

**“Notice of Special Meeting”** means the notice of the Meeting accompanying the Circular.

**“Notice Units”** has the meaning ascribed to it under the heading *“Dissent Rights”*.

**“OBOs”** has the meaning ascribed to it under the heading *“Solicitation of Proxies and Voting at the Meeting – Beneficial Unitholders”*.

**“Officer’s Certificate”** has the meaning ascribed to it under the heading *“Principal Canadian Federal Income Tax Considerations”*.

**“Ordinary Course”** means, with respect to an action taken by any Person, that such action is substantially consistent in nature and scope with the past practices of such Person and is taken in the ordinary course of the normal day-to-day operations of the business of such Person.

**“Organizational Documents”** means: (a) with respect to any Person that is a corporation, its articles or certificate of incorporation or memorandum and articles of association, as the case may be, and by-laws, (b) with respect to any Person that is a partnership, its certificate of partnership and partnership agreement, (c) with respect to any Person that is a limited liability company, its certificate of formation and limited liability company or operating agreement, (d) with respect to any Person that is a trust or other entity, its declaration or agreement of trust or other constituent document; and (e) with respect to any Person similar to but not set out in (a) through (d) of this definition, its comparable organizational documents (including a declaration of trust, partnership agreement, articles of continuance, arrangement or amalgamation).

**“OTCQX”** means the OTCQX International Marketplace.

**“Outside Date”** means November 15, 2019 or such later date as may be agreed to in writing by the Parties.

**“Parties”** means, collectively, the Governing GP, Pure Multi-Family and the Purchaser and **“Party”** means any one of them.

**“Performance Unit Payment”** has the meaning ascribed to it under the heading *“The Arrangement – Arrangement Steps”*.

**“Person”** includes any individual, partnership, limited partnership, association, body corporate, organization, joint venture, trust, estate, trustee, executor, administrator, legal representative, government (including a Governmental Entity), syndicate or other entity.

**“Plan of Arrangement”** means the plan of arrangement substantially in the form attached as Schedule C hereto and proposed under Section 291 of the BCBCA, and any amendments or variations made in accordance with the Arrangement Agreement or the Plan of Arrangement or made at the direction of the Court in the Final Order with the consent of the Parties, acting reasonably.

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

**“Privacy Law”** means the *Personal Information Protection and Electronic Documents Act*, S.C. 2000, c. 5, the *Personal Information Protection Act*, R.S.B.C. 2003, c. 63 and any comparable applicable Law.

**“Proposed Amendments”** has the meaning ascribed to it under the heading *“Principal Canadian Federal Income Tax Considerations”*.

**“Purchaser”** means Portfolio 22 Venture, LLC, a limited liability company formed under the laws of Delaware.

**“Pure”** means Pure Multi-Family and the Governing GP.

**“Pure Assets”** means all of the assets, properties (real or personal), permits, rights, licenses or other privileges (whether contractual or otherwise) of Pure Multi-Family and its Subsidiaries.

**“Pure Debenture Indenture”** means the trust indenture entered into between Pure Multi-Family and the Pure Debenture Trustee dated August 7, 2013 which governs the terms of the Pure Debentures.

**“Pure Debenture Trustee”** means Computershare Trust Company of Canada and includes any successor or successors of any other trustee subsequently appointed.

**“Pure Debentures”** means the 6.5% convertible unsecured debentures of Pure Multi-Family issued on August 7, 2013, originally in the aggregate principal amount of \$23,000,000.

**“Pure Deferred Unit”** means an outstanding deferred unit issued pursuant to the Pure Deferred Unit Plan.

**“Pure Deferred Unit Plan”** means the Deferred Unit Plan of Pure Multi-Family effective as of January 1, 2018.

**“Pure Disclosure Letter”** means the disclosure letter delivered to the Purchaser by Pure Multi-Family in connection with the entering into of the Arrangement Agreement.

**“Pure Multi-Family”** means Pure Multi-Family REIT LP, a limited partnership formed under the laws of Ontario.

**“Pure Performance Unit”** means an outstanding restricted unit issued or currently issuable under the Pure RU Plan that is subject to a performance factor.

**“Pure RU”** means an outstanding restricted unit issued or currently issuable under the Pure RU Plan, other than a Pure Performance Unit.

**“Pure RU Plan”** means the Amended and Restated Restricted Unit Plan approved by Unitholders on May 24, 2018.

**“Pure Securityholders”** means, collectively, the Unitholders, the holders of Pure Deferred Units, the holders of Pure RUs, the holders of Pure Performance Units and the holders of Pure Debentures.

**“Pure’s Knowledge”** means the actual knowledge, after inquiry of their respective direct reports, based on the actual knowledge of such direct reports without inquiry, disclosed in Section 1.1(d) of the Pure Disclosure Letter, of each of Stephen Evans, Scott Shillington and Samantha Adams in his or her capacity as an officer of the Governing GP and/or Management Ltd. and without personal liability and does not include any other knowledge or awareness of any other individual or any constructive, implied or imputed knowledge or awareness.

**“Real Estate Investment Trust”** means a real estate investment trust within the meaning of Section 856 of the Code.

**“Registered Debentureholder”** means a Person who or which is a registered holder of Pure Debentures.

**“Registered Unitholder”** means a Person who or which is a registered holder of Units.

**"REIT Tax Opinion"** has the meaning ascribed to it under the heading *"Arrangement Agreement – Conditions to Closing the Arrangement – Conditions in Favour of the Purchaser"*.

**"Relevant Securities"** has the meaning ascribed to it under the heading *"Arrangement Agreement – Voting and Support Agreements"*.

**"Representatives"** means the officers, directors, employees, accountants, legal counsel, financial advisors, consultants, financing sources and other advisors and representatives of any Person.

**"Resident Debentureholder"** has the meaning ascribed to it under the heading *"Principal Canadian Federal Income Tax Considerations – Taxation of Debentureholders Resident in Canada"*.

**"Resident Unitholder"** has the meaning ascribed to it under the heading *"Principal Canadian Federal Income Tax Considerations – Taxation of Unitholders Resident in Canada"*.

**"Required Regulatory Approval"** means any consents or approvals to the extent required by any Governmental Entity in respect of the Arrangement or the Arrangement Agreement.

**"Restrains"** has the meaning ascribed to it under the heading *"Arrangement Agreement – Conditions to Closing the Arrangement – Mutual Conditions Precedent"*.

**"Reverse Termination Amount"** means an amount equal to \$50,000,000.

**"RU Payment"** has the meaning ascribed to it under the heading *"The Arrangement – Arrangement Steps"*.

**"Sale Process"** has the meaning ascribed to it under the heading *"The Arrangement – Background to the Arrangement"*.

**"Scotiabank"** means Scotia Capital Inc.

**"Scotiabank Engagement Letter"** has the meaning ascribed to it under the heading *"The Arrangement – Fairness Opinions – Scotiabank Fairness Opinions – Engagement of Scotiabank"*.

**"Scotiabank Fairness Opinions"** means the opinions of Scotiabank, dated as of July 18, 2019, copies of which are attached hereto as Schedule E.

**"Securities Laws"** means the *Securities Act*, R.S.B.C. 1996 c. 418, and any other applicable Canadian provincial and territorial securities Laws, rules, regulations and published policies thereunder.

**"SEDAR"** means the System for Electronic Document Analysis and Retrieval maintained on behalf of the Canadian Securities Administrators.

**"Special Committee"** means the special committee formed by the Board on December 18, 2017, originally consisted of Robert King, Sherry Tryssenaar and Fraser Berrill, who are all independent, non-Management Directors and which, effective as of June 13, 2019, consisted of Robert King, Sherry Tryssenaar, Paul Haggis and Richard Nesbitt, who are all independent, non-Management Directors.

**"Specified Ratio"** means 13.329175.

**"STIP"** has the meaning ascribed to it under the heading *"The Arrangement – Interests of Certain Persons in the Arrangement – Termination and Change of Control Benefits"*.

**"Superior Proposal"** means, other than the Transactions, a bona fide written Acquisition Proposal from any Person or group of Persons providing for the direct or indirect acquisition or purchase of all of the outstanding Class A Units or all or substantially all of the Pure Assets on a consolidated basis:

- (a) that did not result from a breach of any standstill, non-disclosure or similar agreement between any one or more of the Persons making such Acquisition Proposal and its Affiliates and Pure Multi-Family or the Governing GP or a breach of Article 5 of the Arrangement Agreement;
- (b) that is made in writing after the date hereof, including any variation or other amendment of any Acquisition Proposal made prior to the date of the Arrangement Agreement;
- (c) that is not subject to any due diligence or access condition;

- (d) that the Board determines, in its good faith judgment, after receiving the advice of its legal and financial advisors and after taking into account all the terms and conditions of the Acquisition Proposal, including all legal, financial, regulatory and other aspects of such Acquisition Proposal, including the financing terms thereof, and the Person making such Acquisition Proposal, (A) if accepted, is reasonably likely to be consummated in accordance with its terms, taking into account all financial, legal, regulatory and other aspects of such Acquisition Proposal and the Person making such Acquisition Proposal, and (B) if consummated in accordance with its terms (but without assuming away the risk of non-completion), would result in a transaction which is more favourable, from a financial point of view, to Class A Unitholders and holders of Pure Debentures than the Transactions (after giving effect to any amendments or modifications to the terms of the Transactions proposed by the Purchaser pursuant to Section 5.3(1)(d) of the Arrangement Agreement) and the failure of the Board to recommend that Pure Multi-Family enter into an Alternative Transaction Agreement with respect to such Acquisition Proposal would be inconsistent with its fiduciary duties;
- (e) that is not subject to any financing condition and in respect of which the Person making such Acquisition Proposal has made adequate arrangements (as such term is understood for purposes of section 2.27 of National Instrument 62-104 - *Take-over Bids and Issuer Bids*) to ensure that any required financing to complete such Acquisition Proposal is available to such Person, as demonstrated to the satisfaction of the Board, after receiving the advice of its legal and financial advisors; and
- (f) that complies with applicable Securities Laws.

**"Superior Proposal Notice"** has the meaning ascribed to it under the heading "*Arrangement Agreement – Covenants – Alternative Transaction Agreement and Matching Period*".

**"Support and Voting Agreements"** means the support and voting agreement dated as of the date of the Arrangement Agreement between the Purchaser and each of the Supporting Unitholders, substantially in the form attached as Schedule E to the Arrangement Agreement.

**"Supporting Unitholders"** means those individuals who have entered into Support and Voting Agreements being Stephen Evans, Scott Shillington, Samantha Adams, Robert King, Fraser Berrill, Sherry Tryssenaar, John O'Neill, Maurice Kagan, Paul Haggis and Richard Nesbitt.

**"Tax"** (including, with correlative meaning, the term **"Taxes"**) means: (a) any and all taxes, duties, fees, excises, premiums, assessments, imposts, levies and other charges or assessments of any kind whatsoever imposed by any Governmental Entity, whether computed on a separate, consolidated, unitary, combined or other basis, including those levied on, or measured by, or described with respect to, income, gross receipts, profits, branch profits, franchise, gains, windfalls, capital, capital stock, production, recapture, transfer, land transfer, license, gift, occupation, wealth, consumption of resources, emissions, environment, net worth, indebtedness, surplus, sales, goods and services, harmonized sales, use, value-added, excise, special assessment, stamp, withholding, business, franchising, real or personal property, health, employee health, payroll, workers' compensation, employment or unemployment, severance, social services, social security, education, utility, surtaxes, customs, import or export, and including all license and registration fees and all employment/unemployment insurance, health insurance and government pension plan premiums or contributions including any installments or prepayments in respect of any of the foregoing, (b) all interest, penalties, fines, additions to tax imposed by any Governmental Entity on or in respect of amounts of the type described in clause (a) above or this clause (b), (c) any liability for the payment of any amounts of the type described in clauses (a) or (b) as a result of being a member of an affiliated, consolidated, combined or unitary group for any period, and (d) any liability for the payment of any amounts of the type described in clauses (a) or (b) as a result of any express or implied obligation to indemnify any other Person or as a result of being a transferee or successor in interest to any party.

**"Tax Act"** means the *Income Tax Act*, R.S.C. 1985, c. 1 (5th Supp.).

**"Termination Fee"** has the meaning ascribed to it under the heading "*Arrangement Agreement – Termination Fee and Reverse Termination Amount – Amount of Termination Fee*".

**"Transaction Litigation"** means any shareholder or unitholder litigation or Restraint issued by any Governmental Entity related to the Arrangement Agreement or the Transactions brought, or, to the knowledge of such party, threatened in writing, against the Parties or any members of the Board of such Party after the date of the Arrangement Agreement and prior to the Effective Time.

**“Transactions”** means the Arrangement and all other transactions contemplated in the Arrangement Agreement.

**“Treaty”** has the meaning ascribed to it under the heading *“Principal Canadian Federal Income Tax Considerations – Taxation of Unitholders Resident in Canada – Foreign Tax Credits and Deductions”*.

**“TSX”** means the Toronto Stock Exchange and any successor thereto.

**“TSX Publicly Traded Exception”** has the meaning ascribed to it under the heading *“Principal U.S. Federal Income Tax Considerations – U.S. Federal Income Tax Consequences of the Arrangement to Non-U.S. Holders of Class A Units – Unit 5 Percent Exception”*.

**“Unit 5 Percent Exception”** has the meaning ascribed to it under the heading *“Principal U.S. Federal Income Tax Considerations – U.S. Federal Income Tax Consequences of the Arrangement to Non-U.S. Holders of Class A Units – Unit 5 Percent Exception”*.

**“United States”** or **“U.S.”** means the United States of America, its territories and possessions, any State of the United States and the District of Columbia.

**“Unitholder Approval”** means the approval of the Arrangement Resolution by the Unitholders at the Meeting in accordance with the Interim Order.

**“Unitholder Rights Plan”** means the Amended and Restated Unitholder Rights Plan Agreement dated May 25, 2017 between Pure Multi-Family and Computershare Investor Services Inc.

**“Unitholders”** means the Class A Unitholders and the Class B Unitholders, as the context requires.

**“Units”** means the Class A Units and the Class B Units.

**“URP Right”** means a right issued pursuant to the Unitholder Rights Plan.

**“U.S. Exchange Act”** means the United States Securities Exchange Act of 1934.

**“U.S. Holder”** has the meaning ascribed to it under the heading *“Principal U.S. Federal Income Tax Considerations”*.

**“U.S. Publicly Traded Exception”** has the meaning ascribed to it under the heading *“Principal U.S. Federal Income Tax Considerations – U.S. Federal Income Tax Consequences of the Arrangement to Non-U.S. Holders of Class A Units – Unit 5 Percent Exception”*.

**“U.S. related person”** has the meaning ascribed to it under the heading *“Principal U.S. Federal Income Tax Considerations – Backup Withholding and Information Reporting on Non-U.S. Holders”*.

**“U.S. TIN”** has the meaning ascribed to it under the heading *“Principal U.S. Federal Income Tax Considerations – U.S. Federal Income Tax Consequences of the Arrangement to Non-U.S. Holders of Class A Units – Exchange of Class A Units for the Consideration”*.

**“U.S. Treasury Regulations”** has the meaning ascribed to it under the heading *“Principal U.S. Federal Income Tax Considerations”*.

**“US REIT”** means Pure US Apartments REIT Inc., a corporation formed under the laws of Maryland.

**“USRPI”** has the meaning ascribed to it under the heading *“Principal U.S. Federal Income Tax Considerations – U.S. Federal Income Tax Consequences of the Arrangement to Non-U.S. Holders of Class A Units – Exchange of Class A Units for the Consideration”*.

**“Voting Agreement”** has the meaning ascribed to it under the heading *“Solicitation of Proxies and Voting at the Meeting – Voting Agreement”*.

**“WACC”** has the meaning ascribed to it under the heading *“The Arrangement – Fairness Opinions – Fort Capital Fairness Opinion – NAV Analysis – Discounted Cash Flow Approach”*.



**SCHEDULE B****ARRANGEMENT RESOLUTION**

## BE IT RESOLVED THAT:

1. The arrangement (the “**Arrangement**”) under Section 288 of the *Business Corporations Act* S.B.C. 2002, c.57 pursuant to the arrangement agreement among Pure Multi-Family REIT LP (“**Pure Multi-Family**”), Pure Multi-Family REIT (GP) Inc. (“**Governing GP**”), and Portfolio 22 Venture, LLC, dated July 18, 2019, as it may be modified, supplemented or amended from time to time in accordance with its terms (the “**Arrangement Agreement**”), all as more particularly described and set forth in the management information circular of Pure Multi-Family dated August 14, 2019 accompanying the notice of this special meeting, is hereby authorized, approved and adopted.
2. The plan of arrangement, as it has been or may be modified, supplemented or amended in accordance with the Arrangement Agreement and its terms, (the “**Plan of Arrangement**”), the full text of which is set out as Schedule A to the Arrangement Agreement, is hereby authorized, approved and adopted.
3. The Arrangement Agreement and all the transactions contemplated therein, the actions of the directors of the Governing GP in approving the Arrangement and the actions of the directors and officers of the Governing GP in executing and delivering the Arrangement Agreement and any modifications, supplements or amendments thereto are hereby ratified and approved.
4. Notwithstanding that this resolution has been passed (and the Arrangement adopted) by the holders of Class A units and Class B units of Pure Multi-Family or that the Arrangement has been approved by the Supreme Court of British Columbia (the “**Court**”), the directors of the Governing GP are hereby authorized and empowered, at their discretion, without further notice to or approval of such holders: (i) to amend or modify the Arrangement Agreement or the Plan of Arrangement to the extent permitted by their terms, and (ii) subject to the terms of the Arrangement Agreement, not to proceed with the Arrangement and any related transactions.
5. Any officer or director of the Governing GP is hereby authorized and directed, for and on behalf of Pure Multi-Family and/or the Governing GP, to make an application to the Court for an order approving the Arrangement and to execute, under the corporate seal of the Governing GP or otherwise, such other documents as are necessary or desirable to give effect to the Arrangement and the Plan of Arrangement in accordance with the Arrangement Agreement, such determination to be conclusively evidenced by the execution and delivery of such articles of arrangement and any such other documents.
6. Any officer or director of the Governing GP is hereby authorized and directed for and on behalf of Pure Multi-Family and/or the Governing GP to execute or cause to be executed and to deliver or cause to be delivered, all such other documents and instruments and to perform or cause to be performed all such other acts and things as, in such person’s opinion, may be necessary or desirable to give full force and effect to the foregoing resolutions and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such other document or instrument or the doing of any other such act or thing.

## SCHEDULE C

### PLAN OF ARRANGEMENT

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See attached.

**PLAN OF ARRANGEMENT  
UNDER SECTION 288  
OF THE *BUSINESS CORPORATIONS ACT* (BRITISH COLUMBIA)**

**ARTICLE 1  
INTERPRETATION**

**1.1 Definitions**

Unless indicated otherwise, where used in this Plan of Arrangement, capitalized terms used but not defined shall have the meanings specified in the Arrangement Agreement and the following terms shall have the following meanings (and grammatical variations of such terms shall have corresponding meanings):

**“Arrangement”** means the arrangement under Division 5 of Part 9 of the BCBCA on the terms and subject to the conditions set out in this Plan of Arrangement, subject to any amendments or variations made in accordance with the terms of the Arrangement Agreement or made at the direction of the Court in the Final Order with the consent of the Parties, acting reasonably.

**“Arrangement Agreement”** means the Arrangement Agreement, dated as of July 18, 2019, between Pure GP, Pure LP and the Purchaser (including the Schedules thereto) as it may be amended, modified or supplemented from time to time in accordance with its terms.

**“Arrangement Resolution”** means the special resolution approving this Plan of Arrangement to be considered at the Pure Meeting by the Unitholders.

**“BCBCA”** means the *Business Corporations Act*, S.B.C. 2002, c.57.

**“Business Day”** means any day of the year, other than a Saturday, Sunday or any day on which major banks are closed for business in Vancouver, British Columbia or Atlanta, Georgia.

**“Class A Unitholders”** means the registered and/or beneficial holders of the Class A Units, as the context requires.

**“Class A Units”** means the Class A units in the capital of Pure LP.

**“Class B Unitholders”** means the registered and/or beneficial holders of the Class B Units, as the context requires.

**“Class B Units”** means the Class B units in the capital of Pure LP.

**“Consideration”** means \$7.61 in cash per Class A Unit and \$101.4350 in cash per Class B Unit.

**“Court”** means the the Supreme Court of British Columbia, sitting in Vancouver, British Columbia, or other court as applicable.

**“Debenture Consideration”** means a cash payment for each \$1,000 principal amount of outstanding Pure Debentures equal to (a) \$1,346.90 plus (b) accrued and unpaid interest thereon up to and including the Effective Date, at the rate of interest specified in the Pure Debenture Indenture.

**“Debentureholder Event”** means an event where Debentureholders are granted the right to approve the Arrangement, in which case the Pure Debentures shall not be arranged pursuant to this Plan of Arrangement and Section 2.3(j), but, instead, Pure LP shall redeem all of the Pure Debentures in accordance with Article 4 of the Pure Debenture Indenture; thereafter the acquisition of the Units of Pure LP set forth herein shall proceed in accordance with the terms of this Plan of Arrangement..

**“Debentureholders”** means the registered and/or beneficial holders of the Pure Debentures.

**“Deferred Unit Payment”** has the meaning specified in Section 2.3(d).

**“Depository”** means such Person as the Purchaser may appoint to act as depository for the Class A Units, the Class B Units and, unless a Debentureholder Event has occurred, the Pure Debentures, in relation to the Arrangement, with the approval of Pure LP, acting reasonably.

**“Dissent Rights”** has the meaning specified in Section 3.1.

**“Dissenting Holder”** means a registered Unitholder who has validly exercised its Dissent Rights and has not withdrawn or been deemed to have withdrawn such exercise of Dissent Rights, but only in respect of the Units in respect of which Dissent Rights are validly exercised in accordance with Section 3.1 (including the time limits set out therein) by such registered Unitholder.

**“Effective Date”** means the date on which the Arrangement becomes effective.

**“Effective Time”** means 12:01 a.m. (Vancouver time) on the Effective Date, or such other time as the Parties agree to in writing before the Effective Date.

**“Final Order”** means the final order of the Court pursuant to Section 291(4) of the BCBCA after a hearing upon the procedural and substantive fairness of the terms and conditions of the Arrangement, in a form acceptable to the Parties, acting reasonably, approving the Arrangement, as such order may be amended by the Court (with the consent of the Parties, acting reasonably) at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended on appeal (provided however, that any such amendment must be acceptable to the Parties, acting reasonably).

**“Governmental Entity”** means (i) any international, multinational, national, federal, provincial, territorial, state, regional, municipal, local or other government, governmental or public body, authority or department, central bank, court, tribunal, arbitral body, commission, board, bureau, commissioner, ministry, governor in council, agency or instrumentality, domestic or foreign; (ii) any subdivision or authority of any of the above; (iii) any quasi-governmental, administrative or private body, including any tribunal, commission, committee, regulatory agency or self-regulatory

organization, exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing; or (iv) any stock exchange.

**“Interim Order”** means the interim order of the Court pursuant to Section 291(2) of the BCBCA, providing for, among other things, the calling and holding of the Pure Meeting, in a form acceptable to the Parties, acting reasonably as such order may be amended by the Court with the consent of the Parties, acting reasonably.

**“Law”** means, with respect to any Person, any and all applicable law (statutory, common or otherwise), constitution, treaty, convention, ordinance, code, rule, regulation, order, injunction, judgment, award, decree, ruling, published administrative policy (to the extent such policy has the force of law or is binding on the Person to which it purports to apply), or other similar requirement, whether domestic or foreign, enacted, adopted, promulgated or applied by a Governmental Entity that is binding upon or applicable to such Person or its business, undertaking, property or securities, and to the extent that they have the force of law, policies, guidelines, notices and protocols of any Governmental Entity.

**“Letter of Transmittal”** means the letter of transmittal sent to Unitholders and Debentureholders for use in connection with the Arrangement.

**“Lien”** means any mortgage, deed of trust, charge, pledge, hypothec, security interest, lien (statutory or otherwise), prior claim, encroachment, option, right of first refusal or first offer, occupancy right, covenant, assignment, defect of title, restriction, adverse right or other third party interest or encumbrance, in each case, whether contingent or absolute.

**“Parties”** means, collectively, Pure GP, Pure LP and the Purchaser and **“Party”** means any one of them.

**“Performance Unit Payment”** has the meaning specified in Section 2.3(f).

**“Person”** includes any individual, partnership, limited partnership, association, body corporate, organization, joint venture, trust, estate, trustee, executor, administrator, legal representative, government (including a Governmental Entity), syndicate or other entity.

**“Plan of Arrangement”** means this plan of arrangement proposed under Section 291 of the BCBCA, and any amendments or variations made in accordance with the Arrangement Agreement or Section 5.1 or made at the direction of the Court in the Final Order with the consent of the Parties, acting reasonably.

**“Purchaser”** means Portfolio 22 Venture, LLC, a limited liability company formed under the laws of Delaware.

**“Pure Debentures”** means the 6.5% convertible unsecured debentures of Pure LP issued on August 7, 2013, originally in the aggregate principal amount of \$23,000,000.

**“Pure Deferred Unit”** means an outstanding deferred unit issued pursuant to the Pure Deferred Unit Plan.

**“Pure Deferred Unit Plan”** means the Deferred Unit Plan of Pure LP effective as of January 1, 2018.

**“Pure GP”** means Pure Multi-Family REIT (GP) Inc., a company incorporated under the laws of British Columbia.

**“Pure LP”** means Pure Multi-Family REIT LP, a limited partnership formed under the laws of Ontario.

**“Pure LPA”** means the Amended and Restated Limited Partnership Agreement of Pure LP dated May 24, 2018.

**“Pure Meeting”** means the special (or annual and special) meeting of the Unitholders, including any adjournment or postponement of such meeting in accordance with the terms of the Arrangement Agreement, to be called and held in accordance with the Interim Order to consider the Arrangement Resolution.

**“Pure Performance Unit”** means an outstanding restricted unit issued or currently issuable under the Pure RU Plan that is subject to a performance factor.

**“Pure RU”** means an outstanding restricted unit issued or currently issuable under the Pure RU Plan, other than a Pure Performance Unit.

**“Pure RU Plan”** means the Amended and Restated Restricted Unit Plan approved by Unitholders on May 24, 2018.

**“Pure Securityholders”** means, collectively, the Unitholders, the holders of Pure Deferred Units, the holders of Pure RUs, the holders of Pure Performance Units and the holders of Pure Debentures.

**“RU Payment”** has the meaning specified in Section 2.3(e).

**“Unitholder Rights Plan”** means the Amended and Restated Unitholder Rights Plan Agreement dated May 25, 2017 between Pure LP and Computershare Investor Services Inc.

**“Unitholders”** means the Class A Unitholders and the Class B Unitholders, as the context requires.

**“Units”** means the Class A Units and the Class B Units.

**“URP Right”** means a right issued pursuant to the Unitholder Rights Plan.

**“US REIT”** means Pure US Apartments REIT Inc., a corporation formed under the laws of Maryland.

**“Withholding Agent”** has the meaning specified in Section 4.3.



## 1.2 Certain Rules of Interpretation

In this Plan of Arrangement, unless otherwise specified:

- (1) **Headings, etc.** The division of this Plan of Arrangement into Articles and Sections and the insertion of headings are for convenient reference only and do not affect the construction or interpretation of this Plan of Arrangement. Unless stated otherwise, the word “Article,” “Section” and “Schedule” followed by a number or letter mean and refer to the specified Article or Section of or Schedule to this Plan of Arrangement.
- (2) **Currency.** All references to dollars or to \$ are references to United States dollars, unless specified otherwise.
- (3) **Gender and Number.** Any reference to gender includes all genders. Words importing the singular number only include the plural and vice versa.
- (4) **Certain Phrases, etc.** The words: (i) “including,” “includes” and “include” means “including (or includes or include) without limitation”, and (ii) “the aggregate of”, “the total of,” “the sum of”, or a phrase of similar meaning means “the aggregate (or total or sum), without duplication, of”. References herein to a Person in a particular capacity or capacities shall exclude such Person in any other capacity.
- (5) **Law.** Any reference to a Law refers to such Law and all rules, resolutions and regulations made under it, as it or they may have been or may from time to time be amended or re-enacted, unless stated otherwise.
- (6) **Computation of Time.** A period of time is to be computed as beginning on the day following the event that began the period and ending at 4:30 p.m. (Vancouver time) on the last day of the period, if the last day of the period is a Business Day, or at 4:30 p.m. (Vancouver time) on the next Business Day if the last day of the period is not a Business Day. If the date on which any action is required or permitted to be taken under this Plan of Arrangement by a Person is not a Business Day, such action shall be required or permitted to be taken on the next succeeding day which is a Business Day.
- (7) **Time References.** References to time herein or in any Letter of Transmittal are to local time, Vancouver, British Columbia.

## ARTICLE 2 THE ARRANGEMENT

### 2.1 Arrangement Agreement

This Plan of Arrangement is made pursuant to and subject to the provisions of the Arrangement Agreement.

## 2.2 Binding Effect

This Plan of Arrangement and the Arrangement, will become effective, and be binding on the Purchaser, Pure GP, Pure LP and the Pure Securityholders, including Dissenting Holders, the registrar and transfer agent of Pure LP, the Depositary and all other Persons, at and after, the Effective Time without any further act or formality required on the part of any Person.

## 2.3 Arrangement

At the Effective Time each of the following events shall occur and shall be deemed to occur sequentially as set out below without any further authorization, act or formality, in each case, unless stated otherwise, effective as at five minute intervals starting at the Effective Time:

- (a) the Purchaser shall advance by way of a loan to Pure LP an amount equal to the aggregate amount of cash required to be paid by Pure LP for the cancellation of the Pure Deferred Units, the Pure RUs and the Pure Performance Units hereunder and Pure LP shall deliver to the Purchaser a duly issued and executed demand interest-free promissory note having a principal amount equal to the amount so advanced;
- (b) the Pure LPA shall be amended to the extent necessary or desirable by the Parties to facilitate the Arrangement and the implementation of the steps and transactions described herein and/or contemplated in connection with the Arrangement including providing for the allocation to the Unitholders and to the Purchaser of the Net Income and Taxable Income (both terms as defined in the Pure LPA) of Pure LP for the Fiscal Year (as defined in the Pure LPA) of Pure LP in which the Closing Date occurs as follows:
  - (i) Pure LP shall allocate its Net Income and Taxable Income earned and realized prior to Closing Date to the Unitholders and for greater certainty, no other allocation of the Net Income and Taxable Income of Pure LP shall be made to the Unitholders;
  - (ii) Pure LP shall allocate its Net Income and Taxable Income earned and realized on or after Closing Date to the Purchaser; and
  - (iii) the Purchaser shall make such allocations of its Net Income and Taxable Income to the Unitholders and the Purchaser pursuant to the Pure LPA and the Tax Act as necessary to effect the foregoing allocations;
- (c) notwithstanding the terms of the Unitholder Rights Plan, the Unitholder Rights Plan shall be terminated and all URP Rights issued pursuant to the Unitholder Rights Plan shall be cancelled without any payment in respect thereof;
- (d) each Pure Deferred Unit outstanding shall, without any further action by or on behalf of a holder of Pure Deferred Units, be cancelled in exchange for a cash payment from Pure LP of an amount equal to the Consideration (the “**Deferred Unit Payment**”), less all applicable withholdings, all in full satisfaction of the obligations of Pure LP in respect of the Pure Deferred Units;

- (e) each Pure RU outstanding, whether vested or unvested, shall be deemed to be unconditionally and fully vested, and each such Pure RU shall, without any further action by or on behalf of a holder of Pure RUs, be cancelled in exchange for a cash payment from Pure LP of an amount equal to the Consideration (the “**RU Payment**”), less applicable withholdings, all in full satisfaction of the obligations of Pure LP in respect of the Pure RUs;
- (f) each Pure Performance Unit outstanding, whether vested or unvested, shall be deemed to be unconditionally and fully vested based on the applicable performance factor (calculated in accordance with the terms of the Pure RU Plan as if the Effective Date were the vesting date of such Pure Performance Units), and each such Pure Performance Unit (including additional Pure Performance Units that vest as a result of the application of the applicable performance factor) shall, without any further action by or on behalf of a holder of Pure Performance Units, be cancelled in exchange for a cash payment from Pure LP of an amount equal to the Consideration (the “**Performance Unit Payment**”), less applicable withholdings, all in full satisfaction of the obligations of Pure LP in respect of the Pure Performance Units;
- (g) concurrent with the step described in Sections 2.3(d), 2.3(e) and 2.3(f), as applicable, (i) each holder of a Pure Deferred Unit, each holder of a Pure RU and each holder of a Pure Performance Unit shall cease to be a holder of such Pure Deferred Unit, Pure RU or Pure Performance Unit, as the case may be, (ii) each such holder’s name shall be removed from each applicable register, (iii) the Pure Deferred Unit Plan, the Pure RU Plan and all agreements, arrangements and understandings relating to any and all of the Pure Deferred Units, the Pure RUs and the Pure Performance Units shall be terminated and shall be of no further force and effect, and (iv) each such holder shall thereafter have only the right to receive the Deferred Unit Payment, the RU Payment or the Performance Unit Payment to which such holder is entitled pursuant to Sections 2.3(d), 2.3(e) and 2.3(f), as applicable, at the time and in the manner contemplated hereby;
- (h) each of the Units held by a Dissenting Holder in respect of which Dissent Rights have been validly exercised shall be deemed to have been transferred without any further act or formality to the Purchaser in consideration for a debt claim against the Purchaser for the amount determined under Article 3, and:
  - (i) such Dissenting Holder shall cease to be the holder of such Units and to have any rights as a Unitholder other than the right to be paid fair value for such Units, as set out in Section 3.1;
  - (ii) such Dissenting Holder’s name shall be removed as the holder of such Units from the register of Units maintained by or on behalf of Pure LP; and
  - (iii) the Purchaser shall be deemed to be the transferee of such Units free and clear of all Liens (other than the right to be paid fair value for such Units as

set out in Section 3.1), and shall be entered in the register of Units maintained by or on behalf of Pure LP;

- (i) concurrent with the transaction described in Section 2.3(h), each Unit outstanding, other than Units held by a Dissenting Holder in respect of which Dissent Rights have been validly exercised shall, without any further action by or on behalf of any Unitholder, be deemed to be assigned and transferred by the holder thereof to the Purchaser in exchange for the Consideration, and:
  - (i) each holder of such Units shall cease to be the holder thereof and to have any rights as a Unitholder other than the right to be paid the Consideration per Unit in accordance with this Plan of Arrangement;
  - (ii) the name of each such holder shall be removed from the register of the Units maintained by or on behalf of Pure LP; and
  - (iii) the Purchaser shall be deemed to be the transferee of such Unit (free and clear of all Liens) and shall be entered in the register of the Units maintained by or on behalf of Pure LP;
- (j) unless a Debentureholder Event has occurred, all Pure Debentures outstanding shall, without any further action by or on behalf of any Debentureholder, be deemed to be assigned and transferred by the holder thereof to the Purchaser in exchange for the Debenture Consideration, and
  - (i) each holder of Pure Debentures shall cease to be the holder thereof and to have any rights as a Debentureholder other than the right to be paid the Debenture Consideration for such holder's Pure Debentures in accordance with this Plan of Arrangement;
  - (ii) the name of each such holder shall be removed from the register of Pure Debentures maintained by or on behalf of Pure LP; and
  - (iii) the Purchaser shall be deemed to be the transferee of such Pure Debentures (free and clear of all Liens) and shall be entered in the register of Pure Debentures maintained by or on behalf of Pure LP; and
- (k) all of the rights and obligations of Pure GP under the Pure LPA shall be assigned by Pure GP to a transferee to be designated by the Purchaser by notice in writing to Pure GP not less than two Business Days prior to the Effective Date, and such assignee shall become a party to the Pure LPA and assume all of the obligations of the general partner under the Pure LPA.

## ARTICLE 3 RIGHTS OF DISSENT

### 3.1 Rights of Dissent

- (a) In connection with the Arrangement, each registered Unitholder may exercise rights of dissent (“**Dissent Rights**”) with respect to the Units held by such Unitholder pursuant to sections 237 to 247 of the BCBCA, as modified by the Interim Order and this Section 3.1(a); provided that, notwithstanding section 242(1)(a) of the BCBCA, the written objection to the Arrangement Resolution referred to in section 242(1)(a) of the BCBCA must be received by Pure LP not later than 4:00 p.m. (Vancouver time) two Business Days immediately preceding the date of the Pure Meeting. Dissenting Holders who:
  - (i) are ultimately entitled to be paid fair value for such Units in respect of which Dissent Rights have been validly exercised (1) shall be deemed to not to have participated in the transactions in Article 2 (other than Section 2.3(h)); (2) shall be deemed to have transferred and assigned such Units (free and clear of any Liens) to the Purchaser in accordance with Section 2.3(h); (3) will be entitled to be paid the fair value of such Units by the Purchaser, which fair value, notwithstanding anything to the contrary contained in the BCBCA, shall be determined as of the close of business on the day before the Arrangement Resolution was adopted at the Pure Meeting; and (4) will not be entitled to any other payment or consideration, including any payment that would be payable under the Arrangement had such holders not exercised their Dissent Rights in respect of such Units; or
  - (ii) are ultimately not entitled, for any reason, to be paid by the Purchaser fair value for their Units in respect of which Dissent Rights have been validly exercised, shall be deemed to have participated in the Arrangement in respect of those Units on the same basis as a non-dissenting Unitholder.
- (b) In no event shall the Purchaser or Pure LP or any other Person be required to recognize a Dissenting Holder as a registered or beneficial owner of Units or any interest therein (other than the rights set out in this Section 3.1) at or after the time of the transaction described in Section 2.3(h), and at such time the names of such Dissenting Holders shall be deleted from the central securities register of Pure LP as at such time.
- (c) For greater certainty, in addition to any other restrictions in the Interim Order, no Person shall be entitled to exercise Dissent Rights with respect to Units in respect of which a Person has voted or has instructed a proxyholder to vote in favour of the Arrangement Resolution.

## ARTICLE 4 CERTIFICATES AND PAYMENTS

### 4.1 Payment of Consideration

- (a) Following receipt of the Final Order and prior to the Effective Time, the Purchaser shall deliver or cause to be delivered (i) to the Depositary sufficient cash to satisfy the aggregate Consideration payable to the Class A Unitholders and Class B Unitholders and, unless a Debentureholder Event has occurred, the aggregate Debenture Consideration payable to the Debentureholders, in accordance with Section 2.3, which cash shall be held by the Depositary as agent and nominee for the Purchaser until completion of the step described in Section 2.3(i), at which time such cash shall be held by the Depositary as agent and nominee for such former Class A Unitholders, Class B Unitholders and, if applicable, such former Debentureholders, for distribution thereto in accordance with the provisions of this Article 4; and (ii) to Pure LP, the aggregate amount to be paid by Pure LP to former holders of Pure Deferred Units, Pure RUs and Pure Performance Units, respectively in accordance with Section 2.3, which cash shall be held by Pure LP for the benefit of the Purchaser until the Effective Time, at which time such cash shall be held by Pure LP for the benefit of former holders of Pure Deferred Units, Pure RUs and Pure Performance Units for distribution thereto in accordance with the provisions of this Article 4.
- (b) Upon surrender to the Depositary for cancellation of a certificate which immediately prior to the Effective Time represented outstanding Class A Units and Class B Units that were transferred pursuant to Section 2.3(i), together with a duly completed and executed Letter of Transmittal and such additional documents and instruments as the Depositary may reasonably require, the Class A Unitholder(s) and Class B Unitholder(s) surrendering such certificate shall be entitled to receive in exchange therefor, and the Depositary shall deliver to such Class A Unitholder(s) and Class B Unitholder(s), a cheque, wire or other form of immediately available funds representing the Consideration which such Class A Unitholder(s) and Class B Unitholder(s) has the right to receive under this Plan of Arrangement for such Class A Units and Class B Units, less any amounts withheld pursuant to Section 4.3, and any certificate so surrendered shall forthwith be cancelled.
- (c) Unless a Debentureholder Event has occurred, upon surrender to the Depositary for cancellation of a certificate which immediately prior to the Effective Time represented outstanding Pure Debentures that were transferred pursuant to Section 2.3(j), together with a duly completed and executed Letter of Transmittal and such additional documents and instruments as the Depositary may reasonably require, the Debentureholder(s) surrendering such certificate shall be entitled to receive in exchange therefor, and the Depositary shall deliver to such Debentureholder(s), a cheque, wire or other form of immediately available funds representing the Debenture Consideration which such Debentureholder(s) has the right to receive under this Plan of Arrangement for such Pure Debentures, less any amounts



withheld pursuant to Section 4.3, and any certificate so surrendered shall forthwith be cancelled.

- (d) On or as soon as practicable after the Effective Date, Pure LP shall pay, or cause to be paid, the amounts, less any amounts withheld pursuant to Section 4.3, to be paid to holders of Pure Deferred Units, Pure RUs or Pure Performance Units pursuant to this Plan of Arrangement either (i) pursuant to the normal payroll practices and procedures of Pure LP, or (ii) in the event that payment pursuant to the normal payroll practices and procedures of Pure LP is not practicable for any such holder, by cheque or wire transfer (delivered to such holder of Pure Deferred Units, Pure RUs or Pure Performance Units, as applicable, as reflected on the register maintained by or on behalf of Pure LP in respect of the Pure Deferred Units, Pure RUs and Pure Performance Units).
- (e) Until surrendered as contemplated by this Section 4.1, each certificate that immediately prior to the Effective Time represented Class A Units or Class B Units (other than Class A Units or Class B Units in respect of which Dissent Rights have been validly exercised and not withdrawn), shall be deemed after the Effective Time to represent only the right to receive upon such surrender a cash payment in lieu of such certificate as contemplated in this Section 4.1, less any amounts withheld pursuant to Section 4.3. Any such certificate formerly representing Class A Units or Class B Units not duly surrendered on or before the sixth anniversary of the Effective Date shall cease to represent a claim by or interest of any former holder of Class A Units or Class B Units of any kind or nature against or in Pure LP or the Purchaser. On such date, all cash to which such former holder was entitled shall be deemed to have been surrendered to the Purchaser or Pure LP, as applicable, and shall be paid over by the Depositary to the Purchaser or as directed by the Purchaser.
- (f) Unless a Debentureholder Event has occurred, until surrendered as contemplated by this Section 4.1, each certificate that immediately prior to the Effective Time represented Pure Debentures, shall be deemed after the Effective Time to represent only the right to receive upon such surrender a cash payment in lieu of such certificate as contemplated in this Section 4.1, less any amounts withheld pursuant to Section 4.3. Unless a Debentureholder Event has occurred, any such certificate formerly representing Pure Debentures not duly surrendered on or before the sixth anniversary of the Effective Date shall cease to represent a claim by or interest of any former holder of Pure Debentures of any kind or nature against or in Pure LP or the Purchaser. On such date, all cash to which such former holder was entitled shall be deemed to have been surrendered to the Purchaser or Pure LP, as applicable, and shall be paid over by the Depositary to the Purchaser or as directed by the Purchaser.
- (g) Any payment made by way of cheque by the Depositary (or Pure LP, if applicable) pursuant to this Plan of Arrangement that has not been deposited or has been returned to the Depositary (or Pure LP) or that otherwise remains unclaimed, in each case, on or before the sixth anniversary of the Effective Time, and any right

or claim to payment hereunder that remains outstanding on the sixth anniversary of the Effective Time shall cease to represent a right or claim of any kind or nature and the right of the holder to receive the applicable consideration for the Class A Units or Class B Units, the Pure Deferred Units, the Pure RUs, the Pure Performance Units or, unless a Debentureholder Event has occurred, the Pure Debentures pursuant to this Plan of Arrangement shall terminate and be deemed to be surrendered and forfeited to the Purchaser or Pure LP, as applicable, for no consideration.

- (h) No holder of Class A Units, Class B Units, Pure Deferred Units, Pure RUs, Pure Performance Units or, unless a Debentureholder Event has occurred, Pure Debentures shall be entitled to receive any consideration with respect to such Class A Units, Class B Units, Pure Deferred Units, Pure RUs, Pure Performance Units or Pure Debentures, other than any cash payment to which such holder is entitled to receive in accordance with Section 2.3 and this Section 4.1 and, for greater certainty and unless a Debentureholder Event has occurred, no such holder will be entitled to receive any interest, dividends, premium or other payment in connection therewith.

## **4.2 Lost Certificates**

In the event any certificate which immediately prior to the Effective Time represented one or more outstanding Class A Units, Class B Units or Pure Debentures that were transferred pursuant to Section 2.3 shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the Person claiming such certificate to be lost, stolen or destroyed, the Depositary will issue in exchange for such lost, stolen or destroyed certificate, a cheque, wire or other form of immediately available funds for (i) the Consideration that such Class A Unitholder and Class B Unitholder has the right to receive in accordance with Section 2.3 and such Class A Unitholder's and Class B Unitholder's Letter of Transmittal, or (ii) unless a Debentureholder Event has occurred, the Debenture Consideration that such Debentureholder has the right to receive in accordance with Section 2.3 and such Debentureholder's Letter of Transmittal. When authorizing such payment in exchange for any lost, stolen or destroyed certificate, the Person to whom such cash is to be delivered shall as a condition precedent to the delivery of such cash, give a bond satisfactory to the Purchaser and the Depositary (each acting reasonably) in such sum as the Purchaser may direct (acting reasonably), or otherwise indemnify the Purchaser and Pure LP in a manner satisfactory to the Purchaser and Pure LP (each acting reasonably) against any claim that may be made against the Purchaser and Pure LP with respect to the certificate alleged to have been lost, stolen or destroyed.

## **4.3 Withholding Rights**

The Purchaser, Pure LP, any Subsidiary of Pure LP, US REIT and the Depositary (each a **"Withholding Agent"**), as applicable, will be entitled to deduct and withhold from any consideration otherwise payable or otherwise deliverable to any Pure Securityholder under this Plan of Arrangement such amounts as the Purchaser, Pure LP, such Subsidiary of Pure LP, US REIT or the Depositary, as applicable, determines, acting reasonably, are required to be deducted or withheld from such amount otherwise payable or otherwise deliverable under the Tax Act, the

Code or any provision of any Law in respect of Taxes; provided, however, that no Withholding Agent shall be permitted to make any such deduction or withholding of Taxes under Sections 1445 or 1446 of the Code unless the Purchaser notifies Pure LP in writing of its determination to withhold or deduct any such Taxes and the reasons therefor at least 10 Business Days prior to the Pure Meeting, in which event the Parties agree to use commercially reasonable efforts to reduce or eliminate such proposed withholding, including but not limited to providing and accepting any certifications or representations that are reasonably available or appropriate to reduce or eliminate the requirement to deduct and withhold any such Tax. Pure LP agrees to promptly provide any information reasonably requested by the Purchaser to determine whether any deduction or withholding of Tax is required with respect to the transactions contemplated by this Plan of Arrangement, and Purchaser agrees to promptly and reasonably respond to any request by Pure LP to reduce or eliminate any proposed Tax withholding.

#### **4.4 No Liens**

Any exchange or transfer of securities pursuant to this Plan of Arrangement shall be free and clear of any Liens or other claims of third parties of any kind.

#### **4.5 Paramountcy**

From and after the Effective Time: (a) this Plan of Arrangement shall take precedence and priority over any and all Units, Pure Deferred Units, Pure RUs, Pure Performance Units and, unless a Debentureholder Event has occurred, Pure Debentures issued or outstanding at or prior to the Effective Time, (b) the rights and obligations of the Pure Securityholders, Pure LP, the Purchaser, the Depositary and any transfer agent or other depositary therefor in relation thereto, shall in respect of the Arrangement Agreement, be solely as provided for in this Plan of Arrangement, and (c) all actions, causes of action, claims or proceedings (actual or contingent and whether or not previously asserted) based on or in any way relating to any Units, Pure Deferred Units, Pure RUs, Pure Performance Units or, unless a Debentureholder Event has occurred, Pure Debentures shall be deemed to have been settled, compromised, released and determined without liability except as set forth in this Plan of Arrangement.

### **ARTICLE 5 AMENDMENTS**

#### **5.1 Amendments to Plan of Arrangement**

- (a) The Parties may amend, modify and/or supplement this Plan of Arrangement at any time and from time to time prior to the Effective Time, provided that each such amendment, modification and/or supplement must (i) be set out in writing, (ii) be approved by the Parties, acting reasonably, (iii) filed with the Court and, if made following the Pure Meeting, approved by the Court, and (iv) communicated to the Pure Securityholders if and as required by the Court.
- (b) Any amendment, modification or supplement to this Plan of Arrangement may be proposed by Pure LP or the Purchaser at any time prior to the Pure Meeting (provided that Pure LP or the Purchaser, as applicable, shall have consented thereto) with or without any other prior notice or communication, and if so proposed and

accepted by the Persons voting at the Pure Meeting (other than as may be required under the Interim Order), shall become part of this Plan of Arrangement for all purposes.

- (c) Any amendment, modification or supplement to this Plan of Arrangement that is approved or directed by the Court following the Pure Meeting shall be effective only if (i) it is consented to in writing by each of the Parties (in each case, acting reasonably), and (ii) if required by the Court, it is consented to by some or all of the Unitholders and, unless a Debentureholder Event has occurred, the Debentureholders voting in the manner directed by the Court.
- (d) Any amendment, modification or supplement to this Plan of Arrangement may be made following the Effective Date unilaterally by the Purchaser, provided that it solely concerns a matter which, in the reasonable opinion of the Purchaser, is of an administrative nature required to better give effect to the implementation of this Plan of Arrangement and is not adverse to the economic interest of any former Pure Securityholder.

## **5.2 Termination**

This Plan of Arrangement may be withdrawn prior to the Effective Time in accordance with the terms of the Arrangement Agreement.

## **ARTICLE 6 FURTHER ASSURANCES**

### **6.1 Further Assurances**

Notwithstanding that the transactions and events set out in this Plan of Arrangement shall occur and shall be deemed to occur in the order set out in this Plan of Arrangement without any further act or formality, each of the Parties shall make, do and execute, or cause to be made, done and executed, all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required by either of them in order to further document or evidence any of the transactions or events set out in this Plan of Arrangement.

## SCHEDULE D

### **FORT CAPITAL FAIRNESS OPINION**

See attached.



July 18, 2019

The Special Committee of the Board of Directors & the Board of Directors  
Pure Multi-Family REIT LP  
Suite 910, 925 West Georgia Street  
Vancouver, BC V6C 3L2

To the Members of the Special Committee and the Board of Directors:

Fort Capital Partners (“**Fort Capital**”, “**we**” or “**us**”) understands that Pure Multi-Family REIT LP (“**Pure**” or the “**Partnership**”) and Cortland Partners, LLC (“**Cortland**” or the “**Acquiror**”) have entered into an arrangement agreement dated July 18, 2019 (the “**Arrangement Agreement**”) pursuant to which, among other things, Cortland will acquire all of the issued and outstanding Class A units of Pure (the “**Units**”). In accordance with the Arrangement Agreement, each holder of Units (a “**Unitholder**”) will be entitled to receive \$7.61 cash per Unit (the “**Consideration**”)¹. In addition, under the Arrangement Agreement, all of the outstanding convertible unsecured subordinated debentures (the “**Debentures**”) will be transferred for consideration of \$1,346.90 plus accrued and unpaid interest for each \$1,000 principal amount, unless the court requires a vote of the debenture holders in which case the debentures will be redeemed prior to the closing of the plan of arrangement.

Fort Capital also understands that the transactions contemplated by the Arrangement Agreement are proposed to be effected by way of a plan of arrangement under the *Business Corporations Act (British Columbia)* (the “**Arrangement**”). The terms and conditions of the Arrangement are summarized in Pure’s management information circular (the “**Circular**”), mailed in connection with a special meeting of Unitholders to be held on September 18, 2019 to consider and, if deemed advisable, approve the Arrangement. The above description is summary in nature and the specific terms and conditions of the Arrangement are set forth in the Arrangement Agreement.

### ***Background and Engagement of Fort Capital***

Fort Capital was first contacted with regards to a potential transaction involving Pure and an unnamed party (which subsequently was revealed as Cortland) on June 16, 2019. Fort Capital was formally retained by a special committee of the board of directors of Pure (the “**Special Committee**”) on July 12, 2019 pursuant to an engagement letter (the “**Engagement Agreement**”) to provide an opinion (the “**Opinion**”) as to the fairness, from a financial point of view, of the consideration to be received by the Unitholders and the holders of Debentures pursuant to the Arrangement Agreement. On July 17, we

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¹ For the purposes of this Opinion, it is expected that all 200,000 Class B Units will be re-designated into 2,665,835 Class A Units prior to the effective time of the Arrangement and have been treated as such

met with the Special Committee and provided an overview of our findings. On July 18, 2019 the Special Committee requested that Fort Capital provide the Opinion, which we issued on that day. The terms of the Engagement Agreement provide that Fort Capital be paid an engagement fee and a fixed fee upon delivery of a fairness opinion. There are no fees payable to Fort Capital under the Engagement Agreement that are contingent upon the conclusion reached by Fort Capital, or upon the successful completion of the Arrangement or any other transaction. In addition, Fort Capital is to be reimbursed for our reasonable out-of-pocket expenses and to be indemnified by Pure in certain circumstances.

The Special Committee has not instructed Fort Capital to prepare, and Fort Capital has not prepared, a formal valuation or appraisal of Pure or any of its Units or assets, and the Opinion should not be construed as such. The Opinion is not, and should not be construed as, advice as to the price at which the Units of Pure may trade at any time. Fort Capital has, however, conducted such analyses as we considered necessary in the circumstances to prepare and deliver the Opinion. While the Opinion has been prepared in accordance with the Disclosure Standards for Formal Valuations and Fairness Opinions of the Investment Industry Regulatory Organization of Canada (“**IIROC**”), Fort Capital is not a member of IIROC and IIROC has not been involved in the preparation or review of the Opinion.

### ***Credentials and Independence of Fort Capital***

Fort Capital is an independent investment banking firm which provides financial advisory services to corporations, business owners, and investors. Members of Fort Capital are professionals that have been financial advisors in a significant number of transactions involving public and private companies in North America and have experience in preparing fairness opinions and valuations. The opinions expressed herein are the opinions of Fort Capital, and the form and content hereof have been approved for release by Fort Capital.

Neither Fort Capital, nor any of our affiliates, is an insider, associate, or affiliate (as those terms are defined in the *Securities Act* (Ontario)) of Pure, Cortland, or any of their respective associates or affiliates (collectively, the “**Interested Parties**”). Fort Capital is not acting as an advisor to Pure or any Interested Party in connection with any matter, other than acting as advisor to the Special Committee as described herein.

Other than our engagement by the Special Committee on behalf of Pure to provide the Opinion, Fort Capital has not been engaged to provide any financial advisory services nor have we participated in any financings involving the Interested Parties within the past two years.

Fort Capital does not have a financial interest in the completion of the Arrangement and the fees paid to Fort Capital in connection with our engagement do not give Fort Capital any financial incentive in respect of the conclusion reached in the Opinion or in the outcome of the Arrangement. There are no understandings, agreements or commitments between Fort Capital and any of the Interested Parties with respect to any future financial advisory or investment banking business. Even though we have not provided a valuation, Fort Capital is of the view that we would qualify as an “independent valuator” (as the term is described in Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* (“**MI 61-101**”)) with respect to all Interested Parties.



## ***Scope of Review***

In preparing the Opinion, Fort Capital has, among other things, reviewed, considered and relied upon, without attempting to verify independently the completeness or accuracy thereof, the following:

- (a) the draft Arrangement Agreement dated July 16th, 2019 between the Partnership and Acquiror;
- (b) the most recent independent property appraisals available for the income producing properties;
- (c) annual information form of the Partnership dated April 12, 2019 for the year ended December 31, 2018;
- (d) consolidated annual financial statements of the Partnership for the years ended December 31, 2018, 2017, and 2016, together with the notes thereto and the auditors' reports thereon;
- (e) management's discussion and analysis of the results of operations and financial condition for the Partnership for the years ended December 31, 2018, 2017 and 2016;
- (f) management information circular of the Partnership dated April 18, 2019 distributed in connection with the annual and special meeting of Unitholders held on June 13, 2019;
- (g) interim financial statements and associated management's discussion and analysis documents for the periods ending March 31, 2019, September 30, 2018 and June 30, 2018;
- (h) certain publicly available information relating to the business, operations, financial condition and trading history of the Partnership and other selected public companies that Fort Capital considered relevant;
- (i) certain internal financial, operating, corporate and other information prepared or provided by or on behalf of the Partnership relating to the business, operations and financial condition of the Partnership;
- (j) internal management forecasts, projections, estimates and budgets prepared or provided by or on behalf of management of the Partnership;
- (k) various presentations prepared by management of the Partnership;
- (l) various presentations prepared by the Partnership's financial advisor;
- (m) discussions with management of the Partnership relating to the current business plans, financial conditions and prospects of the Partnership;
- (n) the trading history of the Partnership and other selected public companies we considered relevant;
- (o) public information with respect to precedent transactions we considered relevant;
- (p) various research publications prepared by industry and equity research analysts regarding the Partnership and other selected entities we considered relevant;
- (q) representations contained in separate certificates dated July 18, 2019 addressed to Fort Capital from senior officers of the Partnership as to the completeness, accuracy and fair presentation of the information upon which the Opinion is based; and,

- (r) such other information, investigations, analyses and discussion as we considered necessary or appropriate in the circumstances.

Fort Capital has not, to the best of our knowledge, been denied access by Pure to any information we requested.

### ***Prior Valuations***

Two senior officers of Pure have represented to Fort Capital that, to the best of their knowledge, there have been no prior valuations (as defined for the purposes of MI 61-101), other than independent property appraisals for income producing properties used to calculate Pure's IFRS book value per Unit, of Pure or any of its material assets or subsidiaries prepared within the past twenty-four (24) months.

### ***Assumptions and Limitations***

The Opinion is subject to the assumptions, explanations and limitations set forth below.

Fort Capital has, subject to the exercise of our professional judgment, relied, without independent verification, upon the completeness, accuracy and fair presentation of all of the financial and other information, data, advice, opinions and representations we obtained from public sources, or that was provided to us by Pure and their respective associates, affiliates and advisors (collectively, the "**Information**"), and we have assumed that the Information did not contain any misstatement of a material fact or omit to state any material fact or any fact necessary to be stated therein to make that information not misleading. The Opinion is conditional upon the completeness, accuracy and fair presentation of such Information. With respect to operating and financial projections provided to Fort Capital by management of Pure and used in the analysis supporting the Opinion, we have assumed that they have been reasonably prepared on bases reflecting the reasonable estimates and judgments of management of Pure, at the time and in the circumstances in which the projection or forecast was prepared, as to the matters covered thereby, and in rendering the Opinion we express no view as to the reasonableness of such estimates or judgments or the assumptions on which they are based.

In preparing the Opinion, Fort Capital has assumed that the Arrangement will be consummated in accordance with the terms of the Arrangement Agreement without any additional waiver of, or amendment to, any term or condition that is in any way material to Fort Capital's analysis.

Senior management of Pure have represented to Fort Capital in certificates delivered as of the date hereof that, among other things and to their knowledge, (a) they have no information or knowledge of any facts not contained in or referred to in the Information provided to Fort Capital by Pure which would reasonably be expected to affect the Opinion; (b) with the exception of forecasts, projections, estimates and budgets, the Information provided orally by, or in the presence of, an officer or employee of Pure or in writing by Pure or any of its subsidiaries or their respective agents to Fort Capital for the purposes of preparing the Opinion was, at the date the Information was provided to Fort Capital, or, in the case of historical Information, was, at the date of preparation, to the best of their knowledge, information and belief after due inquiry, complete, true and correct in all material respects, and does not or, in the case of historical Information, did not, contain a misrepresentation; (c) since the dates on which the Information was provided to Fort Capital, except as disclosed in writing to Fort Capital, there has been no material change, financial or otherwise, in the financial condition, assets, liabilities (contingent or otherwise),

business, operations or prospects of Pure, or any of its subsidiaries and no material change has occurred in the Information or any part thereof which would have or which would reasonably be expected to have a material effect on the Opinion; and (d) any portions of the Information provided to Fort Capital which constitute forecasts, projections, estimates or budgets were reasonably prepared on bases reflecting the best then currently available assumptions, estimates and judgments of management of Pure and its subsidiaries and were not, as of the date they were prepared, in the reasonable belief of management of Pure, misleading in any respect.

The Opinion is rendered on the basis of the securities markets, economic, financial and general business conditions prevailing as at the date hereof and the conditions and prospects, financial and otherwise, of Pure and its subsidiaries and affiliates, as they were reflected in the Information. In our analyses and in preparing the Opinion, Fort Capital made numerous assumptions with respect to industry performance, general business and economic conditions and other matters which we believe to be reasonable and appropriate in the exercise of our professional judgment, many of which are beyond the control of Fort Capital or any party involved in the Arrangement.

For the purposes of rendering the Opinion, Fort Capital has also assumed that the representations and warranties of each party contained in the Arrangement Agreement are true and correct in all material respects and that each party will perform all of the covenants and agreements required to be performed by it under the Arrangement Agreement, that Pure will be entitled to fully enforce its rights under the Arrangement Agreement, and that Pure, and the holders of Units and Debentures, will receive the benefits therefrom in accordance with the terms thereof.

The Opinion has been provided for the sole use and benefit of the Special Committee and the Board of Directors in connection with, and for the purpose of, its consideration of the Arrangement Agreement and may not be relied upon by any other person. The Opinion does not constitute a recommendation to any Unitholder or holder of Debentures as to how such holder should vote or act with respect to the Arrangement Agreement. The Opinion is given as of the date hereof, and Fort Capital disclaims any undertaking or obligation to advise any person of any change in any fact or matter affecting the Opinion which may come or be brought to the attention of Fort Capital after the date hereof. Without limiting the foregoing, in the event that there is any material change in any fact or matter affecting the Opinion after the date hereof, Fort Capital reserves the right to change, modify or withdraw the Opinion.

The Opinion does not address the relative merits of the Arrangement Agreement as compared to other business strategies or transactions that might be available with respect to Pure or Pure's underlying business decision to effect the Arrangement. Fort Capital was not requested to solicit, and did not solicit, interest from other parties with respect to an acquisition of, or other business combination transaction with, Pure or any other alternative transaction. At the direction of the Special Committee, we have not been asked to, nor do we, offer any opinion as to the material terms (other than the Consideration) of the Arrangement Agreement or the structure of the Arrangement Agreement.

Fort Capital believes that our analyses must be considered as a whole, and that selecting portions of the analyses or the factors considered by us, without considering all factors and analyses together, could create a misleading view of the process underlying the Opinion. The preparation of an Opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. Any attempt to do so could lead to undue emphasis on any particular factor or analysis.

**Note that the functional currency of Pure is United States dollars and, unless otherwise noted, all figures referenced in this Opinion are in United States dollars.**

### ***Overview of Pure***

Pure is an Ontario limited partnership established under the *Limited Partnerships Act (Ontario)* on May 8, 2012. Pure's head and registered offices are located in Vancouver, Canada. Pure's subsidiary US-based REIT was established for, among other things, the purposes of acquiring, owning and operating rental properties. Pure focuses on luxury, resort-style apartment communities in the major markets of the U.S. Sunbelt, including Texas and Arizona. The portfolio currently consists of 22 properties and over 7,000 units.

As of the close of market on July 17, 2019, Pure had a market capitalization of \$612 million and an enterprise value of \$1,204 million. The documents filed by Pure with the securities commissions in Canada are available on the System for Electronic Document Analysis and Retrieval (SEDAR).

*Figure 1 – Portfolio Summary*<sup>2</sup>

Portfolio Summary	
Properties:	22
Units:	7,085
Acres:	352
Average square feet per unit:	910
Average year of construction:	2007
Average monthly rent per unit:	\$1,284

Since 2012, Pure's strategy has been to acquire an institutional quality apartment portfolio located in the growth markets of the U.S. Sunbelt that exhibit strong population and job growth. Pure focuses on acquiring high-quality properties that feature unique characteristics either due to in-fill locations or through other lifestyle attributes such as golf course frontages, water features or close proximity to nature. Since 2016, Pure disposed of two properties and acquired 10 properties in Texas and Arizona.

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<sup>2</sup> Pure Management Presentation – June 2019

## Financial Overview

Pure's reported historical consolidated financial position as at March 31, 2019 and as at December 31 for the years from 2016 to 2018 is summarized below.

Figure 3 – Historical Consolidated Statements of Financial Position

Historical Consolidated Statements of Financial Position				
	Annual (as at December 31)			March 31
(all figures in US\$000's)	2016	2017	2018	2019
<b>Assets</b>				
Non-Current Assets				
Investment properties	\$778,547	\$1,133,501	\$1,157,616	\$1,169,949
Right-of-use asset	-	-	-	679
	778,547	1,133,501	1,157,616	1,170,628
Current Assets				
Prepaid expenses	1,869	3,361	3,264	2,588
Mortgage reserve fund	5,194	6,421	7,322	2,846
Amounts receivable	1,980	1,529	541	442
Cash held in trust	45,179	-	-	-
Cash and cash equivalents	20,603	25,863	22,625	11,197
<b>Total Assets</b>	<b>\$853,372</b>	<b>\$1,170,675</b>	<b>\$1,191,368</b>	<b>\$1,187,701</b>
<b>Liabilities</b>				
Non-Current Liabilities				
Mortgages payable	\$444,221	\$571,690	\$542,852	\$541,330
Lease liability	-	-	-	587
Credit facility	-	25,762	26,844	26,864
Convertible debentures	20,793	21,115	21,642	21,790
Other liabilities	125	125	353	470
	465,139	618,692	591,691	591,041
Current Liabilities				
Mortgages payable	3,606	4,563	34,634	34,890
Lease liability	-	-	-	98
Rental deposits	1,168	1,548	1,478	1,535
Unearned revenue	985	1,767	1,509	1,799
Accounts payable and accrued liabilities	12,312	25,498	27,162	13,392
<b>Total Liabilities</b>	<b>\$483,210</b>	<b>\$652,068</b>	<b>\$656,474</b>	<b>\$642,755</b>
<b>Total Partners' Capital</b>	<b>\$370,162</b>	<b>\$518,607</b>	<b>\$534,894</b>	<b>\$544,946</b>
<b>Total Liabilities and Partners' Capital</b>	<b>\$853,372</b>	<b>\$1,170,675</b>	<b>\$1,191,368</b>	<b>\$1,187,701</b>

After significant acquisition activity in 2016 and 2017, total assets and liabilities have remained relatively stable.

The Partnership's reported historical consolidated statements of income and comprehensive income for the three months ended March 31, 2019 and the years ended December 31, 2016 to 2018, are summarized below.

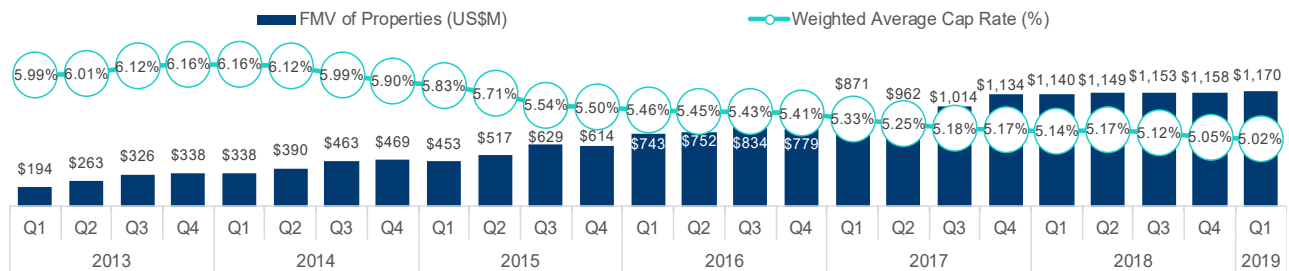
*Figure 4 – Historical Consolidated Statements of Income and Comprehensive Income*

<b>Historical Consolidated Statements of Income and Comprehensive Income</b>				
	Annual (year ended December 31)			March 31
(all figures in US\$000's)	2016	2017	2018	2019
<b>Revenues</b>				
Rental	\$76,414	\$93,099	\$109,612	\$27,795
<b>Operating Expenses</b>				
Insurance	(1,588)	(1,908)	(2,160)	(538)
Property management	(2,301)	(1,859)	-	-
Property taxes	(11,185)	(15,647)	(22,311)	(24,096)
Property operating expenses	(16,706)	(20,916)	(24,108)	(5,428)
	(31,780)	(40,330)	(48,579)	(30,062)
<b>Net Rental Income (Loss)</b>	<b>\$44,634</b>	<b>\$52,769</b>	<b>\$61,033</b>	<b>(\$2,267)</b>
<b>Finance Income (Expenses)</b>				
Interest income	\$38	\$112	\$23	\$13
Interest expense	(19,799)	(22,104)	(25,612)	(6,425)
Distributions to subsidiary's preferred unitholders	(16)	(16)	(16)	(4)
	<b>(\$19,777)</b>	<b>(\$22,008)</b>	<b>(\$25,605)</b>	<b>(\$6,416)</b>
<b>Other Income (Expenses)</b>				
Other income (expenses)	\$18	\$663	\$409	(\$4)
General and administrative	(1,438)	(5,369)	(7,992)	(1,738)
Fair value adjustments to investment properties	26,498	17,602	18,689	9,977
Franchise tax	(287)	(461)	(508)	(128)
IFRIC 21 fair value adjustment to investment properties	-	-	-	18,072
Loss on disposal of investment properties	(1,484)	-	-	-
	<b>\$23,307</b>	<b>\$12,435</b>	<b>\$10,598</b>	<b>\$26,179</b>
<b>Net Income and Comprehensive Income</b>	<b>\$48,164</b>	<b>\$43,196</b>	<b>\$46,026</b>	<b>\$17,496</b>

The Partnership internalized its property management platform in 2017 as reflected in the elimination of property management expenses and the corresponding increase in property operating expenses.

As part of Pure's ongoing disclosure, management determines the fair market value of the investment properties, using recognized valuation techniques supported, in certain instances, by independent real estate valuation experts. The determination of the fair market 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, a summary of which is included in the Partnership's ongoing management's discussion and analysis. The fair market values and associated capitalization rates are summarized in the figure below.

Figure 5 – Property Values and Capitalization Rates <sup>3</sup>



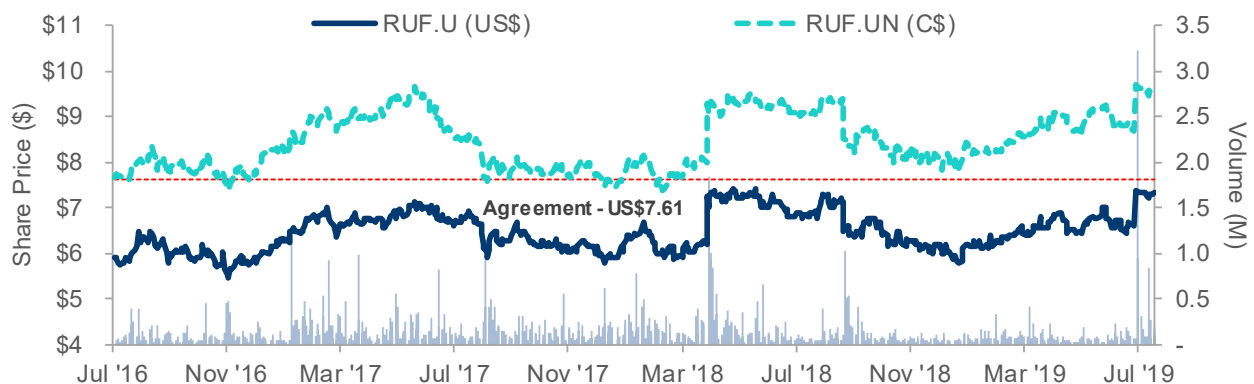
Capitalization rates have compressed significantly over the last five years and when combined with the acquisition activity of the Partnership have led to a significant increase in underlying net asset value.

### Historical Unit Trading

The Partnership's Units are listed for trading on the Toronto Stock Exchange (the "TSX") in Canadian Dollars under the symbol "RUF.UN" and U.S. Dollars under the symbol "RUF.U". Both RUF.UN and RUF.U have traded in-line over the past three years when adjusting for the exchange rate of the day.

The chart below illustrates the Partnership's trading price for RUF.UN and RUF.U and volume during the three year period from July 2016 to July 2019.

Figure 6 – Historical Unit Trading Price



The unsolicited offer from American Landmark/Electra America ("ALEA") has impacted Pure's Unit price. In addition to the recent price spike on June 26, 2019 relating to the ALEA offer, the Unit price saw significant movements on April 3, 2018 and August 24, 2018, which correspond to announcement of the prior Electra America offer and the subsequent termination of the associated sale process. On June 26, 2019, while the Partnership was in exclusive discussions with the Acquiror, ALEA announced an unsolicited offer at a value of \$7.61 per Unit. The unaffected Unit price as at June 26, 2019, prior to the public offer

<sup>3</sup> Source: Partnership reports



from ALEA, was \$6.63. The volume weighted average closing price in the 20 days prior to the ALEA offer was \$6.65.

The proposed Consideration represents a premium of 14.8% to the closing price of the Units on the TSX on June 26, 2019 and a 14.7% premium to the Partnership's 20-day TSX volume weighted average price ending on June 26, 2019.

### ***Approach to Fairness***

In support of the Opinion, Fort Capital performed certain financial analyses with respect to the Partnership, based on methodologies and assumptions that we considered appropriate in the circumstances for the purposes of providing the Opinion. In the context of the Opinion, Fort Capital gave consideration to the following methodologies and factors:

- Net asset value ("NAV") analysis, which ascribes value for each asset and liability category and deducts the value of the liabilities from the value of the assets to derive NAV. We have taken two approaches to calculating the NAV of Pure:
  - Discounted cash flow ("DCF") approach – derived the enterprise value of Pure by discounting the 5-year Net Operating Income ("NOI") after maintenance capex (including corporate G&A less public company costs), the discounted terminal value, and then adjusting for value of other assets/liabilities (ie. cash, mortgage debt, credit facilities, etc.); and
  - Income capitalization approach – similar to the fair market value exercise conducted by management, through an application of a capitalization rate to each individual property's forecast 2019 NOI after maintenance capex, subtracting the value of capitalized G&A (less public company costs), and then adjusting for value of other assets/liabilities (ie. cash, mortgage debt, credit facilities, etc.).
- Comparable company analysis
  - Fort Capital compared and considered the most relevant publicly traded companies and considered appropriate ranges for funds from operations ("FFO") and adjusted funds from operations ("AFFO") multiples, and NAV premiums/(discounts)
- Precedent transaction analysis
  - Fort Capital considered the most relevant precedent transactions occurring in the last seven years and considered appropriate ranges for FFO and AFFO multiples, and NAV premiums/(discounts).

The Consideration implies an equity value of \$634 million. After accounting for net debt and other adjustments, the en bloc enterprise value is \$1,226 million, as summarized in the table below:

Figure 7 – Transaction Overview

Transaction Overview		
Pure Unit price <sup>(1)</sup>	(US\$)	\$7.35
<b>Cash consideration per Unit</b>	<b>(US\$)</b>	<b>\$7.61</b>
Premium to spot	(%)	3.5%
Premium to unaffected Unit price <sup>(2)</sup>	(%)	14.8%
Premium to unaffected 20D VWAP <sup>(2)</sup>	(%)	14.7%
Class A Units outstanding	(M)	77.7
Class B Units outstanding <sup>(3)</sup>	(M)	2.7
Convertible Debentures <sup>(4)</sup>	(M)	2.9
Fully diluted Units outstanding	(M)	83.3
<b>Implied Equity Value</b>	<b>(US\$M)</b>	<b>\$634</b>
Plus: Net debt <sup>(5)</sup>	(US\$M)	\$593
<b>Transaction Value</b>	<b>(US\$M)</b>	<b>\$1,226</b>
Implied Multiples		
Price / Last Twelve Months FFO		23.1x
Price / Last Twelve Months AFFO		24.7x
Premium / (Discount) to Consensus NAV <sup>(6)</sup>		5.4%

(1) Pure's closing share price on July 17, 2019

(2) Unaffected unit price as at June 26, 2019, prior to ALEA press release

(3) It is expected that all 200,000 Class B Units will be re-designated into 2,665,835 Class A Units prior to the effective time of the arrangement

(4) Debentures have assumed to be converted based on a conversion ratio of 176.9912 Units per Debenture

(5) Debt less cash on hand as at March 31, 2019, adjusted for RSU and DSU payouts

(6) Unaffected equity research consensus NAV

The Consideration implies a price to last twelve months funds from operation (P/FFO) of 23.1x, price to last twelve months adjusted funds from operation (P/AFFO) of 24.7x, and a premium to equity research consensus NAV of 5.4%.

#### **NAV Analysis - Discounted Cash Flow Approach**

The DCF approach considers the growth prospects and risks inherent in the Partnership's business by taking into account the amount, timing and level of uncertainty of the projected after-tax free cash flows of the Partnership. DCF analysis requires that certain assumptions be made to derive the present value of the future free cash flows including, among other things, revenue growth, realized margins, incurred costs and capital investment, and discount rates. The possibility that one or more of the assumptions will prove to be inaccurate is one factor involved in the determination of the discount rate used to calculate the net present value of the future cash flows.

In connection with the proposed Arrangement Agreement process and as part of its planning exercise, management of the Partnership prepared a property level financial model which included operating and financial forecast information for the year ended December 2019. Based on our review of the Partnership and the performance of the business over the last three years and a discussion with management about factors influencing the Partnership's properties in the future, Fort Capital developed

an extended five-year forecast for use in its DCF analysis. This forecast includes the best available assumptions, estimates and judgement of management and gives consideration to Partnership and growth trends, including occupancy and supply trends.

In connection with the DCF analysis, Fort Capital considered whether any base level of cost savings would accrue to the Acquiror through the acquisition of 100% of the Partnership. Fort Capital concluded that there would be savings available to the Acquiror from the elimination of certain costs, including those related to being a publicly-listed entity. Fort Capital believes that a successful acquiror of the Partnership would reasonably value a base level of public company cost eliminations and has therefore normalized for these costs. Fort Capital has not attempted to identify any purchaser specific synergies that may be available to the Acquiror or other parties.

*Figure 8 – Summary of Five-year Forecast*

<i>(all figures in US\$000's)</i>	Jul - Dec'19	2020	2021	2022	2023
<b>Revenue</b>					
Rent revenue	\$47,903	\$108,165	\$112,849	\$117,794	\$122,887
Other revenue	\$4,804	\$10,922	\$11,321	\$11,741	\$12,170
<b>Total revenue</b>	<b>\$52,706</b>	<b>\$119,087</b>	<b>\$124,170</b>	<b>\$129,535</b>	<b>\$135,057</b>
Operating expenses	(\$24,252)	(\$55,076)	(\$57,514)	(\$59,057)	(\$60,641)
<b>NOI</b>	<b>\$28,454</b>	<b>\$64,011</b>	<b>\$66,656</b>	<b>\$70,478</b>	<b>\$74,416</b>
Maintenance capex	(\$751)	(\$1,673)	(\$1,715)	(\$1,758)	(\$1,801)
<b>NOI after maintenance capex</b>	<b>\$27,703</b>	<b>\$62,338</b>	<b>\$64,942</b>	<b>\$68,720</b>	<b>\$72,615</b>
Corporate G&A	(\$1,538)	(\$3,424)	(\$3,510)	(\$3,598)	(\$3,687)
<b>Unlevered FCF to Pure</b>	<b>\$26,165</b>	<b>\$58,914</b>	<b>\$61,432</b>	<b>\$65,123</b>	<b>\$68,927</b>

In addition to the forecast cash flows through the 2019 to 2023 period, Fort Capital determined a terminal value based on a capitalization rate of 5.375% and an occupancy rate of 96% to represent a stabilized, average market environment.

The resulting unlevered after-tax free cash flows were discounted at an estimated weighted average cost of capital (or “**WACC**”) for the Partnership. A range of the WACC was estimated after giving consideration to a number of variables under both the CAPM and build up approaches, including interest rates on Pure Multi-Family’s indebtendess and risk-free interest rates, assumed levels of borrowing capacity, equity risk premiums, and risk premiums related to considerations including size, industry and Partnership specific risks. In addition to observed data points, Fort Capital gave consideration to Partnership specific risks, including relative size (as reflected in the size premium) and geographic concentration. Based on these factors, Fort Capital selected a WACC range of 7.5% to 8.0%.

Applying the range of WACC to the forecast cash flows and terminal value generated a range of values for the properties. Fort Capital then added and subtracted as appropriate the other assets and liabilities on the statement of financial position including the liability associated with the settlement of restricted units (including the Pure performance units) (together, the “**RSU**”) and deferred units (“**DSU**”) to reflect a range of *en bloc* value for the Partnership. We then divided this number through by the fully

diluted Units outstanding (after accounting for the re-designation of the Class B Units and the conversion of the Debentures) to develop an indicative range of value.

### **NAV Analysis – Income Capitalization Approach**

For the income capitalization approach, management's 2019 NOI projections, after maintenance capital expenditures, on a property-by-property basis was used. Fort Capital used capitalization rates for each property based on the most recent appraisals completed and performed sensitivity analysis to develop a range of values. We then added a portfolio premium ranging from 0.0% to 5.0% to account for the combination of risk diversification and other benefits of scale.

*Figure 9 – Summary of Income Capitalization Approach*

<i>(all figures in US\$000's)</i>	NOI After	Low Case		Base Case		High Case	
	Maint. Capex	Cap Rate	Value	Cap Rate	Value	Cap Rate	Value
<b>Investment properties</b>	<b>\$60,188</b>	<b>5.18%</b>	<b>\$1,162,651</b>	<b>5.05%</b>	<b>\$1,191,569</b>	<b>4.93%</b>	<b>\$1,221,969</b>
Portfolio premium			0.00%		2.50%		5.00%
<b>Investment properties (after premium)</b>		<b>5.18%</b>	<b>\$1,162,651</b>	<b>4.93%</b>	<b>\$1,221,358</b>	<b>4.69%</b>	<b>\$1,283,068</b>

An estimate of corporate G&A costs (after removal of public company expenses) was capitalized using a multiple range of 6.0x to 7.0x and added to the statement of financial position as a liability. Fort Capital then added and subtracted as appropriate the assets and liabilities on the statement of financial position including the liability associated with the settlement of RSU and DSU and divided this number through by the fully diluted Units outstanding to develop an indicative range of value.

### **Comparable Company Trading Approach**

Fort Capital compared public market trading statistics of the Partnership to corresponding data from selected publicly-traded real estate companies based in North America that we considered to be relevant, with particular focus on those comparable companies that had significant property weightings in the U.S. Sunbelt.

Figure 10 – Comparable Companies

Canadian Listed Multi-Family/Apartment REITs
CAP REIT
Boardwalk REIT
Northview REIT
Killam REIT
InterRent REIT
Minto Apartment REIT
BSR REIT
US Listed Multi-Family/Apartment REITs
Equity Residential
Essex Property Trust
Mid-America Apartment Communities
Camden Property Trust
AIMCO
Independence Realty Trust
Preferred Apartment Communities
NexPoint Residential Trust
Bluerock Residential Growth

Fort Capital compared these selected companies with Pure, taking into account factors such as size, trading liquidity, debt levels and U.S. Sunbelt exposure. Fort Capital used the P/FFO and P/AFFO multiples and the premium/(discount) to consensus NAV as the most relevant metrics. Finally, Fort Capital considered a range of control premiums typically associated with the acquisition of control of multi-family REITS in the public markets.

When developing a range for price to FFO, price to AFFO and premium/(discount) to equity research consensus NAV, Fort Capital took into account Sunbelt exposure, relative size, building condition, debt levels and payout levels. Within the selected set of comparable companies, there was a wide range in the observed multiples as outlined in figure 11.

Figure 11 –Trading Multiples – Comparable Companies

Trading Multiples - Comparable Companies			
	Low	High	Avg.
P/FFO (2019E)	10.0x	29.9x	19.3x
P/AFFO (2019E)	11.6x	34.5x	22.3x
Premium / (discount) to NAV	(15.6%)	14.7%	1.8%

## **Precedent Transactions**

The precedent transactions approach considers transactions multiples in the context of the publicly disclosed transactions for comparable companies or assets. Fort Capital reviewed 11 selected transactions between 2012 and 2019, of which seven had U.S. Sunbelt exposure, as highlighted in figure 12 below.

*Figure 12 – Selected Precedent Transactions*

<b>Target</b>	<b>Acquiror</b>
Starlight U.S. Multi-Family (No. 5) Core Fund	Tricon Capital Group Inc.
Monogram Residential Trust	Greystar Investment Group
Milestone Apartments Real Estate Investment Trust	Starwood Capital Group
Post Properties	Mid-America Apartment Communities
True North Apartment Real Estate Investment Trust	Northview Apartment Real Estate Investment Trust
Home Properties	Lone Star Funds
Trade Street Residential	IRT Limited Partner
Associated Estates Realty Corporation	Brookfield Property Group
BRE Properties	Essex Property Trust
Colonial Properties Trust	Mid-America Apartment Communities
TransGlobe Apartment Real Estate Investment Trust	PD Kanco; Starlight Apartments

When developing a range for price to FFO, price to AFFO and premium/(discount) to NAV, Fort Capital took into account size, building condition and relative Sunbelt exposure as well as payout ratios at the time of the transactions.

*Figure 13 – Implied Multiples – Precedent Transactions*

<b>Implied Multiples - Precedent Transactions</b>			
	<b>Low</b>	<b>High</b>	<b>Avg.</b>
<b>P/FFO (CY+1)</b>	12.7x	30.3x	18.2x
<b>P/AFFO (CY+1)</b>	14.6x	29.2x	20.9x
<b>Premium / (discount) to NAV</b>	(5.4%)	19.2%	6.1%

## **Other Considerations**

Fort Capital also considered a number of quantitative and qualitative factors including premiums typically paid for control. Our understanding is that there has been significant exposure of Pure in the marketplace over the last 18 months with many parties canvassed. We further understand that Cortland has been one of the most active buyers of properties in the Sunbelt market and is therefore representative of an educated bidder. Finally, the “go-shop” clause and reduced break fees during the go-shop period allows for significant flexibility in encouraging a Superior Proposal, as defined in the Arrangement Agreement.

## **Debenture Considerations**

In determination of the fairness of the Consideration to be received by Debenture holders, we considered the underlying attributes of the Debentures, including the conversion price of \$5.65 per Unit, the implied conversion ratio of 176.9912 Units per \$1,000 principal amount of Debenture, as well as the Redemption Rights and change of control attributes as defined in the indenture documents. The Debentures are currently redeemable by Pure at any time at the principal amount which represents \$1,000 per Debenture, plus any accrued and unpaid interest. In addition, Debenture holders have the right to redeem the Debentures at 101% of par upon a change of control which would represent \$1,010 per \$1,000 principal amount of Debenture. As the proposed Consideration per Unit of \$7.61 is significantly above the underlying conversion price of \$5.65 per Unit and the change of control value of \$5.71 per Unit, and given the existing redemption provisions that would result in much lower realized proceeds, Debenture holders would choose to convert. The proposed Consideration of \$1,346.90 (plus accrued and unpaid interest) represents the equivalent amount of proceeds that would be available to Debenture holders as if they had converted into 176.9912 Units and received the proposed Consideration of \$7.61 per Unit.

## ***Fairness Considerations***

Fort Capital’s assessment of the fairness of the Consideration to be paid by the Acquiror to the Unitholders and the Debenture holders of the Partnership pursuant to the Arrangement, from a financial point of view, was based upon several quantitative and qualitative factors including, but not limited to:

- (a) the Consideration compares favourably with the financial range of Unit prices derived from our NAV analysis using the DCF approach and associated sensitivity analysis;
- (b) the Consideration compares favourably with the financial range of Unit prices derived from our NAV analysis using the income capitalization approach and associated sensitivity analysis;
- (c) the Consideration compares well with the financial range of Unit prices derived from comparable company analysis and precedent transaction analysis;
- (d) the Consideration represents a premium of 14.8% based on the closing price of the Units on the TSX on June 26, 2019 and a 14.7% premium based on the Partnership’s 20-day TSX volume weighted average price ending on June 26, 2019;



- (e) equity research analyst estimates and target prices, the extensive nature and results of the prior sales process conducted by the Partnership and the historical trading prices of the Units of the Partnership on the TSX over the 3-year period ending June 30, 2019; and
- (f) the Consideration to be received by Debenture holders is equivalent to the amount they would have received if they had converted, and is significantly in excess of the values available in the event Pure redeemed the Debenture or the Debenture holders chose to redeem the Debentures upon a change of control.

### ***Conclusion***

It is the opinion of Fort Capital Partners that, based upon the preceding analysis, assumptions, limitations and other relevant factors, the Consideration to be received is fair, from a financial point of view, to the Unitholders and Debenture holders of Pure Multi-Family REIT LP.

Yours very truly,

A handwritten signature in black ink that reads "Fort Capital Partners". The signature is written in a cursive, slightly stylized font.

FORT CAPITAL PARTNERS

## SCHEDULE E

### SCOTIABANK FAIRNESS OPINIONS

See attached.



July 18, 2019

Special Committee of the Board of Directors and the Board of Directors  
Pure Multi-Family REIT LP  
910-925 West George Street  
Vancouver, British Columbia V6C 3L2

To the Special Committee of the Board of Directors and the Board of Directors:

Scotia Capital Inc. ("Scotia Capital", "we", "us" or "our") understands that Pure Multi-Family REIT LP (the "REIT") and an affiliate of Cortland Partners, LLC (the "Acquirer") propose to enter into an agreement to be dated July 18, 2019 (the "Arrangement Agreement") pursuant to which, among other things, the Acquirer will acquire all of the outstanding Class A units ("Class A Units") of the REIT for a price equal to US\$7.61 in cash per Class A Unit (the "Class A Unit Consideration") and all of the outstanding Class B units ("Class B Units") and, together with the Class A Units, the "Units") of the REIT for a price equal to US\$101.435 in cash per Class B Unit (the "Class B Unit Consideration"). "Consideration" refers to the Class A Unit Consideration and/or the Class B Unit Consideration, as the context requires. We further understand that pursuant to the Arrangement Agreement, the Acquirer will acquire all of the outstanding 6.5% convertible unsecured debentures of the REIT due September 30, 2020 (the "Debentures") for a cash payment equal to US\$1,346.90 plus accrued and unpaid interest for each US\$1,000 principal amount of outstanding Debentures. The transactions contemplated by the Arrangement Agreement will be effected by way of an arrangement under the *Business Corporations Act* (British Columbia) (the "Arrangement"). This description of the Arrangement is summary in nature. The terms and conditions of the Arrangement will be more fully described in an information circular (the "Circular"), which will be mailed to the holders of Class A Units (the "Class A Unitholders") and Class B Units (the "Class B Unitholders") and, together with the Class A Unitholders, the "Unitholders") in connection with the Arrangement.

Scotia Capital also understands that each of the directors and officers of the REIT will enter into voting and support agreements (each a "Voting Support Agreement") pursuant to which, among other things, each of them will agree to vote in favour of the Arrangement.

We have been retained to provide financial advice and assistance to the REIT in evaluating the Arrangement, including providing our opinion (the "Opinion") to a special committee of the board of directors (the "Special Committee") of the REIT as well as the full board of directors of the REIT (the "Board of Directors"), as to the fairness, from a financial point of view, of the Consideration to be received pursuant to the Arrangement by the Unitholders.

### **Engagement of Scotia Capital**

The REIT initially contacted Scotia Capital regarding a potential advisory assignment in December 2017. Scotia Capital was formally engaged by the REIT pursuant to an engagement letter dated December 21, 2017 (the "Engagement Letter"). Under the terms of the Engagement Letter, the REIT has agreed to pay Scotia Capital a fee for its services as financial advisor, including a fee for rendering the Opinion. A portion of the fees that Scotia Capital will receive for its advisory services is contingent upon the completion of the Arrangement. In addition, Scotia Capital is to be reimbursed for its reasonable out-of-pocket expenses and to be indemnified by the REIT in certain circumstances.

Subject to the terms of the Engagement Letter, Scotia Capital consents to the inclusion of the Opinion in its entirety and a summary thereof in the Circular and to the filing of the Opinion by the REIT, as

necessary, with the applicable securities commissions, stock exchanges and other similar regulatory authorities in Canada

The Opinion has been prepared in accordance with the Disclosure Standards for Formal Valuations and Fairness Opinions of the Investment Industry Regulatory Organization of Canada ("IIROC") but IIROC has not been involved in the preparation or review of the Opinion.

### **Credentials of Scotia Capital**

Scotia Capital represents the global corporate and investment banking and capital markets business of Scotiabank Group ("Scotiabank"), one of North America's premier financial institutions. In Canada, Scotia Capital is one of the country's largest investment banking firms with operations in all facets of corporate and government finance, mergers and acquisitions, equity and fixed income sales and trading and investment research. Scotia Capital has participated in a significant number of transactions involving private and public companies and has extensive experience in preparing fairness opinions.

The Opinion expressed herein represents the opinion of Scotia Capital. The form and content of the Opinion have been approved for release by a committee of officers and other professionals of Scotia Capital, each of whom is experienced in merger, acquisition, divestiture, fairness opinion and valuation matters.

### **Independence of Scotia Capital**

Neither Scotia Capital nor any of its affiliates is an insider, associate or affiliate (as those terms are defined in the *Securities Act* (Ontario)) of the REIT, the Acquirer or any of their respective associates or affiliates (collectively, the "Interested Parties"). Neither Scotia Capital nor any of its affiliates has been engaged to provide any financial advisory services, nor has Scotia Capital or any of its affiliates participated in any financing, involving the Interested Parties within the past two years, other than pursuant to the Engagement Letter and as described herein. In the past two years, Scotia Capital and affiliates of Scotia Capital have been engaged in the following capacity for the Interested Parties: acting as a lender to the REIT as part of its corporate credit facilities and as joint bookrunner on a \$92 million unit offering by the REIT in June 2017. There are no understandings, agreements or commitments between Scotia Capital and the Interested Parties with respect to any future business dealings. Scotia Capital may, in the future, in the ordinary course of its business, perform financial advisory or investment banking services for the Interested Parties. In addition, the Bank of Nova Scotia ("BNS"), of which Scotia Capital is a wholly-owned subsidiary, or one or more affiliates of BNS, may provide banking or other financial services to one or more of the Interested Parties in the ordinary course of business.

Scotia Capital acts as a trader and dealer, both as principal and agent, in the financial markets in Canada, the United States and elsewhere and, as such, it and Scotiabank may have had and may have positions in the securities of the Interested Parties from time to time and may have executed or may execute transactions on behalf of such companies or clients for which it receives compensation. As an investment dealer, Scotia Capital conducts research on securities and may, in the ordinary course of business, provide research reports and investment advice to its clients on investment matters, including with respect to the Interested Parties, or with respect to the Arrangement.

### **Overview of the REIT**

The REIT is a Canadian based, publically traded vehicle which offers investors exposure to attractive, institutional quality United States multi-family real estate assets. The REIT owns and operates 22 multi-family apartment communities consisting of 7,085 apartment units in Texas and Arizona, two of the United States Sunbelt's leading economies.

## Scope of Review

In preparing the Opinion, we have reviewed, considered and relied upon, among other things, the following:

1. a draft of the Arrangement Agreement dated July 18, 2019;
2. a draft of the Voting Support Agreement dated July 18, 2019;
3. audited annual financial statements of the REIT and management's discussion and analysis related thereto for the fiscal years ended December 31, 2018 and 2017;
4. unaudited interim financial statements of the REIT and management's discussion and analysis related thereto for the quarter ended March 31, 2019;
5. the notices of annual meeting of the Unitholders and the information circulars of the REIT for the meetings dated June 13, 2019 and May 24, 2018;
6. annual information forms of the REIT for the fiscal years ended December 31, 2018 and 2017;
7. internal management forecasts, projections, estimates and budgets prepared or provided by or on behalf of management of the REIT;
8. internal financial, operating and corporate information and reports of the REIT;
9. discussions with senior management of the REIT;
10. discussions with the REIT's legal counsel;
11. public information relating to the business, operations, financial performance and stock trading history of the Units and other selected public entities considered by us to be relevant;
12. public information with respect to other transactions of a comparable nature considered by us to be relevant;
13. various reports published by equity research analysts and industry sources we considered relevant;
14. representations contained in a certificate addressed to Scotia Capital, dated as of the date hereof, from senior officers of the REIT as to the completeness, accuracy and fair presentation of the information upon which the Opinion is based; and
15. such other corporate, industry and financial market information, investigations and analyses as Scotia Capital considered necessary or appropriate in the circumstances.

Scotia Capital has not, to the best of its knowledge, been denied access by the REIT to any information requested by Scotia Capital.

## Prior Valuations

The REIT has represented to Scotia Capital that there have not been any prior valuations (as defined in Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*) of the REIT or any of its subsidiaries or any of its material assets or liabilities in the past twenty-four month period.

## Assumptions and Limitations

The Opinion is subject to the assumptions, qualifications and limitations set forth below.

With the Special Committee's approval and as provided in the Engagement Letter, we have relied upon the completeness, accuracy and fair presentation of all of the financial and other information, data, advice, agreements, and opinions obtained by us from public sources, or that was provided to us, by the REIT, and its associates and affiliates and advisors (collectively, the "Information"). The Opinion is conditional upon the completeness, accuracy and fair presentation of the Information. Subject to the exercise of our professional judgment and except as expressly described herein, we have not attempted to verify independently the completeness, accuracy or fair presentation of the Information.

We are not legal, regulatory, accounting or tax experts and have relied on the assessments made by the REIT and its advisors with respect to such matters. We have assumed the accuracy and fair presentation of, and relied upon the REIT's audited financial statements and the reports of the auditors thereon and the REIT's interim unaudited financial statements. We have assumed that forecasts, projections, estimates and budgets provided to us and used in the analysis supporting the Opinion were reasonably prepared on bases reflecting the best currently available estimates and judgments of management of the REIT as to the matters covered thereby.

Senior officers of the REIT have represented to Scotia Capital in a certificate delivered as at the date hereof, among other things, that to the best of their knowledge (a) the REIT has no information or knowledge of any facts public or otherwise not specifically provided to Scotia Capital relating to the REIT or any of its subsidiaries which would reasonably be expected to affect materially the Opinion; (b) with the exception of forecasts, projections or estimates referred to in (d), below, the written Information provided to Scotia Capital by or on behalf of the REIT in respect of the REIT and its subsidiaries, in connection with the Arrangement is or, in the case of historical information or data, was, at the date of preparation, true and accurate in all material respects, and no additional material, data or information would be required to make the data provided to Scotia Capital by the REIT not misleading in light of circumstances in which it was prepared; (c) to the extent that any of the Information identified in (b), above, is historical, there have been no changes in material facts or new material facts since the respective dates thereof which have not been disclosed to Scotia Capital or updated by more current Information that has been disclosed; and (d) any portions of the Information provided to Scotia Capital which constitute forecasts, projections or estimates were prepared using the assumptions identified therein, which, in the reasonable opinion of management of the REIT, are (or were at the time of preparation) reasonable in the circumstances.

In preparing the Opinion, Scotia Capital made several assumptions, including that the final executed version of the Arrangement Agreement will be identical to the most recent draft thereof reviewed by us, and that the Arrangement will be consummated in accordance with the terms set forth in the Arrangement Agreement without any waiver or amendment of any terms or conditions. In addition, we have assumed that the conditions precedent to the completion of the Arrangement can be satisfied in due course, all consents, permissions, exemptions or orders of relevant third parties or regulatory authorities will be obtained without adverse condition or qualification, and the procedures being followed to implement the Arrangement are valid and effective.

The Opinion is rendered on the basis of the securities markets and economic, financial and general business conditions prevailing as at the date hereof and the conditions and prospects, financial and otherwise, of the REIT and its subsidiaries and affiliates, as they were reflected in the Information and as they have been represented to Scotia Capital in discussions with management of the REIT and its representatives. In its analyses and in preparing the Opinion, Scotia Capital made numerous assumptions with respect to industry performance, general business and economic conditions and other matters, many of which are beyond the control of Scotia Capital or any party involved in the Arrangement.

The Opinion has been provided for the sole use and benefit of the Special Committee and Board of Directors in connection with, and for the purpose of, its consideration of the Arrangement and may not be

used or relied upon by any other person. Our opinion was not intended to be, and does not constitute, a recommendation to the Board of Directors as to whether they should approve the Arrangement or to any Unitholder as to how such Unitholder should vote or act with respect to the Arrangement or its Units. The Opinion does not address in any manner the prices at which the REIT's securities will trade at any time. The Opinion does not address the relative merits of the Arrangement as compared to other transactions or business strategies that might be available to the REIT or the REIT's underlying business decision to effect the Arrangement. At your direction, we have not been asked to, nor do we, offer any opinion as to the material terms (other than the Consideration) of the Arrangement Agreement or the Arrangement.

Except for the inclusion of the Opinion in its entirety and a summary thereof in a form acceptable to us in the Circular, the Opinion is not to be reproduced, disseminated, quoted from or referred to (in whole or in part) without our prior written consent. We have not been asked to prepare and have not prepared a formal valuation or appraisal of the securities or assets of the REIT or any of its affiliates, and the Opinion should not be construed as such. The Opinion is given as of the date hereof, and Scotia Capital disclaims any undertaking or obligation to advise any person of any change in any fact or matter affecting the Opinion which may come or be brought to the attention of Scotia Capital after the date hereof. Without limiting the foregoing, in the event that there is any material change in any fact or matter affecting the Opinion after the date hereof, Scotia Capital reserves the right to change, modify or withdraw the Opinion.

In support of the Opinion, Scotia Capital has performed certain value analyses on the REIT based on the methodologies and assumptions that Scotia Capital considered appropriate in the circumstances for the purposes of providing its Opinion. Scotia Capital believes that its analyses must be considered as a whole and that selecting portions of the analyses or the factors considered by it, without considering all factors and analyses together, could create a misleading view of the process underlying the Opinion. The preparation of a fairness opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. Any attempt to do so could lead to undue emphasis on any particular factor or analysis.

### **Approach to Fairness**

In considering the fairness of the Consideration under the Arrangement from a financial point of view to the Unitholders, Scotia Capital considered and relied upon, among other things, the following: (i) a comparison of the Consideration to the results of a net asset value analysis of the REIT; (ii) a comparison of the multiples implied by the Consideration to the multiples paid in selected precedent transactions; (iii) a comparison of the Consideration to the recent market trading prices of the Units; (iv) a comparison of selected multiples for real estate entities whose securities are publicly traded to the multiples implied by the Consideration; and (v) such other factors, studies and analyses, as we deemed appropriate. In arriving at its fairness determination, Scotia Capital considered the results of all of its analyses and did not attribute any particular weight to any factor or analysis considered by it. Rather, Scotia Capital made its determination as to fairness on the basis of its experience and professional judgment after considering the results of all of its analyses.



## Conclusion

Based upon and subject to the foregoing, Scotia Capital is of the opinion that, as of the date hereof:

- (a) the Class A Unit Consideration to be received by the Class A Unitholders pursuant to the Arrangement is fair, from a financial point of view, to the Class A Unitholders; and
- (b) the Class B Unit Consideration to be received by the Class B Unitholders pursuant to the Arrangement is fair, from a financial point of view, to the Class B Unitholders.

Yours very truly,

A handwritten signature in blue ink that reads "Scotia Capital Inc." with a small dot at the end.

**SCOTIA CAPITAL INC.**



July 18, 2019

Special Committee of the Board of Directors and the Board of Directors  
Pure Multi-Family REIT LP  
910-925 West George Street  
Vancouver, British Columbia V6C 3L2

To the Special Committee of the Board of Directors and the Board of Directors:

Scotia Capital Inc. ("Scotia Capital", "we", "us" or "our") understands that Pure Multi-Family REIT LP (the "REIT") and an affiliate of Cortland Partners, LLC (the "Acquirer") propose to enter into an agreement to be dated July 18, 2019 (the "Arrangement Agreement") pursuant to which, among other things, the Acquirer will acquire all of the outstanding 6.5% convertible unsecured debentures of the REIT due September 30, 2020 (the "Debentures") for a cash payment equal to US\$1,346.90 plus accrued and unpaid interest for each US\$1,000 principal amount of outstanding Debentures (the "Debenture Consideration"). Pursuant to the Arrangement Agreement, the Acquirer will also acquire all of the outstanding Class A units ("Class A Units") of the REIT for a price equal to US\$7.61 in cash per Class A Unit and Class B units ("Class B Units") of the REIT for a price equal to US\$101.435 in cash per Class B Unit. The transactions contemplated by the Arrangement Agreement will be effected by way of an arrangement under the *Business Corporations Act* (British Columbia) (the "Arrangement"). This description of the Arrangement is summary in nature. The terms and conditions of the Arrangement will be more fully described in an information circular (the "Circular"), which will be mailed to the holders of REIT units in connection with the Arrangement.

Scotia Capital also understands that each of the directors and officers of the REIT will enter into voting and support agreements (each a "Voting Support Agreement") pursuant to which, among other things, each of them will agree to vote in favour of the Arrangement.

We have been retained to provide financial advice and assistance to the REIT in evaluating the Arrangement, including providing our opinion (the "Opinion") to a special committee of the board of directors (the "Special Committee") of the REIT as well as the full board of directors of the REIT (the "Board of Directors"), as to the fairness, from a financial point of view, of the Debenture Consideration to be received pursuant to the Arrangement by the holders of Debentures (the "Debentureholders").

### **Engagement of Scotia Capital**

The REIT initially contacted Scotia Capital regarding a potential advisory assignment in December 2017. Scotia Capital was formally engaged by the REIT pursuant to an engagement letter dated December 21, 2017 (the "Engagement Letter"). Under the terms of the Engagement Letter, the REIT has agreed to pay Scotia Capital a fee for its services as financial advisor, including a fee for rendering the Opinion. A portion of the fees that Scotia Capital will receive for its advisory services is contingent upon the completion of the Arrangement. In addition, Scotia Capital is to be reimbursed for its reasonable out-of-pocket expenses and to be indemnified by the REIT in certain circumstances.

Subject to the terms of the Engagement Letter, Scotia Capital consents to the inclusion of the Opinion in its entirety and a summary thereof in the Circular and to the filing of the Opinion by the REIT, as necessary, with the applicable securities commissions, stock exchanges and other similar regulatory authorities in Canada.

The Opinion has been prepared in accordance with the Disclosure Standards for Formal Valuations and Fairness Opinions of the Investment Industry Regulatory Organization of Canada ("IIROC") but IIROC has not been involved in the preparation or review of the Opinion.

### **Credentials of Scotia Capital**

Scotia Capital represents the global corporate and investment banking and capital markets business of Scotiabank Group ("Scotiabank"), one of North America's premier financial institutions. In Canada, Scotia Capital is one of the country's largest investment banking firms with operations in all facets of corporate and government finance, mergers and acquisitions, equity and fixed income sales and trading and investment research. Scotia Capital has participated in a significant number of transactions involving private and public companies and has extensive experience in preparing fairness opinions.

The Opinion expressed herein represents the opinion of Scotia Capital. The form and content of the Opinion have been approved for release by a committee of officers and other professionals of Scotia Capital, each of whom is experienced in merger, acquisition, divestiture, fairness opinion and valuation matters.

### **Independence of Scotia Capital**

Neither Scotia Capital nor any of its affiliates is an insider, associate or affiliate (as those terms are defined in the *Securities Act* (Ontario)) of the REIT, the Acquirer or any of their respective associates or affiliates (collectively, the "Interested Parties"). Neither Scotia Capital nor any of its affiliates has been engaged to provide any financial advisory services, nor has Scotia Capital or any of its affiliates participated in any financing, involving the Interested Parties within the past two years, other than pursuant to the Engagement Letter and as described herein. In the past two years, Scotia Capital and affiliates of Scotia Capital have been engaged in the following capacity for the Interested Parties: acting as a lender to the REIT as part of its corporate credit facilities and as joint bookrunner on a \$92 million unit offering by the REIT in June 2017. There are no understandings, agreements or commitments between Scotia Capital and the Interested Parties with respect to any future business dealings. Scotia Capital may, in the future, in the ordinary course of its business, perform financial advisory or investment banking services for the Interested Parties. In addition, the Bank of Nova Scotia ("BNS"), of which Scotia Capital is a wholly-owned subsidiary, or one or more affiliates of BNS, may provide banking or other financial services to one or more of the Interested Parties in the ordinary course of business.

Scotia Capital acts as a trader and dealer, both as principal and agent, in the financial markets in Canada, the United States and elsewhere and, as such, it and Scotiabank may have had and may have positions in the securities of the Interested Parties from time to time and may have executed or may execute transactions on behalf of such companies or clients for which it receives compensation. As an investment dealer, Scotia Capital conducts research on securities and may, in the ordinary course of business, provide research reports and investment advice to its clients on investment matters, including with respect to the Interested Parties, or with respect to the Arrangement.

### **Overview of the REIT**

The REIT is a Canadian based, publically traded vehicle which offers investors exposure to attractive, institutional quality United States multi-family real estate assets. The REIT owns and operates 22 multi-family apartment communities consisting of 7,085 apartment units in Texas and Arizona, two of the United States Sunbelt's leading economies.

## Scope of Review

In preparing the Opinion, we have reviewed, considered and relied upon, among other things, the following:

1. a draft of the Arrangement Agreement dated July 18, 2019;
2. a draft of the Voting Support Agreement dated July 18, 2019;
3. audited annual financial statements of the REIT and management's discussion and analysis related thereto for the fiscal years ended December 31, 2018 and 2017;
4. unaudited interim financial statements of the REIT and management's discussion and analysis related thereto for the quarter ended March 31, 2019;
5. the notices of annual meeting of the holders of the REIT units and the information circulars of the REIT for the meetings dated June 13, 2019 and May 24, 2018;
6. annual information forms of the REIT for the fiscal years ended December 31, 2018 and 2017;
7. the prospectus dated July 29, 2013 related to the Debentures;
8. internal management forecasts, projections, estimates and budgets prepared or provided by or on behalf of management of the REIT;
9. internal financial, operating and corporate information and reports of the REIT;
10. discussions with senior management of the REIT;
11. discussions with the REIT's legal counsel;
12. public information relating to the business, operations, financial performance and stock trading history of the REIT units and other selected public entities considered by us to be relevant;
13. public information with respect to other transactions of a comparable nature considered by us to be relevant;
14. various reports published by equity research analysts and industry sources we considered relevant;
15. representations contained in a certificate addressed to Scotia Capital, dated as of the date hereof, from senior officers of the REIT as to the completeness, accuracy and fair presentation of the information upon which the Opinion is based; and
16. such other corporate, industry and financial market information, investigations and analyses as Scotia Capital considered necessary or appropriate in the circumstances.

Scotia Capital has not, to the best of its knowledge, been denied access by the REIT to any information requested by Scotia Capital.

## Prior Valuations

The REIT has represented to Scotia Capital that there have not been any prior valuations (as defined in Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*) of the

REIT or any of its subsidiaries or any of its material assets or liabilities in the past twenty-four month period.

### **Assumptions and Limitations**

The Opinion is subject to the assumptions, qualifications and limitations set forth below.

With the Special Committee's approval and as provided in the Engagement Letter, we have relied upon the completeness, accuracy and fair presentation of all of the financial and other information, data, advice, agreements, and opinions obtained by us from public sources, or that was provided to us, by the REIT, and its associates and affiliates and advisors (collectively, the "Information"). The Opinion is conditional upon the completeness, accuracy and fair presentation of the Information. Subject to the exercise of our professional judgment and except as expressly described herein, we have not attempted to verify independently the completeness, accuracy or fair presentation of the Information.

We are not legal, regulatory, accounting or tax experts and have relied on the assessments made by the REIT and its advisors with respect to such matters. We have assumed the accuracy and fair presentation of, and relied upon the REIT's audited financial statements and the reports of the auditors thereon and the REIT's interim unaudited financial statements. We have assumed that forecasts, projections, estimates and budgets provided to us and used in the analysis supporting the Opinion were reasonably prepared on bases reflecting the best currently available estimates and judgments of management of the REIT as to the matters covered thereby.

Senior officers of the REIT have represented to Scotia Capital in a certificate delivered as at the date hereof, among other things, that to the best of their knowledge (a) the REIT has no information or knowledge of any facts public or otherwise not specifically provided to Scotia Capital relating to the REIT or any of its subsidiaries which would reasonably be expected to affect materially the Opinion; (b) with the exception of forecasts, projections or estimates referred to in (d), below, the written Information provided to Scotia Capital by or on behalf of the REIT in respect of the REIT and its subsidiaries, in connection with the Arrangement is or, in the case of historical information or data, was, at the date of preparation, true and accurate in all material respects, and no additional material, data or information would be required to make the data provided to Scotia Capital by the REIT not misleading in light of circumstances in which it was prepared; (c) to the extent that any of the Information identified in (b), above, is historical, there have been no changes in material facts or new material facts since the respective dates thereof which have not been disclosed to Scotia Capital or updated by more current Information that has been disclosed; and (d) any portions of the Information provided to Scotia Capital which constitute forecasts, projections or estimates were prepared using the assumptions identified therein, which, in the reasonable opinion of management of the REIT, are (or were at the time of preparation) reasonable in the circumstances.

In preparing the Opinion, Scotia Capital made several assumptions, including that the final executed version of the Arrangement Agreement will be identical to the most recent draft thereof reviewed by us, and that the Arrangement will be consummated in accordance with the terms set forth in the Arrangement Agreement without any waiver or amendment of any terms or conditions. In addition, we have assumed that the conditions precedent to the completion of the Arrangement can be satisfied in due course, all consents, permissions, exemptions or orders of relevant third parties or regulatory authorities will be obtained without adverse condition or qualification, and the procedures being followed to implement the Arrangement are valid and effective.

The Opinion is rendered on the basis of the securities markets and economic, financial and general business conditions prevailing as at the date hereof and the conditions and prospects, financial and otherwise, of the REIT and its subsidiaries and affiliates, as they were reflected in the Information and as they have been represented to Scotia Capital in discussions with management of the REIT and its representatives. In its analyses and in preparing the Opinion, Scotia Capital made numerous assumptions with respect to industry performance, general business and economic conditions and other matters, many of which are beyond the control of Scotia Capital or any party involved in the Arrangement.

The Opinion has been provided for the sole use and benefit of the Special Committee and Board of Directors in connection with, and for the purpose of, its consideration of the Arrangement and may not be used or relied upon by any other person. Our opinion was not intended to be, and does not constitute, a recommendation to the Board of Directors as to whether they should approve the Arrangement or to any REIT unitholder as to how such REIT unitholder should vote or act with respect to the Arrangement or its REIT units. The Opinion does not address in any manner the prices at which the REIT's securities will trade at any time. The Opinion does not address the relative merits of the Arrangement as compared to other transactions or business strategies that might be available to the REIT or the REIT's underlying business decision to effect the Arrangement. At your direction, we have not been asked to, nor do we, offer any opinion as to the material terms (other than the Debenture Consideration) of the Arrangement Agreement or the Arrangement.

Except for the inclusion of the Opinion in its entirety and a summary thereof in a form acceptable to us in the Circular, the Opinion is not to be reproduced, disseminated, quoted from or referred to (in whole or in part) without our prior written consent. We have not been asked to prepare and have not prepared a formal valuation or appraisal of the securities or assets of the REIT or any of its affiliates, and the Opinion should not be construed as such. The Opinion is given as of the date hereof, and Scotia Capital disclaims any undertaking or obligation to advise any person of any change in any fact or matter affecting the Opinion which may come or be brought to the attention of Scotia Capital after the date hereof. Without limiting the foregoing, in the event that there is any material change in any fact or matter affecting the Opinion after the date hereof, Scotia Capital reserves the right to change, modify or withdraw the Opinion.

In support of the Opinion, Scotia Capital has performed certain value analyses on the REIT based on the methodologies and assumptions that Scotia Capital considered appropriate in the circumstances for the purposes of providing its Opinion. Scotia Capital believes that its analyses must be considered as a whole and that selecting portions of the analyses or the factors considered by it, without considering all factors and analyses together, could create a misleading view of the process underlying the Opinion. The preparation of a fairness opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. Any attempt to do so could lead to undue emphasis on any particular factor or analysis.

### **Approach to Fairness**

In considering the fairness of the Debenture Consideration under the Arrangement from a financial point of view to the Debentureholders, Scotia Capital considered and relied upon, among other things, a comparison of the Debenture Consideration to the financial and non-financial terms of the Debentures including coupon, maturity date, conversion rights, redemption rights, and change of control rights as well as the consideration offered per Class A Unit under the Arrangement. In arriving at its fairness determination, Scotia Capital considered the results of all of its analyses and did not attribute any particular weight to any factor or analysis considered by it. Rather, Scotia Capital made its determination as to fairness on the basis of its experience and professional judgment after considering the results of all of its analyses.

### **Conclusion**

Based upon and subject to the foregoing, Scotia Capital is of the opinion that, as of the date hereof, the Debenture Consideration to be received by the Debentureholders pursuant to the Arrangement is fair, from a financial point of view, to the Debentureholders.

Yours very truly,

A handwritten signature in blue ink that reads "Scotia Capital Inc." with a stylized flourish at the end.

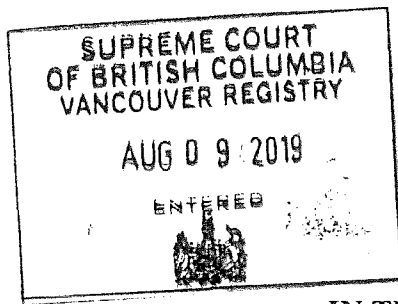
**SCOTIA CAPITAL INC.**

## SCHEDULE F

### INTERIM ORDER

See attached.





No. S-198744  
Vancouver Registry

**IN THE SUPREME COURT OF BRITISH COLUMBIA**

**IN THE MATTER OF SECTION 288 OF THE**  
***BUSINESS CORPORATIONS ACT* S.B.C. 2002, c. 57, AS AMENDED**

**IN THE MATTER OF A PROPOSED ARRANGEMENT AMONG  
PURE MULTI-FAMILY REIT (GP) INC., PURE MULTI-FAMILY REIT LP AND ITS  
SECURITYHOLDERS AND PORTFOLIO 22 VENTURE, LLC**

**PURE MULTI-FAMILY REIT (GP) INC.**

PETITIONER

### ORDER MADE AFTER APPLICATION

BEFORE MASTER MUIR.                 )         The 9<sup>th</sup> day of August, 2019  
  )  
  )

ON THE APPLICATION of the Petitioner, Pure Multi-Family REIT (GP) Inc. (the “**Governing GP**” or the “**Petitioner**”), dated August 7, 2019 without notice, coming on for hearing at 800 Smithe Street, Vancouver, British Columbia on August 9, 2019 and on hearing Teresa M. Tomchak, counsel for the Petitioner.

THIS COURT ORDERS that:

## Definitions

1. All definitions used in this Interim Order, unless otherwise defined herein, shall have the meaning ascribed thereto in the Petition.

## The Meeting

2. The Petitioner be permitted to convene, hold and conduct a special meeting (the “**Meeting**”) of the Unitholders of Pure Multi-Family REIT LP (“**Pure Multi-Family**”) and collectively with the Governing GP, “**Pure**”) on or about September 18, 2019, to *inter alia*, consider and, if deemed advisable, pass with or without amendment, a special resolution (the “**Arrangement Resolution**”), authorizing, approving and agreeing to adopt a plan of arrangement (the “**Arrangement**”) among the Governing GP, Pure Multi-

Family, the Pure Securityholders, and Portfolio 22 Venture, LLC (the “**Purchaser**”) as described in the Plan of Arrangement attached as Schedule C to the draft management information circular (the “**Circular**”) which is attached as Exhibit “A” to the Affidavit #1 of Robert King sworn on August 7, 2019 (the “**King Affidavit #1**”), and to transact such other business as may properly come before the Meeting.

3. The Meeting shall be called, held and conducted in accordance with the provisions of the *Business Corporations Act* (British Columbia), S.B.C. 2002, c. 57 (the “**BCBCA**”), applicable securities legislation, the LP Agreement, and the Circular, all subject to the terms of this Order, and any further order of this Court, and the rulings and directions of the Chair of the Meeting, such rulings and directions not to be inconsistent with this Interim Order.
4. The record date (the “**Record Date**”) for determination of the Unitholders entitled to notice of, and to vote at, the Meeting shall be August 12, 2019. The Record Date will not change in respect of any adjournment or postponement of the Meeting.

#### **Notice of Meeting**

5. The following information (the “**Meeting Materials**”):

- (a) the Circular;
- (b) the Form of Proxy or Voting Instruction Form; and
- (c) the Letter of Transmittal;

in substantially the same form referred to in the King Affidavit #1, with such amendments and inclusions thereto as counsel for the Petitioner may advise are necessary or desirable, provided that such amendments and inclusions are not inconsistent with the terms of this Interim Order, shall be sent to the following:

- (i) the Registered Unitholders at the close of business on the Record Date, at least twenty-one (21) days prior to the date of the Meeting, excluding the date of sending and the date of the Meeting, by one or more of the following methods:
  - (A) by pre-paid ordinary or first class mail at the addresses of the Unitholders as they appear on the central securities register of Pure Multi-Family, or its registrar and transfer agent, at the close of business on the Record Date;
  - (B) by delivery, in person or by recognized courier service, to the address specified in (A) above; or
  - (C) by facsimile or electronic transmission to any Unitholder, who is identified to the satisfaction of the Petitioner, who requests such

transmission in writing and, if required by the Petitioner, who is prepared to pay the charges for such transmission;

- (ii) non-registered holders of Units by providing sufficient copies of the Meeting Materials, as applicable, to intermediaries and registered nominees in a timely manner, in accordance with National Instrument 54-101 - *Communication with Beneficial Owners of Securities of a Reporting Issuer*; and
  - (iii) the respective directors of the Governing GP and auditors of Pure Multi-Family by delivery in person, by recognized courier service, by pre-paid ordinary or first class mail or, with the consent of the person, by facsimile or electronic transmission, at least twenty-one (21) days prior to the date of the Meeting, excluding the date of sending and the date of the Meeting.
6. Concurrently with the sending of the Meeting Materials described in paragraph 5 of this Interim Order, the Petitioner shall send a copy of the Circular and any other communications or documents determined by the Petitioner to be necessary or desirable to the holders of Pure Deferred Units, Pure RUs, Pure Performance Units and Pure Debentures (collectively with the Unitholders, the “**Pure Securityholders**”) by any method permitted for notice to Unitholders as set forth in paragraphs 5(i) or 5(ii), above, to the addresses as they appear on the books and records of Pure Multi-Family or its registrar and transfer agent at the close of business on the Record Date.
7. In the event of an interruption in or cessation of postal services due to strike or otherwise, the Petitioner shall be authorized, in addition to or as an alternative to the methods of delivery specified in paragraphs 5 or 6 above to communicate notice of the Meeting to the Pure Securityholder by publishing notice of the Meeting in one of the following newspapers:
- (i) The Globe and Mail (National edition); and
  - (ii) The National Post
- which publication shall include specific reference to locations (including [www.sedar.com](http://www.sedar.com)) at which copies of the Meeting Materials will be available.
8. Good and sufficient notice of the Meeting for all purposes will be given by the Petitioner by the sending of the Meeting Materials in accordance with paragraph 5, 6 or 7 of this Order. The Circular is hereby deemed to represent sufficient and adequate disclosure, including for the purpose of section 290(1)(a) of the BCBCA, and the Petitioner shall not be required to send to the Pure Securityholders any other or additional statement pursuant to section 290(1)(a) of the BCBCA.
9. The sending of the Meeting Materials, which includes the Notice of Hearing of Petition and the Interim Order (collectively the “**Court Materials**”), in accordance with paragraphs 5, 6 or 7 of this Order shall constitute good and sufficient service of the Court

Materials and the within proceedings and such service shall be effective on the business day after the said Court Materials are mailed, whether those persons reside within the jurisdiction of British Columbia or within another jurisdiction, and no other form of service need be made and no other material, including the Petition and supporting Affidavits, need be served on such persons in respect of these proceedings except upon written request to the solicitors for the Petitioner at their address for delivery set out in the Petition.

10. Accidental failure or omission by the Petitioner to give notice of the Meeting or to distribute the Meeting Materials or the Court Materials to any person entitled by this Interim Order to receive notice, or any failure or omission to give such notice as a result of events beyond the reasonable control of the Petitioner, or the non-receipt of such notice shall, subject to further order of this Honourable Court, not constitute a breach of this Interim Order nor shall it invalidate any resolution passed or proceedings taken at the Meeting. If any such failure or omission is brought to the attention of the Petitioner, it shall use its best efforts to rectify it by the method and in the time most reasonably practicable in the circumstances.

#### **Amendments to the Arrangement and Plan of Arrangement**

11. Subject to the terms and conditions of the Plan of Arrangement, after the date of this Interim Order and prior to the time of the Meeting, the Petitioner is authorized to make such amendments, revisions or supplements to the Plan of Arrangement as it may determine, without any additional notice to the Pure Securityholders, and the Plan of Arrangement as so amended, revised and supplemented shall be the Plan of Arrangement submitted to the Meeting, and the subject of the Arrangement Resolution.
12. If any amendments, revisions or supplements to the Arrangement or Plan of Arrangement as referred to in paragraph 11 above, would, if disclosed, reasonably be expected to affect a Unitholders' decision to vote for or against the Arrangement Resolution, notice of such amendment, revision or supplement shall be distributed, subject to further order of this Court, by news release, newspaper advertisement, or by notice sent to Unitholders by one of the methods specified in paragraph 5 of this Interim Order.

#### **Chair of the Meeting**

13. The Chair of the Meeting shall be an officer or director of the Petitioner or such other person as may be appointed by the Unitholders for that purpose.
14. The Chair of the Meeting is at liberty to call on the assistance of legal counsel at any time and from time to time, as the Chair of the Meeting may deem necessary or appropriate, during the Meeting, and such legal counsel is entitled to attend the Meeting for this purpose.

15. The only people entitled to attend the Meeting are the Unitholders, directors of the Governing GP, auditors of Pure-Multi Family, Pure Multi-Family's legal and financial advisors, or other such persons as may be approved by the Chair of the Meeting.
16. The Chair of the Meeting shall be permitted to ask questions of, and demand the production of evidence, from Unitholders or such other persons in attendance or represented at the Meeting, as he or she considers appropriate having regard to the orderly conduct of the Meeting, the authority of any person to vote at the Meeting, and the validity and propriety of the votes cast and the proxies submitted in respect of the Arrangement Resolution.
17. The Chair of the Meeting may, in the Chair's sole discretion, waive the deadline specified in the Form of Proxy for the deposit of proxies, provided that if the Chair waives the deadline, the Chair must accept all proxies deposited after this deadline.
18. The Chair or another representative of the Petitioner present at the Meeting, shall, in due course, file with the Court an affidavit verifying the actions taken and the decisions reached at the Meeting with respect to the Arrangement.

#### **Adjournments and Postponements**

19. The Petitioner, if it deems advisable, is specifically authorized to adjourn or postpone the Meeting for any reason on one or more occasions, subject to the terms of the Arrangement Agreement, without the necessity of first convening the Meeting, or first obtaining any vote of the Unitholders respecting the adjournment or postponement. Notice of any such adjournments or postponements shall be given by such method and in the time that is reasonable in the circumstances, as the Petitioner may determine appropriate. This provision shall not limit the authority of the Chair of the Meeting in respect of adjournments and postponements.

#### **Quorum**

20. The quorum required at the Meeting shall be individuals representing not less than two in number and being Unitholders or representing by proxy Unitholders who hold in aggregate not less not less than twenty-five percent (25%) of the total number of outstanding Units.
21. If within 30 minutes from the time set for the holding of the Meeting a quorum in respect of the Unitholders is not present, the Meeting shall stand adjourned to the same day in the next week (if a Business Day) at the same time and place and, if such day is a not a Business Day, the Meeting shall stand adjourned to such day being not less than seven (7) days later and to such time and place as may be appointed by the Chair, and if at such adjourned meeting a quorum is not present, he Unitholders present in person or by proxy, shall form a quorum.

### **Voting**

22. The vote required to pass the Arrangement Resolution shall be: (i) at least 66 2/3% of the votes cast on such resolution by Class A Unitholders and Class B Unitholders present in person or represented by proxy at the Meeting, voting as a single class; (ii) a majority of the votes cast by Class A Unitholders present in person or represented by proxy at the Meeting, pursuant to and in accordance with the policies of the TSX; and (iii) a majority of the votes cast by the Class A Unitholders and Class B Unitholders present in person or represented by proxy at the Meeting, excluding votes attached to the Units that are required to be excluded pursuant to Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*.
23. The only persons entitled to vote in person or by proxy on the Arrangement Resolution, or such other business as may be properly brought before the Meeting, shall be the registered Unitholders who hold Units as of the close of business on the Record Date. Illegible votes, spoiled votes, defective votes and abstentions shall be deemed to be votes not cast. Proxies that are properly signed and dated but which do not contain voting instructions shall be voted in favour of the Arrangement Resolution.

### **Solicitation and Revocation of Proxies**

24. The Petitioner is authorized to use the form of proxy (the “**Form of Proxy**”), substantially in the form of the draft attached to King Affidavit #1, with such amendments, revisions or supplemental information as the Petitioner may determine are necessary or desirable. Pure is authorized at its expense to solicit proxies, directly or through its officers, directors or employees, and through such agents or representatives, including proxy advisory firms, as they may retain for the purpose, by mail or such other forms of personal or electronic communication as it may determine. Pure may waive generally, in its discretion, the time limits set for the deposit or revocation of proxies, if Pure considers it advisable to do so.

### **Dissent Rights**

25. A Registered Unitholder may exercise rights of dissent under Division 2 of Part 8 of the BCBCA, as modified by the Plan of Arrangement and the Interim Order; provided that, notwithstanding Section 242(1)(a) of the BCBCA, the written objection to the Arrangement Resolution must be received from Dissenting Holders by Pure Multi-Family not later than 4:00 p.m. (Vancouver time) two Business Days immediately preceding the date of the Meeting or any adjournment or postponement thereof. Pure Multi-Family’s address for such purpose is: Suite 910, 925 West Georgia Street, Vancouver, British Columbia V6C 3L2 Canada, Attention: Robert King.
26. To exercise Dissent Rights, a Unitholder must dissent with respect to all Units of which it is the registered and beneficial owner. A Registered Unitholder who wishes to dissent must deliver written notice of dissent to Pure Multi-Family as set forth above and such notice of dissent must strictly comply with the requirements of Section 242 of the BCBCA. Any failure by a Unitholder to fully comply with the provisions of the BCBCA,

as modified by Article 3 of the Plan of Arrangement and the Interim Order, may result in the loss of that holder's Dissent Rights. Beneficial Unitholders who wish to exercise Dissent Rights must cause the Registered Unitholder holding their Units to deliver the notice of dissent.

27. To exercise Dissent Rights, a Registered Unitholder must prepare a separate notice of dissent for itself, if dissenting on its own behalf, and for each other Unitholder who beneficially owns Units registered in such Unitholder's name and on whose behalf the Unitholder is dissenting; and must dissent with respect to all of the Units registered in its name or if dissenting on behalf of a Beneficial Unitholder, with respect to all of the Units registered in its name and beneficially owned by such Unitholder on whose behalf the Unitholder is dissenting. The notice of dissent must set out the number of Units in respect of which the Dissent Rights are being exercised (the Notice Units) and: (a) if such Units constitute all of the Units of which the Unitholder is the registered and beneficial owner and the Unitholder owns no other Units beneficially, a statement to that effect; (b) if such Units constitute all of the Units of which the Unitholder is both the registered and beneficial owner, but the Unitholder owns additional Units beneficially, a statement to that effect and the names of the Registered Unitholders, the number of Units held by each such Registered Unitholder and a statement that written notices of dissent are being or have been sent with respect to such other Units; or (c) if the Dissent Rights are being exercised by a Registered Unitholder who is not the beneficial owner of such Units, a statement to that effect and the name and address of the Beneficial Unitholder and a statement that the Registered Unitholder is dissenting with respect to all Units of the Beneficial Unitholder registered in such registered holder's name.
28. If the Arrangement Resolution is approved, and the Petitioner notifies a registered holder of Notice Units of Pure Multi-Family's intention to act upon the Arrangement Resolution pursuant to Section 243 of the BCBCA, in order to exercise Dissent Rights, such Unitholder must, within one month of the date of the Petitioner's notice, send to Pure Multi-Family a written notice that such Unitholder requires the purchase of all of the Notice Units in respect of which such Unitholder has given notice of dissent. Such written notice must be accompanied by the certificate(s) or instrument(s) representing those Notice Units (including a written statement prepared in accordance with Section 244(1)(c) of the BCBCA if the dissent is being exercised by the Unitholder on behalf of a Beneficial Unitholder), whereupon, subject to the provisions of the BCBCA relating to the termination of Dissent Rights, the Unitholder becomes a Dissenting Holder, and is bound to sell and the Purchaser is bound to purchase those Units. Such Dissenting Holder may not vote, or exercise or assert any rights of a Unitholder in respect of such Notice Units, other than the rights set forth in Division 2 of Part 8 of the BCBCA, as modified by Article 3 of the Plan of Arrangement and the Interim Order.
29. Dissenting Holders who:
  - (a) are ultimately determined to be entitled to be paid fair value for such Units in respect of which Dissent Rights have been validly exercised will be deemed to have irrevocably transferred and assigned such Units (free and clear of any Liens)



to the Purchaser and will be entitled to be paid the fair value of such Units by the Purchaser (which fair value, notwithstanding anything to the contrary in the BCBCA, will be determined as of the close of business on the day before the Arrangement Resolution was adopted at the Meeting) and will not be entitled to any other payment or consideration, including any payment that would be payable under the Arrangement has such holders not exercised their Dissent Rights in respect of such Units; or

- (b) are ultimately not entitled, for any reason, to be paid by the Purchaser fair value for their Units in respect of which Dissent Rights have been validly exercised, will be deemed to have participated in the Arrangement in respect of those Units on the same basis as a non-Dissenting Holder.
30. If a Dissenting Holder is ultimately entitled to be paid by the Purchaser for their Notice Units, such Dissenting Holder may enter into an agreement with the Purchaser for the fair value of such Notice Units. If such Dissenting Holder does not reach an agreement with the Purchaser, such Dissenting Holder, or the Purchaser, may apply to the Court, and the Court may determine the payout value of the Notice Units, join in the application of each Dissenting Holder who has not agreed with the Purchaser on the amount of the payout value of the Notice Units, and make consequential orders and give directions as the Court considers appropriate. There is no obligation on the Purchaser to make application to the Court. The Dissenting Holder will be entitled to receive the fair value of the Notice Units and that fair value, notwithstanding anything to the contrary contained in the BCBCA, will be determined as of the close of business on the day before the Arrangement Resolution was adopted at the Meeting, excluding any appreciation or depreciation in anticipation of the vote (unless such exclusion would be inequitable). After a determination of the fair value of the Notice Units, the Purchaser must then promptly pay that amount to the Dissenting Holder, and such Dissenting Holder will not be entitled to any other payment or consideration, including any payment that would be payable under the Arrangement had such Dissenting Holder not exercised its Dissent Rights in respect of such Units.
31. In no circumstances will Pure, the Purchaser, or any other Person be required to recognize a Person as a Dissenting Holder: (i) unless such Person is the registered holder of those Units in respect of which Dissent Rights are sought to be exercised immediately prior to the Effective Time; (ii) if such Person has voted or instructed a proxy holder to vote such Notice Units in favour of the Arrangement Resolution; or (iii) unless such Person has strictly complied with the procedures for exercising Dissent Rights set out in Division 2 of Part 8 of the BCBCA, as modified by Article 3 of the Plan of Arrangement and the Interim Order and does not withdraw such notice of dissent prior to the Effective Time.
32. In no circumstances will Pure, the Purchaser, or any other Person be required to recognize a Dissenting Holder as the registered or beneficial holder of any Unit in respect of which Dissent Rights have been validly exercised and not withdrawn or any interest therein at and after the completion of the steps contemplated in Section 2.3(i) of the Plan

of Arrangement, and the names of such Dissenting Holders shall be removed from the unit register maintained by or on behalf of Pure Multi-Family in respect of the Units at the same time as the event described in Section 2.3(i) of the Plan of Arrangement occurs.

33. In addition to any other restrictions under Division 2 of Part 8 of the BCBCA, as modified by Article 3 of the Plan of Arrangement and the Interim Order, none of the following shall be entitled to exercise Dissent Rights: Pure Deferred Units, Pure RUs, Pure Performance Units, and Unitholders who vote or have instructed a proxyholder to vote Units in favour of the Arrangement Resolution (but only in respect of such Units).
34. Dissent Rights with respect to Notice Units will terminate and cease to apply to the Dissenting Holder if, before full payment is made for the Notice Units, the Arrangement in respect of which the notice of dissent was sent is abandoned or by its terms will not proceed, a court permanently enjoins or sets aside the Arrangement, or the Dissenting Holder withdraws the notice of dissent with the Purchaser's written consent. If any of these events occur, the Purchaser must return the unit certificate(s) or other instrument(s) representing the Units to the Dissenting Holder and the Dissenting Holder regains the ability to vote and exercise its rights as a Unitholder.

#### **Application for Final Order**

35. Upon obtaining, in the manner set forth in this Interim Order, the approval of the Arrangement required by this Interim Order, the Petitioner may apply to this Court for a final order approving the Arrangement contemplated by the Plan of Arrangement (the "**Final Order**"), which includes a finding of fairness of the terms and conditions of the Arrangement, and the hearing shall be set down for hearing before the presiding Judge in Chambers at the Courthouse at 800 Smithe Street, Vancouver, British Columbia, on September 20, 2019 at 9:45 a.m. (Vancouver time), or as soon thereafter as the hearing of the Final Order can be heard, or at such other date and time as this Court may direct.
36. Any Pure Securityholder may appear and make submissions at the application for the Final Order provided that such person shall file a Response to Petition, in the form prescribed by the Rules of Court of the Supreme Court of British Columbia, with this Court and deliver a copy of the filed Response to Petition, together with a copy of all material on which such person intends to rely at the application for the Final Order to the solicitors for the Petitioner at their address for delivery as set out in the Petition, on or before 4:00 p.m. (Vancouver time) on September 18, 2019, or as the Court may otherwise direct.
37. If the application for the Final Order is adjourned, only those persons who have filed and delivered a Response to Petition in accordance with this Interim Order need to be served and provided with notice of the adjourned date.

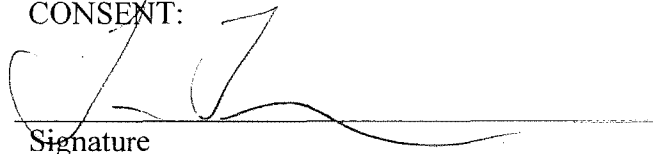
**Precedence**

38. To the extent of any inconsistency or discrepancy between this Interim Order and the LP Agreement, the Circular, the BCBCA or applicable securities laws, this Interim Order shall govern.

**Variance and Direction**

39. Pure, the Pure Securityholders, the directors of the Governing GP and auditors of Pure Multi-Family shall, and hereby do, have liberty to seek leave to vary this Interim Order or apply for such further order or orders or to seek such directions as may be appropriate.

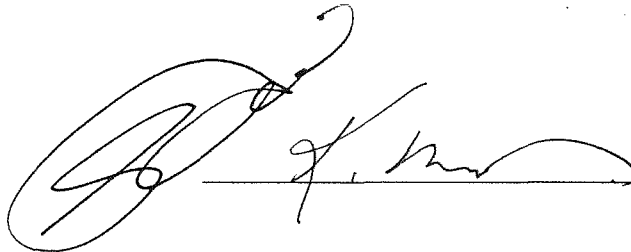
THE FOLLOWING PARTIES APPROVE THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT:



Signature

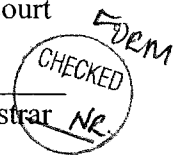
☐ Party ☒ Lawyer for the Petitioner

**Teresa M. Tomchak**



By the Court

Registrar



## SCHEDULE G

### NOTICE OF HEARING OF PETITION

See attached.

No. S-198744  
Vancouver Registry

**IN THE SUPREME COURT OF BRITISH COLUMBIA**

**IN THE MATTER OF SECTION 288 OF THE  
*BUSINESS CORPORATIONS ACT* S.B.C. 2002, c. 57, AS AMENDED**

**IN THE MATTER OF A PROPOSED ARRANGEMENT AMONG  
PURE MULTI-FAMILY REIT (GP) INC., PURE MULTI-FAMILY REIT LP AND ITS  
SECURITYHOLDERS AND PORTFOLIO 22 VENTURE, LLC**

**PURE MULTI-FAMILY REIT (GP) INC.**

PETITIONER

**NOTICE OF HEARING OF PETITION**

**TO: Pure Multi-Family REIT LP Securityholders**

**NOTICE IS HEREBY GIVEN** that a Petition has been filed by Pure Multi-Family REIT (GP) Inc. in the Supreme Court of British Columbia for approval of an arrangement (the “**Arrangement**”) pursuant to Section 288 of the *Business Corporations Act* S.B.C. 2002, c. 57, as amended, as contemplated in an arrangement agreement dated July 18, 2019.

**AND NOTICE IS FURTHER GIVEN** that by an Interim Order of the Supreme Court of British Columbia pronounced August 9, 2019, the Court has given directions as to the calling of a meeting of the Pure Multi-Family REIT LP Unitholders for the purpose of considering and voting on the Arrangement.

**AND NOTICE IS FURTHER GIVEN** that if the Arrangement is approved at the meeting, the Petitioner intends to apply for an order approving the Arrangement and declaring it to be fair and reasonable (the “**Final Order**”) at a hearing before a Judge of the Supreme Court of British Columbia at the Courthouse, at 800 Smithe Street, in the City of Vancouver, in the Province of British Columbia, on or about September 20, 2019 at 9:45 a.m. (PT), or so soon thereafter as counsel may be heard, or at such later date as the Court may direct.

**IF YOU WISH TO BE HEARD AT THE HEARING OF THE PETITION OR WISH TO BE NOTIFIED OF ANY FURTHER PROCEEDINGS, YOU MUST GIVE NOTICE OF YOUR INTENTION** by filing a form entitled “Response to Petition”, in the form prescribed by the Rules of Court of the Supreme Court of British Columbia, along with any evidence or materials which you intend to present to the Court, at the Vancouver Registry of the Court and **YOU MUST ALSO DELIVER** a copy of the filed Response to Petition, together with a copy of all evidence or materials on which you intend to rely at the application for the

Final Order, to the solicitors for the Petitioner at their address for delivery, which is set out below, on or before 4:00 p.m. (PT) on September 18, 2019, or as the Court may otherwise direct.

**YOU OR YOUR SOLICITOR** may file the Response to Petition. You may obtain a form of "Response to Petition" at the Registry. The address of the Registry is: 800 Smithe Street, Vancouver, British Columbia, V6Z 2E1.

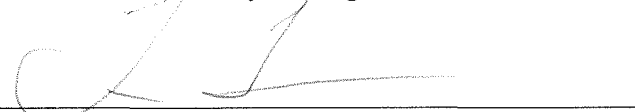
**IF YOU DO NOT FILE A RESPONSE TO PETITION** and do not attend either in person or by counsel at the time of such hearing, the Court may approve the Arrangement, as presented at that time, or may approve it subject to such terms and conditions as the Court deems fit, all without further notice to you. If the Arrangement is approved, it will significantly affect the rights of the Pure Multi-Family REIT LP Securityholders.

A copy of the said Petition and other documents in the proceedings will be furnished to any Pure Multi-Family REIT Securityholder upon request in writing addressed to the solicitors of the Petitioner at their address for delivery set out below.

The Petitioners' address for delivery is:

Farris LLP  
Barristers & Solicitors  
2500 – 700 West Georgia Street  
Vancouver, British Columbia  
V7Y 1B3  
**Attention: Teresa M. Tomchak**

DATED this 9<sup>th</sup> day of August, 2019.

  
\_\_\_\_\_  
Signature

☐ Party    ☒ Lawyer for the Petitioner

**Teresa M. Tomchak**

## SCHEDULE H

### DISSENT PROVISIONS OF THE BCBCA

237 (1) In this Division:

"**dissenter**" means a shareholder who, being entitled to do so, sends written notice of dissent when and as required by section 242;

"**notice shares**" means, in relation to a notice of dissent, the shares in respect of which dissent is being exercised under the notice of dissent;

"**payout value**" means,

- (a) in the case of a dissent in respect of a resolution, the fair value that the notice shares had immediately before the passing of the resolution,
- (b) in the case of a dissent in respect of an arrangement approved by a court order made under section 291 (2) (c) that permits dissent, the fair value that the notice shares had immediately before the passing of the resolution adopting the arrangement,
- (c) in the case of a dissent in respect of a matter approved or authorized by any other court order that permits dissent, the fair value that the notice shares had at the time specified by the court order, or
- (d) in the case of a dissent in respect of a community contribution company, the value of the notice shares set out in the regulations,

excluding any appreciation or depreciation in anticipation of the corporate action approved or authorized by the resolution or court order unless exclusion would be inequitable.

(2) This Division applies to any right of dissent exercisable by a shareholder except to the extent that

- (a) the court orders otherwise, or
- (b) in the case of a right of dissent authorized by a resolution referred to in section 238 (1) (g), the court orders otherwise or the resolution provides otherwise.

### Right to dissent

238 (1) A shareholder of a company, whether or not the shareholder's shares carry the right to vote, is entitled to dissent as follows:

- (a) under section 260, in respect of a resolution to alter the articles
  - (i) to alter restrictions on the powers of the company or on the business the company is permitted to carry on, or
  - (ii) without limiting subparagraph (i), in the case of a community contribution company, to alter any of the company's community purposes within the meaning of section 51.91;
- (b) under section 272, in respect of a resolution to adopt an amalgamation agreement;
- (c) under section 287, in respect of a resolution to approve an amalgamation under Division 4 of Part 9;
- (d) in respect of a resolution to approve an arrangement, the terms of which arrangement permit dissent;
- (e) under section 301 (5), in respect of a resolution to authorize or ratify the sale, lease or other disposition of all or substantially all of the company's undertaking;
- (f) under section 309, in respect of a resolution to authorize the continuation of the company into a jurisdiction other than British Columbia;
- (g) in respect of any other resolution, if dissent is authorized by the resolution;
- (h) in respect of any court order that permits dissent.

(2) A shareholder wishing to dissent must

- (a) prepare a separate notice of dissent under section 242 for



- (i) the shareholder, if the shareholder is dissenting on the shareholder's own behalf, and
  - (ii) each other person who beneficially owns shares registered in the shareholder's name and on whose behalf the shareholder is dissenting,
- (b) identify in each notice of dissent, in accordance with section 242 (4), the person on whose behalf dissent is being exercised in that notice of dissent, and
- (c) dissent with respect to all of the shares, registered in the shareholder's name, of which the person identified under paragraph (b) of this subsection is the beneficial owner.
- (3) Without limiting subsection (2), a person who wishes to have dissent exercised with respect to shares of which the person is the beneficial owner must
  - (a) dissent with respect to all of the shares, if any, of which the person is both the registered owner and the beneficial owner, and
  - (b) cause each shareholder who is a registered owner of any other shares of which the person is the beneficial owner to dissent with respect to all of those shares.

**Waiver of right to dissent**

- 239 (1) A shareholder may not waive generally a right to dissent but may, in writing, waive the right to dissent with respect to a particular corporate action.
- (2) A shareholder wishing to waive a right of dissent with respect to a particular corporate action must
- (a) provide to the company a separate waiver for
    - (i) the shareholder, if the shareholder is providing a waiver on the shareholder's own behalf, and
    - (ii) each other person who beneficially owns shares registered in the shareholder's name and on whose behalf the shareholder is providing a waiver, and
  - (b) identify in each waiver the person on whose behalf the waiver is made.
- (3) If a shareholder waives a right of dissent with respect to a particular corporate action and indicates in the waiver that the right to dissent is being waived on the shareholder's own behalf, the shareholder's right to dissent with respect to the particular corporate action terminates in respect of the shares of which the shareholder is both the registered owner and the beneficial owner, and this Division ceases to apply to
- (a) the shareholder in respect of the shares of which the shareholder is both the registered owner and the beneficial owner, and
  - (b) any other shareholders, who are registered owners of shares beneficially owned by the first mentioned shareholder, in respect of the shares that are beneficially owned by the first mentioned shareholder.
- (4) If a shareholder waives a right of dissent with respect to a particular corporate action and indicates in the waiver that the right to dissent is being waived on behalf of a specified person who beneficially owns shares registered in the name of the shareholder, the right of shareholders who are registered owners of shares beneficially owned by that specified person to dissent on behalf of that specified person with respect to the particular corporate action terminates and this Division ceases to apply to those shareholders in respect of the shares that are beneficially owned by that specified person.

**Notice of resolution**

- 240 (1) If a resolution in respect of which a shareholder is entitled to dissent is to be considered at a meeting of shareholders, the company must, at least the prescribed number of days before the date of the proposed meeting, send to each of its shareholders, whether or not their shares carry the right to vote,
- (a) a copy of the proposed resolution, and
  - (b) a notice of the meeting that specifies the date of the meeting, and contains a statement advising of the right to send a notice of dissent.
- (2) If a resolution in respect of which a shareholder is entitled to dissent is to be passed as a consent resolution of shareholders or as a resolution of directors and the earliest date on which that resolution can be passed is

specified in the resolution or in the statement referred to in paragraph (b), the company may, at least 21 days before that specified date, send to each of its shareholders, whether or not their shares carry the right to vote,

- (a) a copy of the proposed resolution, and
  - (b) a statement advising of the right to send a notice of dissent.
- (3) If a resolution in respect of which a shareholder is entitled to dissent was or is to be passed as a resolution of shareholders without the company complying with subsection (1) or (2), or was or is to be passed as a directors' resolution without the company complying with subsection (2), the company must, before or within 14 days after the passing of the resolution, send to each of its shareholders who has not, on behalf of every person who beneficially owns shares registered in the name of the shareholder, consented to the resolution or voted in favour of the resolution, whether or not their shares carry the right to vote,
- (a) a copy of the resolution,
  - (b) a statement advising of the right to send a notice of dissent, and
  - (c) if the resolution has passed, notification of that fact and the date on which it was passed.
- (4) Nothing in subsection (1), (2) or (3) gives a shareholder a right to vote in a meeting at which, or on a resolution on which, the shareholder would not otherwise be entitled to vote.

#### **Notice of court orders**

241 If a court order provides for a right of dissent, the company must, not later than 14 days after the date on which the company receives a copy of the entered order, send to each shareholder who is entitled to exercise that right of dissent

- (a) a copy of the entered order, and
- (b) a statement advising of the right to send a notice of dissent.

#### **Notice of dissent**

242 (1) A shareholder intending to dissent in respect of a resolution referred to in section 238 (1) (a), (b), (c), (d), (e) or (f) must,

- (a) if the company has complied with section 240 (1) or (2), send written notice of dissent to the company at least 2 days before the date on which the resolution is to be passed or can be passed, as the case may be,
  - (b) if the company has complied with section 240 (3), send written notice of dissent to the company not more than 14 days after receiving the records referred to in that section, or
  - (c) if the company has not complied with section 240 (1), (2) or (3), send written notice of dissent to the company not more than 14 days after the later of
    - (i) the date on which the shareholder learns that the resolution was passed, and
    - (ii) the date on which the shareholder learns that the shareholder is entitled to dissent.
- (2) A shareholder intending to dissent in respect of a resolution referred to in section 238 (1) (g) must send written notice of dissent to the company
- (a) on or before the date specified by the resolution or in the statement referred to in section 240 (2) (b) or (3) (b) as the last date by which notice of dissent must be sent, or
  - (b) if the resolution or statement does not specify a date, in accordance with subsection (1) of this section.
- (3) A shareholder intending to dissent under section 238 (1) (h) in respect of a court order that permits dissent must send written notice of dissent to the company
- (a) within the number of days, specified by the court order, after the shareholder receives the records referred to in section 241, or
  - (b) if the court order does not specify the number of days referred to in paragraph (a) of this subsection, within 14 days after the shareholder receives the records referred to in section 241.
- (4) A notice of dissent sent under this section must set out the number, and the class and series, if applicable, of the notice shares, and must set out whichever of the following is applicable:

- (a) if the notice shares constitute all of the shares of which the shareholder is both the registered owner and beneficial owner and the shareholder owns no other shares of the company as beneficial owner, a statement to that effect;
  - (b) if the notice shares constitute all of the shares of which the shareholder is both the registered owner and beneficial owner but the shareholder owns other shares of the company as beneficial owner, a statement to that effect and
    - (i) the names of the registered owners of those other shares,
    - (ii) the number, and the class and series, if applicable, of those other shares that are held by each of those registered owners, and
    - (iii) a statement that notices of dissent are being, or have been, sent in respect of all of those other shares;
  - (c) if dissent is being exercised by the shareholder on behalf of a beneficial owner who is not the dissenting shareholder, a statement to that effect and
    - (i) the name and address of the beneficial owner, and
    - (ii) a statement that the shareholder is dissenting in relation to all of the shares beneficially owned by the beneficial owner that are registered in the shareholder's name.
- (5) The right of a shareholder to dissent on behalf of a beneficial owner of shares, including the shareholder, terminates and this Division ceases to apply to the shareholder in respect of that beneficial owner if subsections (1) to (4) of this section, as those subsections pertain to that beneficial owner, are not complied with.

#### **Notice of intention to proceed**

- 243 (1) A company that receives a notice of dissent under section 242 from a dissenter must,
- (a) if the company intends to act on the authority of the resolution or court order in respect of which the notice of dissent was sent, send a notice to the dissenter promptly after the later of
    - (i) the date on which the company forms the intention to proceed, and
    - (ii) the date on which the notice of dissent was received, or
  - (b) if the company has acted on the authority of that resolution or court order, promptly send a notice to the dissenter.
- (2) A notice sent under subsection (1) (a) or (b) of this section must
- (a) be dated not earlier than the date on which the notice is sent,
  - (b) state that the company intends to act, or has acted, as the case may be, on the authority of the resolution or court order, and
  - (c) advise the dissenter of the manner in which dissent is to be completed under section 244.

#### **Completion of dissent**

- 244 (1) A dissenter who receives a notice under section 243 must, if the dissenter wishes to proceed with the dissent, send to the company or its transfer agent for the notice shares, within one month after the date of the notice,
- (a) a written statement that the dissenter requires the company to purchase all of the notice shares,
  - (b) the certificates, if any, representing the notice shares, and
  - (c) if section 242 (4) (c) applies, a written statement that complies with subsection (2) of this section.
- (2) The written statement referred to in subsection (1) (c) must
- (a) be signed by the beneficial owner on whose behalf dissent is being exercised, and
  - (b) set out whether or not the beneficial owner is the beneficial owner of other shares of the company and, if so, set out
    - (i) the names of the registered owners of those other shares,

- (ii) the number, and the class and series, if applicable, of those other shares that are held by each of those registered owners, and
  - (iii) that dissent is being exercised in respect of all of those other shares.
- (3) After the dissenter has complied with subsection (1),
- (a) the dissenter is deemed to have sold to the company the notice shares, and
  - (b) the company is deemed to have purchased those shares, and must comply with section 245, whether or not it is authorized to do so by, and despite any restriction in, its memorandum or articles.
- (4) Unless the court orders otherwise, if the dissenter fails to comply with subsection (1) of this section in relation to notice shares, the right of the dissenter to dissent with respect to those notice shares terminates and this Division, other than section 247, ceases to apply to the dissenter with respect to those notice shares.
- (5) Unless the court orders otherwise, if a person on whose behalf dissent is being exercised in relation to a particular corporate action fails to ensure that every shareholder who is a registered owner of any of the shares beneficially owned by that person complies with subsection (1) of this section, the right of shareholders who are registered owners of shares beneficially owned by that person to dissent on behalf of that person with respect to that corporate action terminates and this Division, other than section 247, ceases to apply to those shareholders in respect of the shares that are beneficially owned by that person.
- (6) A dissenter who has complied with subsection (1) of this section may not vote, or exercise or assert any rights of a shareholder, in respect of the notice shares, other than under this Division.

**Payment for notice shares**

- 245 (1) A company and a dissenter who has complied with section 244 (1) may agree on the amount of the payout value of the notice shares and, in that event, the company must
- (a) promptly pay that amount to the dissenter, or
  - (b) if subsection (5) of this section applies, promptly send a notice to the dissenter that the company is unable lawfully to pay dissenters for their shares.
- (2) A dissenter who has not entered into an agreement with the company under subsection (1) or the company may apply to the court and the court may
- (a) determine the payout value of the notice shares of those dissenters who have not entered into an agreement with the company under subsection (1), or order that the payout value of those notice shares be established by arbitration or by reference to the registrar, or a referee, of the court,
  - (b) join in the application each dissenter, other than a dissenter who has entered into an agreement with the company under subsection (1), who has complied with section 244 (1), and
  - (c) make consequential orders and give directions it considers appropriate.
- (3) Promptly after a determination of the payout value for notice shares has been made under subsection (2) (a) of this section, the company must
- (a) pay to each dissenter who has complied with section 244 (1) in relation to those notice shares, other than a dissenter who has entered into an agreement with the company under subsection (1) of this section, the payout value applicable to that dissenter's notice shares, or
  - (b) if subsection (5) applies, promptly send a notice to the dissenter that the company is unable lawfully to pay dissenters for their shares.
- (4) If a dissenter receives a notice under subsection (1) (b) or (3) (b),
- (a) the dissenter may, within 30 days after receipt, withdraw the dissenter's notice of dissent, in which case the company is deemed to consent to the withdrawal and this Division, other than section 247, ceases to apply to the dissenter with respect to the notice shares, or
  - (b) if the dissenter does not withdraw the notice of dissent in accordance with paragraph (a) of this subsection, the dissenter retains a status as a claimant against the company, to be paid as soon as the company is lawfully able

to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the company but in priority to its shareholders.

- (5) A company must not make a payment to a dissenter under this section if there are reasonable grounds for believing that
- (a) the company is insolvent, or
  - (b) the payment would render the company insolvent.

#### **Loss of right to dissent**

246 The right of a dissenter to dissent with respect to notice shares terminates and this Division, other than section 247, ceases to apply to the dissenter with respect to those notice shares, if, before payment is made to the dissenter of the full amount of money to which the dissenter is entitled under section 245 in relation to those notice shares, any of the following events occur:

- (a) the corporate action approved or authorized, or to be approved or authorized, by the resolution or court order in respect of which the notice of dissent was sent is abandoned;
- (b) the resolution in respect of which the notice of dissent was sent does not pass;
- (c) the resolution in respect of which the notice of dissent was sent is revoked before the corporate action approved or authorized by that resolution is taken;
- (d) the notice of dissent was sent in respect of a resolution adopting an amalgamation agreement and the amalgamation is abandoned or, by the terms of the agreement, will not proceed;
- (e) the arrangement in respect of which the notice of dissent was sent is abandoned or by its terms will not proceed;
- (f) a court permanently enjoins or sets aside the corporate action approved or authorized by the resolution or court order in respect of which the notice of dissent was sent;
- (g) with respect to the notice shares, the dissenter consents to, or votes in favour of, the resolution in respect of which the notice of dissent was sent;
- (h) the notice of dissent is withdrawn with the written consent of the company;
- (i) the court determines that the dissenter is not entitled to dissent under this Division or that the dissenter is not entitled to dissent with respect to the notice shares under this Division.

#### **Shareholders entitled to return of shares and rights**

247 If, under section 244 (4) or (5), 245 (4) (a) or 246, this Division, other than this section, ceases to apply to a dissenter with respect to notice shares,

- (a) the company must return to the dissenter each of the applicable share certificates, if any, sent under section 244 (1) (b) or, if those share certificates are unavailable, replacements for those share certificates,
- (b) the dissenter regains any ability lost under section 244 (6) to vote, or exercise or assert any rights of a shareholder, in respect of the notice shares, and
- (c) the dissenter must return any money that the company paid to the dissenter in respect of the notice shares under, or in purported compliance with, this Division.

**QUESTIONS MAY BE DIRECTED TO THE PROXY SOLICITATION AGENT**



**North American Toll Free  
1-877-452-7184**

**Collect Calls Outside North America  
416-304-0211**

**Email: [assistance@laurelhill.com](mailto:assistance@laurelhill.com)**