

This short form prospectus constitutes an offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. The securities offered hereby have not been and will not be registered under the United States Securities Act of 1933, as amended (the "1933 Act"), or any state securities laws. Accordingly, the securities may not be offered or sold in the United States of America except in transactions which are exempt from the registration requirements of the 1933 Act and applicable state securities laws. This short form prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby within the United States of America. See "Plan of Distribution".

Information has been incorporated by reference in this prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the secretary of the issuer at 910 - 925 West Georgia Street, Vancouver, British Columbia V6C 3L2, telephone (604) 681-5959 and are also available electronically at www.sedar.com. A copy of the permanent information record may be obtained without charge from the secretary of the issuer at the above mentioned address and telephone number and is also available electronically at www.sedar.com.

SHORT FORM PROSPECTUS

New Issue

February 24, 2012



\$31,500,000

7,000,000 Units

Price: \$4.50 Per Unit

This short form prospectus ("Prospectus") qualifies the distribution of 7,000,000 units ("Units") of Pure Industrial Real Estate Trust ("PIRET" or the "Trust") at a price of \$4.50 per Unit for aggregate gross proceeds to PIRET of \$31,500,000 (the "Offering"). PIRET is an unincorporated, open-ended real estate investment trust created by the Trust Declaration (as defined herein) and governed by the laws of British Columbia. PIRET is focused exclusively on acquiring, owning and operating a diversified portfolio of income-producing industrial properties in leading markets across Canada and is the only publicly-traded REIT (as defined herein) in Canada that offers investors exclusive exposure to Canada's industrial real estate asset class. PIRET's head office and mailing address is 910 - 925 West Georgia Street, Vancouver, British Columbia V6C 3L2.

The Units are listed on the TSX Venture Exchange (the "TSX-V") under the trading symbol "AAR.UN". On February 13, 2012, the trading day on which this Offering was announced, the closing price of the Units on the TSX-V was \$4.70 per Unit. The TSX-V has conditionally approved the listing of the Units distributed under this Offering. Listing will be subject to PIRET fulfilling all of the listing requirements of the TSX-V.

	<u>Price to the Public⁽¹⁾</u>	<u>Underwriters' Fee⁽²⁾</u>	<u>Net Proceeds to the Trust⁽³⁾⁽⁴⁾</u>
Per Unit.....	\$4.50	\$0.2025	\$4.2975
Total.....	\$31,500,000	\$1,417,500	\$30,082,500

Notes:

- (1) The price of the Units offered hereunder was established by negotiation between PIRET and Canaccord Genuity Corp. and Dundee Securities Ltd. (as co-lead underwriters), on their own behalf and on behalf of RBC Dominion Securities Inc., CIBC World Markets Inc., National Bank Financial Inc., Raymond James Ltd., HSBC Securities (Canada) Inc., GMP Securities L.P., Macquarie Capital Markets Canada Ltd., Sora Group Wealth Advisors Inc. and Union Securities Ltd. (collectively with Canaccord Genuity Corp. and Dundee Securities Ltd., the "Underwriters").

- (2) Fees will be paid to the Underwriters at a rate equal to 4.50% of the gross proceeds of the Offering. See “Plan of Distribution”.
- (3) After deducting the Underwriters’ fee, but before deducting expenses of the Offering estimated at \$250,000, which will be paid from the proceeds of the Offering. See “Use of Proceeds”.
- (4) PIRET has granted to the Underwriters an over-allotment option (the “**Over-Allotment Option**”), exercisable in whole or in part, at the discretion of the Underwriters, for a period of 30 days from the closing of the Offering, to purchase up to an additional 1,050,000 Units on the same terms and conditions as set forth above to cover over-allotments, if any, and for market stabilization purposes (for greater clarity, a maximum of 15% of the number of Units sold at Closing (defined below) may be issued pursuant to the Over-Allotment Option). In respect of the Over-Allotment Option, the Trust will pay to the Underwriters a fee equal to 4.50% of the gross proceeds realized on the exercise of the Over-Allotment Option. If the Over-Allotment Option is exercised in full, the total number of Units sold pursuant to the Offering will be 8,050,000; the total price to the public will be \$36,225,000; the total Underwriters fee will be \$1,630,125; and the net proceeds to the Trust, before deducting the estimated expenses of the Offering, will be \$34,594,875. A purchaser who acquires securities forming part of the Underwriters’ over-allocation position acquires those securities under this Prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. This Prospectus also qualifies the grant of the Over-Allotment Option and the distribution of the Units issuable upon the exercise of the Over-Allotment Option. See “Plan of Distribution”.

The following table sets out the number of Units under the Over-Allotment Option that have been issued or may be issued by the Trust to the Underwriters:

Underwriters’ Position	Maximum Size or Number of Securities Held	Exercise Period	Exercise Price
Over-Allotment Option	1,050,000 Units	Up to 30 days after the Closing Date (defined below) of the Option	\$4.50 per Unit

The Underwriters, as principals, conditionally offer the Units, subject to prior sale if, as and when issued and delivered by PIRET and accepted by the Underwriters in accordance with the conditions contained in the Underwriting Agreement referred to under “Plan of Distribution”, and subject to the approval of certain legal matters by Clark Wilson LLP on behalf of PIRET and Fasken Martineau DuMoulin LLP on behalf of the Underwriters. In connection with this Offering, the Underwriters may engage in transactions that stabilize or maintain the market price of the Units at levels other than those which might otherwise prevail on the open market. Such transactions, if commenced, may be discontinued at any time. **The Underwriters may also decrease the price at which the Units are distributed for cash from the price disclosed in this Prospectus.** See “Plan of Distribution”.

Subscriptions for Units will be received, subject to rejection or allotment in whole or in part, and the right is reserved to close the subscription books at any time without notice. Book-entry certificates representing the Units will be issued in registered form to the CDS Clearing and Depository Services Inc. (“**CDS**”) or its nominee and will be deposited with CDS on closing (“**Closing**”). The Closing of the Offering is expected to occur on March 1, 2012, or such other date as PIRET and the Underwriters may agree (the “**Closing Date**”), but in any event no later than March 8, 2012.

The Underwriters will hold all subscription funds received pending the Closing and will return subscription funds to the subscribers without interest, set-off or deduction if the Offering is not completed on or before March 8, 2012 or such later date as PIRET and the Underwriters may agree and the securities regulatory authorities may approve (subject to the filing of any required amendment to this Prospectus and the regulator issuing a receipt for such amendment).

A return on an investment in Units is not comparable to the return on an investment in a fixed income security. The recovery of an investment in Units is at risk, and the anticipated return on such an investment to holders of Units (“Unitholders”) is based on many performance assumptions. An investment in Units is appropriate only for investors who have the capacity to absorb a loss of all of their investment. There is no obligation of PIRET to repay the Unitholder’s investment in the Units. Although PIRET intends to make regular distributions of its available cash to Unitholders, such distributions may be reduced or suspended. The actual amount distributed will depend on numerous factors, including PIRET’s financial performance, the financial performance of PIRET’s tenants, debt covenants and obligations, interest rates, the occupancy rates of PIRET’s properties, working capital requirements, future capital requirements and PIRET’s ability

to complete its proposed acquisitions. The market value of the Units may deteriorate if PIRET reduces its cash distributions in the future, and that deterioration may be material. See “Risk Factors”.

It is important for an investor to consider the particular risk factors that may affect the stability of distributions paid by PIRET on the Units, namely those identified under “Risk Factors”. The after-tax return from an investment in Units to Unitholders subject to Canadian income tax can be made up of both a return on capital and a return of capital. That composition may change over time, thus affecting an investor’s after-tax return. Subject to the SIFT Measures (as defined herein), returns on capital are generally taxed as ordinary income, capital gains or as dividends in the hands of a Unitholder. Returns of capital are generally tax-deferred (and reduce the Unitholder’s cost base in the Unit for tax purposes). See “Distribution Policy” and “Canadian Federal Income Tax Consequences – Taxation of Unitholders”.

PIRET is not a trust company and is not registered under applicable legislation governing trust companies as it does not carry on or intend to carry on the business of a trust company. The Units are not “deposits” within the meaning of the *Canada Deposit Insurance Corporation Act* and are not insured under the provisions of that Act or any other legislation.

PIRET may be considered to be a connected issuer of: (i) RBC Dominion Securities Inc. (“RBC”), due to affiliates of RBC being the mortgagees of the mortgages on certain of PIRET’s properties; and (ii) CIBC World Markets Inc. (“CIBC”), due to affiliates of CIBC (A) being the mortgagees of the mortgages of certain of PIRET’s properties, and (B) having established operating loans for PIRET secured by certain of PIRET’s properties. As at December 31, 2011, the outstanding principal balance under: (i) the mortgages due to affiliates of RBC were approximately \$31,727,633; (ii) the mortgages due to affiliates of CIBC were approximately \$28,737,316; and (iii) the operating loan due to an affiliate of CIBC was approximately \$3,219,870. See “Plan of Distribution – Potential Underwriter Conflict”.

An investment in the Units involves risk. See “Risk Factors” and “Cautionary Note Regarding Forward-Looking Information” for a discussion of factors that should be considered by prospective investors and their advisors in assessing the appropriateness of an investment in the Units.

Prospective investors should rely only on the information contained in this Prospectus and the documents incorporated by reference herein. PIRET has not authorized anyone to provide prospective investors with information different from that contained in this Prospectus. The information contained in the Prospectus is accurate only as of the date of this Prospectus, regardless of the time of delivery of this Prospectus or any sale of the Units. If, however, after a receipt for this Prospectus is issued but before the Closing Date, a material change occurs, PIRET will file an amendment to this Prospectus as soon as practicable, but in any event within 10 days after the day the change occurs.

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GLOSSARY OF TERMS

Certain terms and abbreviations used in this Prospectus are defined below. Capitalized terms which are not defined in this Prospectus have the meanings given to them in PIRET's 2010 AIF.

“**CDS**” means the CDS Clearing and Depository Services Inc.;

“**CDS Participant**” means a registered securities dealer which maintains a book record of Units held by CDS on behalf of a Unitholder;

“**Class B Unit**” means a Class B Unit of beneficial interest in PIRET, issued pursuant to the terms of the Trust Declaration;

“**Class B Unitholder**” means a holder of a Class B Unit;

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

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

where: (i) A is the total number of Class B Units outstanding at the particular time multiplied by the Specified Ratio, and (ii) B is the total number of Units outstanding at the particular time, and, for greater certainty, where A is nil the Class B Unit Percentage Interest is zero;

“**Closing Date**” means March 1, 2012, or such other date as PIRET and the Underwriters may agree, but in any event no later than March 8, 2012;

“**Debt Securities**” means debt securities of any subsidiary of PIRET that may be created and issued from time to time, including PHT Notes issued to PIRET pursuant to the Transfer Agreement, that are subordinated and unsecured, have a maturity of three (3) years or less, are prepayable at any time at the option of the issuer prior to maturity, and pay an annual rate of interest equal to the Canada Three-Year Yield, payable monthly in arrears;

“**Delta Property**” means the single-tenant industrial property comprising 46,300 square feet of GLA located at 7830 Vantage Way, Delta, British Columbia;

“**Determination Event**” means the earliest to occur of the following: (i) a period of 10 consecutive trading days during which the Market Capitalization exceeds \$200,000,000; (ii) a take-over bid by a person acting at arm's length to the Class B Unitholders and Sunstone Management (or any affiliate or associate of Class B Unitholders and Sunstone Management or person acting jointly or in concert with Class B Unitholders and Sunstone Management) is made for the Units, provided that not less than 51% of the Units (other than Units held at the date of the take-over bid by or on behalf of the offeror or affiliates or associates of the offeror) are taken-up and paid for pursuant to the take-over bid; (iii) substantially all of the assets of PIRET are sold or PIRET is liquidated; (iv) the Asset Management Agreement is terminated by the Trustees for cause;

“**GAAP**” means Canadian generally accepted accounting principles, as amended from time to time, which for fiscal years beginning on or after January 1, 2011, shall be IFRS;

“**GLA**” means gross leasable area;

“**Gross Book Value**” means, at any time, the book value of the assets of the Trust and its consolidated subsidiaries, as shown on its then most recent consolidated balance sheet, plus the amount of accumulated depreciation and amortization in respect of such assets (and related intangible assets) shown thereon or in the notes thereto plus the amount of future income tax liability arising out of indirect acquisitions and excluding the amount of any receivable reflecting interest rate subsidies on any debt assumed by the Trust shown thereon or in the notes thereto, or if approved by a majority of the Trustees at any time, the appraised value of the assets of the Trust and its consolidated subsidiaries may be used instead of book value;

“**IFRS**” means generally accepted accounting principles determined with reference to International Financial Reporting Standards as defined by the International Accounting Standards Board, and which has been prescribed as being Canadian generally accepted accounting principles for publicly accountable enterprises by the Accounting Standards Board of The Canadian Institute of Chartered Accountants for fiscal years beginning on or after January 1, 2011, as amended from time to time;

“**January 2011 Offering**” means PIRET’s bought deal offering in January, 2011 of 8,625,000 Units, inclusive of 1,125,000 Units issued pursuant to the exercise in full of the over-allotment option, at a price of \$4.00 per Unit, for gross proceeds of \$34,500,000;

“**January 2012 Offering**” means PIRET’s bought deal offering in January, 2012 of 8,280,000 Units, inclusive of 1,080,000 Units issued pursuant to the exercise in full of the over-allotment option, at a price of \$4.20 per Unit, for gross proceeds of \$34,776,000;

“**January 2012 Target Properties**” means: (i) the Delta Property; (ii) the Oakville Property; (iii) the Pickering Property; and (iv) the Winnipeg Property;

“**Mabe Property**” means the property located at 1601 Dickson Street, Mercier-Hochelaga-Maisonneuve, Quebec, which was acquired by PIRET from Sunstone Opportunity Fund (2005) Limited Partnership on August 22, 2007;

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

“**May 2011 Offering**” means PIRET’s bought deal offering in May, 2011 of 14,605,000 Units, inclusive of 1,905,000 Units issued pursuant to the exercise in full of the over-allotment option, at a price of \$4.10 per Unit, for gross proceeds of \$59,880,500;

“**Oakville Property**” means the single-tenant industrial property comprising 94,998 square feet of GLA located in Oakville, Ontario, for which PIRET has entered into a purchase agreement;

“**Offering**” means this short form prospectus offering of 7,000,000 Units at the Offering Price;

“**Offering Price**” means \$4.50 per Unit;

“**Over-Allotment Option**” means the option granted to the Underwriters pursuant to the Underwriting Agreement to purchase up to 1,050,000 Units at the Offering Price to cover over-allotments, if any, and for market stabilization purposes;

“**Pickering Property**” means, collectively, the single-tenant industrial building and the multi-tenant industrial building comprising an aggregate of approximately 325,680 square feet of GLA and approximately six acres of land located in Pickering, Ontario, for which PIRET has entered into purchase agreements;

“**PIRET’s 2010 AIF**” means PIRET’s annual information form dated March 31, 2011, for the financial year ended December 31, 2010;

“**Plans**” means trusts governed by registered retirement savings plans, registered education savings plans, registered retirement income funds, deferred profit sharing plans, registered disability savings plans and tax-free savings accounts as such terms have been defined in the Tax Act, and “**Plan**” means any one of them;

“**Qualifying Provinces**” means all of the provinces of Canada, except Quebec;

“**Recently Acquired Properties**” means 7867 – 7890 Express Street, Burnaby, British Columbia; 1 Rutherford Court, Guelph, Ontario; 9255 – 194th Street, Surrey, British Columbia; 80 Rooney Crescent, Moncton, New Brunswick; 7660 Vantage Way, Delta, British Columbia; 5605 – 70th Street, Edmonton, Alberta; the Ontario and Alberta Properties; 1725 Inkster Boulevard, Winnipeg, Manitoba; 20 – 30 Milburn Road, Stoney Creek, Ontario; 12557 Coleraine Drive, Caledon, Ontario; and the Delta Property;

“**REIT**” means real estate investment trust;

“**SIFT Measures**” means the provisions of the Tax Act, including sections 104, 122, and 122.1 thereof, which levy a tax on certain distributions of a SIFT trust (as defined in the Tax Act) and, in such circumstances, treats the beneficiaries of a SIFT trust as having received a taxable dividend from a taxable Canadian corporation in respect of such distributions from a SIFT trust;

“**Sunstone Group**” means, collectively, Sunstone Management and its affiliated companies, Sunstone Industrial Investments Inc., Sunstone Realty, Darren Latoski and Steve Evans;

“**Sunstone Industrial**” means, collectively, Sunstone Industrial Investments Inc., a closely-held British Columbia company, and selected employees of Sunstone Realty, which collectively are the Class B Unitholders;

“**Sunstone Management**” means Sunstone Industrial Advisors Inc., a closely-held British Columbia company;

“**Sunstone Realty**” means Sunstone Realty Advisors Inc., a closely-held British Columbia company. The directors of Sunstone Realty Advisors Inc. are Darren Latoski and Steve Evans, who are two of the trustees of PIRET;

“**Tax Act**” means the *Income Tax Act* (Canada), as amended from time to time;

“**Triple Net**” means, with respect to a lease, a lease in which the tenant pays not only for the use of the premises but also for the landlord’s operating costs, including taxes, maintenance and insurance. In the case of certain leases of the properties comprising the January 2012 Target Properties, the tenant is also required to pay a nominal monthly fee in respect of property management, reflecting the single-tenant nature of the properties;

“**Trust Declaration**” means the declaration of trust dated as of June 24, 2007, as amended November 18, 2010, governed by the laws of the Province of British Columbia, pursuant to which PIRET was created, as the same may be amended, supplemented or varied from time to time;

“**Trust Unit**” means a Unit or a Class B Unit;

“**Trust Unitholder**” means a holder of record of any Unit or Class B Unit;

“**Trustee**” means a trustee of PIRET;

“**TSX-V**” means the TSX Venture Exchange Inc.;

“**Trust Notes**” means notes of PIRET that are subordinated and unsecured, have a maturity of three (3) years or less, are payable at any time at the Trust’s option prior to maturity, and pay an annual rate of interest equal to the Canada Three-Year Yield, payable monthly in arrears, and for these purposes means “**PIRET Notes**” in PIRET’s 2010 AIF;

“**Underwriters**” means Canaccord Genuity Corp., Dundee Securities Ltd., RBC Dominion Securities Inc., CIBC World Markets Inc., National Bank Financial Inc., Raymond James Ltd., HSBC Securities (Canada) Inc., GMP Securities L.P., Macquarie Capital Markets Canada Ltd., Sora Group Wealth Advisors Inc. and Union Securities Ltd.;

“**Underwriting Agreement**” means the underwriting agreement dated February 17, 2012 between PIRET, Sunstone Management and the Underwriters regarding the Offering;

“**Unit**” means a Unit of beneficial interest in PIRET (other than a Class B Unit), issued pursuant to the terms of the Trust Declaration;

“**Unitholder**” means a holder of a Unit;

“**Winnipeg Property**” means the single-tenant industrial property comprising 112,340 square feet of GLA located in Winnipeg, Manitoba, for which PIRET has entered into a purchase agreement; and

“Winston Park Drive Properties” means the two fully leased multi-tenant industrial properties comprising 171,895 square feet of GLA located in Oakville, Ontario.

DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this Prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documentation incorporated herein by reference may be obtained on request without charge from PIRET at 910 - 925 West Georgia Street, Vancouver, British Columbia V6C 3L2, telephone (604) 681-5959 and are also available electronically at www.sedar.com. A copy of the permanent information record may be obtained without charge from PIRET at the above mentioned address and telephone number and by accessing the disclosure documents available through SEDAR.

Except to the extent that their contents are modified or superseded by a statement contained in this Prospectus or in any other subsequently filed document that is also incorporated by reference in this Prospectus, the following documents, filed with the applicable securities regulatory authorities in Canada, are specifically incorporated by reference herein and form an integral part of this Prospectus:

- (a) PIRET's 2010 AIF;
- (b) PIRET's audited financial statements for the years ended December 31, 2010 and 2009, and the auditors' reports therein;
- (c) PIRET's management discussion and analysis of its financial position and results of operations for the years ended December 31, 2010 and 2009;
- (d) PIRET's unaudited interim financial statements for the period ended September 30, 2011;
- (e) PIRET's management discussion and analysis of its financial position and results of operations for the period ended September 30, 2011;
- (f) PIRET's management information circular dated May 5, 2011 in respect of the annual meeting of Unitholders held on June 6, 2011;
- (g) PIRET's material change report dated January 31, 2011, with respect to the completion of the sale of 8,625,000 Units, inclusive of 1,125,000 Units issued pursuant to the exercise of the over-allotment option, on a bought deal basis at a price of \$4.00 per Unit for gross proceeds of \$34,500,000;
- (h) PIRET's material change report dated May 24, 2011, with respect to the completion of the sale of 14,605,000 Units, inclusive of 1,905,000 Units issued pursuant to the exercise of the over-allotment option, on a bought deal basis at a price of \$4.10 per Unit for gross proceeds of \$59,880,500; and
- (i) PIRET's material change report dated January 26, 2012, with respect to the completion of the sale of 8,280,000 Units, inclusive of 1,080,000 Units issued pursuant to the exercise of the over-allotment option, on a bought deal basis at a price of \$4.20 per Unit for gross proceeds of \$34,776,000.

Any document of the types referred to in the lettered paragraphs above, including any material change reports (excluding confidential material change reports), business acquisition reports, news releases, comparative interim financial statements, comparative annual financial statements and the auditors' report thereon, all management discussion and analysis of the financial condition and results of operations and information circulars (other than those portions that are not required to be incorporated by reference under applicable securities laws) and certain other disclosure documents as set forth in Item 11.1 of Form 44-101F1 of National Instrument 44-101 – *Short Form Prospectus Distributions* of the Canadian Securities Administrators, which are filed by PIRET with a securities commission or similar regulatory authority in any of the provinces of Canada after the date of this Prospectus and prior to the termination of this Offering shall be deemed to be incorporated by reference into this Prospectus.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded, for the purposes of this Prospectus, to the extent that a statement contained herein, or in any other subsequently filed document that is also incorporated or is deemed to be incorporated by reference herein, modifies or supersedes that statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact, or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed in its unmodified or unsuperseded form to constitute part of this Prospectus.

ELIGIBILITY FOR INVESTMENT

In the view of KPMG LLP, tax advisors to PIRET, and Fasken Martineau DuMoulin LLP, counsel to the Underwriters, provided that at a particular time PIRET qualifies as a mutual fund trust within the meaning of the Tax Act, or the Units are listed on the TSX-V (or other designated stock exchange), the Units will be qualified investments under the Tax Act and the regulations under the Tax Act at that time for trusts governed by Plans. Trust Notes that may be issued by PIRET to Unitholders in connection with a redemption may also be qualified investments at a particular time provided that at that time PIRET is a mutual fund trust within the meaning of the Tax Act and the Units are listed on the TSX-V (or other designated stock exchange in Canada). Debt Securities that may be issued by PIRET to Unitholders in connection with a redemption of Units will generally not be qualified investments for Plans.

The holder of a tax-free savings account or the annuitant of a registered retirement savings plan or registered retirement income fund that governs a trust which acquires or holds Units will be subject to a penalty tax if (i) the holder or annuitant does not deal at arm's length with PIRET for purposes of the Tax Act, or (ii) if the holder or annuitant has a significant interest (within the meaning of the Tax Act) in PIRET or in a corporation, partnership or trust with which PIRET does not deal at arm's length for purposes of the Tax Act. Unitholders are advised to consult their own tax advisors in this regard. See "Canadian Federal Income Tax Considerations".

FORWARD-LOOKING INFORMATION

This Prospectus includes forward-looking information within the meaning of applicable securities laws (also known as forward-looking statements) with respect to PIRET, including without limitation, statements regarding its proposed acquisitions, projected costs, business operations and strategy, and financial performance and condition. These statements generally can be identified by the use of forward-looking words such as "may", "will", "expect", "intend", "plan", "estimate", "anticipate", "believe" or "continue", or the negative thereof, or similar variations. Although PIRET's management believes that the expectations reflected in such forward-looking statements are reasonable and represent PIRET's internal projections, expectations and belief at this time, such statements involve known and unknown risks and uncertainties which may cause the actual performance and results in future periods to differ materially from any estimates or projections of future performance or results expressed or implied by such forward-looking statements and should not be read as guarantees of future performance or results. Those risks and uncertainties include, among other things, risks related to: unit prices; liquidity; credit risk and tenant concentration; interest rate and other debt-related risk; tax risk; ability to access capital markets; lease rollover risk; competition for real property investments; environmental matters; changes in legislation; and indebtedness of PIRET. Management believes that the expectations reflected in forward-looking statements are based upon reasonable assumptions and information currently available, which include, management's current expectations, estimates and assumptions about certain projects and the markets in which PIRET operates, the global economic environment, interest rates and PIRET's business strategy, plans, outlook, projections, targets and operating costs; however, management can give no assurance that actual results will be consistent with these forward-looking statements. Important factors that could cause actual results to differ materially from such expectations include, among other things, the availability of suitable properties for purchase by PIRET, the availability of mortgage financing for such properties, and general economic and market factors, including interest rates, business competition, changes in government regulations or in tax laws, and the

projections included in management's financial forecast, in addition to those factors discussed or referenced in "Risk Factors".

The forward-looking statements contained herein are expressly qualified in their entirety by this cautionary statement. The forward-looking statements included in this Prospectus are made as of the date of this Prospectus and PIRET does not undertake any obligation to publicly update such forward-looking statements to reflect new information, subsequent events or otherwise, except as expressly required by applicable securities laws.

NON-GAAP MEASURES

In addition to financial measures prescribed by GAAP, certain non-GAAP measures are used in this Prospectus. Distributable Income is presented in this Prospectus because PIRET believes that this non-GAAP measure is a relevant measure of its ability to earn and distribute cash returns to Unitholders. Distributable Income as computed by PIRET may differ from similar computations as reported by other similar business entities and, accordingly, may not be comparable to distributable income as reported by such business entities.

Going-in cap rate and weighted average going-in cap rate are also used in this Prospectus. Going-in cap rate is a commonly used real estate valuation term which measures the expected unlevered rate of return on an investment in a real estate property. Going-in cap rate and weighted average going-in cap rate do not have standardized meanings prescribed by GAAP and are therefore unlikely to be comparable to similar measures presented by other issuers. The going-in cap rate is calculated by dividing a property's net operating income ("**Property NOI**") by the purchase price. PIRET defines Property NOI as revenues, prepared in accordance with GAAP, less property operating expenses such as taxes, utilities, repairs and maintenance. Property NOI does not include charges for interest and amortization. Property NOI, as calculated by PIRET, may not be comparable to similar measures presented by other issuers.

PIRET uses capitalization rates both to estimate the potential return on a property investment and to compare potential properties, or portfolios of properties, to other available property investments. The weighted average going-in cap rate is used for a portfolio of properties and estimates the expected unlevered rate of return on an investment in the portfolio, and is calculated by dividing the aggregate net operating income from all of the properties in the portfolio by the aggregate purchase price of the portfolio.

CASH DISTRIBUTIONS

A return on an investment in Units is not comparable to the return on an investment in a fixed income security. The recovery of an investment in Units is at risk, and any anticipated return on an investment in Units is based on many performance assumptions.

Although PIRET intends to make distributions of a significant percentage of its available cash to Unitholders, such cash distributions are not assured and may be reduced, suspended or discontinued. The ability of PIRET to make cash distributions and the actual amount of cash distributed will be dependent upon, among other things, the financial performance of the properties in its portfolio, its debt covenants and obligations, its working capital requirements and its future capital requirements. In addition, the market value of the Units may decline for a variety of reasons, including if PIRET is unable to meet its cash distribution targets in the future, and such decline may be significant.

It is important for a person making an investment in Units to consider the particular risk factors that may affect both PIRET and the real estate industry in which PIRET operates and which may therefore affect the stability of the cash distributions on the Units. See "Risk Factors".

PURE INDUSTRIAL REAL ESTATE TRUST

Overview of the Trust

PIRET is an unincorporated, open-ended real estate investment trust (“**REIT**”) created by the Trust Declaration and governed by the laws of British Columbia. PIRET’s head office and address for service is 910 – 925 West Georgia Street, Vancouver, British Columbia V6C 3L2.

PIRET was established to focus exclusively on acquiring, owning and operating a diversified portfolio of income-producing industrial properties in leading markets across Canada. PIRET is the only publicly-traded REIT in Canada that offers investors exclusive exposure to Canada’s industrial real estate asset class.

PIRET became a publicly-traded real estate investment trust on August 24, 2007, acquiring 10 industrial properties, representing approximately 475,000 square feet of GLA for a gross purchase price of approximately \$40.3 million. Since then, PIRET has expanded its portfolio to 63 industrial properties, representing approximately 4.1 million square feet of GLA. The properties are located across Canada with eight (8) properties located in British Columbia, 18 properties located in Alberta, three (3) properties located in Saskatchewan, five (5) properties located in Manitoba, 25 properties located in Ontario, two (2) properties located in Quebec and two (2) properties located in New Brunswick.

Internalization

General

On May 31, 2011, a Determination Event occurred as a result of PIRET’s Market Capitalization exceeding \$200,000,000 for a period of 10 consecutive trading days. At such time, the number of Units into which the Class B Units held by the Sunstone Group may be converted became fixed at 2,535,118 Units. As a result, PIRET internalized its asset and property management effective June 1, 2011 and entered into employment agreements, as described below, with Co-Chief Executive Officers, a Chief Operating Officer, a Chief Financial Officer, and several other key employees. Each of PIRET’s new officers were previously employed in a similar capacity by Sunstone Management and has extensive knowledge of PIRET’s business and affairs.

Prior to the internalization, Sunstone Management provided PIRET with advisory, asset management and administrative services pursuant to the Asset Management Agreement entered into upon the establishment of PIRET. In lieu of cash fees for acquisition, disposition, and ongoing asset management services typically associated with a third party asset management agreement, Sunstone Management was only entitled to reimbursement of any reasonable costs and expenses (including legal and audit costs but excluding personnel costs) that it incurred while providing asset management services to PIRET. Sunstone Management was not entitled to any other remuneration or compensation for its services. No fees or penalties were paid to Sunstone Management upon termination of the Asset Management Agreement.

Employment Agreements

Effective June 1, 2011, PIRET entered into employment agreements with Darren Latoski, as Co-Chief Executive Officer, Steve Evans, as Co-Chief Executive Officer, Scott Hayes, as Chief Operating Officer, and Francis Tam, as Chief Financial Officer.

Pursuant to the employment agreements for the Co-Chief Executive Officers, the Trust agreed to pay each Co-Chief Executive Officer a base salary of \$75,000 per annum. Each agreement provides for a \$5,000 increase in salary for every whole \$5 million increase in the market capitalization of the Trust between \$200 million and \$525 million. Each agreement also provides for the payment of a discretionary performance based bonus, participation in the Trust’s benefits program, reimbursement of reasonable expenses, vacation periods and indemnity and insurance provisions. In the event of a change of control of the Trust, each Co-Chief Executive Officer will receive a lump sum payment equal to the greater of \$750,000 or three times his respective base salary. As at February 1, 2012, the salaries of the Co-Chief Executive Officers remain at \$75,000.

Pursuant to the employment agreement for the Chief Operating Officer, the Trust agreed to pay the Chief Operating Officer a base salary of \$250,000 per annum. The agreement provides for prescribed increases in salary upon PIRET exceeding certain market capitalization thresholds. The agreement also provides for the payment of a discretionary performance based bonus, participation in the Trust's benefits program, reimbursement of reasonable expenses, vacation periods and indemnity and insurance provisions. In the event of a change of control of the Trust, the Chief Operating Officer will receive a lump sum payment equal to three times his base salary. As at February 1, 2012, the salary of the Chief Operating Officer is \$300,000.

Pursuant to the employment agreement for the Chief Financial Officer, the Trust agreed to pay the Chief Financial Officer a base salary of \$200,000 per annum as of January 1, 2012. The agreement provides for the payment of a discretionary performance based bonus, participation in the Trust's benefits program, reimbursement of reasonable expenses, vacation periods and indemnity and insurance provisions. In the event of a change of control of the Trust, the Chief Financial Officer will receive a lump sum payment equal to two times his annual base salary.

For purposes of the employment agreements described above, a change of control generally occurs where: (i) if, after the election of Trustees at any two consecutive annual general meetings of Unitholders, the persons named as proposed nominees for election as Trustees in PIRET's information circular for the solicitation of proxies for the first of such meetings who would be independent trustees (as defined in National Instrument 52-110 – *Audit Committees*) do not constitute a majority of the Trustees, (ii) the respective employment agreement is terminated at any time up to 12 months after a take-over bid (as defined in the *Securities Act* (British Columbia) by a person acting at arm's length to Sunstone Industrial, or any of its affiliates, associates or persons acting jointly or in concert with it, is made for the Units, provided that not less than 51% of the Units (other than Units held by the offeree or its affiliates or associates) are taken-up and paid for pursuant to the take-over bid, and (iii) all or substantially all of PIRET's assets are sold or PIRET is liquidated.

DESCRIPTION OF THE BUSINESS

National Platform Focused on High Quality Industrial Real Estate

PIRET's primary objectives are: (i) to generate stable and growing cash distributions on a tax-efficient basis from investments in a diversified portfolio of income-producing industrial properties in leading markets across Canada; (ii) to enhance the value of PIRET's assets and maximize the long-term value of its properties through active management; and (iii) to expand PIRET's asset base and increase its Distributable Income per Unit through accretive acquisition programs.

PIRET aims to be the leading national provider of functional, flexible and high quality industrial properties. In order to fulfill its objectives, PIRET maintains a disciplined strategy of pursuing accretive acquisitions focused on industrial properties well located in leading markets across Canada, prudent and conservative financial management and proactive property management.

PIRET adheres to a strict acquisition criteria focused on high quality industrial properties, well located with convenient access to major transportation arteries and proximity to densely populated markets. PIRET seeks out industrial properties with high quality construction and design standards that allow for the reconfiguration of space in the event that re-tenanting is required. With respect to acquisition pricing, PIRET gives significant consideration to price per square foot relative to replacement costs.

PIRET acquires and operates industrial properties that are well occupied by strong credit quality tenants with long-term Triple Net leases, thus enhancing the stability and predictability of the cash flow.

PIRET's portfolio of industrial properties is well diversified by geography, industry, tenant and industrial property type. PIRET has pursued a strategy of geographic diversification through its national acquisition program. In addition, PIRET's management believes that a national platform, combined with a strategy of regional clustering, provides PIRET with significant economies of scale and the ability to provide a broad product offering to current and prospective tenants.

For a more detailed description of the investment strategies of PIRET, see “Business of the Trust - Long-Term Investment Approach” and “PIRET Investment Guidelines and Operating Policies” in PIRET’s 2010 AIF.

PROPERTY PORTFOLIO

As at the date hereof, PIRET’s portfolio is comprised of 63 properties representing approximately 4.1 million square feet of GLA. Eight (8) properties, representing approximately 16% of the portfolio’s GLA, are located in British Columbia; 18 properties, representing approximately 25% of the portfolio’s GLA, are located in Alberta; three (3) properties, representing approximately 4% of the portfolio’s GLA, are located in Saskatchewan; five (5) properties, representing approximately 10% of the portfolio’s GLA, are located in Manitoba; 25 properties, representing approximately 37% of the portfolio’s GLA, are located in Ontario; two (2) properties, representing approximately 5% of the portfolio’s GLA, are located in Quebec; and two (2) properties, representing approximately 3% of the portfolio’s GLA, is located in New Brunswick. As at the date hereof, PIRET’s properties were 99.0% occupied.

For further information regarding PIRET’s portfolio, see “Our Portfolio – Property Specific Information” and “Our Portfolio – Recent Developments” in PIRET’s 2010 AIF, which is incorporated by reference in this Prospectus and available on SEDAR at www.sedar.com, and see “Recent Developments – Property Acquisitions”.

RECENT DEVELOPMENTS

The following is a summary of recent developments involving PIRET since December 31, 2010, being the date of PIRET’s 2010 AIF:

January 2011 Offering

On January 27, 2011, PIRET completed a bought deal offering of 8,625,000 Units, inclusive of 1,125,000 Units issued pursuant to the exercise in full of the over-allotment option, on a bought deal basis, at a price of \$4.00 per Unit, for gross proceeds of \$34,500,000.

Proceeds from the January 2011 Offering were used to acquire certain target properties identified in PIRET’s short form prospectus dated January 20, 2011, available on SEDAR at www.sedar.com, with the exception of the properties located at (i) 80 Rooney Crescent, Moncton, New Brunswick, and (ii) 7660 Vantage Way, Delta, British Columbia, which were purchased in lieu of the single-tenant industrial property comprising 62,098 square feet located in Stoney Creek, Ontario (the “**Stoney Creek Property**”). The following table provides a description about PIRET’s previous disclosure regarding the use of proceeds and its actual use of such proceeds, including purchase prices (before closing adjustments), mortgage proceeds and balance of funds to complete each acquisition:

Proposed Use of Proceeds	Purchase Price (Before Closing Adjustments)	Estimated Mortgage Proceeds	Estimated Balance Required to Close Assuming Exercise of Over-Allotment Option
Proposed property purchases	\$67,534,000 ⁽¹⁾	\$39,499,000 ⁽²⁾	\$28,035,000
Unallocated working capital			\$4,490,000
Totals	\$67,534,000⁽¹⁾	\$39,499,000⁽²⁾	\$32,525,000
Actual Use of Proceeds	Purchase Price (Before Closing Adjustments)	Actual Mortgage Proceeds	Balance Required to Close
Property purchases	\$78,804,313 ⁽³⁾	\$42,300,000	\$36,504,313
Required working capital			\$3,979,313 ⁽⁵⁾
Total	\$78,804,313⁽³⁾⁽⁴⁾	\$42,300,000⁽⁴⁾	\$32,525,000⁽⁴⁾

Notes:

(1) Includes \$3,104,000 purchase price for the Stoney Creek Property.

(2) Includes \$1,552,000 proposed mortgage proceeds for the Stoney Creek Property.

(3) PIRET elected to not proceed with the purchase of the Stoney Creek Property. PIRET used certain of the funds otherwise allocated to the purchase of the Stoney Creek Property to purchase the properties located at (i) 80 Rooney Crescent, Moncton, New Brunswick, and (ii) 7660 Vantage Way, Delta, British Columbia.

(4) The difference in the aggregate purchase price, the mortgage proceeds and the balance of funds required to complete the acquisition from the previous disclosure regarding use of proceeds to the actual use of proceeds are a result of the difference in the purchase price of the Stoney Creek Property compared to the properties located at (i) 80 Rooney Crescent, Moncton, New Brunswick, and (ii) 7660 Vantage Way, Delta, British Columbia. This difference did not, in the opinion of PIRET's management, impact PIRET's ability to achieve its business objectives and milestones.

(5) The additional working capital required to close the purchase price was funded by PIRET's existing operating facilities.

May 2011 Offering

On May 17, 2011, PIRET completed a bought deal offering of 14,605,000 Units, inclusive of 1,905,000 Units issued pursuant to the exercise in full of the over-allotment option, on a bought deal basis, at a price of \$4.10 per Unit, for gross proceeds of \$59,880,500.

Proceeds from the May 2011 Offering were used to acquire certain target properties identified in PIRET's short form prospectus dated May 11, 2011, available on SEDAR at www.sedar.com, with the exception of the properties located at (i) 20 – 30 Milburn Road, Stoney Creek, Ontario, and (ii) 12557 Coleraine Drive, Caledon, Ontario, which were purchased in lieu of the Winston Park Drive Properties. The following table provides a description about PIRET's previous disclosure regarding the use of proceeds and its actual use of such proceeds, including purchase prices (before closing adjustments), mortgage proceeds and balance of funds to complete each acquisition:

Proposed Use of Proceeds	Purchase Price (Before Closing Adjustments)	Estimated Mortgage Proceeds	Estimated Balance Required to Close Assuming Exercise of Over-Allotment Option
Proposed property purchases	\$132,525,000 ⁽¹⁾	\$86,706,389 ⁽²⁾	\$45,818,611
Unallocated working capital			\$10,817,864
Totals	\$132,525,000⁽¹⁾	\$86,706,389⁽²⁾	\$56,636,475
Actual Use of Proceeds	Purchase Price (Before Closing Adjustments)	Actual Mortgage Proceeds	Balance Required to Close
Property purchases	\$139,449,553 ⁽³⁾	\$91,161,211	\$48,288,342
Unallocated working capital			\$8,348,133
Total	\$139,449,553⁽³⁾⁽⁴⁾	\$91,161,211⁽⁴⁾	\$56,636,475⁽⁴⁾

Notes:

(1) Includes \$16,650,000 purchase price for the Winston Park Drive Properties.

(2) Includes \$10,822,500 proposed mortgage proceeds for the Winston Park Drive Properties.

(3) PIRET elected to not proceed with the purchase of the Winston Park Drive Properties. PIRET used certain of the funds otherwise allocated to the purchase of the Winston Park Drive Properties to purchase the properties located at (i) 20 – 30 Milburn Road, Stoney Creek, Ontario, and (ii) 12557 Coleraine Drive, Caledon, Ontario.

(4) The difference in the aggregate purchase price, the mortgage proceeds and the balance of funds required to complete the acquisition from the previous disclosure regarding use of proceeds to the actual use of proceeds are a result of the difference in the purchase price of the Winston Park Drive Properties compared to the properties located at (i) 20 – 30 Milburn Road, Stoney Creek, Ontario, and (ii) 12557 Coleraine Drive, Caledon, Ontario. This difference did not, in the opinion of PIRET's management, impact PIRET's ability to achieve its business objectives and milestones.

January 2012 Offering

On January 26, 2012, PIRET completed a bought deal offering of 8,280,000 Units, inclusive of 1,080,000 Units issued pursuant to the exercise in full of the over-allotment option, on a bought deal basis, at a price of \$4.20 per Unit, for gross proceeds of \$34,776,000.

Proceeds from the January 2012 Offering are expected to be used to acquire the January 2012 Target Properties, which were identified in PIRET's short form prospectus dated January 20, 2012, available on SEDAR at www.sedar.com. The following table provides a description about PIRET's previous disclosure regarding the use of proceeds and its actual use of such proceeds, including purchase prices (before closing adjustments), mortgage proceeds and balance of funds to complete each acquisition:

Proposed Use of Proceeds	Purchase Price (Before Closing Adjustments)	Estimated Mortgage Proceeds	Estimated Balance Required to Close Assuming Exercise of Over-Allotment Option
Proposed property purchases	\$46,855,333	\$27,078,466	\$19,776,867
Unallocated working capital			\$13,184,213
Totals	\$46,855,333	\$27,078,466	\$32,961,080
Allocated Use of Proceeds			
Allocated Use of Proceeds	Purchase Price (Before Closing Adjustments)	Actual Mortgage Proceeds	Balance Required to Close
Property purchases	\$46,855,333 ⁽¹⁾⁽²⁾	\$27,078,466	\$19,776,867
Unallocated working capital			\$13,184,213
Total	\$46,855,333⁽¹⁾⁽²⁾	\$27,078,466	\$32,961,080

Notes:

⁽¹⁾ PIRET expects to use the proceeds from the January 2012 Offering to acquire the January 2012 Target Properties, which were identified in PIRET's short form prospectus dated January 20, 2012, available on SEDAR at www.sedar.com.

⁽²⁾ To date, PIRET has completed the acquisition of the Delta Property, which was acquired on February 1, 2012. PIRET expects to complete the purchase of the remaining January 2012 Target Properties in due course as indicated in its short form prospectus dated January 20, 2012, other than the Winnipeg Property which is expected to close on or about March 15, 2012.

Property Acquisitions

From January 1, 2011 to February 14, 2012, PIRET completed the acquisition of the Recently Acquired Properties, consisting of an aggregate of 2,174,778 square feet of GLA and having an aggregate purchase price of \$222,703,313. Those properties are described below:

On February 1, 2011, PIRET completed the acquisition of 7867 – 7890 Express Street, Burnaby, British Columbia for \$40,000,000, which represents a going-in cap rate of 7.07%. It financed a portion of the purchase price with mortgage financing in the amount \$26,000,000, which bears interest at 5.02%. The mortgage has a term of 10 years. The property is a 183,000 square foot, single-tenant, income producing industrial property situated on 27 acres. The property is 100% leased to TFI Transport 2 L.P. for a period of 15 years. The lease is a fully carefree Triple Net lease to PIRET.

On March 11, 2011, PIRET completed the acquisition of 1 Rutherford Court, Guelph, Ontario for \$6,050,000, which represents a going-in cap rate of 7.25%. PIRET funded the acquisition on an all-cash basis. The property is a 101,310 square foot, single-tenant, income producing industrial property situated on 5.17 acres. The property is 100% leased to Unisync Group Limited until June 30, 2016. The lease is a fully carefree Triple Net lease to PIRET.

On March 25, 2011, PIRET completed the acquisition of the property located at 9255 – 194th Street, Surrey, British Columbia for \$18,380,000, which represents a going-in cap rate of 6.44%. It financed a portion of the purchase price with mortgage financing in the amount of \$12,000,000, which bears interest at 4.62% per annum. The mortgage has a term of seven (7) years. The property is a multi-tenant industrial property comprising 185,123 square feet located on a 7.0 acre lot. The property is fully leased to Sauder Industries and Masonite, with lease expirations from January 2015 to December 2016. Each lease is a fully carefree Triple Net lease to PIRET.

On April 14, 2011, PIRET completed the acquisition of the property located at 80 Rooney Crescent, Moncton, New Brunswick for \$5,074,313, which represents a going-in cap rate of 8.00%. PIRET funded the acquisition on an all-cash basis. The property is a single-tenant industrial property comprising 81,180 square feet located in Moncton Industrial Park. The property was acquired on a sale-leaseback basis and is 100% leased to Uni-Select for a period of 10 years. The lease is a fully carefree Triple Net lease to PIRET.

On April 15, 2011, PIRET completed the acquisition of the property located at 7660 Vantage Way, Delta, British Columbia for \$9,300,000, which represents a going-in cap rate of 6.74%. It financed a portion of the purchase price with mortgage financing in the amount of \$4,300,000, which bears interest at 5.9% per annum. The mortgage has a term of 5 years. The property is a single-tenant industrial property comprising 70,983 square feet. The property is fully leased to a high quality regional tenant for a term of 17 years. The lease is a fully carefree Triple Net lease to PIRET.

On May 20, 2011, PIRET completed the acquisition of the property located at 5605 – 70th Street, Edmonton, Alberta for \$28,775,000, which represents a going-in cap rate of 6.47%. It financed a portion of the purchase price with mortgage financing in the amount of \$18,703,750, which bears interest at 4.47% per annum. The mortgage has a term of 5 years. The property is a multi-tenant industrial property comprising 138,633 square feet. The property is fully leased to quality tenants with weighted average lease terms of greater than 5 years. The leases are fully carefree Triple Net lease to PIRET.

On June 8, 2011, PIRET completed the acquisition of 20 properties (the “**Ontario and Alberta Properties**”) located in the Greater Toronto Area, Edmonton and Calgary, for \$70,145,000, which represents a going-in cap rate of 7.23%. It financed a portion of the purchase price with mortgage financing in the amount of \$24,000,000, which bears interest at 4.33% per annum, and by assuming existing financing in the amount of \$23,018,652. The mortgages have terms ranging from 5 years to 10 years. The properties consist of single and multi-tenant industrial properties comprising 831,923 square feet. The properties are 96% leased to quality tenants with weighted average lease terms of greater than 3.4 years. The leases are fully carefree Triple Net lease to PIRET.

On July 14, 2011, PIRET completed the acquisition of the property located at 1725 Inkster Boulevard, Winnipeg, Manitoba for \$15,100,000, which represents a going-in cap rate of 7.6%. It financed a portion of the purchase price with mortgage financing in the amount of \$10,000,000, which bears interest at 5.05% per annum. The mortgage has a term of 10 years. The property is a multi-tenant industrial property comprising 265,843 square feet. The property is fully leased to quality tenants with weighted average lease terms of greater than 5.2 years. The majority of the leases are fully carefree Triple Net lease to PIRET.

On July 26, 2011, PIRET completed the acquisition of the property located at 20 – 30 Milburn Road, Stoney Creek, Ontario for \$3,104,000, which represents a going-in cap rate of 8.5%. It financed a portion of the purchase price with mortgage financing in the amount of \$1,550,000, which bears interest at 4.03% per annum. The mortgage has a term of 10 years. The property is single-tenant industrial property comprising 62,098 square feet. The property is fully leased to Kromet International for a term of 10 years. The lease is fully carefree Triple Net lease to PIRET.

On August 17, 2011, PIRET completed the acquisition of the property located at 12557 Coleraine Drive, Caledon, Ontario for \$22,325,000, which represents a going-in cap rate of 6.86%. It financed a portion of the purchase price with mortgage financing in the amount of \$13,900,000, which bears interest at 3.22% per annum. The mortgage has a term of 5 years. The property is single-tenant industrial property comprising 208,385 square feet. The property is fully leased to Kingspan Insulated Panels, Ltd. for a term of 10 years. The lease is fully carefree Triple Net lease to PIRET.

On February 1, 2012, PIRET completed the acquisition of the Delta Property, located at 7830 Vantage Way, Delta, British Columbia for \$4,450,000, which represents a going-in cap rate of 6.50%. It acquired the property on an all-cash basis using funds from the January 2012 Offering. The property is a single-tenant industrial property comprising 46,300 square feet. The property is fully leased to Zodiac Hurricane Technologies Inc. for a term of 5 years. The lease is fully carefree Triple Net lease to PIRET.

DEBT STRATEGY

PIRET finances a portion of the purchase price of its properties by way of mortgage loans from third party lenders. The Trust Declaration provides that PIRET may not incur or assume any indebtedness if, after incurring or assuming such indebtedness, the total consolidated indebtedness of PIRET, including any outstanding convertible debentures and any outstanding Subordinated Notes, if issued, would be more than 70% of Gross Book Value. PIRET will primarily use five (5) and 10 year fixed rate amortizing debt, with interest only, and short term floating rate loans will be used in appropriate circumstances. PIRET intends to use the current favourable debt and interest rate environment to prudently manage its overall financial leverage within a range of 55% to 60% of Gross Book Value in order to maximize its return on equity while mitigating financial risk to PIRET and maintaining stable cash flows.

CONSOLIDATED CAPITALIZATION

The following table sets out PIRET's consolidated capitalization as at September 30, 2011 and the *pro forma* consolidated capitalization of PIRET as at September 30, 2011, after giving effect to this Offering. This table should be read in conjunction with the financial statements and notes thereto incorporated by reference in this Prospectus.

<u>Description</u>	<u>Outstanding at September 30, 2011 before giving effect to this Offering (unaudited)</u>	<u>Outstanding at September 30, 2011 after giving effect to the Offering (unaudited)</u>
Debt:		
Mortgages payable	\$273,346,503 ⁽¹⁾	\$273,346,503 ⁽¹⁾
Notes Payable	-	-
Unitholders Equity (Units – Authorized: unlimited)	\$209,760,323 ⁽²⁾ (58,703,903 Units) ⁽³⁾	\$239,592,823 ⁽²⁾⁽⁴⁾ (65,703,903 Units) ⁽³⁾
(Class B Units – Authorized: unlimited) ⁽²⁾	(278,947 Class B Units) ⁽⁵⁾	(278,947 Class B Units) ⁽⁵⁾
Total Capitalization	\$483,106,826⁽¹⁾⁽²⁾	\$512,939,326⁽¹⁾⁽²⁾

Notes:

- (1) Includes estimated mortgages payable of \$27,078,466 in respect of the January 2012 Target Properties, which PIRET expects to complete in due course as indicated in its short form prospectus dated January 20, 2012, other than the Winnipeg Property which is expected to close on or about March 15, 2012.
- (2) Includes net proceeds of \$32,961,080 from the January 2012 Offering.
- (3) Includes 8,280,000 Units, inclusive of 1,080,000 Units issued pursuant to the over-allotment option, issued pursuant to the January 2012 Offering.
- (4) The amounts noted are shown on the basis that the Over-Allotment Option is not exercised.
- (5) See “Capital Structure” and “Pure Industrial Real Estate Trust – Summary of the Trust Declaration” in PIRET's 2010 AIF for more information on the Units and Class B Units. On May 31, 2011, a Determination Event occurred, as more particularly described under “Description of Units – Class B Units”, and the number of Units into which the Class B Units may be converted was fixed at 2,535,118 Units.

USE OF PROCEEDS

The net proceeds from this Offering will be approximately \$29,832,500 (or \$34,344,875 if the Over-Allotment Option is exercised in full) after deducting the Underwriters' commission of \$1,417,500 (or \$1,630,125 if the Over-Allotment Option is exercised in full) and expenses of this Offering estimated at \$250,000. PIRET intends to use the net proceeds of the Offering to fund prospective acquisitions of income producing industrial properties and for

general working capital purposes. It is expected that over 95% of the net proceeds of this Offering will be allocated to acquisitions, with the balance of such net proceeds being allocated for working capital purposes.

PIRET's management and board of Trustees will be responsible for the supervision of the investment of the net proceeds from this Offering. Until such acquisitions are identified, negotiated and completed, the net proceeds from this Offering will be invested in short-term guaranteed investment certificates or similar type investments. PIRET's management and board of Trustees will adhere to PIRET's investment policies contained in the Trust Declaration. For further information regarding PIRET's investment guidelines and operating policies, see "PIRET Investment Guidelines and Operating Policies" in PIRET's 2010 AIF, which is incorporated by reference in this Prospectus and available on SEDAR at www.sedar.com, and see "Description of Business – National Platform Focused on High Quality Industrial Real Estate" and "Debt Strategy".

Other than as described in this Prospectus, there are no other particular significant events or milestones that must occur for PIRET's business objectives to be accomplished.

PLAN OF DISTRIBUTION

Pursuant to the Underwriting Agreement, PIRET has agreed to sell and the Underwriters have agreed to purchase on the Closing Date, being on or about March 1, 2012, an aggregate of 7,000,000 Units at a price of \$4.50 per Unit, payable against delivery of a certificate or certificates representing the Units. The obligations of the Underwriters under the Underwriting Agreement are several and may be terminated at their discretion on the basis of their assessment of the state of the financial market, in certain other circumstances and upon the occurrence of certain stated events. The Underwriters are, however, obligated to take up and pay for all of the Units if any of the Units are purchased under the Underwriting Agreement. PIRET has agreed to indemnify the Underwriters and their respective directors, officers, shareholders and employees against certain liabilities, including civil liabilities under Canadian provincial securities legislation, or to contribute to any payments the Underwriters may be required to make in respect thereof.

PIRET has granted the Underwriters the Over-Allotment Option, exercisable in whole or in part for a period of 30 days from the closing of the Offering, to purchase up to 1,050,000 additional Units, being 15% of the Units sold under the Offering, on the same terms and conditions as set forth above to cover over-allotments, if any, and for market stabilization purposes. If the Over-Allotment Option is exercised in full, the total price to the public, Underwriters' fee and net proceeds to PIRET exclusive of other offering expenses will be \$36,225,000, \$1,630,125, and \$34,594,875, respectively. This Prospectus also qualifies the grant of the Over-Allotment Option and the Units issuable upon the exercise of the Over-Allotment Option.

The price of the Units was determined by negotiation between PIRET and Canaccord Genuity Corp. and Dundee Securities Ltd. (as co-lead underwriters) on behalf of the Underwriters. PIRET has agreed to pay the Underwriters a fee equal to 4.50% of the gross proceeds of this Offering, being an aggregate fee of \$1,417,500 (subject to increases in an amount of up to \$212,625 in the event that the Over-Allotment Option is exercised in full by the Underwriters).

The TSX-V has conditionally approved the listing of the Units distributed under this Offering. Listing will be subject to PIRET fulfilling all of the listing requirements of the TSX-V.

PIRET has agreed not to issue any Units or securities of PIRET convertible or exercisable or exchangeable into Units (other than in connection with the acquisition of real property or for purposes of Trustees', officers' or employees' stock options or to satisfy existing convertible debentures, rights, warrants, options, agreements or instruments issued at the date hereof) or announce any intention to do so, until 90 days after closing of the Offering without the prior consent of Canaccord Genuity Corp. and Dundee Securities Ltd., such consent not to be unreasonably withheld.

The Units offered have not been and will not be registered under the United States *Securities Act of 1933*, as amended (the "**1933 Act**") or any state securities laws, and, accordingly, may not be offered and sold within the United States (as such term is defined in Regulation S under the 1933 Act) except in transactions exempt from the

registration requirements of the 1933 Act and applicable state securities laws. The Underwriting Agreement permits the Underwriters to (i) offer the Units for sale by PIRET to certain “accredited investors” that meet the criteria set forth in Rule 501(a) of Regulation D under the 1933 Act in the United States on a substituted purchaser basis pursuant to Rule 506 of Regulation D under the 1933 Act and (ii) offer and resell Units purchased from PIRET to “qualified institutional buyers” (as defined in Rule 144A under the 1933 Act) in accordance with the exemption from the registration requirements of the 1933 Act provided by Rule 144A. The Underwriting Agreement requires the Underwriters to conduct all offers and sales of the Units outside the United States only in accordance with Rule 903 of Regulation S under the 1933 Act.

The Underwriters propose to offer the Units initially at the public Offering Price on the cover page of this Prospectus. After the Underwriters have made a reasonable effort to sell all of the Units offered by this Prospectus at the Offering Price specified herein, the offering price may be decreased, and further changed from time to time to an amount not greater than the Offering Price specified herein, and the compensation realized by the Underwriters will be decreased by the amount that the aggregate price paid by the purchasers for the Units is less than the gross proceeds paid by the Underwriters to PIRET.

Pursuant to the rules and regulations of certain securities regulators, the Underwriters may not, during the period of distribution under this Prospectus, bid for or purchase Units. The foregoing restriction is subject to certain exceptions including: (i) a bid or purchase permitted under the rules of the TSX-V relating to market stabilization and passive market activities; and (ii) a bid or purchase made for and on behalf of a customer where the bid was not solicited during the period of the distributions, provided that the bid or purchase was not engaged in for the purpose of creating an actual or apparent active trading in, or raising the price of, the Units. In connection with this Offering, the Underwriters may over-allot or effect transactions that stabilize or maintain the market price of the Units at a level other than those which might otherwise prevail on the open market. Such transactions, if commenced, may be discontinued at any time.

At the closing of this Offering, the Units will be available for delivery in a book-entry only form through the facilities of CDS. A purchaser of Units will receive only a customer confirmation from a registered dealer who is the CDS participant through which the Units were purchased.

There are constraints on the ownership of Units by non-residents of Canada (within the meaning of the Tax Act). The constraints and the mechanism by which ownership by non-residents of Canada (within the meaning of the Tax Act) is monitored and maintained are set out herein under “Description of the Units – Limitation on Non-Resident Ownership”.

Potential Underwriter Conflict

PIRET may be considered to be a connected issuer of RBC Dominion Securities Inc., due to affiliates of RBC Dominion Securities Inc. (the “**RBC Affiliates**”) being the lenders under mortgage financings of certain of PIRET’s properties, including the Mabe Property and certain of the Ontario and Alberta Properties. The mortgage on the Mabe Property bears interest at the rate of 5.677% per annum and matures in 2016. The mortgages on the various properties included as part of the Ontario and Alberta Properties bear interest at the rate of 4.330% and mature in 2021. As at December 31, 2011, the aggregate outstanding principal balance of such mortgages owing to the RBC Affiliates was approximately \$31,727,633.

PIRET may also be considered to be a connected issuer of CIBC World Markets Inc., due to affiliates of CIBC World Markets Inc. (the “**CIBC Affiliates**”) being the lenders under mortgage financings of certain of PIRET’s properties and having established operating loans for PIRET which are secured by certain of PIRET’s properties. The mortgages bear interest ranging from 3.221% per annum to 5.926% per annum and mature in 2012 to 2021. As at December 31, 2011, the aggregate outstanding principal balance of such mortgages was approximately \$28,737,316. The operating loans are in the aggregate amount of \$12,200,000 and bear interest at the lenders’ prime rate plus 1%. As at December 31, 2011, the outstanding principal balance of such loans was approximately \$3,219,870.

PIRET is in compliance with the terms of the mortgages, the loans and other security securing the mortgages and the loans. No breaches have occurred under such mortgages and/or loans. No portion of the proceeds from this

Offering will be applied to the repayment of the mortgages and/or the loans. Neither the RBC Affiliates nor the CIBC Affiliates were involved in the decision by PIRET to offer the Units pursuant to this Prospectus nor in the determination of the terms of this Offering. This Offering was not required, suggested or consented to by either the RBC Affiliates or the CIBC Affiliates. Except to the extent that RBC Dominion Securities Inc. and/or CIBC World Markets Inc. may receive a portion of the sales fees payable to Underwriters as a result of sales of Units by RBC Dominion Securities Inc. and/or CIBC World Markets Inc., proceeds from this Offering will not be applied for the benefit of RBC Dominion Securities Inc., the RBC Affiliates, CIBC World Markets Inc. or the CIBC Affiliates.

DESCRIPTION OF THE UNITS

General

The following is a summary of the material attributes and characteristics of the Units. A more detailed summary of the attributes of the Units can be found in PIRET's 2010 AIF under the heading "Pure Industrial Real Estate Trust - Summary of the Trust Declaration".

Units

The beneficial interests in PIRET are divided into a class of Units and a class of Class B Units. PIRET is authorized to issue an unlimited number of Units. Each Unit entitles the Unitholder to the same rights and obligations as any other Unitholder and no Unitholder is entitled to any privilege, priority or preference in relation to any other Unitholders.

Each Unit is transferable and, so long as there are any Class B Units issued and outstanding, each Unit represents an equal undivided beneficial interest in and to the Unit Percentage Interest of any distributions from the Trust, whether of net income, net realized capital gains or other amounts, and in the Unit Percentage Interest of any net assets of the Trust in the event of its termination or winding-up, after payment of all debts, liabilities and liquidation expenses of the Trust. Where there are no Class B Units issued and outstanding, each Unit represents an equal undivided beneficial interest in and to all distributions from the Trust, whether of net income, net realized capital gains or other amounts, and in all assets of PIRET in the event of its termination or winding-up, after payment of all debts, liabilities and liquidation expenses of the Trust.

Each Unit confers the right to one vote at any meeting of Trust Unitholders. Fractional Units will not entitle the holder thereof to vote. No Units shall be issued other than as fully paid and non-assessable. There are no preemptive rights attaching to the Units. The Trust Declaration provides that the Units may be redeemed at the redemption price set forth therein. See "Redemption Rights" in PIRET's 2010 AIF for a detailed description of the redemption rights attached to the Units.

Class B Units

PIRET is authorized to issue an unlimited number of Class B Units. Concurrently with the closing of the IPO and its accompanying over-allotment option, Sunstone Industrial acquired 278,947 Class B Units in consideration of a cash payment of \$4.00 per Class B Unit for aggregate gross proceeds to PIRET of \$1,115,788, being equal to a 5% equity interest in PIRET as at the closing of the IPO and the Over-Allotment Option in respect thereof. Each Class B Unit entitles the Class B Unitholder to the same rights and obligations as any other Class B Unitholder and no Class B Unitholder is entitled to any privilege, priority or preference in relation to any other Class B Unitholders.

Pursuant to the Subordination and Support Agreement, Sunstone Industrial has agreed not to transfer the Class B Units held by it other than to its affiliates and associates. So long as there are any issued and outstanding Units, each Class B Unit represents an equal undivided beneficial interest in and to the Class B Unit Percentage Interest of any distributions from the Trust, whether of net income, net realized capital gains or other amounts, and in the Class B Unit Percentage Interest of any net assets of PIRET in the event of its termination or winding-up, after payment of all debts, liabilities and liquidation expenses of the Trust.

Where there are no Units issued and outstanding, each Class B Unit is entitled to an equal undivided beneficial interest in and to all distributions from the Trust, whether of net income, net realized capital gains or other amounts, and in all assets of the Trust in the event of its termination or winding-up, after payment of all debts, liabilities and liquidation expenses of the Trust.

Under the terms of the Trust Declaration, the Class B Unitholders as a class are entitled to convert all but not less than all of their Class B Units into Units, by exercising Conversion Rights (as defined in the Trust Declaration) which upon exercise entitle the Class B Unitholders to require PIRET to redesignate all of their Class B Units into Units at the Specified Ratio. The Class B Units provide for a 5% interest in PIRET's cash distributions and a 5% interest in the net assets of PIRET (until the occurrence of a Determination Event). Upon the occurrence of a Determination Event, the Specified Ratio became fixed and, as a result, the number of Units into which the Class B Units may be converted (i.e., through redesignation) also became fixed. On May 31, 2011, a Determination Event occurred as a result of PIRET's market capitalization exceeding \$200,000,000 for a period of 10 consecutive trading days. At such time, the number of Units into which the Class B Units may be converted was fixed at 2,535,118 Units. See "Conversion Rights of Subordinated Units" in PIRET's 2010 AIF.

Holders of Trust Units may attend and vote at all meetings of the Trust Unitholders either in person or by proxy. Each Unit confers the right to one vote at any meeting of Trust Unitholders. Each Class B Unit confers the right to exercise the Class B Unitholder's proportionate share of the votes exercisable by the Class B Units as a whole, which is the Class B Unit Percentage Interest of all votes attached to the Trust Units. Any action to be taken by the Trust Unitholders shall, except as otherwise required by the Trust Declaration or by law, be authorized when approved by a majority of the votes cast at a meeting of the Trust Unitholders.

Limitation on Non-Resident Ownership

At no time may non-residents of Canada (within the meaning of the Tax Act) be the beneficial owners of more than 49% of the Units. The Trust Declaration contains provisions which allow the Trustees to require non-resident holders of Units to sell their Units or a portion thereof within a specified period if they determine that more than 49% of the Units are held by non-residents.

PRIOR SALES

Units

Except as disclosed below, PIRET did not issue any other Units during the 12 months preceding the date of this Prospectus:

On January 27, 2011, PIRET completed the sale of 8,625,000 Units, inclusive of 1,125,000 Units issued pursuant to the exercise in full of the over-allotment option, on a bought deal basis, at a price of \$4.00 per Unit, for gross proceeds of \$34,500,000.

On May 17, 2011, PIRET completed the sale of 14,605,000 Units, inclusive of 1,905,000 Units issued pursuant to the exercise in full of the over-allotment option, on a bought deal basis, at a price of \$4.10 per Unit, for gross proceeds of \$59,880,500.

On August 15, 2011, PIRET issued 56,240 Units to certain Trustees upon conversion of their vested restricted units at a price of \$3.93 per Unit.

On January 26, 2012, PIRET completed the sale of 8,280,000 Units, inclusive of 1,080,000 Units issued pursuant to the exercise in full of the over-allotment option, on a bought deal basis, at a price of \$4.20 per Unit, for gross proceeds of \$34,776,000.

Restricted Unit Plan

During the 12 months preceding the date of this Prospectus, PIRET:

- (a) did not issue any Restricted Units under the restricted unit plan of PIRET; and
- (b) issued 7,852 distribution restricted units under the restricted unit plan of PIRET.

As of the date hereof, PIRET has issued 124,058 restricted units and 29,369 distribution restricted units under the restricted unit plan of PIRET, of which 94,058 restricted units and 19,293 distribution restricted units are outstanding.

Trading Price and Volume

The Units are listed on the TSX-V under the trading symbol "AAR.UN".

The table below sets out the monthly high and low trading prices and volumes for the Units for the 12-month period prior to the date of this Prospectus:

2011	High (\$)	Low(\$)	Volume
February	4.54	4.06	1,349,319
March	4.51	4.02	815,645
April	4.43	4.10	1,088,938
May	4.27	4.07	2,266,447
June	4.40	3.86	3,033,988
July	4.30	4.11	823,925
August	4.21	3.79	1,241,176
September	4.00	3.59	977,874
October	4.27	3.20	2,644,883
November	4.23	4.00	1,795,479
December	4.24	4.05	3,458,540
2012	High (\$)	Low(\$)	Volume
January	4.69	4.15	2,871,316
February 1 - 23	4.70	4.37	2,686,671

The closing price of the Units on the TSX-V on February 13, 2012 was \$4.70.

DISTRIBUTION POLICY

General

The following is a summary of PIRET's current distribution policy as contained in the Trust Declaration. PIRET currently makes monthly cash distributions to Unitholders of \$0.025 per Unit (\$0.30 per Unit on an annual basis). Distributions in respect of a month will be paid on the Distribution Date to Unitholders of record on the last business day of such month (or other distribution period).

Distributions

PIRET may distribute to Trust Unitholders on each Distribution Date such percentage of the Distributable Income of PIRET for the month immediately preceding the month in which the Distribution Date falls, as the Trustees may determine in their discretion.

The Trust Declaration provides that the Trustees may make distributions and declare to be payable out of the net income of PIRET for such taxation year, determined in accordance with the terms of the Trust Declaration, to the Trust Unitholders. It is the intention of PIRET to make distributions and declare to be payable all of its net income for each taxation year to the Trust Unitholders. The Trustees may designate for tax purposes any income or capital gain arising on or in connection with an *in specie* redemption of Trust Units as being paid to redeeming Trust Unitholders, with the result that the taxable portion of such gains and income will be deductible by PIRET.

Distributions payable to Trust Unitholders pursuant to the Trust Declaration shall be deemed to be distributions of income of PIRET (including dividends), net realized taxable capital gains of PIRET, PIRET capital or other items in such amounts as the Trustees, in their absolute discretion determine, and shall be allocated to the Trust Unitholders in the same proportions as distributions received by the Trust Unitholders, subject to the discretion of the Trustees to adopt an allocation method that the Trustees consider to be more reasonable in the circumstances.

Any distribution shall be made on a Distribution Date proportionately to persons who are Trust Unitholders as of the close of business on the record date for such distribution, which shall be the last business day of the calendar month immediately preceding the month in which the Distribution Date falls or such other date, if any, as is fixed by the Trustees. Each year PIRET intends to deduct such amounts as are paid or payable to Trust Unitholders for the year as is necessary to ensure that PIRET is not liable for income tax under Part I of the Tax Act in the related taxation year.

Distributions may be adjusted for amounts paid in prior periods if the actual Distributable Income for the prior periods is greater than, or less than, the estimates for the prior periods.

The Trust Declaration provides that a Trust Unitholder shall have the legal right to enforce payment of any amount which is stated to be payable to a Trust Unitholder hereunder. Distributions will be made by cash payment using available cash to the maximum extent possible. In addition, any income of PIRET which is unavailable for cash distribution will generally, to the extent necessary to ensure that PIRET does not have an income tax liability under Part I of the Tax Act, be distributed to holders of Units in the form of additional Units, and to holders of Class B Units in the form of additional Class B Units. Those additional Units and Class B Units will be issued under exemptions under applicable securities laws, discretionary exemptions granted by applicable securities regulatory authorities or a prospectus or similar filing.

Allocation

Subject to payment of any amount required in respect of the redemption of Trust Units, unless the Trustees otherwise determine, an amount equal to all of the income of the Trust determined in accordance with the Trust Declaration will generally be payable in the year to Trust Unitholders by way of cash distributions, and shall be allocated to the Unitholders and holders of Class B Units for the purposes of the Tax Act in the same proportion as the total distributions made to Unitholders and holders of Class B Units, respectively, in the taxation year. The Trustees shall in each year make such other designations for tax purposes in respect of Distributable Income and other distributions that the Trustees consider to be reasonable in all of the circumstances.

Payment of Distributions

Distributions shall be made by cheque payable to or to the order of the Trust Unitholder or by electronic fund transfer or by such other manner of payment approved by the Trustees from time to time. The Trustees shall deduct or withhold from distributions payable to any Trust Unitholder all amounts required or permitted by law to be withheld from such distribution and PIRET shall remit such taxes to the appropriate governmental authority within the times prescribed by law. Trust Unitholders who are non-residents of Canada (within the meaning of the Tax Act) will be required to pay all withholding taxes payable in respect of any distributions of income by PIRET, whether such distributions are in the form of cash or additional Units or Class B Units, as the case may be. If the Trustees determine that PIRET does not have cash in an amount sufficient to make payment of the full amount of any distribution, the payment may include the issuance of additional Units or Class B Units, as the case may be, having a value equal to the difference between the amount of such distribution and the amount of cash which has been determined by the Trustees to be available for the payment of such distribution.

Designations

The Trustees shall make such designations, determinations and allocations for income tax purposes in respect of amounts paid or payable to Trust Unitholders for such amounts that the Trustees consider to be reasonable, including, without limitation, designations relating to taxable dividends received by PIRET in the year on shares of taxable Canadian corporations, net taxable capital gains of PIRET in the year and foreign source income of PIRET for the year. Where permitted by the Tax Act, the Trustees will make designations under the Tax Act so that the amount distributed to a Trust Unitholder but not deducted by PIRET would not be included in the Trust Unitholder's income for the purposes of the Tax Act.

Distribution Reinvestment and Unit Purchase Plans

The Trustees may, subject to receipt of all regulatory approvals, in their sole discretion, establish one or more distribution reinvestment plans or Unit purchase plans or Unit option plans at any time.

CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

You should consult your own professional advisors to obtain advice on the tax consequences that apply to you.

In the view of KPMG LLP (“**KPMG**”), in its capacity as tax advisor to PIRET, and Fasken Martineau DuMoulin LLP (“**Underwriters’ counsel**”), counsel to the Underwriters, 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 Unitholder who acquires Units pursuant to this Offering and who, for purposes of the Tax Act and at all relevant times, is resident in Canada for purposes of the Tax Act, deals at arm's length and is not affiliated with PIRET and holds the Units as capital property. Generally, the Units will be considered to be capital property to a Unitholder provided such Units 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. Certain Unitholders who might not otherwise be considered to hold their Units as capital property may, in certain circumstances, be entitled to have them treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act. Such Unitholders should consult their own tax advisors regarding their particular circumstances as such election would affect the income tax treatment of dispositions by the Unitholder of all of their “Canadian securities” (as defined in the Tax Act).

This summary is not applicable to a Unitholder that is a “financial institution” for purposes of the “mark-to-market” rules, a “specified financial institution”, or a Unitholder, an interest in which is a “tax shelter investment” (all as defined in the Tax Act) or a Unitholder that has elected to report the Unitholder's Canadian tax results in a currency other than Canadian currency. All such Unitholders should consult their own tax advisors to determine the tax consequences to them of the acquisition, holding and disposition of the Units acquired pursuant to this Offering.

This summary does not address the deductibility of interest by an investor who has borrowed money to acquire Units under this Offering.

This summary is based on the facts set out in this Prospectus and in a certificate provided to KPMG and Underwriters' counsel by PIRET and Sunstone Management (the “**Officer's Certificate**”). This summary assumes that the representations made in the Officer's Certificate, including the representations that (i) PIRET has at all times qualified and currently qualifies as a “mutual fund trust” and a “real estate investment trust” for purposes of the Tax Act, and (ii) PIRET and Sunstone Management will ensure PIRET will continue to qualify as a “mutual fund trust” and a “real estate investment trust” under the provisions of the Tax Act, are true and correct. This summary is also based upon the provisions of the Tax Act and the regulations (the “**Regulations**”) thereunder in force as of the date hereof and on KPMG's and Underwriters' counsel'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 and the Regulations thereunder which have been publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof including the legislative proposals announced on December 16, 2010 concerning the income tax definition of real estate

investment trusts and on July 20, 2011 concerning specified investment flow-through entities (collectively, 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.

This summary does not otherwise take into account or anticipate any changes in law, 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 tax status of PIRET and the tax consequences of investing in Units. This summary also does not take into account provincial, territorial or foreign tax legislation or considerations, which may differ significantly from those discussed in this Prospectus.

This summary is not exhaustive of all possible Canadian federal tax considerations applicable to an investment in Units. The income and other tax consequences of acquiring, holding or disposing of Units will vary depending on the particular circumstances applicable to each holder thereof. Accordingly, this summary is of a general nature only and is not intended to be legal or tax advice to any prospective purchaser of Units. Prospective purchasers should consult their own tax advisors for advice with respect to the tax consequences of an investment in Units based on their particular circumstances.

Tax Status of PIRET

Qualification as a “Mutual Fund Trust”

This summary assumes that PIRET has qualified at all times since inception, currently qualifies and will continue to qualify as a “mutual fund trust” as defined in the Tax Act at all relevant times. If PIRET does not qualify or ceases to qualify as a mutual fund trust, the income tax considerations described below would be materially different from those described in this summary, and in particular, adverse consequences may arise including that (i) PIRET may become liable to pay certain additional tax liabilities (with the result that the amount of cash available for distribution by PIRET would be reduced and Unitholders may otherwise be adversely affected), and, (ii) if at such time the Units are also not listed or cease to be listed on the TSX-V (or other designated stock exchange), the Units may not be qualified investments for Plans (with the result that a Plan, its annuitant or holder thereof may become liable to pay additional tax or penalties or may be otherwise adversely affected including, in the case of a registered education savings plan (an “**RESP**”), the registration of such a Plan may be revoked).

To qualify as a mutual fund trust at any particular time: (i) PIRET must be a unit trust (as defined in the Tax Act) resident in Canada; (ii) PIRET must not reasonably be considered to be established or maintained primarily for the benefit of non-residents of Canada; (iii) the Units must have conditions requiring PIRET to accept at the demand of a holder and at prices determined and payable in accordance with the conditions, the surrender of the Units that are fully paid (or alternatively, the Units must be listed on a designated stock exchange and PIRET must meet certain income and asset tests under the Tax Act applicable to unit trusts having non-redeemable units); (iv) the only undertaking of PIRET must be limited to the investing of funds in property (other than real property or an interest in real property), or the acquiring, holding, maintaining, improving, leasing or managing of real property (or an interest in real property) that is capital property of PIRET, or any combination of such activities; and (v) PIRET must comply with certain prescribed requirements including that the Units be qualified for distribution to the public and that at all relevant times there must be no fewer than 150 beneficiaries of PIRET holding at least one block of units having an aggregate fair market value of not less than \$500 each (for these purposes, if the fair market value of a Unit is less than \$25, a block of units means 100 Units).

Qualification as a “Real Estate Investment Trust”

The SIFT Measures

The Tax Act contains rules regarding the taxation of certain types of publicly listed or traded trusts or partnerships and their investors (the “**SIFT Measures**”). The SIFT Measures effectively tax certain income of a publicly listed or traded trust or partnership that is distributed to its investors as if the income were earned through a taxable corporation and distributed to its notional shareholder as a dividend.

The SIFT Measures apply to any “specified investment flow-through” (a “**SIFT**”) and its investors. A SIFT includes a Canadian resident trust (“**SIFT trust**”) where investments in the trust are listed or traded on a stock exchange or other public market, and the trust holds “non-portfolio property” (as defined in the Tax Act). The effect of the SIFT Measures is that SIFT trusts would generally be subject to a special tax (“**SIFT tax**”) on their “non-portfolio earnings” where such earnings are distributed or allocated to investors of the trust.

Certain distributions attributable to a SIFT trust’s “non-portfolio earnings” (the “**non-deductible distributions amount**”) will not be deductible in computing the SIFT trust’s income. The SIFT trust will be subject to SIFT tax on such distributions at a rate that is substantially equivalent to the general tax rate applicable to taxable Canadian corporations. For these purposes, “non-portfolio earnings” generally includes income (other than taxable dividends) from, or capital gains realized on, “non-portfolio properties” in the taxation year. The “non-deductible distributions amount” will also be included in computing income of the Unitholder for purposes of the Tax Act as though it were an “eligible dividend” from a taxable Canadian corporation, subject to the detailed provisions of the Tax Act.

Generally, distributions paid by a SIFT as returns of capital will not be subject to this tax.

The REIT Exception

The SIFT Measures do not, however, apply to a trust that qualifies as a “real estate investment trust” (“**REIT**”) for the year (this exception is referred to as the “**REIT Exception**”). If the trust does not satisfy the REIT Exception throughout the year, the SIFT Measures will apply to the trust for that year. To qualify for the REIT Exception in a particular taxation year of the trust under the current version of the SIFT Measures (as would be amended by the Proposed Amendments):

- (a) the trust must be resident in Canada throughout the taxation year;
- (b) the total fair market value of qualified REIT properties held by the trust must, at all times throughout the taxation year, be at least 90% of the total fair market value of non-portfolio properties held by the trust;
- (c) not less than 90% of the trust’s “gross REIT revenues” for the taxation year must be derived from one or more of the following: (i) rent from real or immovable properties, (ii) interest, (iii) capital gains from dispositions of real or immovable properties, (iv) dividends, (v) royalties, and (vi) gains from dispositions of “eligible resale properties”;
- (d) not less than 75% of the trust’s “gross REIT revenues” for the taxation year must be derived from one or more of the following: (i) rent from real or immovable properties, (ii) interest from mortgages or hypothecs on real or immovable properties, (iii) capital gains from dispositions of real or immovable properties;
- (e) the trust must, at all times throughout the taxation year, hold real or immovable property, indebtedness of a Canadian corporation represented by a bankers' acceptance, money and certain cash equivalents, deposits with a credit union, as well as certain debt or other obligations of governments in Canada having a total fair market value that is not less than 75% of the trust’s equity value; and
- (f) investments in the trust must, at all times throughout the taxation year, be listed or traded on a stock exchange or other public market.

For purposes of the REIT Exception, “qualified REIT property” refers to (a) real or immovable property that is held as capital property, (b) a security of a subject entity if all or substantially all of the gross REIT revenues of which for its taxation year that ends in the trust’s taxation year is derived from certain management activities relating to real or immovable property of the trust that are (i) capital properties of the trust or of an entity of which the trust holds a share or an interest, or (ii) eligible resale properties of the entity (other than the trust), (c) a security of an entity that holds no property other than legal title to real or immovable property of the trust or another subject entity all of the

securities of which are held by the trust, and (d) tangible personal property (for civil law purposes corporeal moveable properties) which is ancillary to deriving rent from real or immovable properties or capital gains from dispositions of such properties.

Also for these purposes: “real or immovable property” does not include depreciable property, other than certain real estate assets, property ancillary to the ownership or utilization of such real estate assets or leases in, or leasehold interests in respect of, land or such real estate assets; “rent from real or immovable properties” includes payment (whether realized directly by the trust or indirectly through another trust in which the trust holds an interest) for services ancillary to, and customarily rendered or supplied with, the rental of real or immovable properties, but excludes certain other payments or receipts that would otherwise be considered rent; “eligible resale property” means real or immovable property (a) that is not capital property, is held by an entity in which the trust holds a security, and is contiguous to a particular real or immovable property that is capital property of the entity (or of another entity in which the trust holds a security), and (b) the holding of which is necessary and incidental to the holding of the particular real or immovable property; “gross REIT revenue” of a trust for a taxation year refers to the trust’s gross revenues and capital gains in the taxation year.

The REIT Exception in the SIFT Measures contains a number of technical tests and the determination as to whether PIRET qualifies for the REIT Exception in any particular taxation year can only be made at the end of that taxation year. Based on representations as to factual matters set out in the Officer’s Certificate, PIRET has informed KPMG and Underwriters’ counsel that it believes that it has satisfied the requirements under the REIT Exception throughout each taxation year since PIRET’s inception and that it intends to continue to operate in a manner so that PIRET will continue to qualify throughout 2012 and each subsequent taxation year. KPMG and Underwriter’s counsel cannot provide any assurance in this regard. PIRET has not obtained, nor sought, an advance tax ruling from the CRA in respect of the non-application to PIRET of the SIFT Measures including the availability to PIRET of the REIT Exception. There is also no assurance that subsequent investments or activities undertaken by PIRET will not result in PIRET failing to qualify for the REIT Exception. KPMG and Underwriters’ counsel will not review PIRET’s compliance with the conditions for the REIT Exception. The Trust Declaration provides that PIRET will monitor its status as a REIT under the Tax Act (or proposed amendments thereto). Further, there can be no assurances that the treatment of SIFTs and REITs under the Tax Act will not be changed, or that the administrative policies and the assessing practices of the CRA will not develop, in a manner which adversely affects PIRET or its Unitholders.

The balance of this summary assumes that PIRET has and will continue to qualify for the REIT Exception at all times. Should PIRET cease to qualify as a REIT under the REIT Exception for a taxation year, the income tax considerations would be materially different from those described in this summary, and in particular the non-deductible distributions amount, as previously described, would be taxable to PIRET (with the result that the amount of cash available for distribution by PIRET would be reduced) and such amount would also be included in the income of Unitholders for purposes of the Tax Act as taxable dividends.

Taxation of PIRET

The taxation year of PIRET is the calendar year. In each taxation year, PIRET will be subject to tax under Part I of the Tax Act on its income for purposes of the Tax Act for the year, including net realized taxable capital gains, less the portion thereof that it deducts in respect of the amounts paid or payable in the year to Trust Unitholders. An amount will be considered to be payable to a Trust Unitholder in a taxation year if it is paid to the Trust Unitholder in the year by PIRET or if the Trust Unitholder is entitled in that year to enforce payment of the amount.

PIRET will generally be required to include in computing income for a particular taxation year its income realized from the rental of its rental properties, any taxable capital gains or recapture of capital cost allowance arising from dispositions of its properties, any interest income on cash balances, or generally any other investment income realized from PIRET’s investment activities. In computing its income for purposes of the Tax Act, PIRET may generally deduct reasonable administrative costs, interest and other expenses of a current nature incurred by it for the purpose of earning income. PIRET will be entitled to deduct reasonable expenses incurred by it in the course of issuing Trust Units on a five-year straight line basis (subject to pro-rata for short taxation years).

Pursuant to the Trust Declaration, in certain circumstances, a Trust Unitholder will receive Debt Securities upon a redemption of Trust Units. A distribution by PIRET of Debt Securities upon redemption of Trust Units will be, for

purposes of the Tax Act, treated as a disposition by PIRET of the property so distributed for proceeds of disposition equal to its fair market value. Assuming that the Debt Securities are held by PIRET as capital property for purposes of the Tax Act, PIRET will realize a capital gain (or a capital loss) on the property so distributed to the extent that the proceeds of disposition of such property exceed (or are less than) the adjusted cost base of the property and any reasonable costs of disposition. The Trust Declaration provides that PIRET may designate as payable to the redeeming Trust Unitholder for purposes of the Tax Act any such capital gain as a result of an *in specie* redemption of Trust Units and any accrued interest on Debt Securities so distributed. The taxable portion of such gains and income may generally be deductible by PIRET.

Under the Trust Declaration, the Trustees may determine that an amount equal to all of the net income (including net realized taxable capital gains) of PIRET (determined without reference to paragraph 82(1)(b) and subsection 104(6) of the Tax Act), plus the non-taxable portion of any net capital gain realized by PIRET, but excluding:

- (a) income and taxable capital gains of PIRET arising on or in connection with an *in specie* redemption of Trust Units which are paid or payable by PIRET to redeeming Trust Unitholders,
- (b) capital gains, the tax on which may be offset by capital losses carried forward from prior years, or is recoverable by PIRET,
- (c) income, the tax on which may be offset by non-capital losses, if any, carried forward from prior years, and
- (d) net income and net realized capital gains of PIRET for the taxation year otherwise distributed or made payable to the Trust Unitholders during such year

be payable in the year to Trust Unitholders, subject to the qualifications described below.

The Officer's Certificate indicates that pursuant to the Trust's distribution policy, the Trust intends to make distributions and declare to be payable all of the Trust's net income of the Trust for each taxation year to the Trust Unitholders.

The Trust Declaration provides that to the extent cash of PIRET is unavailable for cash distributions, and the income of PIRET in a taxation year exceeds the cumulative cash distributions for that year, such excess income will generally be distributed to Trust Unitholders in the form of additional Units or Class B Units, as applicable. Income of PIRET payable to Trust Unitholders, whether in cash, additional Trust Units or otherwise, will generally be deductible by PIRET in computing its taxable income.

Losses incurred by PIRET in a particular taxation year cannot be allocated to Trust Unitholders, but may be deducted by PIRET, in the case of non-capital losses, in the particular year and in the ensuing twenty taxation years and, in the case of capital losses, in the particular year and in any future taxation year to the extent of capital gains, in computing taxable income of PIRET in accordance with, and subject to, applicable provisions of the Tax Act.

PIRET will be entitled for each taxation year to reduce (or receive a refund in respect of) its liability, if any, for tax on its net realized taxable capital gains by an amount determined under the Tax Act based on the redemption of Trust Units during the year (the "capital gains refund"). In certain circumstances, the capital gains refund in a particular taxation year may not completely offset PIRET's tax liability for that taxation year arising in connection with the distribution of its property on the redemption of Trust Units. The Trust Declaration provides that all or a portion of any income or taxable capital gain realized by PIRET as a result of that redemption may, at the discretion of the Trustees, be treated as income or taxable capital gain paid to, and designated as income or taxable capital gain of, the redeeming Trust Unitholders, and thus deductible by PIRET in computing its income.

Taxation of Unitholders

Trust Distributions

Provided that the SIFT Measures discussed above do not apply, a Unitholder will generally be required to include in computing income for a particular taxation year the portion of the net income for purposes of the Tax Act of PIRET for a taxation year, including net realized taxable capital gains, that is paid or payable by PIRET to the Unitholder in the particular taxation year, whether that amount is received in cash, additional Units, or otherwise. Any loss of PIRET for purposes of the Tax Act cannot be allocated to Unitholders.

The non-taxable portion of any net realized capital gains of PIRET that is paid or payable to a Unitholder in a taxation year will not be required to be included in computing the Unitholder's income for the year and should not reduce the adjusted cost base of Units held by the Unitholder. Any other amount paid or payable by PIRET in that year (other than as proceeds of disposition) that is in excess of PIRET's net income for that year will not generally be required to be included in the Unitholder's income for the year. However, where such an amount is paid or payable to a Unitholder, the Unitholder will be required to reduce the adjusted cost base of the Units by that amount. To the extent that the adjusted cost base of a Unit would otherwise be a negative amount, the negative amount will be deemed to be a capital gain and the adjusted cost base of the Unit to the Unitholder will immediately thereafter be nil.

The Trust Declaration provides that net income and net taxable capital gains for purposes of the Tax Act will be allocated among Unitholders in the same proportion as distributions received by Unitholders, unless the Trustees otherwise determine.

The Trust Declaration also provides that PIRET may make the requisite designations permitted by the Tax Act such that the portion of net taxable capital gains of PIRET distributed to Unitholders as may reasonably be considered to be part of the amount that was included in computing income of Unitholders for purposes of the Tax Act will be deemed to be received by Unitholders in the year as a taxable capital gain. Any such designated amount will be subject to the general rules relating to the taxation of capital gains described below.

Purchases of Units

Since the net income of PIRET will be distributed on a monthly basis, a purchaser of a Unit may become taxable on a portion of the net income of PIRET that is accrued or realized by PIRET in a month before the time the Unit was purchased, but which is paid or made payable to Unitholders at the end of the month and after the time the Unit was purchased. A similar result may apply on an annual basis in respect of a portion of capital gains accrued or realized by PIRET in a year before the time the Unit was purchased but which is paid or made payable to Unitholders at year end and after the time the Unit was purchased.

Dispositions of Units

On the disposition or deemed disposition of a particular Unit, whether on redemption or otherwise, a Unitholder will realize a capital gain (or capital loss) equal to the amount by which the Unitholder's proceeds of disposition exceed (or are less than) the aggregate of the adjusted cost base of such particular Unit and any reasonable costs of disposition. Proceeds of disposition will not include an amount payable by PIRET that is otherwise required to be included in the Unitholder's income, including any capital gain or income realized by PIRET in connection with a redemption which has been designated by PIRET to the redeeming Unitholder. The taxation of capital gains and capital losses is described below.

The adjusted cost base of a Unit to a Unitholder will include the amount paid by the Unitholder for the Unit, subject to certain adjustments. The cost to a Unitholder of additional Units received in lieu of a cash distribution of income (including net capital gains) will be the amount of income (including the applicable non-taxable portion of net capital gains) distributed by the issue of those respective Units. A consolidation of Units following a distribution paid in the form of additional Units of PIRET will not be regarded as a disposition of Units and will not affect the aggregate adjusted cost base of Units to the Unitholder. For the purpose of determining the adjusted cost base to a

Unitholder of Units, when a Unit is acquired, the cost of the newly acquired Unit must be averaged with the adjusted cost base of all of the Units owned by the Unitholder as capital property immediately before that acquisition. The non-taxable portion of distributions (other than the non-taxable portion of any net capital gains) received on a Unit will generally reduce the adjusted cost base of the Unit.

Where Units are redeemed and the redemption price is paid by the delivery of Debt Securities to the redeeming Unitholder, the proceeds of disposition to the Unitholder of the Units will be equal to the fair market value of the Debt Securities so distributed less any income or capital gain realized by PIRET in connection with the redemption of those Units and designated by PIRET to the Unitholder. Where any income or capital gain realized by PIRET in connection with the distribution of Debt Securities on the redemption of Units has been designated by PIRET to a redeeming Unitholder, the Unitholder will be required to include in computing the Unitholder's income the income or taxable portion of the capital gain so designated. The redeeming Unitholder will be required to include in income interest on any Debt Securities acquired (including interest that accrued prior to the date of the acquisition of such Debt Securities by the Unitholder that is designated as income to the Unitholder by PIRET) in accordance with the provisions of the Tax Act. To the extent that the Unitholder is required to include in income any interest accrued to the date of the acquisition of Debt Securities by the Unitholder, an offsetting deduction may be available. The cost of any Debt Securities distributed by PIRET to a Unitholder upon a redemption of Units will be equal to the fair market value of those Debt Securities at the time of the distribution less any accrued interest on such Debt Securities. The Unitholder will thereafter be required to include in income interest on the Debt Securities, in accordance with the provisions of the Tax Act.

Where Units are redeemed and the redemption price is paid by the issuance to the redeeming Unitholder of Trust Notes, the proceeds of disposition to the Unitholder of Units will be equal to the fair market value of the Trust Notes issued. The cost of the Trust Notes issued to a Unitholder by PIRET upon redemption of Units will be equal to the fair market value of the Units disposed in exchange. The Unitholder will thereafter be required to include in computing income for purposes of the Tax Act interest on the Trust Notes, in accordance with the terms of such notes and the provisions of the Tax Act.

Taxation of Capital Gains and Capital Losses

Generally, one-half of any capital gain realized by a Unitholder on a disposition or deemed disposition of Units or the amount of any net taxable capital gains designated by PIRET in respect of a Unitholder must be included in the Unitholder's income as a taxable capital gain in the taxation year in which the disposition occurs or in respect of which a net taxable capital gains designation is made by PIRET. One-half of any capital loss realized by a Unitholder on a disposition or deemed disposition of Units generally may be deducted by the Unitholder against taxable capital gains of the Unitholder in the year of disposition, and to the extent such losses exceed such gains, in the three preceding taxation years or in any subsequent taxation year in accordance with the provisions of the Tax Act.

A Unitholder that is a "Canadian-controlled private corporation" (as defined in the Tax Act) may also be liable to pay an additional refundable tax of 6 $\frac{2}{3}$ % computed with reference to its "aggregate investment income" (as defined in the Tax Act) for the year, which includes amounts in respect of taxable capital gains, including taxable capital gains from designations by PIRET on income distributed by PIRET to Unitholders or from dispositions or deemed dispositions of Units by the Unitholder.

Alternative Minimum Tax

The Tax Act provides for a special "alternative minimum tax" applicable to certain taxpayers including individuals and certain trusts, depending on the amount of their "adjusted taxable income". In general terms, adjusted taxable income of a Unitholder who is an individual or a trust (and therefore the exposure of such Unitholder to liability for alternative minimum tax) must be increased by, among other things, any capital gains realized by such Unitholder on the disposition of Units and by any net income of PIRET that is paid or payable to such Unitholder and that has been designated as a taxable capital gain.

Eligibility for Investment

Provided that at a particular time the Units are listed on the TSX-V (or other designated stock exchange), or that PIRET qualifies as a mutual fund trust within the meaning of the Tax Act, the Units will be “qualified investments” (as defined in the Tax Act and the Regulations) at that time for trusts governed by Plans.

Trust Notes that may be issued by PIRET to Unitholders in connection with a redemption may also be qualified investments at a particular time provided that at that time PIRET is a mutual fund trust within the meaning of the Tax Act and that Units are listed on the TSX-V (or other designated stock exchange in Canada).

Debt Securities that may be issued by PIRET to Unitholders in connection with a redemption of Units will generally not be qualified investments for Plans.

Accordingly, where Units or Trust Notes are qualified investments, Plans should generally not be taxable on any distributions on such Units, interest income on such Trust Notes, or any gains realized on the disposition of such Units or Trust Notes. However, funds withdrawn from a Plan (other than a tax-free savings account (“TFSA”) and certain withdrawals from a RESP or registered disability savings plan) will generally be taxable to the annuitant (as defined in the Tax Act and the Regulations) of the Plan in the year of withdrawal.

Generally, if at any time, in the case of Units, PIRET ceases to qualify as a mutual fund trust and the Units cease to be listed on the TSX-V and are not listed on another designated stock exchange, and in the case of Trust Notes, PIRET ceases to qualify as a mutual fund trust or the Units cease to be listed on the TSX-V and are not listed on another designated stock exchange in Canada, the Units and the Trust Notes, respectively, will cease to be qualified investments for Plans at that time.

Where a Debt Security, a Unit or a Trust Note held by a Plan is not a qualified investment or is a prohibited investment, adverse tax consequences may arise to the Plan or the annuitant, beneficiary or holder thereunder. The Units, Debt Securities and the Trust Notes should not be prohibited investments provided the holder of a TFSA or the annuitant of a RRSP or RRIF does not hold a “significant interest” (as defined in the Tax Act) in PIRET and the holder and any person or partnership in which the holder has a significant interest deals at arm’s length (within the meaning of the Tax Act) with PIRET.

In light of the foregoing, Plans that propose to invest in Units should consult their own tax advisors before deciding to purchase Units and again before deciding to exercise the redemption rights attached to such Units.

RISK FACTORS

There are certain risks inherent in an investment in the Units and in the activities of PIRET which investors should carefully consider before investing in the Units, including: public market risk, general risks associated with real property ownership, illiquidity of real estate investments, debt financing risk, competition for real property investments, the risk of underinsurance, environmental liability, restrictions on redemptions of Units, lack of availability of growth opportunities, reliance on a single tenant in the properties comprising the property portfolio, potential conflicts of interest, legal rights attaching to Units, failure to obtain additional financing, availability of cash for distribution, fluctuations in cash distributions, the impact of repayment of the Subordinated Notes on the availability of cash for distribution, risk in respect of the market price of Units, dilution, credit risk, the risk of PIRET’s reliance on key personnel, limitations on non-resident ownership, risk factors relating to PIRET’s tax status, and other tax related risk factors. These risks are described under the heading entitled “Risk Factors” in PIRET’s 2010 AIF and are incorporated by reference in this Prospectus.

Acquisition of the January 2012 Target Properties

To date, PIRET has completed the acquisition of the Delta Property, which is one of the January 2012 Target Properties. The closing of the acquisitions of the remaining January 2012 Target Properties are expected to occur subsequent to the date hereof. In order to complete the acquisition of the remaining January 2012 Target Properties, PIRET and the respective vendors of the January 2012 Target Properties, other than the Delta Property, must satisfy

standard closing and financing conditions to the purchase of such properties. In addition, the terms and structure of actual mortgage financing for the January 2012 Target Properties, other than the Delta Property, may differ from that currently estimated by PIRET. As a result, there can be no assurance that PIRET will complete any or all of the acquisitions of the January 2012 Target Properties, other than the Delta Property, on the basis described in PIRET's short form prospectus dated January 20, 2012 or on the expected completion dates, or at all.

Dilutive Effects of this Offering

PIRET intends to use the net proceeds of the Offering to fund prospective acquisitions of income producing industrial properties and for general working capital purposes. PIRET's management and board of Trustees will be responsible for the supervision of the investment of the net proceeds from this Offering, and will adhere to PIRET's investment policies contained in the Trust Declaration. If PIRET is unable to identify additional suitable properties for acquisition, PIRET will possess substantial unutilized acquisition capacity, which will cause its financial performance to be negatively impacted until such properties are identified for acquisition and such acquisitions are completed. There is no assurance that such suitable investments will be available to PIRET in the near future or at all. Unitholders may be negatively impacted by the dilutive effects of this Offering.

The Units involve a certain degree of risk. Any person considering the purchase of Units should be aware of the risk factors inherent in an investment in the Units and other factors set forth in this Prospectus and PIRET's 2010 AIF and should consult with his legal, tax and financial advisors prior to making an investment in the Units. The Units should only be purchased by persons who can afford to lose all of their investment.

PROMOTER

Sunstone Management may be considered to be the promoter of PIRET by reason of its initiative in organizing the respective businesses of PIRET and taking the steps necessary for the public distribution of the Units. Up to May 31, 2011, Sunstone Management provided asset management services to PIRET pursuant to the Asset Management Agreement, which provided that Sunstone Management was only entitled to a reimbursement of any reasonable costs and expenses (including legal and audit costs but excluding personnel costs) that it incurred providing asset management services to PIRET. Sunstone Management was not entitled to any other remuneration or compensation for its services. Effective June 1, 2011, PIRET internalized its asset and property management and entered into employment agreements with Co-Chief Executive Officers, a Chief Operating Officer, a Chief Financial Officer, and several other key employees. Each of PIRET's new officers were employed by Sunstone Management and has extensive knowledge of PIRET's business and affairs. No fees or penalties were paid to Sunstone Management upon termination of the Asset Management Agreement.

As at the date hereof, Sunstone Management does not beneficially own, control or direct, directly or indirectly, any Units or other securities of PIRET. As at the date hereof, Sunstone Industrial beneficially owns, controls and directs 278,947 Class B Units. On May 31, 2011, a Determination Event occurred as a result of PIRET's market capitalization exceeding \$200,000,000 for a period of 10 consecutive trading days. At such time, the number of Units into which the Class B Units may be converted was fixed at 2,535,118 Units.

The promoter, to its best knowledge, is not, or within the 10 years before the date of this Prospectus has not been, a director, chief executive officer or chief financial officer of any issuer that, while that person was acting in that capacity:

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

Within the 10 year period before the date of this Prospectus, the promoter, or any personal holding companies of any such persons, has not become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangements or compromises with creditors or had a receiver, receiver manager or trustee appointed to hold his, her or its assets; or has been a director or executive officer of any issuer that, while the person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangements or compromises with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

The promoter, to its best knowledge, has not been subject to (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

LEGAL PROCEEDINGS

PIRET, its Trustees and management are not aware of any legal proceedings of a material nature to which PIRET is a party or of which any of its property is the subject matter, nor are any such proceedings known to be contemplated.

AUDITORS

PIRET's auditors are KPMG LLP of 777 Dunsmuir Street, Vancouver, British Columbia V7Y 1K3. As at January 13, 2012, KPMG LLP did not own, beneficially, directly or indirectly, any of the outstanding securities of PIRET and its associates and affiliates.

REGISTRAR AND TRANSFER AGENT

The transfer agent and registrar for the Units is Computershare Investor Services Inc. at its principal transfer offices in Vancouver, British Columbia and Toronto, Ontario.

Registration and transfers of Units will be effected only through the book-entry only system administered by CDS. A purchaser of Units will receive only customer confirmation from the registered dealer which is a CDS participant and from or through which Units are purchased. See "Plan of Distribution".

MATERIAL CONTRACTS

The only material contract to be entered into by PIRET in respect of this Offering is the Underwriting Agreement referred to under "Plan of Distribution". A copy of this agreement is available for inspection during regular business hours at the offices of the REIT, located at 910 - 925 West Georgia Street, Vancouver, British Columbia V6C 3L2, while this Offering is in progress, and for a period of 30 days thereafter. A copy of the Underwriting Agreement is also available electronically at www.sedar.com.

EXPERTS

No professional person providing an opinion in this Prospectus expects to be elected, appointed or employed as a director, senior officer or employee of PIRET, or of an associate of PIRET, or is a promoter of, or of any associate of, PIRET.

Certain legal matters in connection with this Offering will be passed upon by Clark Wilson LLP, on behalf of PIRET, and by Fasken Martineau DuMoulin LLP, on behalf of the Underwriters. As at February 14, 2012, partners and associates of Clark Wilson LLP, as a group, beneficially owned, directly or indirectly, less than 1% of the outstanding securities of PIRET and its associates and affiliates. As at February 14, 2012, partners and associates of Fasken Martineau DuMoulin LLP, as a group, beneficially owned, directly or indirectly, less than 1% of the outstanding securities of PIRET and its associates and affiliates.

PURCHASERS' STATUTORY RIGHTS

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two (2) business days after receipt or deemed receipt of a prospectus and any amendment. The securities legislation in several Canadian provinces further provides a purchaser with remedies for rescission, or in some jurisdictions damages, if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province of residence. A purchaser of the Units hereunder should refer to the securities legislation of any applicable provinces in which the purchaser resides for the particulars of these rights or consult with a legal advisor.



KPMG LLP
Chartered Accountants
PO Box 10426 777 Dunsmuir Street
Vancouver BC V7Y 1K3
Canada

Telephone (604) 691-3000
Fax (604) 691-3031
Internet www.kpmg.ca

AUDITORS' CONSENT

The Trustees of Pure Industrial Real Estate Trust

We have read the short form prospectus dated February 24, 2012 relating to the sale and issue of units of Pure Industrial Real Estate Trust (the "Trust"). We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned offering document of our report to the unitholders of the Trust on the financial statements of the Trust, which comprise the balance sheets of the Trust as at December 31, 2010 and 2009 and the statements of earnings and comprehensive income, unitholders' equity and cash flows for the years then ended and notes, comprising a summary of significant accounting policies and other explanatory information. Our report is dated March 11, 2011.

Chartered Accountants

February 24, 2012
Vancouver, Canada

KPMG LLP is a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. KPMG Canada provides services to KPMG LLP.

CERTIFICATE OF THE ISSUER AND THE PROMOTER

DATED: February 24, 2012

This short form prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces of Canada, except Quebec.

PURE INDUSTRIAL REAL ESTATE TRUST

“Darren Latoski”
Darren Latoski
Co-Chief Executive Officer

“Steve Evans”
Steve Evans
Co-Chief Executive Officer

“Francis Tam”
Francis Tam
Chief Financial Officer

ON BEHALF OF THE BOARD OF TRUSTEES

“T. Richard Turner”
T. Richard Turner
Trustee

“Douglas Scott”
Douglas Scott
Trustee

PROMOTER

SUNSTONE INDUSTRIAL ADVISORS INC.

“Steve Evans”
Per: Steve Evans
Secretary and Director

“Darren Latoski”
Per: Darren Latoski
President and Director

CERTIFICATE OF THE UNDERWRITERS

DATED: February 24, 2012

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces of Canada, except Quebec.

CANACCORD GENUITY CORP.

Per: "Justin Bosa"
Justin Bosa

DUNDEE SECURITIES LTD.

Per: "Onorio Lucchese"
Onorio Lucchese

RBC DOMINION SECURITIES INC.

Per: "William Wong"
William Wong

CIBC WORLD MARKETS INC.

Per: "Mark G. Johnson"
Mark G. Johnson

NATIONAL BANK FINANCIAL INC.

Per: "Andrew Wallace"
Andrew Wallace

RAYMOND JAMES LTD.

Per: "Graham Fell"
Graham Fell

HSBC SECURITIES (CANADA) INC.

Per: "Nicole Caty"
Nicole Caty

GMP SECURITIES L.P.

Per: "Andrew Kiguel"
Andrew Kiguel

**MACQUARIE CAPITAL MARKETS
CANADA LTD.**

Per: "John Bartkiw"
John Bartkiw

SORA GROUP WEALTH ADVISORS INC.

Per: "Bradley Miller"
Bradley Miller

UNION SECURITIES LTD.

Per: "Vilma Jones"
Vilma Jones