

A copy of this preliminary short form prospectus has been filed with the securities regulatory authorities in each of the provinces of Canada, but has not yet become final for the purpose of the sale of securities. Information contained in this preliminary short form prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the short form prospectus is obtained from the securities regulatory authorities.

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This prospectus constitutes a public 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. These securities have not been and will not be registered under the United States securities Act of 1933, as amended and, subject to certain exemptions, may not be offered or sold in the U.S.

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 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. For the purposes of the Province of Québec, this simplified prospectus contains information to be completed by consulting the permanent information record. 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.

PRELIMINARY SHORT FORM PROSPECTUS

New Issue

November 16, 2007



◆◆

◆◆ Units at \$◆◆ per Unit

This short form prospectus qualifies the distribution of ◆◆ units (“Units”) of Pure Industrial Real Estate Trust (“PIRET” or the “REIT”) at a price of \$◆◆ per Unit for aggregate gross proceeds to PIRET of \$◆◆ (the “Offering”), assuming no exercise of the Over-Allotment Option (as defined herein), pursuant to an agency agreement dated November ◆◆, 2007 (the “Agency Agreement”) among PIRET and Dundee Securities Corporation, RBC Dominion Securities Inc., Raymond James Ltd., BMO Capital Markets Inc., Blackmont Capital Inc., Bieber Securities Inc., Canaccord Capital Corporation, MGI Securities Inc. and Sora Group Wealth Advisors Inc. (collectively, the “Agents”). PIRET is an unincorporated, open-ended investment trust established under, and governed by, the laws of the Province of British Columbia. PIRET is focused on acquiring, owning and operating a diversified portfolio of income-producing industrial properties in both primary and secondary markets across Canada. PIRET’s head office and mailing address is at 910 – 925 West Georgia Street, Vancouver, British Columbia V6C 3L2.

The outstanding Units of PIRET are traded on the TSX Venture Exchange (the “Exchange”) under the symbol “AAR.UN”. On November 15, 2007 the last trading day prior to the announcement of this Offering, the closing price of the Units on the Exchange was \$4.00 per Unit. The Exchange has conditionally approved the listing of the Units distributed under the Offering. Listing is subject to PIRET fulfilling all of the listing requirements of the Exchange.

Price \$◆◆ Per Unit

	Price to the Public ⁽¹⁾	Agents’ Fee ⁽²⁾	Net Proceeds ⁽³⁾
Per Unit	\$◆◆	\$◆◆	\$◆◆
Total ⁽⁴⁾	\$◆◆	\$◆◆	\$◆◆

- (1) The price per Unit has been determined by negotiation between Dundee Securities Corporation and RBC Dominion Securities Inc. (the “Lead Agents”), on behalf of the Agents, and PIRET.
- (2) Fees will be paid to the Agents at a rate equal to 7.00% of the purchase price of the Units (see “Plan of Distribution – Agency Agreement”).
- (3) After deducting the Agents’ fee but before deducting expenses of the Offering estimated at \$◆, which will be paid from the proceeds of the Offering.
- (4) PIRET has granted to the Agents an over-allotment option, exercisable for a period of 30 days following the Closing, to purchase up to ◆ additional Units on the same terms as set forth above to cover over-allotments, if any, and for market stabilization purposes (the “Over-Allotment Option”). If the Over-Allotment Option is exercised in full, the Price to the Public, Agents’ Fee and Net Proceeds will be \$◆, \$◆ and \$◆, respectively. This Prospectus also qualifies the distribution of the Over-Allotment Option and the distribution of the additional Units issuable on the exercise of the Over-Allotment Option (see “Plan of Distribution”).

The return on an investment in the Units is not comparable to the return on an investment in a fixed-income security. Cash distributions are not guaranteed and the anticipated return on investment is based upon many performance assumptions. Although PIRET intends to distribute its available cash to holders of Units (“Unitholders”), such cash distributions are not guaranteed and may be reduced or suspended in the future. PIRET’s ability to make cash distributions and the actual amount distributed will depend on a number of factors, including the financial performance of PIRET’s properties, the financial condition 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 future acquisitions. PIRET may be required to supplement its cash distributions from working capital (see “Risk Factors”). In addition, the market value of the Units may decline if PIRET reduces its cash distributions or is unable to meet its cash distribution targets in the future as well as being subject to general market risks.

An investment in the securities offered by this Prospectus must be considered speculative as the securities are subject to certain risk factors as set out under the heading “Risk Factors”. An investment in Units is appropriate only for investors who have the capacity to absorb a loss of some or all of their investment.

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 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) and PIRET qualifying for the REIT Exception (as defined herein), income (i.e. return on capital) is generally taxed as ordinary income, capital gains or as dividends in the hands of a Unitholder and amounts in excess of the income of the trust (i.e. 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 Income Tax Considerations”).

PIRET intends to qualify as a “real estate investment trust” or “REIT” and as a “mutual fund trust”, all as defined under the Tax Act, but PIRET is not a “mutual fund” as defined under applicable securities legislation. 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* (Canada) and are not insured under the provisions of that Act or any other legislation. PIRET has not applied for a stability rating from an independent rating agency. The return on an investor’s investment is not comparable to the return on investment in a fixed income security. The recovery of an investor’s initial investment is at risk, and the anticipated return on investment is based on many performance assumptions, including those described in this Prospectus.

PIRET is a connected issuer of one of the Agents, Sora Group Wealth Advisors Inc. (“SGWA”), due to the ownership of SGWA shares by two Trustees of PIRET, Darren Latoski and Steve Evans. PIRET is also a connected issuer of one of the Lead Agents, RBC Dominion Securities Inc. (“RBC”), due to an affiliate of RBC being the mortgagee of the mortgage of the Mabe Property. PIRET may also be a connected issuer of one of the Lead Agents, Dundee Securities Corporation (“Dundee”), due to an affiliate of Dundee being a recent vendor of one of the Target Properties (see “Plan of Distribution – Potential Agent Conflict”).

The Units offered hereunder are being offered on a commercially reasonable “best efforts” basis in all of the provinces of Canada until ◆, 2007 by the Agents subject to prior sale, if, as and when issued and delivered by PIRET in accordance with the conditions of the Agency Agreement referred to under the heading “Plan of Distribution” and subject to the approval of certain legal matters by Clark Wilson LLP, Vancouver, British Columbia, on behalf of PIRET, and the approval of certain legal matters by Cassels Brock & Blackwell LLP, Toronto, Ontario, on behalf of the Agents.

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 Canadian Depository for Securities Limited (“CDS”) or its nominee and will be deposited with CDS on Closing. The closing of the Offering is expected to occur on or about ◆, 2007. The purchasers of Units will receive only a customer confirmation form from a registered dealer that is a CDS Participant and from or through which the Units are purchased. In the event that the Offering does not close, all funds received from Purchasers will be returned to purchasers, without interest.

No person is authorized by PIRET to provide any information or to make any representation other than as contained in this Prospectus in connection with this issue and sale of the Units.

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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 through the System for Electronic Document Analysis and Retrieval (“SEDAR”) at www.sedar.com. For the purposes of the Province of Québec, this simplified prospectus contains information to be completed by consulting the permanent information record. 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) the final prospectus of PIRET dated August 13, 2007, pursuant to which PIRET completed its initial public offering (the “IPO Prospectus”), except:
 - (i) the unaudited pro forma consolidated balance sheet and income statement included on pages S-10 and S-11;
 - (ii) the financial forecast, auditors report on financial forecast and notes to financial forecast included on pages S-12 and 21 to 29 of the IPO Prospectus; and
 - (iii) the financial statements and other financial information included on pages F-1 to F-32;
- (b) PIRET’s material change report dated August 22, 2007;
- (c) PIRET’s audited interim financial statements as at and for the period ended September 30, 2007;
- (d) PIRET’s management’s discussion and analysis of its financial condition and operations for the period ended September 30, 2007; and
- (e) PIRET’s amended Business Acquisition Report dated November 16, 2007.

All annual information forms, material change reports (excluding confidential material change reports), business acquisition reports, interim financial statements and, if applicable, auditors’ reports thereon, comparative annual financial statements and the auditors’ reports thereon, management’s discussion and analysis of the financial condition and results of operation, any other financial information about PIRET for subsequent financial periods that is publicly disseminated by, or on behalf of, PIRET through news release or otherwise, information circulars (other than those portions that are not required to be incorporated by reference under applicable securities laws) and any other document filed pursuant to an exemption from applicable securities law disclosure rules 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 the 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 also is incorporated or is deemed to be incorporated by reference herein, modified 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 be deemed, in its unmodified or superseded form, not to constitute part of this Prospectus; rather only such statement as so modified or superseded shall be considered to constitute part of this prospectus.

Neither PIRET nor the Agents have provided, or otherwise authorized any other person to provide, investors with information other than as contained or incorporated by reference in this Prospectus. If an investor is provided with different or inconsistent information, he or she should not rely on it.

FORWARD-LOOKING STATEMENTS

This Prospectus includes 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. 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 the financial forecast, in addition to those factors discussed or referenced in the “Risk Factors” section (see “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 Canadian generally accepted accounting principles (“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. For a complete description of Distributable Income, see the definition of “Distributable Income” in the Glossary of the IPO Prospectus.

ELIGIBILITY FOR INVESTMENT

Provided that at a particular time the Units are listed on the Exchange (or other prescribed 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. PIRET Notes that may be issued by PIRET to holders of Units 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 Exchange (or other prescribed stock exchange). Accordingly, where Units or PIRET Notes are qualified investments, Plans should generally not be taxable on any distributions on such Units, interest income on such PIRET Notes, or any gains realized on the disposition of such Units or PIRET Notes. However, funds withdrawn from a Plan will generally be taxable to annuitants in the year of withdrawal.

Other Debt Securities that may be issued by PIRET to holders of Units in connection with a redemption of Units may not be qualified investments for Plans. Where a Plan acquires a Debt Security that is not a qualified

investment, or acquires or holds a Unit or a PIRET Note that is not, or that ceases to be, a qualified investment, adverse tax consequences may arise to the Plan and the annuitant or beneficiary thereunder, including that the Plan may become subject to a penalty tax, the annuitant of such Plan may be deemed to have received income therefrom or, in the case of an RESP, the RESP may have its tax exempt status revoked. Accordingly, 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 (see “Canadian Federal Income Tax Considerations”).

SUMMARY OF THE OFFERING

Issuer	Pure Industrial Real Estate Trust (“PIRET”)
Issue	Units (see “Summary of the Trust Declaration – Units”)
Price	\$◆ per Unit
Offering	\$◆ (◆ Units)
Over-Allotment Option	PIRET has granted to the Agents an over-allotment option, exercisable for 30 days following Closing, to purchase up to ◆ additional Units to cover over-allotments, if any, and for market stabilization purposes. If the Over-Allotment Option is exercised, the Agents will receive an additional fee of \$◆ per Unit purchased (see “Plan of Distribution”).
Use of Proceeds	The proceeds of this Offering will be used primarily by PIRET to fund the acquisition of income-producing industrial properties, including those of the Target Properties (as defined herein) in respect of which PIRET satisfies any outstanding conditions precedent and completes the purchase. A portion of the proceeds will also be used to pay due diligence and documentation costs relating to such acquisitions, Agents’ commissions and fees and other expenses of this Offering. PIRET will use any additional proceeds for general corporate purposes (see “Use of Proceeds”).
Distribution Policy	PIRET intends to make monthly cash distributions to Trust Unitholders at least equal to, on an annual basis, the greater of PIRET’s income for purposes of the Tax Act and an amount equal to a minimum of 85% of PIRET’s Distributable Income, as defined and calculated in the manner described under “Distribution Policy”. Distributions are currently \$0.025 per month, payable on or about the 15th day of each month to Trust Unitholders of record at the end of the immediately preceding month. The first cash distribution in which purchasers of the Units under this Offering will be entitled to participate will be for the month of December, 2007, with a record date of December 31, 2007 and a payment date of January 15, 2008.

GLOSSARY OF TERMS

Certain terms and abbreviations used in this Prospectus are defined below. Capitalized terms which are not defined below have the meanings given to them in the IPO Prospectus.

- (a) **“Agency Agreement”** means an agreement dated as of November 1, 2007 between PIRET, Sunstone Management and the Agents;
- (b) **“Agents”** means, collectively, the Lead Agents, Raymond James Ltd., BMO Capital Markets Inc., Blackmont Capital Inc., Bieber Securities Inc., Canaccord Capital Corporation, MGI Securities Inc., and Sora Group Wealth Advisors Inc.;
- (c) **“Auditor”** means KPMG LLP or such successor auditor of PIRET as may be appointed from time to time in accordance with the Trust Declaration;
- (d) **“CDS”** means the Canadian Depository for Securities Limited;
- (e) **“Closing”** means the closing of the Offering on November 1, 2007;
- (f) **“Exchange”** means the TSX Venture Exchange Inc.;
- (g) **“Final Prospectus”** means the final short form prospectus which will be filed by PIRET in connection with the Offering with the Securities Commissions;
- (h) **“GAAP”** Canadian generally accepted accounting principles;
- (i) **“Lead Agents”** means Dundee Securities Corporation and RBC Dominion Securities Inc.;
- (j) **“Offering”** means the offering pursuant to this short form prospectus of 10,000,000 Units at a price of \$1.00 per Unit for gross proceeds of \$10,000,000;
- (k) **“Offering Price”** means \$1.00 per Unit;
- (l) **“Over-Allotment Option”** means the option granted to the Agents pursuant to the Agency Agreement to purchase up to 1,000,000 additional Units at the Offering Price for total gross proceeds to PIRET of \$1,000,000, to cover over-allotments, if any, and for market stabilization purposes;
- (m) **“Plans”** means trusts governed by registered retirement savings plans, registered education savings plans, registered retirement income funds, and deferred profit sharing plans, as such terms have been defined in the Tax Act, and “Plan” means any of them ;
- (n) **“PIRET”** means Pure Industrial Real Estate Trust, an open-ended investment trust established pursuant to the laws of the Province of British Columbia and governed by the Trust Declaration;
- (o) **“Prospectus”** means this short form prospectus and any amendments thereto;
- (p) **“Purchaser”** means the purchaser of a Unit;
- (q) **“Qualifying Provinces”** means the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, Nova Scotia, New Brunswick, Newfoundland and Labrador, and Prince Edward Island;
- (r) **“Receipt”** means an MRRS decision document issued by or on behalf of a Securities Commission for the Final Prospectus pursuant to NP 43-201, and each receipt issued for the Final Prospectus by a Securities Commission that opts out of the MRRS system;

- (s) **“Resident”** means an individual who is not a non-resident of Canada for the purposes of the Tax Act;
- (t) **“REIT Exception”** means the rules set out in the Tax Act pursuant to which certain trusts qualify as “real estate investment trusts”;
- (u) **“RESPs”** means registered education savings plans as defined in the Tax Act;
- (v) **“RRSPs”** means registered retirement savings plans as defined in the Tax Act;
- (w) **“Securities Commission”** means any one of the Securities Commissions;
- (x) **“Securities Commissions”** means, collectively, the securities commissions or other securities regulatory authorities in the Qualifying Provinces;
- (y) **“SIFT Measures”** means the amendments to the Tax Act implemented by Bill C-52, which became law on June 22, 2007;
- (z) **“Subordinated Unit”** means a Subordinated Unit of beneficial interest in PIRET, issued pursuant to the terms of the Trust Declaration;
- (aa) **“Subordinated Unitholder”** means Sunstone Industrial;
- (bb) **“Subordination and Support Agreement”** means the agreement dated as of July 9, 2007 between Sunstone Industrial, as the Subordinated Unitholder, and PIRET pursuant to which Sunstone Industrial has agreed, in certain events, to advance cash to support the continued payment by PIRET of a certain level of cash distributions on Trust Units until the end of the Subordination Period, and during such period to subordinate its claims under the Subordinated Notes issued to it;
- (cc) **“Sunstone (2006) LP”** means Sunstone Opportunity Fund (2006) Limited Partnership, a British Columbia limited partnership. The directors of the general partner of Sunstone Opportunity Fund (2006) Limited Partnership are Darren Latoski and Steve Evans, who are two of the Trustees of PIRET;
- (dd) **“Sunstone Industrial”** means, collectively, Sunstone Industrial Investments Inc., a closely-held British Columbia company, and selected employees of Sunstone Realty Advisors Inc., which collectively are the Subordinated Unitholder;
- (ee) **“Sunstone Management”** means Sunstone Industrial Advisors Inc., a closely-held British Columbia company;
- (ff) **“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;
- (gg) **“Target Properties”** means the eight properties located at: 4907 – 32nd Street SE, Calgary, Alberta; 130 Harry Walker Place, Newmarket, Ontario; 2705 - 2737 57th Avenue SE, Calgary, Alberta, 2808 – 58th Avenue SE Calgary, Alberta; 16295 – 132nd Avenue, Edmonton, Alberta; 509 – 44th Street East, Saskatoon, Saskatchewan; 225 Quebec Street, Regina, Saskatchewan; and 90 Park Lane, Winnipeg, Manitoba; in respect of which PIRET has either (i) caused its subsidiary PIRET Acquisitions Inc. to enter into an agreement of purchase and sale or (ii) taken an assignment of an agreement of purchase and sale entered into by Sunstone Realty or Sunstone (2006) LP;
- (hh) **“Tax Act”** means the *Income Tax Act* (Canada), as amended from time to time;
- (ii) **“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 the leases of the properties comprising the 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;

- (jj) **“Trust Declaration”** means the declaration of trust dated as of June 24, 2007, 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;
- (kk) **“Trust Unit”** means a Unit or a Subordinated Unit;
- (ll) **“Trust Unitholder”** means a holder of record of any Unit or Subordinated Unit;
- (mm) **“Unit”** means a Unit of beneficial interest in PIRET (other than a Subordinated Unit), issued pursuant to the terms of the Trust Declaration; and
- (nn) **“Unitholder”** means a holder of a Unit.

GENERAL DESCRIPTION OF PIRET AND ITS BUSINESS

PIRET is an unincorporated, open-ended investment trust governed by the laws of the Province of British Columbia. PIRET was formed pursuant to the terms of the Trust Declaration. PIRET's head office and address for service is located at 910 - 925 West Georgia Street, Vancouver, British Columbia V6C 3L2.

PIRET has been established for the purposes of investing in, owning and operating a diversified portfolio of income-producing industrial properties in both primary and secondary markets across Canada (or proportionate interests in such properties) and for investment in the development of properties which will become capital property of the REIT. PIRET focuses on acquiring, owning and operating a diversified portfolio of income-producing industrial properties in strong growth markets, and to aggressively manage and reposition the properties with the view to preserving capital and providing cash returns on Trust Units. For a more detailed description of PIRET's business and business strategy, investors should refer to the descriptions set out in the IPO Prospectus under the headings "PIRET's Business" and "Business Strategy".

Over the past 10 years, Canada's industrial real estate sector has generated very attractive returns for investors while demonstrating the least amount of volatility within the real estate sector. For a more detailed description of the industrial real estate market in Canada, investors should refer to the description set out in the IPO Prospectus under the heading "Industrial Real Estate Market in Canada".

As of November 16, 2007, PIRET owned and operated 10 industrial properties located in British Columbia, Alberta, Ontario and Québec, being the Initial Portfolio defined and more particularly described in the IPO Prospectus. The Initial Portfolio has an aggregate of 469,621 square feet of rentable premises. Each property in the Initial Portfolio is 100% leased to a single tenant. The properties comprising the Initial Portfolio are all in desirable geographic locations, well-tenanted and indicative of the types of properties PIRET intends to acquire as part of its business strategy. Investors should refer to the description of the Initial Portfolio set out in the IPO Prospectus under the heading "Description of the Initial Portfolio".

Sunstone Industrial Advisors Inc. ("Sunstone Management") is the asset manager of PIRET. The principals of Sunstone Management, Steve Evans and Darren Latoski, have a wide range of experience in the real estate business, including a history of identifying real estate investment opportunities that are not being operated to their full potential, either as a result of inefficient management or the need for asset refurbishment. These individuals have been involved in over \$800,000,000 in real estate acquisitions over the past 20 years. Investors should refer to the heading "Previous Real Estate Experience of the Asset Manager" of the IPO Prospectus for a detailed description of the experience of Messrs Evans and Latoski.

In order to fully align the interests of the Unitholders with those of Sunstone Management, in lieu of the fees typically associated with a third party asset management agreement, Sunstone Management is only be entitled to a reimbursement of any reasonable costs and expenses (including legal and audit costs but excluding personnel costs) that it incurs providing asset management services to PIRET. Sunstone Management is not entitled to any other remuneration or compensation for its services. The interests of the Sunstone Group in PIRET are aligned with those of all Unitholders as the returns that the Sunstone Group derives from PIRET will be linked directly and dependent solely on the returns that Sunstone Industrial achieves from its original investment in Subordinated Units and on Sunstone Management's ability to successfully grow PIRET. Until the occurrence of a Determination Event, such investment provides for a 5% interest in PIRET's cash distributions and a 5% equity interest in the net assets of PIRET (subject to adjustments to reflect any redemptions of Subordinated Units), with no requirement for Sunstone Industrial to contribute additional capital beyond their original purchase of Subordinated Units. As such, the Sunstone Group's interests are strongly aligned with the interests of all Unitholders and the returns that the Sunstone Group derives from PIRET depend solely on its investment in Subordinated Units and its ability to successfully grow PIRET. See "Key Investment Highlights - Alignment of Interests" and "Asset Management Agreement", respectively, of the IPO Prospectus.

Sunstone Management provides asset management, administrative and reporting services to PIRET pursuant to the Asset Management Agreement. The Asset Management Agreement may be terminated by PIRET at any time upon the occurrence of certain events of default and at any other time upon not less than 60 days notice, without bonus or

penalty. See “Asset Management Agreement” of the IPO Prospectus for a more detailed description of the termination provisions of the Asset Management Agreement. When PIRET’s portfolio of properties reaches a sufficient size to support internal asset management, and upon the occurrence of a Determination Event, PIRET intends to terminate the Asset Management Agreement and internalize asset management.

RECENT DEVELOPMENTS

PIRET continually and carefully reviews acquisition opportunities. As a result, PIRET has entered into four agreements to acquire a total of eight industrial properties in Alberta, Saskatchewan, Manitoba and Ontario, having an aggregate of 343,537 square feet of rentable premises (collectively, the “Target Properties”) (see “Details of the Target Properties”). All of the Target Properties are currently 100% leased under leases which are Triple Net and which, in most cases, provide that the tenant will reimburse the landlord for the repair and replacement of building operating systems, the roof and other structural components. Certain of the purchase transactions are subject to due diligence and other conditions precedent in favour of PIRET as purchaser, and there is no assurance that all of the Target Properties will be acquired.

DETAILS OF THE TARGET PROPERTIES

The following table provides summary information regarding the Target Properties currently under contract for acquisition by PIRET. More detailed information regarding the Target Properties is set out following the table.

Property Address	Purchase Price ⁽¹⁾	Appraised Value	Proposed Mortgage	Gross Leasable Area (Sq. Ft)	Tenant	First Year Annual Base Rent	Lease Expiry
4907 – 32nd Street SE Calgary, AB	\$3,900,000	\$4,120,000	\$2,800,000	19,534	Tornado Technologies Inc.	\$350,000	Nov. 4, 2012 ⁽²⁾
130 Harry Walker Place, Newmarket, ON	\$6,900,000	\$7,250,000	\$5,000,000 ⁽³⁾	87,451	Eurospec Manufacturing Inc.	\$520,333	Dec. 31, 2019
2705 - 2737 57th Ave. SE, Calgary, AB	\$8,200,000	\$8,300,000	\$5,500,000 ⁽³⁾	108,800	Shanahan’s Limited Partnership	\$571,200	Oct. 30, 2020
2808 – 58th Ave. SE Calgary, AB	\$4,800,000 ⁽⁶⁾	\$4,800,000	\$2,880,000 ⁽⁴⁾	48,220	Shanahan’s Limited Partnership	\$337,540	Oct. 30, 2012 ⁽⁵⁾
16295 – 132nd Ave. Edmonton, AB	\$3,600,000 ⁽⁶⁾	\$3,660,000	\$2,160,000 ⁽⁴⁾	40,147	Shanahan’s Limited Partnership	\$250,919	Oct. 30, 2012 ⁽⁵⁾
509 – 44th Street East, Saskatoon, SK	\$2,100,000 ^{(6),(7)}	\$560,000		11,100	Shanahan’s Limited Partnership	\$39,960	Oct. 30, 2012 ⁽⁵⁾
225 Quebec Street Regina, SK		\$490,000		8,100	Shanahan’s Limited Partnership	\$40,014	Oct. 30, 2012 ⁽⁵⁾
90 Park Lane Winnipeg, MN		\$1,050,000		20,185	Shanahan’s Limited Partnership	\$89,218	Oct. 30, 2012 ⁽⁵⁾
Totals	\$29,500,000	\$30,230,000	\$18,340,000	343,537		\$2,199,184	

- Notes:
- (1) The purchase price of each property is set out in the agreement of purchase and sale made with the owner thereof, each of which has been negotiated on an arm's-length basis.
 - (2) The tenant of 4907 – 32nd Street SE, Calgary, Alberta, has an option to renew the term of the lease upon the expiry of the initial term for five years on the same terms and conditions as the existing lease, except for basic rent, which shall be the fair market rent for similar unimproved premises.
 - (3) The mortgage amount shown is reflected in a term sheet provided by a lender in respect of a proposed mortgage loan, and may vary.
 - (4) PIRET intends to obtain mortgage financing in respect of 2808 – 58th Avenue SE, Calgary, Alberta and 16295 – 132nd Avenue, Edmonton, Alberta in an amount equal to approximately 60% of the purchase price. PIRET has not yet received either a mortgage commitment nor term sheet relating to such mortgage financing and the amount shown may vary.
 - (5) The tenant of each of 2808 – 58th Avenue SE, Calgary, Alberta; 16295 – 132nd Avenue, Edmonton, Alberta; 509 – 44th Street East, Saskatoon, Saskatchewan; 225 Quebec Street, Regina, Saskatchewan; and 90 Park Lane, Winnipeg, Manitoba, has three options to renew the term of the lease of each such property for successive terms of five years each on the same terms and conditions as the existing lease, except for basic rent, which shall be the fair market rent for similar unimproved premises, provided that basic rent shall not increase by more than 25% of the basic rent payable in the immediately preceding term.
 - (6) PIRET's obligation to complete the purchase of 2808 – 58th Avenue SE, Calgary, Alberta; 16295 – 132nd Avenue, Edmonton, Alberta; 509 – 44th Street East, Saskatoon, Saskatchewan; 225 Quebec Street, Regina, Saskatchewan; and 90 Park Lane, Winnipeg, Manitoba, is subject to PIRET, on or before November 26, 2007, being satisfied with its due diligence investigations of such properties and obtaining a commitment for mortgage financing for such acquisition on terms and conditions acceptable to PIRET.
 - (7) The purchase price payable for 509 – 44th Street East, Saskatoon, Saskatchewan; 225 Quebec Street, Regina, Saskatchewan; and 90 Park Lane, Winnipeg, Manitoba, is \$2,100,000, which amount will be allocated among the three properties by the vendor and PIRET prior to completion of the purchase of the properties.

Shanahan's Limited Partnership, a private British Columbia limited partnership, leases an aggregate of 236,552 square feet of premises within the Target Properties or approximately 68.9% of the gross leasable area, and represent approximately 60.4% of the gross rent of the Target Properties. Shanahan's Limited Partnership is a Canadian manufacturer and distributor of construction specialty products. Shanahan's Limited Partnership is the successor to a manufacturing business operated under the Shanahan's name since 1928, and is the largest construction specialty company in Canada. Its products range from lockers, hollow metal, and overhead doors to flagpoles and mailboxes. Shanahan's Limited Partnership is arm's length to PIRET (see discussion under the heading "Reliance on Single Tenant and Tenant Concentration").

Structural and other building replacements and repairs

The agreements of purchase and sale for each of 2705 - 2737 57th Avenue SE, Calgary, Alberta, 2808 – 58th Avenue SE, Calgary, Alberta, 16295 – 132nd Avenue, Edmonton, Alberta, 509 – 44th Street East, Saskatoon, Saskatchewan, 225 Quebec Street, Regina, Saskatchewan and 90 Park Lane, Winnipeg, Manitoba provide that if under the leases of those properties PIRET will be unable to recover any or all of the costs of repairs or replacements to structural portions of the buildings, including the roof and the roof membrane; repairs or replacements to the buildings made necessary as a result of faulty construction, improper materials or workmanship, soil or land subsidence or structural defects and weaknesses; or costs and expenses, which are considered to be capital expenses in accordance with GAAP, the vendor will pay to PIRET, or there will be set-off against the purchase price on the closing date, the amount of such costs and expenses as estimated by a qualified consulting engineer.

4907 – 32nd Street SE, Calgary, Alberta

4907 – 32nd Street SE, Calgary, Alberta is a single storey industrial building located on a rectangular site of approximately 3.24 acres in the Foothills Industrial Park, a mature industrial subdivision catering to an assortment of single occupant and multi-tenant users. The property is strategically located in the area known as the “Golden Triangle”, in close proximity to the Barlow Trail SE and the Deerfoot Trail SE, the City of Calgary’s major north-south transportation arteries. The property has a gross leasable area of 19,534 square feet in two buildings, with approximately two acres of residual land. The first building, known as the Shipping Building, was constructed in 1980 and consists of office and warehouse space. It has a total floor space of approximately 9,760 square feet. The second building, known as the Warehouse Building, was constructed in 2007 and consists of a large, steel-framed building with a total floor area of approximately 9,774 square feet. Surface parking is provided throughout the site. The property is zoned DC409 Direct Control District and M-2, which is an expired light industrial classification, which provides for a wide variety and size of industrial and commercial uses.

The property is 100% leased to Tornado Technologies Inc. for a term ending on November 4, 2012. Tornado Technologies Inc. designs, engineers and manufactures specialized equipment for the oil and gas industry, including combustion, emission control and various production/process equipment. The tenant has an option to renew the term of the lease for five years on the same terms and conditions as the existing lease, except for basic rent, which shall be the fair market rent for similar unimproved premises. The tenant uses the property for the design and manufacture of combustion and process equipment for the petroleum industry and truck-mounted vacuum equipment for the utility, construction and energy industries. Approximately two acres of the lot is used by the tenant for storage.

PIRET entered into an agreement with Sunstone (2006) LP pursuant to which Sunstone (2006) LP will assign to PIRET all of its rights and interest under an agreement dated September 24, 2007 to purchase 4907 – 32nd Street SE, Calgary, Alberta from Tornado Technologies Inc. for \$3,900,000. No consideration will be paid to Sunstone (2006) LP in respect of such assignment, other than the reimbursement of deposits and actual direct third party costs of due diligence. The purchase is scheduled to be completed on November 19, 2007. The completion of the purchase is not dependent upon the completion of the Offering.

PIRET has engaged Cushman & Wakefield LePage Inc. to conduct an appraisal of 4907 – 32nd Street SE, Calgary, Alberta, which determined the value of the property as at October 15, 2007 to be \$4,120,000.

PIRET has entered into a loan commitment with Canadian Western Bank for a first mortgage loan in the principal amount of \$2,800,000 to assist in the acquisition of 4907 – 32nd Street, Calgary, Alberta. The loan is for a term of five years, maturing in November, 2012. The loan will bear interest at a rate to be determined upon the funding of the mortgage, which will be equal to 175 basis points over the current yield on a five year Government of Canada bond having a term maturing approximately the same time as the mortgage. The loan is repayable by way of blended monthly payments of principal and interest based on a 20 year amortization period.

Vendor:	Tornado Technologies Inc.
Purchase Price:	\$3,900,000
Appraised Value:	\$4,120,000
Mortgage Principal:	\$2,800,000
Tenant:	Tornado Technologies Inc.
Term of Lease:	Five years – November 5, 2007 to November 4, 2012
Renewal Options:	Option to renew for one, five year term on the same terms and conditions as the existing lease, except for basic rent, which shall be the fair market rent for similar unimproved premises.
Base Rental Rates:	\$350,000 per annum \$29,166.67 per month
Other Lease Terms:	The lease is Triple Net to PIRET as landlord. In addition, under the lease the tenant is required to pay for all costs of maintenance and replacement of the roof

	and roof membrane and to make and pay for all repairs and renewals of a structural nature in the foundations, floors and walls of the premises.
Summary of Building Condition Assessment:	<p>According to a report prepared for PIRET by Jacques Whitford AXYS Ltd., the building and related site elements are in fair overall condition. No deficiencies were observed that would require immediate (i.e. less than 90 days) repairs. The following actions are required for major deficiencies observed that will require attention over the next 10 years:</p> <ul style="list-style-type: none"> • Re-levelling asphalt pavement around catch basins in parking areas • Resurface the asphalt pavement in eastern parking lot area • Conduct periodic concrete pavement repairs • Replace damaged overhead doors on the Shipping Building • Replace the built-up roof membrane assembly on the Shipping Building <p>The total estimated cost of these items over the 10 year period is \$71,900. Pursuant to the lease of the property, the tenant is required to pay such costs.</p>

130 Harry Walker Place, Newmarket, Ontario

130 Harry Walker Place, Newmarket, Ontario is a single-storey industrial building located on a 4.26 acre parcel in Newmarket, Ontario, a manufacturing submarket of the Greater Toronto Area. The property is located in an evolving industrial area with excellent access to the regional highway network including Highway 404. There are 120 parking stalls. The adjacent land uses in the neighbourhood of the property are predominantly industrial. The official plan for the property designates it for Business Park – General Employment and the zoning is M2 – Light Industrial Second Zone.

The property has a gross leasable area of 87,451 square feet, including 13,937 square feet of office space on the main floor and mezzanine and a 2,187 square feet warehouse mezzanine area. The building has clear heights to the ceiling of 27.5 feet and 24 feet in the plant areas. The building was constructed in 1996 with additions in 2001 and 2003. Construction is of cast-in-place concrete slab-on-grade (i.e. no basement level) with a steel frame support structure supporting a composite second floor deck, metal mezzanine deck and roof decks. The exterior walls consist primarily of pre-cast insulated concrete wall panels and pre-finished horizontal metal siding on a concrete block foundation, with structural steel columns and beams. The floor is a concrete slab throughout the entire warehouse area. The roof is flat, and is a built-up asphalt roof system. The property is 100% leased to Eurospec Manufacturing Inc., for a term ending on December 31, 2019. The tenant uses the property for the business of prototyping and building tools, stamping and assemblies.

PIRET has entered into an agreement with Sunstone Realty pursuant to which Sunstone Realty will assign to PIRET all of its rights and interest under an agreement dated August 17, 2007 to purchase 130 Harry Walker Parkway, Newmarket, Ontario from Eurospec Manufacturing Inc. for \$7,250,000, which price was subsequently reduced by an amendment agreement to \$6,900,000. No consideration will be paid to Sunstone Realty in respect of such assignment, other than the reimbursement of deposits and actual direct third party costs of due diligence. The purchase is scheduled to be completed December 14, 2007.

PIRET engaged CB Richard Ellis Limited to conduct an appraisal of 130 Harry Walker Place, Newmarket, Ontario, which determined the value of the property as at September 7, 2007 to be \$7,250,000.

PIRET has received a term sheet from The Great-West Life Assurance Company with respect to a first mortgage loan in the principal amount of \$5,000,000 to assist in the acquisition of 130 Harry Walker Parkway, Newmarket, Ontario. The loan is proposed to be for a term of five years, maturing in December 2012. The loan is proposed to bear interest at a rate which is 145 basis points over the bid side yield of the benchmark five year Government of Canada Bond as determined by the lender. The loan would be repayable by way of blended monthly payments of principal and interest based on a 25 year amortization period.

Vendor:	Eurospec Manufacturing Inc.			
Purchase Price:	\$6,900,000			
Appraised Value:	\$7,250,000			
Proposed Mortgage:	\$5,000,000			
Tenant:	Eurospec Manufacturing Inc.			
Term of Lease:	December 14, 2007 to December 31, 2019			
Renewal Options:	None.			
Base Rental Rates:	Yrs 1 to 5	\$520,333 / annum	\$43,361 / month	\$5.95 psf
	Yrs 6 to 10	\$568,431 / annum	\$47,369 / month	\$6.50 psf
	Yrs 11 and 12	\$599,039 / annum	\$49,920 / month	\$6.85 psf
Other Lease Terms:	The lease is Triple Net to PIRET as landlord. In addition, under the lease the tenant is required to pay all costs of the repair and replacement of the premises, both interior and exterior, capital and non-capital, structural and non-structural. All costs of a capital nature will be amortized over the reasonable anticipated useful life of the item in question at a rate of 1% above the prevailing prime rate of interest.			
Summary of Building Condition Assessment:	According to a report prepared for PIRET by Pinchin Environmental Ltd., the building appears to be in satisfactory condition and in comparable standing with other similar light industrial properties in the area. Repair and maintenance requirements over the next seven years totalling \$116,000 were noted, relating to the wall systems and site features. These include maintenance and repair to parking and paved areas, exterior walls, roof structures and roofing, exterior windows and doors, and HVAC repairs. Pursuant to the lease of the property, the tenant is required to pay such costs.			

2705 - 2737 57th Avenue SE, Calgary, Alberta

2705 - 2737 57th Avenue SE, Calgary, Alberta is a single-storey industrial building with two-storey office located on a 5.5 acre parcel in the Foothills Industrial Park, a mature industrial subdivision catering to an assortment of single occupant and multi-tenant users. The property is zoned I-2 General Light Industrial, which permits a wide variety and size of industrial uses as well as uses that have a support function to industrial uses. The adjacent land uses in the neighbourhood of the property are predominantly industrial. There are a total of 16 truck level doors and one drive-in door on the east side of the building and 11 dock loading doors and one drive-in door on the west side of the building, which is serviced by rail access. Ceiling heights are 28 feet in the warehouse component of the building. The property has a gross leasable area of 108,800 square feet. The building was constructed in 1977 of cast-in-place concrete slab-on-grade with load-bearing reinforced concrete pilasters and a steel frame support structure supporting a steel roof deck. The building's roof is a flat built-up roof system. The exterior walls consist of conventional concrete block masonry on all elevations with brick veneer masonry and vertical metal siding on the west portion of the front elevation.

The property is 100% leased to Shanahan's Limited Partnership, for a term ending on October 30, 2020. The tenant uses the property for the business of shaping, painting, storage, shipping and receiving metal products.

PIRET has entered into an agreement dated September 25, 2007 to purchase 2705 - 2737 57th Avenue SE, Calgary, Alberta from Shanahan's Limited for \$8,200,000. The purchase is scheduled to be completed December 19, 2007.

PIRET engaged Cushman & Wakefield LePage Inc. to conduct an appraisal of 2705 - 2737 57th Avenue SE, Calgary, Alberta, which determined the value of the property as at October 18, 2007 to be \$8,300,000.

PIRET has received a term sheet from CIBC Mortgages Inc. with respect to a first mortgage loan to assist in the acquisition of 2705 - 2737 57th Avenue SE, Calgary, Alberta, in a principal amount equal to the lesser of \$5,500,000 or 67% of the appraised value of the property. The loan is proposed to be for a term of five years, maturing in December 2012. PIRET intends to negotiate with CIBC Mortgages Inc. in order to obtain a 10 year

term for such mortgage. The loan is proposed to bear interest at a rate of interest which is 140 basis points over the prevailing yield on a five year Government of Canada Bond having a term which matches the term of the mortgage loan. The loan would be repayable by way of blended monthly payments of principal and interest based on a 20 or 25 year amortization period.

Vendor:	Shanahan's Limited			
Purchase Price:	\$8,200,000			
Appraised Value:	\$8,300,000			
Proposed Mortgage:	\$5,500,000			
Tenant:	Shanahan's Limited Partnership			
Term of Lease:	October 31, 2007 to October 30, 2020			
Renewal Options:	None.			
Base Rental Rates:	10/31/07 – 11/29/10	\$571,200 / annum	\$47,600 / month	\$5.25 psf
	11/30/10 – 10/30/15	\$598,400 / annum	\$49,867 / month	\$5.50 psf
	10/31/15 – 10/31/20	\$625,600 / annum	\$52,133 / month	\$5.75 psf
Other Lease Terms:	The lease is Triple Net to PIRET as landlord. In addition, under the lease the tenant is required to pay all costs of the repair and replacement of the premises, including capital and structural items, except for any latent structural defects which will be the responsibility of PIRET as landlord.			
Summary of Building Condition Assessment:	<p>According to a report prepared for PIRET by Pinchin Environmental Ltd., the building appears to be in satisfactory condition commensurate with its age and in comparable standing with other similar light industrial properties in the area. The building generally appears to have been constructed in compliance with contemporary building codes and standard building practices in place at the time of construction. The assessment did not reveal any evidence of major structural failures, soil erosion or differential settlement.</p> <p>Repair and maintenance requirements over the next 12 years totalling \$103,500 were noted, relating to the roof systems, wall systems, site features and mechanical systems. In particular, the roof-top HVAC units will require replacement during the term of the analysis. Pursuant to the lease of the property, the tenant is required to pay such costs. Further, pursuant to the purchase agreement for the property, if PIRET is unable to recover any such costs from the tenant, the amount of such costs will be offset against the purchase price of the property.</p>			

2808 – 58th Avenue SE, Calgary, Alberta

2808 – 58th Avenue SE, Calgary, Alberta is a single-storey, single tenant light industrial building located on a 3.15 acre parcel in the Foothills Industrial Park, a mature industrial subdivision comprised primarily of industrial developments within its immediate area. This area is classified as I-2, General Light Industrial. This area has a wide variety and size of industrial uses as well as uses that have a support function to industrial uses.

The building on the property was constructed in approximately 1968 to house a manufacturing plant and was expanded in 1989 to include a warehouse area and office space. The total combined building area is 51,896 square feet, of which 48,220 is leasable. The building is constructed with a cast-in-place concrete slab-on-grade foundation with numerous types of support structures and roof structures. The exterior walls of the southeast portion of the manufacturing plant are clad with concrete block masonry with a steel frame support structure, supporting a wood roof deck with an Ethylene Propylene Diene Monomer roof system. The northeast portion of the manufacturing plant has pre-cast concrete walls with a concrete barrel roof. The warehouse area has vertical brick veneer masonry walls with vertical metal siding and a steel frame support structure supporting a standing seam steel clad roof system.

The property is 100% leased to Shanahan's Limited Partnership, for a term ending on October 30, 2012. The tenant has three options to renew the term of the lease for successive terms of five years each, on the same terms and conditions as the existing lease, except for basic rent, which shall be the fair market rent for similar unimproved premises, provided that basic rent shall not increase by more than 25% of the basic rent payable in the immediately preceding term. The tenant uses the property for warehousing, manufacturing and offices.

PIRET entered into an agreement dated October 31, 2007 to purchase 2808 – 58th Avenue SE, Calgary, Alberta from Shanahan's Limited and Shanahan's Building Specialities Ltd. for \$4,800,000. The purchase is conditional upon PIRET satisfying or waiving its due diligence review of the property and arranging acceptable mortgage financing. The purchase is scheduled to be completed on December 19, 2007.

PIRET engaged Cushman & Wakefield LePage Inc. to conduct an appraisal of 2808 – 58th Avenue SE, Calgary Alberta, which determined the value of the property as at November 1, 2007 to be \$4,800,000.

PIRET intends to obtain mortgage financing to assist in the purchase of 2808 – 58th Avenue SE, Calgary Alberta in an amount equal to approximately 60% of the purchase price, or \$2,880,000. PIRET, given current market conditions, has projected that such mortgage loan will bear interest at a rate of interest which is 165 basis points over the current yield on a five year Government of Canada bond having a term maturing approximately the same time as the mortgage. The loan would be repayable by way of blended monthly payments of principal and interest based on an amortization period of 20 or 25 years. PIRET has not yet received either a mortgage commitment or term sheet relating to such mortgage financing and the terms may vary from those described.

Vendor:	Shanahan's Limited			
Purchase Price:	\$4,800,000			
Appraised Value:	\$4,800,000			
Proposed Mortgage:	\$2,880,000			
Tenant:	Shanahan's Limited Partnership			
Term of Lease:	October 31, 2007 to October 30, 2012			
Renewal Options:	Three options to renew for five years each. All terms and conditions of the lease to be the same, except for basic rent which shall be the fair market rent for similar unimproved premises, provided that basic rent shall not increase by more than 25% of the basic rent payable in the immediately preceding term.			
Base Rental Rates:	Yrs 1 to 5	\$337,540 / annum	\$28,128 / month	\$7.00 psf
Other Lease Terms:	The lease is Triple Net to PIRET as landlord. In addition, under the lease the tenant is required to repair and maintain the premises including the exterior, interior and floor, the HVAC system and all other fixtures, machinery, equipment and systems comprising the premises. PIRET, as landlord, is responsible for all repairs, replacements, costs or expenses of a structural nature in the foundations, floors and walls of the building and replacement of the roof.			
Summary of Building Condition Assessment:	<p>According to a report prepared for PIRET by Pinchin Environmental Ltd., the building appears to be in satisfactory condition commensurate with its age and in comparable standing with other similar light industrial properties in the area. The building generally appears to have been constructed in compliance with contemporary building codes and standard building practices in place at the time of construction. The assessment did not reveal any evidence of major structural failures, soil erosion or differential settlement.</p> <p>Repair and maintenance requirements over the next 12 years totalling \$201,000 were noted, relating to the roof systems, wall systems, site features and mechanical systems. In particular, estimate includes an allowance for the replacement of the roof over the manufacturing plant portion of the building.</p> <p>These costs will be the responsibility of PIRET as landlord. However, pursuant to the purchase agreement for the property, if PIRET is unable to recover any</p>			

	such costs from the tenant, the amount of such costs will be offset against the purchase price of the property.
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16295 – 132nd Avenue, Edmonton, Alberta

16295 – 132nd Avenue, Edmonton, Alberta is a single-storey industrial building with small mezzanine level located on a 2.0 acre parcel in the Mistatim Industrial area of Edmonton, Alberta. Mistatim Industrial is comprised of primarily industrial developments within its immediate area. This area is classified as I-M, Medium Industrial. The purpose of this zone is to provide for manufacturing, processing, assembly, distribution, service and repair uses that carry out a portion of their operations outdoors or require outdoor storage areas. This zone is applied to interior of industrial areas adjacent to collector and local industrial public roadways. Permitted uses include general industrial uses, storage, equipment rental and general contractor services. Discretionary uses include natural resource development, sales centre, and automotive equipment and repair shops.

The property has a gross leasable area of 40,147 square feet. The building was constructed in approximately 1980 of a cast-in-place concrete slab-on-grade foundation with a rigid steel frame support structure that supports a metal floor deck for the small mezzanine area, purlins and a metal roof deck. The exterior walls of the building are clad in vertical metal siding with areas of horizontal siding accents located on all elevations.

The property is 100% leased to Shanahan’s Limited Partnership, for a term ending on October 30, 2012. The tenant has three options to renew the term of the lease for successive terms of five years each, on the same terms and conditions as the existing lease, except for basic rent, which shall be the fair market rent for similar unimproved premises, provided that basic rent shall not increase by more than 25% of the basic rent payable in the immediately preceding term. The tenant uses the property for warehousing, manufacturing and offices.

PIRET entered into an agreement dated October 31, 2007 to purchase 16295 – 132nd Avenue, Edmonton, Alberta from Shanahan’s Limited and Shanahan’s Building Specialities Ltd. for \$3,600,000. The purchase is conditional upon PIRET satisfying or waiving its due diligence review of the property and arranging acceptable mortgage financing. The purchase is scheduled to be completed on December 19, 2007.

PIRET engaged Cushman & Wakefield LePage Inc. to conduct an appraisal of 16295 – 132nd Avenue, Edmonton, Alberta, which determined the value of the property as at November 7, 2007 to be \$3,660,000.

PIRET intends to obtain mortgage financing to assist in the purchase of 16295 – 132nd Avenue, Edmonton, Alberta in an amount equal to approximately 60% of the purchase price, or \$2,160,000. PIRET, given current market conditions, has projected that such mortgage loan will bear interest at a rate of interest which is 165 basis points over the current yield on a five year Government of Canada bond having a term maturing approximately the same time as the mortgage. The loan would be repayable by way of blended monthly payments of principal and interest based on an amortization period of 20 or 25 years. PIRET has not yet received either a mortgage commitment or term sheet relating to such mortgage financing and the terms may vary from those described.

Vendor:	Shanahan’s Limited			
Purchase Price:	\$3,600,000			
Appraised Value:	\$3,660,000			
Proposed Mortgage:	\$2,160,000			
Tenant:	Shanahan’s Limited Partnership			
Term of Lease:	October 31, 2007 to October 30, 2012			
Renewal Options:	Three options to renew for five years each. All terms and conditions of the lease to be the same, except for basic rent which shall be the fair market rent for similar unimproved premises, provided that basic rent shall not increase by more than 25% of the basic rent payable in the immediately preceding term.			
Base Rental Rates:	Yrs 1 to 5	\$250,919 / annum	\$20,909 / month	\$6.25 psf
Other Lease Terms:	The lease is Triple Net to PIRET as landlord. In addition, under the lease the			

	tenant is required to repair and maintain the premises including the exterior, interior and floor, the HVAC system and all other fixtures, machinery, equipment and systems comprising the premises. PIRET, as landlord, is responsible for all repairs, replacements, costs or expenses of a structural nature in the foundations, floors and walls of the building and replacement of the roof.
Summary of Building Condition Assessment:	<p>According to a report prepared for PIRET by Pinchin Environmental Ltd., the building appears to be in satisfactory condition and in comparable standing with other similar industrial properties in the area. The building generally appears to have been constructed in compliance with contemporary building codes and standard building practices in place at the time of construction. The assessment did not reveal any evidence of major structural failures, soil erosion or differential settlement.</p> <p>Repair and maintenance requirements over the next 12 years totalling \$63,500 were noted, relating to the roof systems, wall systems, site features, interior finishes and mechanical systems which require correction to re-establish a satisfactory level of performance.</p> <p>These costs will be the responsibility of PIRET as landlord. However, pursuant to the purchase agreement for the property, if PIRET is unable to recover any such costs from the tenant, the amount of such costs will be offset against the purchase price of the property.</p>

509 – 44th Street East, Saskatoon, Saskatchewan

509 – 44th Street East, Saskatoon, Saskatchewan is a single-storey industrial building located on a 0.5 acre parcel in the North Industrial area of Saskatoon, Saskatchewan, an area comprised primarily of industrial developments. The property is zoned IL1, General Light Industrial, which is intended to facilitate economic development through a wide variety of light industrial activities and related businesses that do not create land use conflicts or nuisance conditions during the normal course of operation.

The property has a gross leasable area of 11,100 square feet. The building was constructed in approximately 1967, with additions in 1975 and 1982. It is constructed of a cast-in-place concrete slab-on-grade foundation with load bearing reinforced concrete pilasters and a steel frame support structure, supporting a steel roof deck. The exterior walls consist of painted concrete block masonry on three elevations with brick veneer masonry cladding on the front elevation.

The property is 100% leased to Shanahan’s Limited Partnership, for a term ending on October 30, 2012. The tenant has three options to renew the term of the lease for successive terms of five years each, on the same terms and conditions as the existing lease, except for basic rent, which shall be the fair market rent for similar unimproved premises, provided that basic rent shall not increase by more than 25% of the basic rent payable in the immediately preceding term. The tenant uses the property for warehousing, manufacturing and offices.

PIRET entered into an agreement dated October 31, 2007 to purchase 509 – 44th Street East, Saskatoon, Saskatchewan from Shanahan’s Limited and Shanahan’s Building Specialities Ltd. The purchase price of the property, together with the price payable for 225 Quebec Street, Regina, Saskatchewan and 90 Park Lane, Winnipeg, Manitoba, will total \$2,100,000 and will be allocated between the three properties by PIRET and the Vendor. The purchase is conditional upon PIRET satisfying or waiving its due diligence review of the property and arranging acceptable mortgage financing. The purchase is scheduled to be completed on December 19, 2007.

PIRET engaged Cushman & Wakefield LePage Inc. to conduct an appraisal of 590 – 44th Street, Saskatoon, Saskatchewan, which determined the value of the property as at November 8, 2007 to be \$560,000.

Vendor:	Shanahan’s Limited
Purchase Price:	To be determined by the vendor and purchaser prior to closing. The price

	payable for the properties located at 509 – 44th Street East, Saskatoon, Saskatchewan; 225 Quebec Street, Regina, Saskatchewan; and 90 Park Lane, Winnipeg, Manitoba will be a total of \$2,100,000.			
Appraised Value:	\$560,000			
Tenant:	Shanahan's Limited Partnership			
Term of Lease:	October 31, 2007 to October 30, 2012			
Renewal Options:	Three options to renew for five years each. All terms and conditions of the lease to be the same, except for basic rent which shall be the fair market rent for similar unimproved premises, provided that basic rent shall not increase by more than 25% of the basic rent payable in the immediately preceding term.			
Base Rental Rates:	Yrs 1 to 5	\$39,960 / annum	\$3,330 / month	\$3.60 psf
Other Lease Terms:	The lease is Triple Net to PIRET as landlord. In addition, under the lease the tenant is required to repair and maintain the premises including the exterior, interior and floor, the HVAC system and all other fixtures, machinery, equipment and systems comprising the premises. PIRET, as landlord, is responsible for all repairs, replacements, costs or expenses of a structural nature in the foundations, floors and walls of the building and replacement of the roof.			
Summary of Building Condition Assessment:	<p>According to a report prepared for PIRET by Pinchin Environmental Ltd., the building appears to be in satisfactory condition and in comparable standing with similar vintage industrial properties in the area. The building generally appears to have been constructed in compliance with contemporary building codes and standard building practices in place at the time of construction. The assessment did not reveal any evidence of major structural failures, soil erosion or differential settlement.</p> <p>Repair and maintenance requirements over the next 12 years totalling \$150,000 were noted, relating to the roof systems, wall systems, site features, interior finishes, mechanical systems and electrical systems, which require correction to re-establish a satisfactory level of performance. Of particular note is that the roof system will require replacement early within the term of analysis. Numerous walls deficiencies require repair. The furnace and unit heaters will require replacement early within the term of analysis.</p> <p>These costs will be the responsibility of PIRET as landlord. However, pursuant to the purchase agreement for the property, if PIRET is unable to recover any such costs from the tenant, the amount of such costs will be offset against the purchase price of the property.</p>			

225 Quebec Street, Regina, Saskatchewan

225 Quebec Street, Regina, Saskatchewan is a single-storey industrial building located on a 0.35 acre parcel in the North Annex neighbourhood of Regina, Saskatchewan. The area is mixed in uses, with facilities such as arenas and schools and several parks. The area has multiple zonings. The property is zoned IA1, Light Industrial District, which is intended to provide the area with a wide variety of industrial uses.

The property has a gross leasable area of 8,100 square feet. The building was constructed in approximately 1995, with an office addition in 2004. It is constructed of a cast-in-place concrete slab-on-grade foundation with a rigid steel frame support structure supporting a steel roof system. The exterior walls of the building are clad with preformed, pre-finished metal siding on all elevations.

The property is 100% leased to Shanahan's Limited Partnership, for a term ending on October 30, 2012. The tenant has three options to renew the term of the lease for successive terms of five years each, on the same terms and conditions as the existing lease, except for basic rent, which shall be the fair market rent for similar unimproved

premises, provided that basic rent shall not increase by more than 25% of the basic rent payable in the immediately preceding term. The tenant uses the property for warehousing, manufacturing and offices.

PIRET entered into an agreement dated October 31, 2007 to purchase 225 Quebec Street, Regina, Saskatchewan from Shanahan's Limited and Shanahan's Building Specialities Ltd. The purchase price of the property, together with the price payable for 509 – 44th Street East, Saskatoon, Saskatchewan and 90 Park Lane, Winnipeg, Manitoba, will total \$2,100,000 and will be allocated between the three properties by PIRET and the vendor. The purchase is conditional upon PIRET satisfying or waiving its due diligence review of the property and arranging acceptable mortgage financing. The purchase is scheduled to be completed on December 19, 2007.

PIRET engaged Cushman & Wakefield LePage Inc. to conduct an appraisal of 225 Quebec Street, Regina, Saskatchewan, which determined the value of the property as at November 8, 2007 to be \$490,000.

Vendor:	Shanahan's Limited			
Purchase Price:	To be determined by the vendor and purchaser prior to closing. The price payable for the properties located at 509 – 44th Street East, Saskatoon, Saskatchewan; 225 Quebec Street, Regina, Saskatchewan; and 90 Park Lane, Winnipeg, Manitoba will be a total of \$2,100,000.			
Appraised Value:	\$490,000			
Tenant:	Shanahan's Limited Partnership			
Term of Lease:	October 31, 2007 to October 30, 2012			
Renewal Options:	Three options to renew for five years each. All terms and conditions of the lease to be the same, except for basic rent which shall be the fair market rent for similar unimproved premises, provided that basic rent shall not increase by more than 25% of the basic rent payable in the immediately preceding term.			
Base Rental Rates:	Yrs 1 to 5	\$40,014 / annum	\$3,334.50/ month	\$4.94 psf
Other Lease Terms:	The lease is Triple Net to PIRET as landlord. In addition, under the lease the tenant is required to repair and maintain the premises including the exterior, interior and floor, the HVAC system and all other fixtures, machinery, equipment and systems comprising the premises. PIRET, as landlord, is responsible for all repairs, replacements, costs or expenses of a structural nature in the foundations, floors and walls of the building and replacement of the roof.			
Summary of Building Condition Assessment:	<p>According to a report prepared for PIRET by Pinchin Environmental Ltd., the building appears to be in satisfactory condition and in comparable standing with other similar commercial properties in the area. The building generally appears to have been constructed in compliance with contemporary building codes and standard building practices in place at the time of construction. The assessment did not reveal any evidence of major structural failures, soil erosion or differential settlement.</p> <p>Repair and maintenance requirements over the next 12 years totalling \$21,000 were noted, relating to the wall systems and site features.</p> <p>These costs will be the responsibility of PIRET as landlord. However, pursuant to the purchase agreement for the property, if PIRET is unable to recover any such costs from the tenant, the amount of such costs will be offset against the purchase price of the property.</p>			

90 Park Lane, Winnipeg, Manitoba

90 Park Lane, Winnipeg, Manitoba is a single-storey industrial building with two-storey office located on a 0.58 acre parcel in the Oak Point Highway area of Winnipeg, Manitoba. The property has a gross leasable area of 20,185 square feet.

The property has a gross leasable area of 20,185 square feet. The building was constructed in approximately 1979, with an office addition in 2004. It is constructed of a cast-in-place concrete slab-on-grade foundation with load bearing, concrete block masonry walls and a steel frame support structure supporting pre-cast, hollow core concrete floor slabs on the second level office area and a composite mezzanine level floor slab and steel roof decks. The exterior walls consist of conventional concrete block masonry, architectural concrete block masonry, exposed cast-in-place concrete and vertical metal siding located at the top of the wall systems.

The property is 100% leased to Shanahan's Limited Partnership, for a term ending on October 30, 2012. The tenant has three options to renew the term of the lease for successive terms of five years each, on the same terms and conditions as the existing lease, except for basic rent, which shall be the fair market rent for similar unimproved premises, provided that basic rent shall not increase by more than 25% of the basic rent payable in the immediately preceding term. The tenant uses the property for warehousing, manufacturing and offices.

PIRET entered into an agreement dated October 31, 2007 to purchase 90 Park Lane, Winnipeg, Manitoba from Shanahan's Limited and Shanahan's Building Specialities Ltd. The purchase price of the property, together with the price payable for 509 – 44th Street East, Saskatoon, Saskatchewan and 225 Quebec Street, Regina, Saskatchewan, will total \$2,100,000 and will be allocated between the three properties by PIRET and the vendor. The purchase is conditional upon PIRET satisfying or waiving its due diligence review of the property and arranging acceptable mortgage financing. The purchase is scheduled to be completed on December 19, 2007.

PIRET engaged Cushman & Wakefield LePage Inc. to conduct an appraisal of 90 Park Lane, Winnipeg, Manitoba, which determined the value of the property as at November 8, 2007 to be \$1,050,000.

Vendor:	Shanahan's Limited			
Purchase Price:	To be determined by the vendor and purchaser prior to closing. The price payable for the properties located at 509 – 44th Street East, Saskatoon, Saskatchewan; 225 Quebec Street, Regina, Saskatchewan; and 90 Park Lane, Winnipeg, Manitoba will be a total of \$2,100,000.			
Appraised Value:	\$1,050,000			
Tenant:	Shanahan's Limited Partnership			
Term of Lease:	October 31, 2007 to October 30, 2012			
Renewal Options:	Three options to renew for five years each. All terms and conditions of the lease to be the same, except for basic rent which shall be the fair market rent for similar unimproved premises, provided that basic rent shall not increase by more than 25% of the basic rent payable in the immediately preceding term.			
Base Rental Rates:	Yrs 1 to 5	\$89,218 / annum	\$7,434.80 / month	\$4.42 psf
Other Lease Terms:	The lease is Triple Net to PIRET as landlord. In addition, under the lease the tenant is required to repair and maintain the premises including the exterior, interior and floor, the HVAC system and all other fixtures, machinery, equipment and systems comprising the premises. PIRET, as landlord, is responsible for all repairs, replacements, costs or expenses of a structural nature in the foundations, floors and walls of the building and replacement of the roof.			
Summary of Building Condition Assessment:	According to a report prepared for PIRET by Pinchin Environmental Ltd., the building appears to be in satisfactory condition and in comparable standing with other similar industrial properties in the area. The building generally appears to have been constructed in compliance with contemporary building codes and standard building practices in place at the time of construction. The assessment did not reveal any evidence of major structural failures, soil erosion or differential settlement. Repair and maintenance requirements over the next 12 years totalling \$237,100 were noted, relating to the roof systems, wall systems, site features and HVAC systems which require correction to re-establish satisfactory levels of performance. The roof systems are original from the date of construction, and			

	<p>are 28 years old. As such, they will require replacement within the term of analysis.</p> <p>These costs will be the responsibility of PIRET as landlord. However, pursuant to the purchase agreement for the property, if PIRET is unable to recover any such costs from the tenant, the amount of such costs will be offset against the purchase price of the property.</p>
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Title to the Target Properties

PIRET intends to have title to each of the Target Properties registered in the name of a nominee company, which will own such title as bare trustee for PIRET. The following nominee companies will hold title to the properties noted:

Property Address	Nominee Company
4907 – 32nd Street, Calgary, AB	PIRET (Alberta Industrial Properties) Holdings Ltd.
130 Harry Walker Place, Newmarket, ON	2145943 Ontario Limited
2705 - 2737 57th Avenue, Calgary, AB	PIRET (Alberta Industrial Properties) Holdings Ltd.
2808 – 58th Ave. SE, Calgary, AB	PIRET (Alberta Industrial Properties) Holdings Ltd.
16295 – 132nd Ave., Edmonton, AB	PIRET (Alberta Industrial Properties) Holdings Ltd.
509 – 44th Street East, Saskatoon, SK	PIRET (Saskatchewan Industrial Properties) Holdings
225 Quebec Street, Regina, SK	PIRET (Saskatchewan Industrial Properties) Holdings
90 Park Lane, Winnipeg, MN	PIRET (Manitoba Industrial Property) Holdings Inc.

Management of the Target Properties

PIRET will engage third party property managers for the ongoing day-to-day management of the operation of the properties listed above. PIRET expects that the property management fee payable under such agreements will be between 3% and 5% of the gross revenue from the managed property, all or a portion of this fee may be recovered from the tenants of the property. To the extent possible, PIRET will negotiate contract provisions with the third party property managers which allow for the termination of their property management agreements without penalty by PIRET. The only cost to PIRET will be the cost of hiring management personnel and the associated overhead and operating expenses.

Reliance on Single Tenant and Tenant Concentration

Shanahan’s Limited Partnership, a private British Columbia limited partnership, leases an aggregate of 236,552 square feet of premises within the Target Properties or approximately 68.9% of the gross leasable area of the Target Properties and approximately 29.1% of the gross leasable area of PIRET’s combined portfolio after the acquisition of the Target Properties is completed, and represent approximately 60.4% of the gross rent of the Target Properties. Shanahan’s Limited Partnership is a Canadian manufacturer and distributor of construction specialty products. Shanahan's Limited Partnership is the successor to a manufacturing business operated under the Shanahan’s name since 1928, and is the largest construction specialty company in Canada. Its products range from lockers, hollow metal, and overhead doors to flagpoles and mailboxes.

In the event that Shanahan’s Limited Partnership becomes insolvent, the financial results of PIRET would be materially and adversely affected. Shanahan’s Limited Partnership’s obligations under the leases of the Target Properties are not guaranteed and as such PIRET would likely only have recourse to the assets of Shanahan’s Limited Partnership in the event that it had to enforce the provisions of the relevant leases or if such leases were wrongfully terminated by such tenants. It is unclear whether such assets would offer any significant financial protection to PIRET in such events.

DISTRIBUTION HISTORY

PIRET's policy is to make monthly distributions of cash to Unitholders in an amount which, on an annual basis, is not less than 85% of the Distributable Income of PIRET. Distributable Income is a non-GAAP measure. PIRET believes that this non-GAAP measure is a relevant measure of PIRET's ability to earn and distribute cash returns to Unitholders. Distributable Income as computed by PIRET may differ from similar computations as reported by similar business entities and, accordingly, may not be comparable to Distributable Income as reported by such business entities. The current monthly distribution on PIRET's Units is \$0.025, or \$0.30 per annum.

The following table sets out the per Unit amount of monthly cash distributions paid by PIRET since August 22, 2007, the date of its initial public offering:

Period	Record Date	Payment Date	Distribution per Unit	Amount
August 22, 2007 to September 30, 2007	September 28, 2007	October 15, 2007	\$0.0332	\$175,960
October, 2007	October 31, 2007	November 15, 2007	\$0.025	\$132,886

CONSOLIDATED CAPITALIZATION

The following table sets out the consolidated capitalization of PIRET as at September 30, 2007 and the *pro forma* consolidated capitalization of PIRET as at September 30, 2007 after giving effect to the Offering and the acquisition of the Target Properties for the total aggregate purchase price outlined under the heading "Details of the Target Properties" and financed with mortgage financing equal to the aggregate proposed mortgages outlined under the heading "Details of the Target Properties". This table should be read in conjunction with the financial statements and notes thereto incorporated by reference in this Prospectus.

Although it is PIRET's intention to acquire all of the Target Properties and finance such acquisitions with the mortgage financing set out under the heading "Details of the Target Properties", there can be no assurance that PIRET will complete the acquisitions on the basis described in this Prospectus or at all.

Description	Outstanding at September 30, 2007 before giving effect to the Offering	Outstanding at September 30, 2007 after giving effect to the Offering and the acquisition of the Target Properties
Debt:		
Mortgages Payable	\$23,990,914	\$42,330,914 ⁽¹⁾
Units	\$21,200,000	\$◆
(Authorized – unlimited)	(5,300,000 Units)	(◆ Units)
Subordinated Units	\$1,115,788	\$1,115,788
(Authorized – unlimited)	(278,947 Subordinated Units)	(278,947 Subordinated Units)
Total Capitalization	<u>\$46,306,702</u>	<u>◆◆</u>

Notes: (1) PIRET expects that mortgage financing will be obtained in the amounts and on terms as described in "Details of the Target Properties" above, including mortgage financing in respect of 2808 – 58th

Avenue SE, Calgary, Alberta and 16295 – 132nd Avenue, Edmonton, Alberta in an amount equal to approximately 60% of the purchase price of such properties. Other than for 4907 – 32nd Street SE, Calgary, Alberta, PIRET has not yet received mortgage commitments relating to the proposed mortgages of the Target Properties and the amount shown may vary significantly.

USE OF PROCEEDS

The net proceeds from the Offering of approximately \$◆ (or \$◆ if the Over-Allotment Option is exercised in full), after deducting the Agents' fees of \$◆ (or \$◆ if the Over-Allotment Option is exercised in full) and expenses of this Offering estimated at \$◆, will be used primarily by PIRET to fund the acquisition of income-producing industrial properties, including those of the Target Properties in respect of which PIRET satisfies or waives any outstanding conditions precedent and completes the purchase. A portion of the proceeds will also be used to pay due diligence and documentation costs relating to such acquisitions, Agents' commissions and fees and other expenses of this Offering. PIRET will use any additional proceeds for general corporate purposes. PIRET is continually reviewing acquisition opportunities. There is no assurance that such acquisitions, including the acquisitions of the Target Properties, will be completed.

PLAN OF DISTRIBUTION

Pursuant to the Agency Agreement, the Agents have agreed to conditionally offer a maximum of ◆ Units at a price of \$◆ per Unit on a commercially reasonable best efforts basis, if, as and when issued by PIRET in accordance with the terms and conditions of the Agency Agreement.

The Agents are not jointly liable to fulfill the obligations of all of the Agents under the Agency Agreement. Instead, each of the Agents is separately liable for its own obligations, and failure of one Agent to fulfill its own obligations will not result in liability on the part of the other Agents. The Agency Agreement may be terminated in certain stated circumstances, including the Agents' assessment of market conditions, and upon the occurrence of certain stated events. While the Agents have agreed to use their commercially reasonable best efforts to sell the Units, they are not obligated to purchase any Units. PIRET has agreed to indemnify the Agents and their respective directors, officers, shareholders, employees and agents against certain liabilities, including civil liabilities under Canadian provincial securities legislation, or to contribute to any payments the Agents may be required to make in respect thereof.

The price of the Units was determined by negotiation between PIRET and the Lead Agents. PIRET has agreed to pay the Agents a fee equal to 7.00% of the gross proceeds of the Offering, being an aggregate fee of \$◆ (subject to increases in an amount of up to \$◆ in the event that Over-Allotment Option is exercised in full by the Agents).

PIRET has granted the Agents the Over-Allotment Option, which is an option to sell up to ◆ additional Units at any time up until the date that is 30 days from the date of closing of this Offering. If the Over-Allotment Option is exercised in full, the net proceeds to PIRET after deducting the Agents' fee of \$◆ but prior to deduction of expenses of this Offering will be \$◆.

The Offering is being made in all provinces of Canada. The Units 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 or sold in the United States or to, or for the account or benefit of, U.S. persons, except pursuant to transactions which are exempt from the registration requirements of the 1933 Act and applicable state securities laws. Each Agent has agreed that, except as permitted by the Agency Agreement and except as expressly permitted by applicable laws of the United States, it will not offer or sell the Units at any time within the United States or to, or for the account or benefit of, any U.S. person. The Agency Agreement enables the Agents to offer and sell the Units to certain accredited investors in the United States in a manner exempt from the registration requirements of the 1933 Act and in compliance with the applicable state securities laws. Terms used in this paragraph have the meanings given to them by Regulation S under the 1933 Act. Any Units sold pursuant to an exemption from registration under the 1933 Act will be restricted securities within the meaning of Rule 144(a)(3) of the 1933 Act.

Pursuant to the rules and regulations of certain securities regulators, the Agents may not, throughout 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 Exchange relating to market stabilization and passive market activities; and (ii) a bid or purchase made for and on behalf of a customer where the order 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 such securities. In connection with this Offering, the Agents 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.

PIRET has applied to list the Units distributed under this Offering on the Exchange under the symbol "AAR.UN". Listing will be subject to PIRET fulfilling all of the listing requirements of the Exchange.

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

Potential Agent Conflict

PIRET may be considered to be a connected issuer of one of the Agents, Sora Group Wealth Advisors Inc. ("SGWA"), because: (a) two Trustees of PIRET, Darren Latoski and Steve Evans, own in aggregate 3.4% of the outstanding shares in the capital of SGWA; and (b) a Trustee of PIRET, Richard Turner, is a director of SGWA. SGWA was not involved in the decision by PIRET to offer the Units pursuant to this Prospectus nor in the determination of the terms of the Offering. The Offering was not required, suggested or consented to by SGWA. Except to the extent that SGWA may receive a portion of the sales fees payable to Agents as a result of sales of Units by SGWA, proceeds from the Offering will not be applied for the benefit of SGWA.

PIRET may also be considered to be a connected issuer of one of the Lead Agents, RBC Dominion Securities Inc., due to an affiliate of RBC Dominion Securities Inc. being the lender under the mortgage financing of the Mabe Property. Such loan was made by RBC Royal Bank to Sunstone (2005) LP in February, 2006 in the principal amount of \$8,550,000, bears interest at the rate of 5.677% per annum and matures in 2016, and was assumed by PIRET on August 22, 2007. PIRET is in compliance with the terms of the mortgage and other security securing such loan. No breaches have occurred under such loan. No portion of the proceeds from the Offering will be applied to repayment of the loan. RBC Royal Bank was not involved in the decision by PIRET to offer the Units pursuant to this Prospectus nor in the determination of the terms of the Offering. The Offering was not required, suggested or consented to by RBC Royal Bank. Except to the extent that RBC Dominion Securities Inc. may receive a portion of the sales fees payable to Agents as a result of sales of Units by RBC Dominion Securities Inc., proceeds from the Offering will not be applied for the benefit of RBC Dominion Securities Inc. or RBC Royal Bank.

PIRET may also be considered to be a connected issuer of one of the Lead Agents, Dundee Securities Corporation, due to an affiliate of Dundee Securities Corporation being the previous vendor of one of the Target Properties, 2705 - 2737 57th Ave SE, Calgary Alberta. Prior to October 31, 2007, this property was owned by Calgary Industrial Properties Ltd. ("CIP"), which is a nominee or subsidiary of Dundee Real Estate Investment Trust ("Dundee REIT"), which is an affiliate of Dundee Securities Corporation. CIP leased this property to Shanahan's Building Specialties Limited pursuant to a long term, arm's-length lease which was terminated on October 31, 2007. On October 31, 2007, this property was acquired by Shanahan's Limited, concurrently with Shanahan's Limited Partnership's acquisition of the non-real estate assets of Shanahan's Building Specialties Limited. At such time, Shanahan's Limited entered into a long term lease of the property to Shanahan's Limited Partnership. CIP no longer leases the property to Shanahan's Building Specialties Limited. No portion of the proceeds from the Offering will be applied to the previous lease between CIP and Shanahan's Building Specialties Limited. Neither CIP nor Dundee REIT was involved in the decision by PIRET to offer the Units pursuant to this Prospectus nor in the determination of the terms of the Offering. The Offering was not required, suggested or consented to by CIP or Dundee REIT. Except to the extent that Dundee Securities Corporation may receive a portion of the sales fees payable to Agents as a result of sales of Units by Dundee Securities Corporation, proceeds from the Offering will not be applied for the benefit of Dundee Securities Corporation, Dundee REIT or CIP.

DESCRIPTION OF THE UNITS

PIRET is authorized to issue an unlimited number of Units and an unlimited number of Subordinated Units. Currently, there are 5,300,000 Units outstanding and 278,947 Subordinated Units outstanding. The Subordinated Units were issued to Sunstone Industrial in consideration of a cash payment of \$4.00 per Subordinated Unit for aggregate gross proceeds to PIRET of \$1,115,788, being equal to a 5% equity interest in PIRET.

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 Subordinated Units issued and outstanding, each Unit represents an equal undivided beneficial interest in and to the Unit Percentage Interest of any distributions from PIRET, whether of net income, net realized capital gains or other amounts, and in the 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 PIRET.

The Unitholders are entitled to vote at all meetings of Unitholders on the basis of one vote per Unit. Each Unit is transferable and represents an equal undivided beneficial interest in any distributions from the REIT where of net income, net realized capital gains or other amounts, and in the net assets of the REIT in the event of termination or winding-up of equal rights and privileges. Units are not subject to future calls or assessments. Units are redeemable at the option of the Unitholder on the terms described in the Trust Declaration. PIRET may issue additional Units from time to time on terms and conditions acceptable to the Trustees.

For a more full description of the Units, investors should refer to the description set out in the IPO Prospectus under the heading “Summary of the Trust Declaration”.

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 Cassels Brock & Blackwell LLP (“CBB”), counsel to the Agents, the following is a summary of the principal Canadian federal income tax considerations generally applicable to a Unitholder who acquires Units pursuant to this Offering and who, for purposes of the Income Tax Act (Canada) (the “Tax Act”) and at all relevant times, is resident in Canada for the purposes of the Tax Act, deals at arm’s length and is not affiliated with PIRET and hold 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 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.

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). This summary does not address the tax considerations of a Unitholder borrowing money to acquire Units. 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 is based on the facts set out in this Prospectus and in a certificate provided to KPMG and CBB by PIRET and Sunstone Management. 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, including Bill C-52 which became law on June 22, 2007, and on KPMG’s and CBB’s understanding of the current published administrative policies and assessing practices of the Canada Revenue Agency (the “CRA”). 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. There can be no assurance that these proposals

will be enacted in their current form or at all, or that the CRA will not change its administrative 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. 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. PIRET has not obtained, nor sought, an advance tax ruling from the CRA in respect of this Offering. 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 currently qualifies and will qualify as a “mutual fund trust” as defined in the Tax Act at the time of the completion of the Offering of Units hereunder, and will thereafter continuously qualify as a mutual fund trust at all relevant times. This summary assumes that PIRET will elect to be deemed to be a mutual fund trust from the date PIRET is established. 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 Exchange (or other prescribed stock Exchange), the Units will not be qualified investments for Plans (with the result that a Plan or its annuitants may become liable to pay additional tax or penalties or may be otherwise adversely affected).

To qualify as a mutual fund trust at any particular time: (i) PIRET must be 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 of PIRET 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 Trust Units must be listed on a prescribed 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 (the “minimum distribution 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”

Bill C-52, which became law on June 22, 2007, implements certain amendments to the Tax Act (the “SIFT Measures”) that change the federal income taxation of publicly-listed or traded trusts (such as income trusts and real estate investment trusts) and partnerships, and their investors.

The SIFT Measures apply to a publicly-listed or traded trust that is a specified investment flow-through entity (a “SIFT”) and its investors. Certain distributions attributable to a SIFT’s “non-portfolio earnings” will not be deductible in computing a SIFT’s income (the “non-deductible distributions amount”), and the SIFT will be subject

to tax on such distributions at a rate that is substantially equivalent to the general tax rate applicable to Canadian corporations. For those purposes, “non-portfolio earnings” generally includes income (other than certain dividends) from, or capital gains realized on, “non-portfolio properties”. Generally, distributions paid by a SIFT as returns of capital will not be subject to this tax. The non-deductible distributions amount will also be included in the income of the Unitholder for the purposes of the Tax Act as though it were a taxable dividend from a taxable Canadian corporation, which dividend will be eligible for the enhanced gross-up and dividend tax credit where paid to an individual resident in Canada. Subject to a four-year transitional period for entities whose units were listed or traded on October 31, 2006, the SIFT Measures apply commencing in the 2007 taxation year. This transitional period is not be available in respect of PIRET as its Units were not listed or traded on October 31, 2006.

The SIFT Measures do not, however, apply to certain trusts that qualify as “real estate investment trusts” or “REITs” (the “REIT Exception”). To qualify for the REIT Exception in a particular taxation year,

- (a) the REIT must not, at any time in the taxation year, hold any “non-portfolio property” other than “qualified REIT property” (which includes real or immovable property situated in Canada);
- (b) not less than 95% of the REIT’s revenues for the taxation year must be derived from (i) rent from real or immovable properties, (ii) interest, (iii) capital gains from dispositions of real or immovable properties, (iv) dividends, and (v) royalties;
- (c) not less than 75% of the REIT’s revenues for the taxation year must be derived from (i) rent from real or immovable properties situated in Canada, (ii) interest from mortgages or hypothecs on real or immovable properties situated in Canada, and (iii) capital gains from dispositions of real or immovable properties situated in Canada; and
- (d) the REIT must, at all times throughout the taxation year, hold real or immovable properties situated in Canada, cash and certain debt or other obligations of governments in Canada having a total fair market value that is not less than 75% of the REIT’s equity value.

For purposes of the REIT Exception, “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. Also for these purposes, “rent from real or immovable properties” includes payment 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. The REIT Exception also includes as “real or immovable property” or as “qualified REIT property” certain interests in subsidiaries that themselves satisfy the above noted conditions for the REIT Exception, or that, in general terms, either (i) hold only property that is ancillary to the REIT’s rental activities or legal title to real property of the REIT, or (ii) derive substantially all of their revenues from certain management activities relating to real property of the REIT.

PIRET believes that it has satisfied the requirements to qualify for the REIT Exception as enacted, and believes that it has operated and intends to continue to operate in such a manner so as to qualify as a REIT on a continuous basis in the future. PIRET’s actual qualification for the REIT Exception will depend upon PIRET’s ability to meet and PIRET meeting, through actual annual operating results, the various REIT conditions imposed by the SIFT Measures. The balance of this summary assumes that PIRET has and will qualify for the REIT Exception at all times. KPMG and CBB 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) (see “Summary of the Trust Declaration”). While the SIFT Measures and the REIT Exception are now law, there can be no assurances that the treatment of REITs under the Tax Act will not be changed, or that administrative and assessing practices of CRA will not develop, in a manner which adversely affects PIRET or its Unitholders.

If PIRET does not qualify or ceases to qualify as a REIT under the REIT Exception, 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 Unitholders. An amount will be considered to be payable to a Unitholder in a taxation year if it is paid to the Unitholder in the year by PIRET or if the 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-ration for short taxation years).

A distribution by PIRET of Debt Securities upon redemption of Units will be, for tax purposes, treated as a disposition by PIRET of the property so distributed for proceeds of disposition equal to its fair market value. 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 will designate for tax purposes any such income or capital gain as being paid to the redeeming Unitholder, with the result that the taxable portion of such gains and income will be deductible by PIRET.

Under the Trust Declaration, an amount equal to all of the income (including 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) capital gains arising in connection with a distribution in specie of Debt Securities on the redemption of Units which are designated by PIRET to redeeming Unitholders,
- (b) capital gains the tax on which may be offset by capital losses, if any, carried forward from prior years or is recoverable by PIRET, and
- (c) income the tax on which may be offset by non-capital losses, if any, carried forward from prior years,

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

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 be distributed to Unitholders in the form of additional Units. Income of PIRET payable to Unitholders, whether in cash, additional Units or otherwise, will generally be deductible by PIRET in computing its taxable income provided that PIRET deducts such amount in computing its income.

Losses incurred by PIRET in a particular taxation year cannot be allocated to 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

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 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 Unitholders, and thus deductible by PIRET in computing its income.

Taxation of Unitholders

Trust Distributions

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.

Provided that PIRET designates, to the extent permitted by the Tax Act, the portion of the taxable income distributed to Unitholders as may reasonably be considered to consist of net taxable capital gains of PIRET, such designated amount will be deemed for purposes of the Tax Act to be received by Unitholders in the year as a taxable capital gain and will be subject to the general rules relating to the taxation of capital gains described below. A Unitholder which is a “Canadian-controlled private corporation” (as defined in the Tax Act) may also be liable to pay an additional refundable tax of 6% on certain investment income, including taxable capital gains.

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 accrued or realized by PIRET in a month before the time the Unit was purchased but which was not paid or made payable to Unitholders until 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, 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 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 PIRET's net capital gains) distributed by the issue of those Units. 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 which has been 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. 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. 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.

Taxation of Capital Gains and Capital Losses

One-half of any capital gain realized by a Unitholder on a disposition or deemed disposition of Units and the amount of any net taxable capital gains designated by PIRET in respect of a Unitholder must generally 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, 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.

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 Exchange (or other prescribed 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. PIRET Notes that may be issued by PIRET to holders of Units 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 Exchange (or other prescribed stock exchange). Accordingly, where Units or PIRET Notes

are qualified investments, Plans should generally not be taxable on any distributions on such Units, interest income on such PIRET Notes, or any gains realized on the disposition of such Units or PIRET Notes. However, funds withdrawn from a Plan will generally be taxable to annuitants in the year of withdrawal.

Other Debt Securities that may be issued by PIRET to holders of Units in connection with a redemption of Units may not be qualified investments for Plans. Where a Plan acquires a Debt Security that is not a qualified investment, or acquires or holds a Unit or a PIRET Note that is not, or that ceases to be, a qualified investment, adverse tax consequences may arise to the Plan and the annuitant or beneficiary thereunder, including that the Plan may become subject to a penalty tax, the annuitant of such Plan may be deemed to have received income therefrom or, in the case of an RESP, the RESP may have its tax exempt status revoked. Accordingly, 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 Initial 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 "Risk Factors" in the IPO Prospectus

The risks described below may not be the only risks involved with an investment in the Units. If any of the following risks occur, or if others occur, PIRET's business, operating results and financial condition could be seriously harmed and Purchasers may lose some or all of their investment. Risks affecting PIRET may affect the ability to make distributions on the Units. In addition to the risk factors set forth elsewhere in this Prospectus, prospective purchasers should consider the following risks associated with a purchase of such securities:

Public Market Risk

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

General Risks Associated with Real Property Ownership

All real property investments are subject to elements of risk. Such investments are affected by general economic conditions, local real estate markets, supply and demand for leased premises, competition from other available premises and various other factors.

The value of real property and any improvements thereto may also depend on the credit and financial stability of the tenants. PIRET's financial performance would be adversely affected if its tenants were to become unable to meet their obligations under their leases. Upon the expiry of any lease, there can be no assurance that the lease will be renewed or the tenant replaced. The terms of any subsequent lease may be less favourable to PIRET than the existing lease. In the event of default by a tenant, delays or limitations in enforcing rights as lessor may be experienced and costs incurred in protecting PIRET's investment may be incurred. Furthermore, at any time, a tenant of any of PIRET's properties, including the Initial Portfolio and/or the Target Properties, may seek the

protection of bankruptcy, insolvency or similar laws that could result in the rejection and termination of such tenant's lease and thereby adversely affect the financial performance of PIRET.

Certain expenditures, including property taxes, maintenance costs, mortgage payments, insurance costs and related charges must be made throughout the period of ownership of real property regardless of whether the real property is producing any income.

Liquidity

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

Debt Financing Risk

PIRET has outstanding indebtedness in the form of mortgages of its properties. PIRET intends to incur additional indebtedness in the future, including the mortgages of the Target Properties described above under the heading "Details of the Target Properties" and other mortgage loans. A portion of the cash flow generated by properties owned by PIRET will be devoted to servicing such debt, and there can be no assurance that PIRET will continue to generate sufficient cash flow from operations to meet the required interest and principal payments on the debt of PIRET.

PIRET will be subject to the risks associated with debt financing, including the risk that the mortgages and banking facilities secured by properties of PIRET will not be able to be refinanced or that the terms of such refinancing will not be as favourable as the terms of existing indebtedness. In addition, if PIRET were to fail to meet its obligations under its mortgage indebtedness or revolving line of credit, distributions to Trust Unitholders may be affected.

In order to minimize this risk, PIRET will attempt to appropriately structure the timing of the renewal of significant tenant leases on the respective property in relation to the time at which mortgage indebtedness on such property becomes due for refinancing.

Competition

The real estate business is extremely competitive. Numerous other developers, managers and owners of office, industrial and retail properties may compete with PIRET in seeking additional industrial properties. The existence of competing developers and owners could have an adverse effect on PIRET's ability to acquire properties and on the rents charged or concessions granted. There can be no guarantee that additional properties will be available to PIRET at fair prices or at all.

General Uninsured Losses

PIRET will carry comprehensive general liability, fire, flood, extended coverage and rental loss insurance with policy specifications, limits and deductibles customarily carried for similar properties. There are, however, certain types of risks, generally of a catastrophic nature, such as wars or environmental contamination, which are either uninsurable or not insurable on an economically viable basis. Should an uninsured or under-insured loss occur, PIRET could lose its investment in, and anticipated profits and cash flows from, its properties, and PIRET would continue to be obliged to repay any recourse mortgage indebtedness on such properties.

Environmental Matters

As an owner of real property, PIRET will be subject to various federal, provincial and municipal laws relating to environmental matters. Such laws provide that PIRET could be liable for the costs of removal of certain hazardous substances and remediation of certain hazardous locations. The failure to remove or remediate such substances or

locations, if any, could adversely affect PIRET's ability to sell such real estate or to borrow using such real estate as collateral and could potentially also result in claims against PIRET. PIRET is not aware of any material non-compliance with environmental laws with respect to the Initial Portfolio or the Target Properties, and is not aware of any pending or threatened investigations or actions by environmental regulatory authorities in connection with the Initial Portfolio or the Target Properties.

Restrictions on Redemptions

It is anticipated that the redemption right granted to Trust Unitholders under the Trust Declaration will not be the primary mechanism for Trust Unitholders to liquidate their investments. PIRET Notes or Debt Securities which may be issued or distributed *in specie* to Trust Unitholders in connection with a redemption will not be listed on any stock exchange and no established market is expected to develop for such securities, and such securities may be subject to an indefinite "hold period" or other resale restriction under applicable securities laws. PIRET Notes and Debt Securities so issued or distributed may not be qualified investments for deferred income plans. Regulatory approvals will be required in connection with an issuance or distribution of PIRET Notes or Debt Securities *in specie* to holders of Units in connection with a redemption of Units.

The entitlement of Trust Unitholders to receive cash upon the redemption of their Trust Units is subject to the following limitations: (i) the total amount payable by PIRET in respect of such Trust Units and all other Trust Units tendered for redemption in the same calendar month shall not exceed \$20,000 or 0.10% of the aggregate subscription price of all Trust Units that were outstanding at the end of such month (provided that such limitation may be waived at the discretion of the Trustees); and (ii) the trading of the Units has not been suspended or halted on any stock exchange on which the Units are listed for trading on the Redemption Date or for more than five trading days during the 10 day trading period commencing immediately after the Redemption Date.

Lack of Availability of Growth Opportunities

PIRET's business plan includes growth through PIRET identifying suitable acquisition opportunities, pursuing such opportunities, consummating acquisitions and effectively operating and leasing such properties. If PIRET is unable to manage its growth effectively, its business, operating results, financial condition and distributions could be adversely affected. There can be no assurance that PIRET will be able to acquire assets on an accretive basis or that distributions from PIRET to Trust Unitholders will increase.

Appraisal of Properties

An appraisal is an estimate of market value and caution should be used in evaluating the appraisals of the Target Properties referred to above under the heading "Details of the Target Properties". It is a measure of value based on information gathered in the investigation, appraisal techniques employed and reasoning both quantitative and qualitative, leading to an opinion of value. The analysis, opinions, and conclusions were developed based on, and in conformity with, or interpretation of the guidelines and recommendations set forth in the Canadian Uniform Standards of Appraisal Practice. The appraisals described above were based on various assumptions of future expectations of property performance and while the appraiser's internal forecast of net income for the properties in the Target Properties is considered to be reasonable at the current time, some of the assumptions may not materialize or may differ materially from actual experience in the future.

Reliance on Single Tenant and Tenant Concentration

Shanahan's Limited Partnership, a private British Columbia limited partnership, leases an aggregate of 236,552 square feet of premises within the Target Properties or approximately 68.9% of the gross leasable area of the gross leasable area of the Target Properties and approximately 29.1% of the gross leasable area of PIRET's combined portfolio after the acquisition of the Target Properties is completed, and represent approximately 60.4% of the gross rent of the Target Properties. Shanahan's Limited Partnership is a Canadian manufacturer and distributor of construction specialty products. Shanahan's Limited Partnership is the successor to a manufacturing business operated under the Shanahan's name since 1928, and is the largest construction specialty company in Canada. Its products range from lockers, hollow metal, and overhead doors to flagpoles and mailboxes.

In the event that Shanahan's Limited Partnership becomes insolvent, the financial results of PIRET would be materially and adversely affected. Shanahan's Limited Partnership's obligations under the leases of the Target Properties are not guaranteed and as such PIRET would likely only have recourse to the assets of Shanahan's Limited Partnership in the event that it had to enforce the provisions of the relevant leases or if such leases were wrongfully terminated by such tenants. It is unclear whether such assets would offer any significant financial protection to PIRET in such events.

Potential Conflicts of Interest

There are potential conflicts of interest to which the Trustees of PIRET will be subject to in connection with the operations of PIRET. Darren Latoski and Steve Evans, Trustees of PIRET and principals of Sunstone Management, are directors and officers of Sunstone Realty and of Sunstone Industrial Advisors Inc., which intend to engage in a wide range of real estate and other business activities, including the development and management of real estate. Robert King, a Trustee of PIRET, is a director and officer of King Pacific Capital Corporation, which is engaged in real estate development and financing activities.

The Trust Declaration contains "conflict of interest" provisions that serve to protect Trust Unitholders without creating undue limitations on PIRET. As the Trustees may be engaged in a wide range of real estate and other activities, the Trust Declaration contains provisions, similar to those contained in the Canada Business Corporations Act that require each Trustee to disclose to PIRET any interest in a material contract or transaction or proposed material contract or transaction with PIRET (or an Affiliate of PIRET). A Trustee who has made disclosure to the foregoing effect is not entitled to vote on any resolution to approve the contract or transaction except in limited circumstances such as where the contract or transaction is one for indemnity under the provisions of the Trust Declaration or liability insurance.

Pursuant to the Asset Management Agreement, Sunstone Management and Messrs Latoski and Evans have agreed with PIRET that they will not be engaged, either directly or indirectly, for their own account or on behalf of parties other than PIRET, in real estate investments relating to industrial properties, except: (i) in the case of a "sidecar" fund, to which PIRET would advance funds for the development of an industrial property, with rights to acquire such industrial property on terms to be determined, provided that such advances and acquisition are approved by the acquisition committee of PIRET, which shall consist of independent Trustees, and that such investment is otherwise compliant with PIRET's investment guidelines and its status as a "real estate investment trust" for the purposes of the Tax Act; (ii) in a case where the acquisition committee of PIRET has elected to not acquire or invest in such industrial property; and (iii) where Messrs Latoski and Evans are no longer Trustees and the Asset Management Agreement has been terminated or assigned by Sunstone Management.

Availability of Cash for Distribution

The stated policy of PIRET is to make monthly distributions of cash to Unitholders in an amount which, on an annual basis, is not less than 85% of the Distributable Income of the Trust. Distributable Income is a non-GAAP measure, however, and excludes other transactions which PIRET takes into consideration in its determination of cash distribution.

The ability of PIRET to pay distributions which are in excess of its Distributable Income is dependant upon the level of cash reserves, its debt covenants and other obligations, its working capital requirements and future capital requirements. Distributable Income may exceed actual free cash flow available from time to time because of items such as principal repayments, tenant allowances, leasing commissions and capital expenditures and redemptions of Units. In the event Distributable Income alone is insufficient to fund distributions, PIRET will likely supplement cash distributions from working capital in the short to medium term until it has completed sufficient acquisitions to support distributions. There is no assurance that this will occur and supplementing Distributable Income from working capital is unsustainable over the long term.

Although pursuant to the Subordination and Support Agreement, Sunstone Industrial has agreed to provide cash payments to partially support cash distributions below a Target Distribution until the end of a Subordination Period, such advances will not exceed Sunstone Industrial's proportionate share of the Monthly Cash Distribution for each month during the Subordination Period.

A return on an investment in Units is not comparable to the return on an investment in a fixed-income security. The recovery of the initial investment in Units is at risk, and the return on an investment in Units is based on many performance assumptions. The actual amount of Distributable Income distributed in respect of Trust Units will depend on numerous factors, including the amount of principal repayments, tenant allowances, leasing commissions, capital expenditures and other factors that may be beyond the control of PIRET. There is no guaranteed minimum cash distributions on Trust Units. In addition, the market value of the Units may decline if PIRET is unable to provide a satisfactory return to Unitholders.

Repayment of the Subordinated Notes

The Subordinated Notes, if any are issued, are due for repayment at the end of the Subordination Period. Depending upon the availability of Distributable Income at such time, repayment of the Subordinated Notes may adversely impact the availability of cash for distribution to Unitholders.

Market Price of Units

One of the factors that may influence the market price of the Units is the annual yield thereon. Accordingly, an increase in market interest rates may lead purchasers of Units to expect a higher annual yield, which could adversely affect the market price of the Units. In addition, the market price for the Units may be affected by changes in general market conditions, fluctuations in the market for equity securities, short-term supply and demand factors for real estate investment trusts and numerous other factors beyond the control of PIRET.

Legal Rights Attaching to Units

As a holder of Units, a Unitholder will not have all of the statutory rights normally associated with the ownership of shares in a corporation including, for example, the right to bring “oppression” or “derivative” actions against PIRET. The Units are not “deposits” within the meaning of the *Canada Deposit Insurance Corporation Act* (Canada) and are not insured under the provisions of that Act or any other legislation. Furthermore, PIRET will not be a trust company and, accordingly, is not registered under any trust and loan company legislation as it does not carry on or intend to carry on the business of a trust company.

Failure to Obtain Additional Financing

PIRET may require additional financing in order to grow and expand its operations. It is possible that such financing will not be available or, if it is available, will not be available on favourable terms. In addition, upon the expiry of the term of financing or refinancing of any particular property owned by PIRET, refinancing may not be available in amounts required or may be available only on terms less favourable to PIRET than existing financing. Future financing may take many forms, including debt or equity financing which could alter the debt-to-equity ratio or which could be dilutive to Unitholders.

Dilution

The number of Units that PIRET is authorized to issue is unlimited. The Trustees have the discretion to issue additional Units which may have a dilutive effect on Unitholders. Further, the Subordinated Unit Percentage Interest will be fixed at 5% until such time as a Determination Event occurs. The issuance by PIRET of additional Units prior to a Determination Event will not reduce the Subordinated Unit Percentage Interest but will have a dilutive effect on Unitholders.

Credit Risk

PIRET may experience loss due to failure of a tenant to fulfill the obligation of required payments. Also, there is a risk that current tenants will be unable or unwilling to fulfill their lease term commitments. To mitigate this risk, PIRET will endeavour to acquire additional properties in order to diversify its investments.

Reliance on Key Personnel

The success of PIRET is highly dependent on the services of certain management personnel, including Darren Latoski and Steve Evans. The loss of the services of such personnel could have an adverse effect on PIRET.

Limitations on Non-Resident Ownership

The Trust Declaration provide that at no time may more than 49% of the Trust Units outstanding be held or beneficially owned, directly or indirectly, for the benefit of non-residents. The limitation on ownership of the Units by non-residents may have an adverse impact on the liquidity of the Units. In addition, the sale by non-residents of a significant number of Units at the demand of PIRET may have an adverse effect on the market price of the Units.

Risk Factors Relating to PIRET's Tax Status

If PIRET does not qualify or ceases to qualify as a “mutual fund trust” under the Tax Act, 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 Exchange (or other prescribed stock exchange), the Units may not be or may cease to be qualified investments for Plans (with the result that a Plan or its annuitants may become liable to pay additional tax or penalties or may be otherwise adversely affected).

PIRET's qualification for the REIT Exception under the SIFT Measures will depend upon PIRET's ability to meet and PIRET meeting, through actual annual operating results, the various REIT conditions imposed by the SIFT Measures. If PIRET does not qualify or ceases to qualify as a “real estate investment trust” under the REIT Exception, adverse consequences could arise including that a non-deductible distributions amount 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.

There can be no assurances that Canadian federal income tax laws respecting the treatment of mutual fund trust and of REITs will not be changed, or that administrative and assessing practices of CRA will not develop, in a manner which adversely affects PIRET or its Unitholders.

Other Tax Related Risk Factors

The tax treatment of investment and real estate activities has a material effect on the advisability of an investment in the Units (see “Canadian Federal Income Tax Considerations”).

The after-tax return from an investment in Units to Trust Unitholders who are subject to Canadian income tax can be made up of both a return on and a return of capital, and will depend, in part, on the composition for tax purposes of distributions paid by PIRET (portions of which may be fully or partially taxable or may be tax deferred). The composition for tax purposes of those distributions may change over time, thus affecting the after-tax return to Unitholders. Subject to the SIFT Measures and PIRET qualifying for the REIT Exception, income (i.e. return on capital) is generally taxed as ordinary income, capital gains or as dividends in the hands of a Unitholder. Amounts in excess of the income of PIRET that are paid or payable by PIRET to a Unitholder (i.e. returns of capital) are generally non-taxable to a Unitholder (and reduce the Unitholder's cost base in the Unit for tax purposes). The extent to which distributions will be tax deferred in the future as returns of capital will depend on the extent to which PIRET can shelter its taxable income by claiming capital cost allowances and other available deductions. Unitholders are advised to consult their own tax advisers with respect to the implications of the foregoing in their own circumstances.

As the Trust Declaration provides that PIRET shall, subject to the Trustees resolving otherwise, distribute to Unitholders in each year an amount of net income and net realized capital gains in order to eliminate PIRET's liability for tax under Part I of the Tax Act, where the amount of net income and net realized capital gains of PIRET in a taxation year exceeds the cash available for distribution in the year, such excess net income and net realized

capital gains may be distributed to Unitholders in the form of additional Units. Unitholders will generally be required to include an amount equal to the fair market value of those Units in their taxable income, notwithstanding that they do not directly receive a cash distribution.

There can be no assurance that income tax laws (or the judicial interpretation thereof or the administrative and assessing practices of CRA) and/or the treatment of “mutual fund trusts” or “real estate investment trusts” will not be changed in a manner which would adversely affect PIRET or Trust Unitholders.

Investors should consult their own professional advisors as to the tax consequences to them of making an investment in, and of holding, Units offered herein.

For all of the aforesaid reasons and for the reasons set forth in the IPO Prospectus under the heading “Risk Factors”, the Units involve a certain degree of risk. Any person considering the purchase of Units should be aware of these and other factors set forth in this Prospectus and the IPO Prospectus and should consult with his or her 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.

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 November 16, 2007, KPMG LLP beneficially owned, directly or indirectly, less than 1% in 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 The Canadian Depository for Securities Limited (“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 the Offering is the Agency 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, during normal business hours while the Offering under this Prospectus is in progress, and for a period of thirty days thereafter.

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 Cassels Brock & Blackwell LLP, on behalf of the Agents. As at November 16, 2007, 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 November 16, 2007, partners and associates of Cassels Brock & Blackwell 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 within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, securities legislation 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 such remedies for rescission or damages are exercised by the Purchaser within the time limit prescribed by the securities legislation of the applicable province. The Purchaser should see the securities legislation in the province in which the Purchaser resides for the particulars of these rights or consult with a legal advisor.

EXEMPTION FROM NATIONAL INSTRUMENT 44-101

Pursuant to a decision of the British Columbia Securities Commission dated November 16, 2007, PIRET was granted relief from the requirement in section 2.2(d) of National Instrument 44-101 ("NI 44-101") that an issuer have a current annual information form and current annual financial statements in at least one jurisdiction in which it is a reporting issuer, in order to qualify to file a short form prospectus under NI 44-101.

FINANCIAL STATEMENTS

This Prospectus contains the following financial statements.

The audited financial statements, including balance sheet as at September 30, 2007 and income and cash flow statements from the period of PIRET being established on June 24, 2007 to September 30, 2007, which were filed by PIRET with the securities regulatory authority in each jurisdiction in which PIRET is a reporting issuer on November 6, 2007, which have been incorporated by reference herein and form an integral part of this Prospectus.

The following financial statements which are included in PIRET's amended Business Acquisition Report dated November 15, 2007 which were filed by PIRET with the securities regulatory authority in each jurisdiction in which PIRET is a reporting issuer on November 16, 2007, which has been incorporated by reference herein and forms an integral part of this Prospectus:

- (a) Audited combined balance sheet of the Team Tube Industrial Portfolio as at December 31, 2006 and the combined statements of earnings and the owner's equity and cash flows for the period from March 31, 2006 to December 31, 2006;
- (b) Unaudited combined balance sheet of the Team Tube Industrial Portfolio as at August 21, 2007 and unaudited combined statements of income and cash flows for the period from January 1, 2007 to August 21, 2007, with comparative figures for the applicable period ended August 21, 2006.
- (c) Audited balance sheet of the Mabe Property as at December 31, 2006 and the statements of earnings and the owner's equity and cash flows for the period from January 9, 2006 to December 31, 2006;
- (d) Unaudited balance sheet of the Mabe Property as at August 21, 2007 and unaudited statements of income and cash flows for the period from January 1, 2007 to August 21, 2007, with comparative figures for the applicable period ended August 21, 2006;

- (e) Unaudited pro forma Consolidated Statement of Operations for PIRET for the nine months ended September 30, 2007; and
- (f) Unaudited pro forma Consolidated Statement of Operations for PIRET for the period ended December 31, 2006.

AUDITORS' CONSENT

To the Trustees of Pure Industrial Real Estate Trust (the Trust)

We have read the preliminary short form prospectus of the Trust dated November 16, 2007 relating to the sale and issue of Units of 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 prospectus of:

- (a) Our report to the Trustees of the Trust on the financial statements of the Trust as at September 30, 2007, and for the period from June 24, 2007 to September 30, 2007. Our report is dated October 31, 2007.
- (b) Our report to the owner of the Team Tube Industrial Portfolio on the combined financial statements of the Team Tube Industrial Portfolio as at December 31, 2006, and for the period from March 31, 2006 to December 31, 2006. Our report is dated July 2, 2007.
- (c) Our report to the owner of the Mabe Property on the financial statements of Mabe Property as at December 31, 2006 and for the period from January 9, 2006 to December 31, 2006. Our report is dated July 2, 2007.

“KPMG LLP”

Chartered Accountants,

Vancouver, Canada

November 16, 2007

CERTIFICATE OF PIRET AND THE PROMOTER

DATED: November 16, 2007

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 British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador and the respective rules and regulations thereunder. For the purpose of the Province of Québec, this simplified prospectus, together with documents incorporated herein by reference and as supplemented by the permanent information record, contains no misrepresentation that is likely to affect the value or the market price of the securities to be distributed.

PURE INDUSTRIAL REAL ESTATE TRUST

“Darren T. Latoski”
Darren T. Latoski, Trustee and
Acting Chief Executive Officer

“Stephen J. Evans”
Stephen J. Evans, Trustee and
Acting Chief Financial Officer

“Douglas R. Scott”
Douglas R. Scott,
Trustee

“Robert W. King”
Robert W. King
Trustee

PROMOTER

SUNSTONE INDUSTRIAL ADVISORS INC.

“Stephen J. Evans”
Stephen J. Evans,
Secretary and Director

“Darren Latoski”
Darren Latoski,
President and Director

CERTIFICATE OF THE AGENTS

DATED: November 16, 2007

To the best of our knowledge, information and belief, 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 British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador and the respective rules and regulations thereunder. For the purpose of the Province of Québec, this simplified prospectus, together with documents incorporated herein by reference and as supplemented by the permanent information record, contains no misrepresentation that is likely to affect the value or the market price of the securities to be distributed.

Dundee Securities Corporation

Per: *"Onorio Lucchese"*
Onorio Lucchese
Director,
Investment Banking

RBC Dominion Securities Inc.

Per: *"Richard N. Matheson"*
Richard N. Matheson
Managing Director

Raymond James Ltd.

Per: *"Ian G. MacKay"*
Ian G. MacKay
Managing Director

BMO Capital Markets Inc.

Per: *"Michael Bonneveld"*
Michael Bonneveld
Vice President

Blackmont Capital Inc.

Per: *"Grant White"*
Grant White
Managing Director

Bieber Securities Inc.

Per: *"Claude Tetrault"*
Claude Tetrault
Vice President

Canaccord Capital Corporation

Per: *"Ronald A. Rimer"*
Ronald A. Rimer
Managing Director

MGI Securities Inc.

Per: *"Joshua H.H. Kingsmill"*
Joshua H.H. Kingsmill
Vice President,
Corporate Finance

Sora Group Wealth Advisors Inc.

Per: *"Robert Isaac"*
Robert Isaac
President and Chief
Executive Officer