

# Appendix J

**Inspection of 144 Henderson Drive**  
**January 12<sup>th</sup>, 2015**  
**By Aaron Holmes-Binns**

**General Description**

- Steel frame industrial heavy manufacturing building with main building constructed in 1977, and support structures built in various years from 1987 to 2001.
- Main building is situated at the front of the site, with space for storage on the East side of the building.
- A 4,000sf metal frame cold storage building is located adjacent to the main building.
- Subject's immediate neighbourhood consists primarily of similar style and age of industrial warehouse buildings.

**Exterior**

- Exterior walls are concrete block, and metal siding.
- Grade beam foundation sitting on piles.
- Windows are double-glazed in aluminum frames.
- Overhead doors on front and East side of building.
- Roof consists of built-up flat roof with steel deck, and low-sloping metal roof.

**Interior**

- Approximately 10% of the building is developed with office/reception area consisting of a 1,890 square foot area constructed in conjunction with the original building in 1978 and three additions to this area which were added in 1992, 1995 and 2001. The office areas are finished with linoleum tile floor covering, painted drywall interior walls and suspended acoustic tile ceiling.
- The warehouse has gas fired radiant heating, and adequate lighting and electrical servicing for its manufacturing use
- The warehouse areas area designed to fabricate bulk tank and vacuum equipment.
- Fabrication of the tanks flow through the central portion of the building with the components for the tanks being constructed in the additions to the main assembly area. These areas are separated by a load bearing wall with access provided via overhead doors.

**Site**

- Subject 4.214 acre site is located in Ross Industrial Park with close proximity to major highway and transportation routes and the central business district.
- Subject site is bounded on East and West by warehouse buildings and storage areas.
- With the current building improvements the site has a 38% site coverage ratio.

- The site is level and appears to have adequate drainage.
- Improvements to the site include a paved surface and perimeter chain link fencing enclosing the entire area of the site.

**Photos**









1990+ Rents of 10,000SF+

10027429

**1440 McDonald St**  
**495218250/10027429**



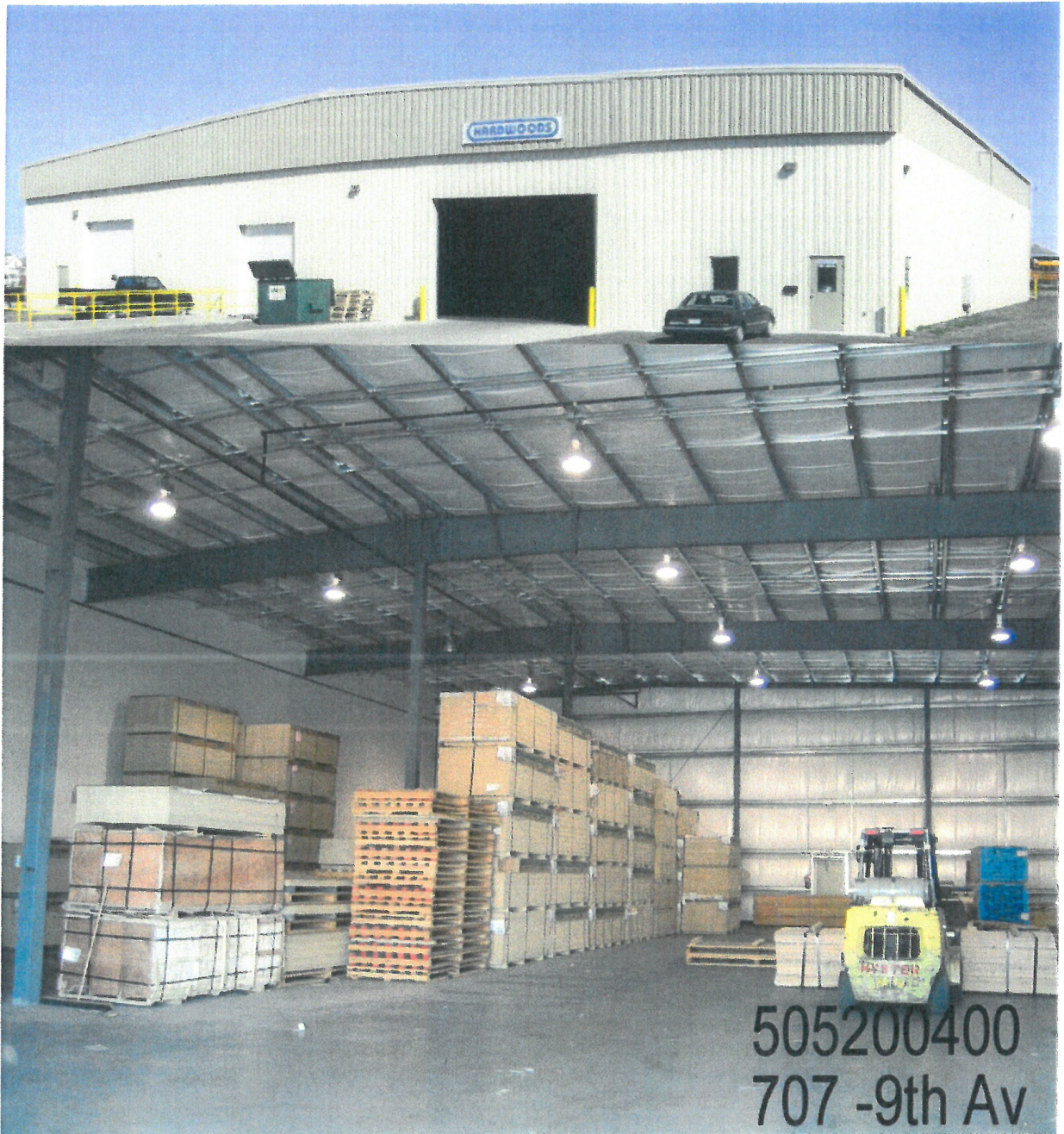
1003418

Effective Year 1993 to 1998

**707 9th Avenue**  
**505200400**







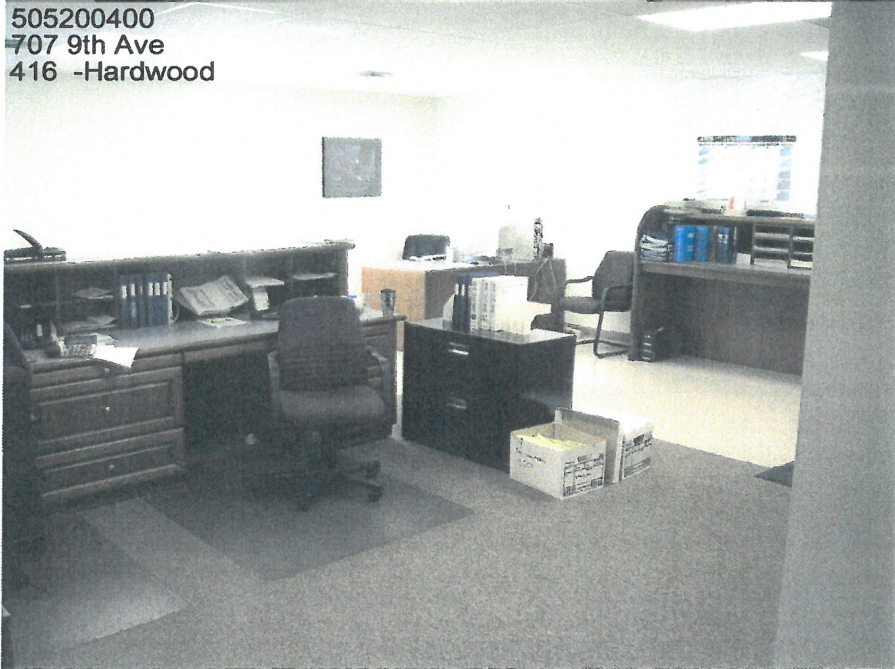
505200400  
707 -9th Av



505200400  
707 9th Ave  
416 - Wolfe



505200400  
707 9th Ave  
416 -Hardwood





10018636  
Effective Year 2008



10112916  
Effective Year 2006





10013996

Effective Year 1996



10013999

Effective Year 2003



10013995

Effective Year 1998





10018641  
Effective Age 2003



10014016  
Effective Year 1993

505200950  
1640 BRODER ST.





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

**Information has been incorporated by reference in this prospectus from documents filed with securities commissions or similar authorities in Canada.** Copies of the 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](http://www.sedar.com). A copy of the permanent information record may be obtained without charge from the secretary of the issuer at the above mentioned address and telephone number and is also available electronically at [www.sedar.com](http://www.sedar.com).

## SHORT FORM PROSPECTUS

New Issue

May 12, 2010



This short form prospectus ("**Prospectus**") qualifies the distribution of 5,800,000 units ("**Units**") of Pure Industrial Real Estate Trust ("**PIRET**" or the "**Trust**") at a price of \$3.50 per Unit for aggregate gross proceeds to PIRET of \$20,300,000 (the "**Offering**"). PIRET is an unincorporated, open-ended real estate investment trust created by the Trust Declaration (as defined herein) and governed by the laws of British Columbia. PIRET is focused exclusively on acquiring, owning and operating a diversified portfolio of income-producing industrial properties in leading markets across Canada and is the only publicly-traded REIT (as defined herein) in Canada that offers investors exclusive exposure to Canada's industrial real estate asset class. PIRET's head office and mailing address is 910 - 925 West Georgia Street, Vancouver, British Columbia V6C 3L2.

The Units are listed on the TSX Venture Exchange (the "**TSX-V**") under the trading symbol "**AAR.UN**". On May 11, 2010, the last trading day prior to the filing of this Prospectus, the closing price of the Units on the TSX-V was \$3.64 per Unit. The TSX-V has conditionally approved the listing of the Units distributed under this Offering. Listing is subject to PIRET fulfilling all of the listing requirements of the TSX-V.

### Price: \$3.50 Per Unit

	<u>Price to the Public<sup>(1)</sup></u>	<u>Underwriters' Fee<sup>(2)</sup></u>	<u>Net Proceeds to the Trust<sup>(3)(4)</sup></u>
Per Unit.....	\$3.50	\$0.1925	\$3.3075
Total.....	\$20,300,000	\$1,116,500	\$19,183,500

Notes:

(1) The price of the Units offered hereunder was established by negotiation between PIRET and Canaccord Genuity Corp. and Dundee Securities Corporation (as co-lead underwriters), on their own behalf and on behalf of RBC Dominion Securities Inc., National Bank Financial Inc., Raymond James Ltd. and HSBC Securities (Canada) Inc. (collectively with Canaccord Genuity Corp. and Dundee Securities Corporation, the "**Underwriters**").

Property Address	Location	Industrial Property Type	GLA (S.F.)	Occupancy	Year Built / Redeveloped
<b>Alberta</b>					
1390 – 17th Ave. SE	Calgary, AB	Warehouse / distribution	44,429	100%	1978 / 1990
1401 – 17th Ave. SE	Calgary, AB	Warehouse / distribution	39,382	100%	1978 / 1990
7805 – 51st St. SE	Calgary, AB	Warehouse / distribution	30,082	100%	1981 / 1996
2705 - 2737 57th Ave. SE	Calgary, AB	Light industrial	108,800	100%	1977
2808 – 58th Ave. SE	Calgary, AB	Light industrial	48,220	100%	1968 / 1989
4907 – 32nd Street SE	Calgary, AB	Warehouse / distribution	19,534	100%	1980
9203 – 35th Ave. NW	Edmonton, AB	Warehouse / distribution	15,778	100%	1981 / 1999
16295 – 132nd Ave.	Edmonton, AB	Warehouse / distribution	40,147	100%	1980
234040 Wrangler Road	Calgary, AB	Bulk warehouse / distribution	125,280	100%	2006
<b>Saskatchewan</b>					
144 Henderson Drive	Regina, SK	Light industrial	66,446	100%	1977 / 1995
195 Henderson Drive	Regina, SK	Light industrial	30,984	100%	2007
2 Ramm Avenue	White City, SK	Light industrial	63,996	100%	1967 / 2008
<b>Manitoba</b>					
90 Park Lane,	Winnipeg, MB	Warehouse / distribution	20,185	100%	1979 / 2004
333 DeBaets St.	Winnipeg, MB	Warehouse / distribution	32,351	100%	1980 / 2001
<b>Ontario</b>					
8055 Esquesing Line	Milton, ON	Warehouse / distribution	30,291	100%	1989 / 2000
130 Harry Walker Parkway	Newmarket, ON	Bulk warehouse / distribution	87,451	100%	1996 / 2001
<b>Quebec</b>					
1601 Dickson St.	Montreal, QC	Bulk warehouse / distribution	164,525	100%	2006
<b>New Brunswick</b>					
150 Edmonton Ave.	Moncton, NB	Flex	30,619	100%	1988
<b>Total</b>			<b>1,178,794</b>		

## RECENT DEVELOPMENTS

The following is a summary of recent developments involving PIRET since December 31, 2009, being the date of PIRET's 2009 AIF:

### Private Placement

On February 25, 2010, PIRET completed a bought deal private placement of 7,200,000 Units at a price of \$3.00 per Unit, for total gross proceeds of \$21,600,000.

### Amendment to Trust Declaration to Address IFRS

In order to address certain financial statement presentation issues that may arise as a result of the required adoption by PIRET of International Financial Reporting Standards ("IFRS"), at PIRET's annual general meeting held on April 16, 2010, the Unitholders resolved to amend the Trust Declaration to provide the Trustees with the authority, without the further approval of the Unitholders, to make amendments to the Trust Declaration which, in the opinion of the Trustees, are necessary or desirable as a result of changes from time to time in accounting standards applicable to the Trust as a reporting issuer including IFRS, which may affect the Trust or the Unitholders. The Trustees intend to make any such amendments only after consultation with the Trust's auditors and legal counsel. Any such amendments to the Trust Declaration are not expected to result in any material changes to the Unitholders, but are contemplated in order to ensure that Units will continue to be characterized as equity, rather than debt, under IFRS.

was constructed in 1980 with an addition completed in 2006 and a substantial renovation in 2008, and has a total of 67,511 square feet of building area.

PIRET purchased 3500 Viking Way, Richmond, British Columbia on March 1, 2010 for \$7,300,000, which represents a going-in cap rate of 7.24%. It financed a portion of the purchase price with mortgage financing in the amount of \$4,745,000, which bears interest at the rate of 5.16% per annum. The mortgage has a term of seven years and a 20 year amortization period.

The property is 100% leased to Teldon Media Group Inc, for a term ending on April 30, 2022. Established in 1969 in Vancouver, British Columbia, Teldon Media Group provides North America's leading real estate, financial services, and automotive organizations with a range of communication and tailored marketing services. Teldon Media Group has been a tenant in 3500 Viking Way, Richmond, British Columbia, since 1989 and uses the property for warehousing, manufacturing and offices. The lease is a fully carefree Triple Net lease to PIRET.

#### ***150 Edmonton Avenue, Moncton, NB***

150 Edmonton Avenue, Moncton, New Brunswick is a small bay multi-tenant industrial building comprising a total of 30,619 square feet of GLA located on a 2.65 acre parcel. The property was built in 1988. The property is currently 100% occupied by 13 tenants under Triple Net leases. The weighted average lease term is 3.9 years. The property has historically enjoyed a very high lease renewal rate, with the average tenure of current tenants being greater than seven years and a historic average occupancy rate of over 90%.

PIRET purchased 150 Edmonton Avenue, Moncton, New Brunswick on March 29, 2010 for \$2,790,000, which represents a going-in cap rate of 9.08%. It financed a portion of the purchase price by assuming the vendor's existing mortgage of the property in the amount of \$1,597,240, which bears interest at the rate of 6.21% per annum and is due in August, 2014.

#### ***The Advance Saskatchewan Properties***

The Advance Saskatchewan Properties are comprised of 144 Henderson Drive, Regina, Saskatchewan, 195 Henderson Drive, Regina, Saskatchewan and 2 Ramm Avenue, White City, Saskatchewan. See below for details of each of the Advance Saskatchewan Properties.

Pursuant to the Advance Purchase Agreement, PIRET completed the purchase of the Advance Saskatchewan Properties on April 23, 2010 for an aggregate purchase price of \$12,300,000, which represents a going-in cap rate of 9.14%. It financed a portion of the purchase price with mortgage financing in the amount of \$8,610,000, which bears interest at the rate of 4.80% per annum, with a term of five years and a 20 year amortization period. The mortgage is secured by the Advance Saskatchewan Properties and, upon the completion of the purchase of the Advance Alberta Properties, will be secured by the Advance Alberta Properties.

Each of the Advance Saskatchewan Properties is 100% leased to Advance, in the case of the properties at 144 Henderson Drive and 195 Henderson Drive, Regina Saskatchewan, and to 1343080 Alberta Ltd., in the case of the property at 2 Ramm Avenue, White City, Saskatchewan. 1343080 Alberta Ltd. is affiliated with Advance by way of common ownership. The leases are each for a term of 25 years from the closing date of the purchase by PIRET, with two rights to extend the term for additional periods of 10 years each. Each such lease is a fully carefree Triple Net lease to PIRET, provided that PIRET is responsible for the costs of repairing and replacing the structural elements on each building (not including the roof). Advance is the largest manufacturer of tank trucks and trailers in Canada. It will use the properties for the manufacture, repair, maintenance and cleaning of tank trucks and trailers.

#### ***144 Henderson Drive, Regina, SK***

144 Henderson Drive, Regina, Saskatchewan is a one-storey industrial building, with two mezzanine levels, comprising 66,446 square feet and located on a 4.85 acre parcel in northeast Regina. The building was constructed in 1977 with additions to the shop and office areas in 1987 and 1995. The building is constructed with slab on grade



floors, concrete block exterior walls with metal siding, and a low-sloping metal roof. Rental rates under the property lease are as follows:

<b>Date</b>	<b>Base Rent per Annum</b>	<b>Base Rent per Month</b>
April 23/10 – April 22/15	\$416,577	\$34,715
April 23/15 – April 22/20	\$449,903	\$37,491
April 23/20 – April 22/25	\$485,895	\$40,491
April 23/25 – April 22/30	\$524,767	\$43,730
April 23/30 – April 22/35	\$566,748	\$47,229

***195 Henderson Drive, Regina, SK***

195 Henderson Drive, Regina, Saskatchewan is a two-storey industrial building comprising 30,984 square feet located in northeast Regina. The building was constructed in 2007 of concrete construction with metal panel siding and a steel roof. Rental rates under the property lease are as follows:

<b>Date</b>	<b>Base Rent per Annum</b>	<b>Base Rent per Month</b>
April 23/10 – April 22/15	\$338,532	\$28,211
April 23/15 – April 22/20	\$365,614	\$30,467
April 23/20 – April 22/25	\$394,863	\$32,905
April 23/25 – April 22/30	\$426,452	\$35,537
April 23/30 – April 22/35	\$460,569	\$38,380

***2 Ramm Avenue, White City, SK***

2 Ramm Avenue, White City, Saskatchewan is a one-storey industrial building comprising 63,996 square feet located on a 3.67 acre parcel in Town of White City, Saskatchewan, which is 10 miles east of Regina on the Trans Canada Highway No. 1. The building was constructed in or before 1967 with concrete footings, foundation walls and slab on grade floor, concrete block exterior walls and precast concrete roof slabs. The building was renovated in 2003 with the addition to the office and shop areas and in 2008 with a further addition to the shop area. Rental rates under the property lease are as follows:

<b>Date</b>	<b>Base Rent per Annum</b>	<b>Base Rent per Month</b>
April 23/10 – April 22/15	\$369,478	\$30,790
April 23/15 – April 22/20	\$399,036	\$33,253
April 23/20 – April 22/25	\$430,959	\$35,913
April 23/25 – April 22/30	\$465,435	\$38,786
April 23/30 – April 22/35	\$502,670	\$41,889

**TARGET PROPERTIES**

**Property Acquisitions**

PIRET has entered into four purchase agreements to acquire the Target Properties, being a total of six income producing industrial real estate properties representing approximately 353,850 square feet of GLA, consisting of: (i) the Advance Alberta Properties; (ii) the Clegg Road Property; (iii) the FedEx Property; and (iv) the 191st Street Property. The aggregate purchase price for the Target Properties is \$41,582,125, representing a weighted average going-in cap rate of 7.78%. No proposed acquisition of any one property is conditional upon the completion of any other proposed acquisition. Each of the Target Properties is owned by a different vendor. It is anticipated that the purchase prices for the proposed acquisitions will be satisfied by a combination of cash and mortgage financing.

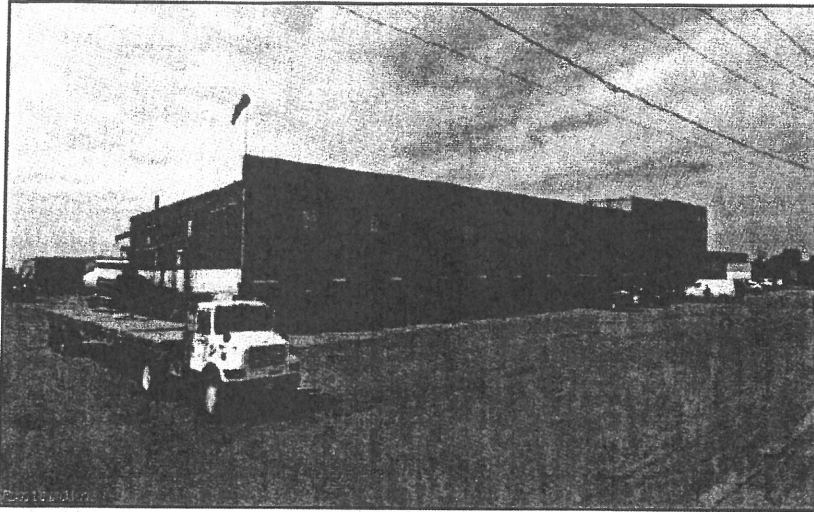
The following table provides summary information regarding the Target Properties.

# Industrial Investment Building Sale

Zone 1  
Property Number 122393

Property Type:

## Index 3



Address

**144 Henderson Drive, Regina SK**

Subdivision: **Regina**

Legal Description: **G/16/94R00072**

Zoning Class: **IB**  
 Site Area: **4.85** Acres  
 Building Area: **65,146.00**  
 Sale Price: **4,400,000**  
 Sale Date: **Apr 27, 2010**  
 Transfer Number: **139190968**  
 Year Built: **1977**

### Sale Terms

### Assessments and Taxes

Land	0	Tax	0.00
Building	0	LIC	0.00
Total	0	Payout	0.00

### Vendor

**Advance Engineering Products Ltd.**

### Purchaser

**First Industrial Properties Holdings (Saskatchewan) Inc.**

### Improvements Description

**Multi-bay single tenant. 62,446 main floor & 2,700 developed mezzanine included in total building area. 4,000 sf storage building not heated not in building area.**

### Site Improvements

### Income Analysis

Gross Annual Income	<b>579,799</b>	Gross Income Multiplier	<b>0.00</b>
Vacancy	<b>11,596 [ 2.0%]</b>	Sale Price /Unit	<b>67.54</b>
Operating Expenses	<b>174,229</b>	Overall Capitalization Rate	<b>8.95 %</b>
Net Operating Income	<b>393,974</b>	Cash Flow/Equity Yield	<b>0.00 %</b>
Cash Flow		Net Income/Unit	<b>6.04</b>

### Comments

**One storey manufacturing building used by Advance Engineering Products to build trailers and haul fuel. Bldg 2 is a 4,000 sf unheated metal frame storage building. This was a sale with lease back to vendor. 25 yr. lease with 8% increase every 5 years. Financial analysis utilized operating expenses as \$2.50/sf plus structural at 2% of EGL.**

Prepared by Glen Cowan on Jul 29, 2011

All opinions, estimates, data, and statistics furnished by other sources is believed to be reliable; however, we cannot guarantee its validity or accuracy. Possession of this report or copies thereof does not carry with it the right of publication.