

**CONFIDENTIAL OFFERING MEMORANDUM
CENTURION APARTMENT REAL ESTATE INVESTMENT TRUST**

DATE May 1, 2020

THE ISSUER

Name: Centurion Apartment Real Estate Investment Trust ("**Centurion Apartment REIT**" or the "**Trust**")

Head Office

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Currently listed or quoted? No – These securities do not trade on any exchange or market

Reporting Issuer? No

SEDAR Filer? No

THE OFFERING

Securities Offered: Class A, Class F, and Class I Trust Units of Centurion Apartment REIT (collectively, the "**Units**")

Price per security: Determined by the trustees of Centurion Apartment REIT from time to time and set forth in the subscription agreement(s) entered into between the Subscriber(s) and Centurion Apartment REIT.

Minimum/Maximum offering: **There is no minimum or maximum to this offering. You may be the only purchaser. The REIT will offer an unlimited number of Units on a continuous basis. Funds available under the offering may not be sufficient to accomplish our proposed objectives.**

Minimum Subscription Amount: \$25,000

Additional Subscription Amount: \$5,000

Payment terms: Certified Cheque, Bank Draft or Wire Transfer due on closing

Proposed closing dates: Periodically, with the initial closing date expected to be on or about June 1, 2020.

Selling Agent: Yes – See Item 7.

Centurion Apartment REIT is a connected issuer, and may be considered to be a related issuer, of Centurion Asset Management Inc. (the "Asset Manager"), its asset manager and an exempt market dealer, investment fund manager, and restricted portfolio manager in certain jurisdictions, in connection with the distribution of the REIT's securities hereunder, which may result in potential conflicts of interest. Centurion Apartment REIT is a connected issuer of the Asset Manager due to the factors described in this Offering Memorandum under "Relationship between Centurion Apartment REIT, The Asset Manager and Affiliates of The Asset Manager" as a result of the fact that the President of Centurion Apartment REIT and the Asset Manager are the same and Mr. Gregory Romundt and his family beneficially own all of the shares of the Asset Manager and its affiliates, including the Mortgage Manager and the Mortgage Servicer, each of which provides services to Centurion Apartment REIT. Centurion Apartment REIT may be considered to be a related issuer of the Asset Manager by virtue of the Asset Manager's right to appoint a prescribed number of nominees to the board of trustees of Centurion Apartment REIT. Centurion Apartment REIT owns 59.01% of a private mutual fund trust, Centurion Real Estate Opportunities Trust, which also has engaged Centurion Asset Management Inc. to be its asset manager. See "Trustees" and "Relationship between Centurion Apartment REIT, The Asset Manager and Affiliates of The Asset Manager" and Item 7.

RESALE RESTRICTIONS

You will be restricted from selling your securities for an indefinite period or for a period of 4 months and a day, depending on your province of residence. See Item 10.

PURCHASER'S RIGHTS

If you are purchasing Units pursuant to the offering memorandum exemption contained in Section 2.9 of National Instrument 45-106 Prospectus Exemptions you have 2 business days to cancel your agreement to purchase these securities. If there is a Misrepresentation contained in this offering memorandum, you have the right to sue for damages or to cancel the agreement. See Item 11.

No securities regulatory authority has assessed the merits of these securities or reviewed this offering memorandum. Any representation to the contrary is an offence. This is a risky investment. See Item 8.

HOW TO READ THIS OFFERING MEMORANDUM

This offering of Units (the “**Offering**”) is being made by Centurion Apartment REIT pursuant to an exemption (the “**Offering Memorandum Exemption**”) from the prospectus requirements of applicable securities laws. The Units are sold only through investment dealers, exempt market dealers or other securities registrants who are permitted to offer and sell the Units.

The Offering Memorandum Exemption requires that Centurion Apartment REIT provide investors with a prescribed form of offering memorandum. Issuers are permitted to “wrap” the prescribed form of offering memorandum around another disclosure document by attaching that other disclosure document and referring to the disclosure contained in it.

Attached as Appendix I to this Offering Memorandum is the Confidential Offering Memorandum (the “**Confidential Offering Memorandum**”) of Centurion Apartment REIT used in connection with the Offering of Units to “**accredited investors**” in the Province of Ontario and Quebec. This Offering Memorandum references certain disclosures contained in the Confidential Offering Memorandum. Management of Centurion Apartment REIT believes that attaching the Confidential Offering Memorandum as Appendix I to this offering memorandum will provide investors with a better understanding of Centurion Apartment REIT.

Centurion Apartment REIT is not a “reporting issuer” within the meaning of applicable securities laws and therefore it is not required to publish, disseminate or file ongoing continuous disclosure regarding its operations and affairs. However, management of Centurion Apartment REIT has provided web links in selected sections of this Confidential Offering Memorandum to where (unaudited) updates of the information in these sections are periodically posted in an effort to keep holders of Units informed of developments involving Centurion Apartment REIT. Such information is provided for ongoing purposes and does not form a part of this Offering Memorandum.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this Offering Memorandum (and any provisions of the Offering Memorandum incorporated by reference herein) constitute forward-looking statements. All statements, other than statements of historical fact, that address activities, events or developments that the Trust believes, expects, or anticipates will or may occur in the future (including, without limitation, statements regarding any objectives and strategies of the Trust) are forward-looking statements. The use of any of the words “anticipate”, “continue”, “estimate”, “expect”, “may”, “will”, “project”, “should”, “believe” and similar expressions are intended to identify forward-looking statements. These statements involve known and unknown risks (including the risks identified under “Item 8: Risk Factors”), uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Asset Manager (and its affiliates, as applicable) believe that the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this Offering Memorandum (and any provisions of the Offering Memorandum incorporated by reference herein) should not be unduly relied on. These statements speak only as of the date of this Offering Memorandum or as of the date specified in such statements, as the case may be and, except as may be required by applicable securities laws, the Trust, and the Asset Manager (and its affiliates) disclaim any intent or obligation to update any forward-looking statements whether as a result of new information, future events, or results or otherwise.

NON-IFRS MEASURES

Centurion Apartment REIT uses the terms Distributable Income, Normalized Net Operating Income (or “NNOI”) and Property Net Income as defined in the Glossary. Management of Centurion Apartment REIT considers such non-IFRS measures to be a valuable measure for evaluating its operating performance and in achieving its objectives. Such measures are not defined under IFRS nor should any of these measures be viewed as an alternative to net income, cash flow from operating activities or other measures of financial performance calculated in accordance with IFRS. Readers should be further cautioned that Distributable Income, NNOI and Property Net Income as calculated by Centurion Apartment REIT may not be comparable to similar measures presented by other issuers.

SUBSCRIPTION PROCEDURE AND CHECKLIST

Applicable Canadian securities laws prescribe certain of the documentation that must be completed in order to subscribe for Units. The documentation that you must complete will depend on the jurisdiction in which you are resident and the prospectus exemption on which you are relying. A summary of the documentation requirements is set forth below:

IMPORTANT: The following items must be completed and executed in connection with your subscription (as set out in the subscription agreement for Units (the “Subscription Agreement”)). All references to pages and schedules below are references to the applicable page or schedule of the Subscription Agreement.

All Purchasers

- _____ Complete and execute all applicable lines on pages 1, 2, and 3 of the Subscription Agreement.
- _____ Provide a certified cheque, or bank draft or wire transfer made payable to the Trust for the Total Subscription Price (as defined in the Subscription Agreement) indicated on page 1 of the Subscription Agreement. Provide a separate cheque marked “VOID” from the account to which distributions should be credited, if you have selected cash distributions.

Accredited Investor Exemption – All provinces and territories of Canada

- _____ If an “accredited investor”, complete and execute Schedule A – Accredited Investor Status Certificate, indicating which category is applicable. You do **not** need to complete Schedule B, C, or D if Schedule A is completed. Investors must also complete Exhibit A to Schedule A.

Minimum Amount Investment Exemption – All provinces and territories of Canada (other than Québec)

- _____ If relying on the “Minimum Amount Investment” exemption, complete and execute Schedule C – Minimum Amount Investment Status Certificate. You do **not** need to complete Schedule A, B, or D if Schedule C is completed. This exemption is **not** available to individuals.

Offering Memorandum Exemption – All provinces and territories of Canada (other than Québec)

- _____ If relying on the “Offering Memorandum” exemption, complete and execute Schedule D – Eligible Investor Status Certificate and Exhibit A attached thereto. If you are resident in Alberta, New Brunswick, Nova Scotia, Ontario, or Saskatchewan, you must also complete Appendix A and B to Exhibit A of Schedule D. You do not need to complete Schedule A, B, or C if Schedule D is completed unless Schedule D specifically provides that you must complete one of Schedule A or Schedule B

Family, Friends and Business Associates Exemption – All provinces and territories of Canada (other than Québec)

- _____ If relying on the “Family, Friends and Business Associates” exemption complete and execute Schedule B – Family, Friends and Business Associates Status Certificate, indicating which category is applicable. You do not need to complete Schedule A, C, or D if Schedule B is completed. If you are resident in Saskatchewan, you must also complete Exhibit A to Schedule B. If you are resident in Ontario, you must also complete Exhibit B to Schedule B.

All purchasers must provide a completed and originally executed copy of the Subscription Agreement, including this instruction sheet and the items required to be completed as set out above.

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OFFERING MEMORANDUM

GLOSSARY

Capitalized terms used and not otherwise defined herein have the meanings set out in the Confidential Offering Memorandum. See “Glossary” in the Confidential Offering Memorandum attached hereto as Appendix I

ITEM 1 USE OF AVAILABLE FUNDS

1.1. Net Proceeds

The table below sets forth the estimated total available funds to Centurion Apartment REIT after giving effect to the Offering.

		Assuming Maximum Offering ⁽¹⁾	Notes
A.	Amount to be raised by this Offering	N/A	
B.	Selling commission and fees	N/A	(2)
C.	Estimated costs of the Offering (e.g. legal, accounting, audit, etc.)	N/A	
D.	Available funds: D = A - (B + C)	N/A	(2)

Notes:

- (1) There is no minimum Offering. Centurion Apartment REIT will offer an unlimited number of Units on a continuous basis.
- (2) Centurion Apartment REIT sells Units through securities dealers. It is expected that Centurion Apartment REIT will pay compensation to such securities dealers, up to a maximum of approximately 5% of the subscription proceeds. Accordingly, Centurion Apartment REIT will also pay trailing commissions to securities dealers in respect of Units sold by them or held in the client accounts of such securities dealers. The trailing commission will depend on the purchase option through which the Units are purchased. To the extent that Centurion Apartment REIT is responsible for the payment of compensation to securities dealers, the funds available to Centurion Apartment REIT will be reduced. See Item 7 “Compensation Paid to Sellers and Finders”.

1.2. Use of Available Funds

The following table provides a detailed breakdown of how Centurion Apartment REIT will use the available funds.

Description of Intended Use of Available Funds Listed in Order of Priority	Assuming Maximum Offering ⁽¹⁾
The net proceeds from the sale of this Offering will be used to invest in accordance with the investment objectives of Centurion Apartment REIT. This includes property acquisitions, property capital improvements, redemptions, Centurion Real Estate Opportunities Trust investments, Centurion Financial Trust investments, warehousing and mortgage investments and general working capital purposes. ⁽¹⁾⁽²⁾	N/A

Notes:

- (1) There is no minimum or maximum offering. The Trust will offer an unlimited number of Units on a continuous basis.
- (2) A portion of the available funds may be used by the Trust for payments to Related Parties, including to the Asset Manager, the Property Manager, the Mortgage Manager, and the Mortgage Servicer and to Centurion Real Estate Opportunities Trust. See “Item 8: Risk Factors – Potential Conflicts of Interest” and “Item 2: Business of Centurion Real Estate Opportunities Trust – 2.1 Structure”.

1.3. Reallocation

The Trust intends to spend the available funds as stated above and herein. It will reallocate available funds only for sound business reasons. The Units are redeemable in accordance with the provisions of the Declaration of Trust. In the event that the Trust is required to redeem Units (including Class R Units held by Centurion Apartment REIT and/or Centurion REOT), the available funds may be used to satisfy any such redemptions.

ITEM 2: BUSINESS OF CENTURION APARTMENT REAL ESTATE INVESTMENT TRUST

2.1. Structure

For information concerning the structure of Centurion Apartment REIT, see the following section of the Confidential Offering Memorandum attached hereto as Appendix I:

- (a) “Centurion Apartment REIT”; and
- (b) “Centurion Apartment REIT Operating Structure”.

2.2. Our Business

For information concerning the business of Centurion Apartment REIT from its inception to the date of the Confidential Offering Memorandum, see “*Centurion Apartment REIT*” in Appendix I.

For information concerning the objectives of Centurion Apartment REIT, see “*Objectives of Centurion Apartment REIT*” in Appendix I.

For information concerning the properties of Centurion Apartment REIT, see “*Properties*” in Appendix I.

For information concerning the multi-unit residential real estate market and its effect on Centurion Apartment REIT, see “*Multi-Unit Residential Real Estate Market*” in Appendix I.

For information concerning the management of Centurion Apartment REIT, see “*Management of Centurion Apartment REIT*” in Appendix I.

For information concerning the investment guidelines and operating policies of Centurion Apartment REIT, see “*Investment Guidelines and Operating Policies*” in Appendix I.

2.3. Development of our Business

For information concerning the business of Centurion Apartment REIT from its inception to the date of the Confidential Offering Memorandum, see “*Centurion Apartment REIT – History of Centurion Apartment REIT Prior to REIT Conversion*” and “*Centurion Apartment REIT – History Since REIT Conversion*” in Appendix I.

2.4. Long-Term Objectives

For long-term objectives of Centurion Apartment REIT, see “*Objectives of Centurion Apartment REIT*” in Appendix I. In order for Centurion Apartment REIT to accomplish its long-term objectives, Centurion Apartment REIT must complete its short-term objectives described under Section 2.5 below, being the completion of the Offering and the raising of sufficient funds to enable Centurion Apartment REIT to continue to expand and further diversify the portfolio.

2.5. Short-Term Objectives and How We Intend to Achieve Them

Centurion Apartment REIT's objectives over the next twelve months are to raise sufficient funds to complete the acquisition of additional properties in Canada and the United States, make property capital improvements, build its pipeline of future property acquisitions, provide an investment warehousing facility for Centurion Real Estate Opportunities Trust and Centurion Financial Trust and leverage its mortgage lending capabilities to increase investment opportunities. We anticipate that until the market settles down to the COVID-19 pandemic that our priority will be servicing our residents.

2.6. Insufficient Funds

The funds raised by Centurion Apartment REIT pursuant to the Offering may not be sufficient to accomplish all of Centurion Apartment REIT's proposed objectives and there is no assurance that alternative financings will be available.

2.7. Competition

The market that the Trust operates in is very competitive. There are numerous competitors that compete within the same space. The Trust's competitors include individuals, non-bank lenders, real estate investment trusts, private and public investment companies, pension funds and insurance companies. This is certainly not an exhaustive list of competitors but provides a perspective of the competitive landscape. The primary barriers to entry into the market the Trust operates in would be capita, contacts, experience in evaluating investments and the general economic environment.

2.8. Material Agreements

For information regarding the material agreements of Centurion Apartment REIT, see the following sections of the Confidential Offering Memorandum attached hereto as Appendix I:

- (a) *"Ancillary Matters – Material Contracts;*
- (b) *"Declaration of Trust and Description of Units"; and*
- (c) *"Management of Centurion Apartment REIT".*

ITEM 3: INTERESTS OF TRUSTEES, MANAGEMENT, PROMOTERS AND PRINCIPAL HOLDERS

3.1. Compensation and Securities Held

A person who is employed by and receives salary from Centurion Apartment REIT, or an affiliate does not receive any remuneration from Centurion Apartment REIT for serving as a Trustee or executive officer. For a summary of the remuneration payable by Centurion Apartment REIT to the Asset Manager, see "Asset Manager's Fees". The following chart discloses the names, municipalities of residence, positions, compensation and securities held by each of the Trustees, executive officers and principal holders of Units of Centurion Apartment REIT. The 2020 Independent Trustee compensation is under review. Amounts disclosed are estimates.

Name and Municipality of Residence	Positions Held	Compensation Paid by Centurion Apartment REIT or a Related Party in the Most Recently Completed Financial Year and the Compensation Anticipated to be Paid in the Current Financial Year	Number and Type of Securities of Centurion Apartment REIT Held ⁽¹⁾⁽³⁾	
			Class 'A' ⁽²⁾	Class 'M'
Gregory Gunter Romundt Toronto, Ontario	President Trustee	2020 - \$1 (4) 2019 - \$1 (4)	-	34,470
Robert Kennedy Orr Toronto, Ontario	CFO	2020 - \$250,781(5) 2019 - \$467,982(5)	6,803.93	
Gordon Ross Amos Mississauga, Ontario	Trustee (Chairman)	2020 - \$80,000 2019 - \$36,000	9,773.91	
Andrew Alexander Jones Toronto, Ontario	Trustee	2020 - \$60,000 2019 - \$10,285.71 (6)	6,373.98	
Paula Gasparo Etobicoke, Ontario	Trustee	2020 - \$50,000 2019 - \$10,285.71 (6)	-	
Laetitia Yvette Pecaud Toronto, Ontario	Trustee	2020 - \$50,000 2019 - \$10,285.71 (6)	-	
Stephen Leslie Sender Vaughan, Ontario	Trustee	2020 - \$60,000 2019 - \$14,934.07 (6)	10,061.49	
John Frank Mills Oakville, Ontario	Trustee	2020 - \$60,000 2019 - \$36,000	14,588.04	

Notes:

- (1) Number represents the number of units held.
- (2) Includes Class "A" and Exchangeable "B" Units of Centurion Apartment Properties II LP
- (3) As at March 31, 2020.
- (4) Mr. Romundt receives a salary of \$1 and is not eligible for a bonus from the Trust. However, he and his family beneficially own all the shares of the Asset Manager and its affiliates, the Mortgage Manager and the Mortgage Servicer and is compensated by them.
- (5) Mr. Orr works as an employee of Centurion Apartment REIT, Centurion Real Estate Opportunities Trust, Centurion Financial Trust and/or other subsidiaries and his compensation in any particular period maybe allocated between these trusts and companies depending on numerous factors including, but not limited to how he splits his time between the trusts and companies. The compensation numbers presented herein are not weighted by these factors and are presented gross, as if this person will spend all his time working solely for the Trust which is unlikely. This employee is also eligible for performance-based bonuses, the final amount of which has not yet been determined for 2020.
- (6) Amounts for 2019 are pro-rated based on appointment date.

3.2. Management Experience

For information concerning management experience, see "Management of Centurion Apartment REIT – Trustees and Officers" in Appendix I.

3.3. Penalties, Sanctions and Bankruptcies

As at the date hereof, or within the ten years prior to the date of this Offering Memorandum, no Trustee, executive officer or control person has been a director, executive officer or control person of any company (including Centurion Apartment REIT) that:

- (a) was subject to:
 - i. a cease trade (including any management cease trade order which applied to directors or executive officers of a company, whether or not the person is named in the order);

- ii. an order similar to a cease trade order; or
 - iii. an order that denied the relevant company access to any exemption under securities legislation;
- that was in effect for a period of more than 30 consecutive days (an “Order”); or
- (b) was subject to an Order that was issued after the director, executive officer or control person ceased to be a director, executive officer or control person and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or control person.

Other than as disclosed below, as at the date hereof, no director, executive officer or control person is, or within the ten years prior to the date of this prospectus has:

- (a) been a director, executive officer or control person of any entity (including Centurion Apartment REIT), that while that person was acting in that capacity or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (b) become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver manager or trustee appointed to hold the assets of the director, executive officer or control person.

3.4. Loans

As at the date of this Offering Memorandum, Centurion Apartment REIT does not have any debentures or loans due to or from its directors, management, promoters or its principal security holders.

ITEM 4: CAPITAL STRUCTURE

4.1. Share Capital

The following table sets forth the issued and outstanding equity securities of Centurion Apartment REIT as of the date hereof.

Description of Security	Number Authorized to be Issued	Number Outstanding as at April 1, 2020
Class 'A' Units (1)	Unlimited	61,940,064
Class 'M' Units (2)	Unlimited	34,470
Class 'F' Units	Unlimited	32,250,842
Class 'I' Units	Unlimited	3,701,750
Class 'R' Units	Unlimited	-

Notes:

- (1) This includes the number of CAP II LP Exchangeable “B” and “C” Units issued and outstanding which are exchangeable into REIT Class “A” Units on a one for one basis as per the Exchange Agreements.
- (2) The Class “M” Units are not being offered as part of this Offering. This table assumes that no conversion of Class “M” Units into Class “A” Units is made.

For information concerning the material terms of the Class A, F, I and M Units, see “Declaration of Trust and Description of Units – Units” in Appendix I.

4.2. Long-Term Debt

For information regarding the loans and indebtedness of Centurion Apartment REIT see *Appendix "F" – Audited Financial Statements* of the Confidential Offering Memorandum attached hereto to Appendix I. Such loans and indebtedness are summarized as at December 31, 2019. The actual amount of the loans and indebtedness of Centurion Apartment REIT may vary from that set forth in *Appendix "F"* of the Confidential Offering Memorandum attached hereto as Appendix I based upon principal repayments and any refinancing(s) which may occur. In addition, to the extent that additional properties are acquired, Centurion Apartment REIT expects to partially finance such acquisitions through mortgage loans and/or other long-term indebtedness. Any acquisitions and the incurring of long-term indebtedness will comply with investment guidelines and operating policies of Centurion Apartment REIT as set forth in the Declaration of Trust.

The operating policies of Centurion Apartment REIT include a policy that no indebtedness shall be incurred or assumed if, after giving effect thereto, the total indebtedness as a percentage of Gross Book Value would be more than 75% for indebtedness, including amounts drawn under an acquisition credit facility.

For information concerning the investment guidelines and operating policies of Centurion Apartment REIT, see *"Investment Guidelines and Operating Policies"* in Appendix I.

4.3. Prior Sales

The following table sets forth the securities of Centurion Apartment REIT that were issued within the last 12 months of the date hereof. This table excludes any Units that were issued as a result of exchanges by existing CAP II LP Exchangeable "B" and "C" Unitholders of these LP Units for Centurion Apartment REIT Class "A" Units and excludes any Units issued under the Distribution Reinvestment Plan.

Date of Issuance	Type of Security Issued	Number of Securities Issued	Price Per Security	Total Funds Receieved
April 3, 2018	Class A, F Units	603,508	\$14.0400	\$ 8,473,259
May 1, 2018	Class A, F, I Units	1,460,428	\$14.1804	\$ 20,709,456
June 1, 2018	Class A, F Units	1,076,981	\$14.1804	\$ 15,272,022
July 3, 2018	Class A, F Units	1,323,614	\$14.1804	\$ 18,769,382
August 1, 2018	Class A, F Units	681,114	\$14.8200	\$ 10,094,112
September 1, 2018	Class A, F Units	1,369,418	\$14.8200	\$ 20,294,777
October 1, 2018	Class A, F, I Units	1,336,989	\$14.8200	\$ 19,814,172
November 1, 2018	Class A, F Units	1,033,412	\$15.3710	\$ 15,884,581
December 1, 2018	Class A, F, C Units	1,929,797	\$15.8320	\$ 30,552,541
January 2, 2019	Class A, F Units	1,324,431	\$16.1490	\$ 21,388,235
February 1, 2019	Class A, F Units	1,873,164	\$16.1490	\$ 30,249,726
March 1, 2019	Class A, F Units	40,367	\$16.1490	\$ 651,892
April 3, 2019	Class A, F Units	3,339,081	\$16.1490	\$ 53,962,819
May 1, 2019	Class A, F, I Units	2,780,577	\$16.6220	\$ 46,218,751
June 3, 2019	Class A, F, I Units	1,873,269	\$16.6220	\$ 31,137,474
July 2, 2019	Class A, F Units	1,984,905	\$16.6220	\$ 32,993,085
August 1, 2019	Class A, F, I Units	555,891	\$16.8720	\$ 9,378,994
September 3, 2019	Class A, F Units	85,018	\$16.8720	\$ 1,434,431
October 1, 2019	Class A, I Units	193,198	\$16.8720	\$ 3,259,634
November 1, 2019	Class A, F, I Units	6,263,793	\$17.8900	\$ 112,059,254
December 2, 2019	Class A, F, I Units	4,297,071	\$17.8900	\$ 76,874,608
January 2, 2020	Class A, F, I Units	2,680,001	\$18.7200	\$ 50,169,619
February 3, 2020	Class A, F, I Units	3,338,252	\$18.8960	\$ 63,079,613
March 2, 2020	Class A, F Units	85,013	\$18.8960	\$ 1,606,400
April 1, 2020	Class A, F, C Units	956,424	\$18.8960	\$ 18,072,595
Total		42,485,718		\$ 712,401,434

ITEM 5: SECURITIES OFFERED

5.1. Terms of Securities

For information concerning the material terms of the Units, see “*Declaration of Trust and Description of Units*” in Appendix I.

5.2. Subscription Procedure

For a detailed summary of the subscription procedures, see “Subscription Procedure and Checklist” of this Offering Memorandum.

Where Units are being issued in reliance on the Offering Memorandum Exemption, the consideration will be held in-trust pending the closing of the Offering (and in any event until midnight on the date that is two

business days following the date your completed and signed subscription documentation and funds are received by Centurion Apartment REIT), which will occur on a date determined by Centurion Apartment REIT. In the event that a closing does not occur in respect of a subscription, Centurion Apartment REIT will return the subscription funds to the subscriber, without interest or deduction.

ITEM 6: INCOME TAX CONSEQUENCES AND RRSP ELIGIBILITY

For a summary of certain Canadian federal income tax considerations, see the following sections of the Confidential Offering Memorandum attached hereto as Appendix I:

“Eligibility for Investment”; and

“Canadian Federal Income Tax Considerations”.

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

ITEM 7: COMPENSATION PAID TO SELLERS AND FINDERS

For details of the compensation paid to sellers and finders, see *“Purchase Options”* in Appendix I. Applicable securities laws in certain jurisdictions prohibit a fee or commission from being paid to persons other than securities registrants in connection with sales made pursuant to the offering memorandum exemption in section 2.9 of National Instrument 45-106. The REIT will not pay any commissions to persons to whom the REIT is not permitted to pay a commission, notwithstanding the purchase option selected by the purchaser.

Centurion Apartment REIT is a connected issuer, and may be considered to be a related issuer, of Centurion Asset Management Inc. (the “Asset Manager”), its asset manager and an exempt market dealer, investment fund manager, and restricted portfolio manager in certain jurisdictions, in connection with the distribution of the REIT’s securities hereunder.

Centurion Apartment REIT is a connected issuer of the Asset Manager due to various factors, including the fact that Mr. Gregory Romundt is the President of both Centurion Apartment REIT and the Asset Manager and Mr. Romundt and his family beneficially own all of the shares of the Asset Manager and its affiliates, the Mortgage Manager and the Mortgage Servicer, each of which provides services to Centurion Apartment REIT. Centurion Apartment REIT has retained the Asset Manager to provide asset management services to it pursuant to the Asset Management Agreement as described under “Asset Manager’s Duties” and to pay the manager the fees described herein under “The Asset Manager’s Fees”.

Centurion Apartment REIT may be considered to be a related issuer of the Asset Manager by virtue of the Asset Manager’s right, during the term of the Asset Management Agreement, to appoint a prescribed number of nominees to the board of trustees of Centurion Apartment REIT as more particularly described under “Trustees”. The prescribed number of nominees that the Asset Manager is entitled to appoint varies depending on the size of the board, but the prescribed number exceeds 20% of the number of trustees. See “Trustees”.

The decision to offer the Units was made upon the recommendation of the Asset Manager. A portion of the proceeds of the Offering will be used by Centurion Apartment REIT to pay the fees payable to the Asset Manager pursuant to the Asset Management Agreement as described above.

Centurion Apartment REIT owns 59.01% of a private mutual fund trust, Centurion Real Estate Opportunities Trust, which also has engaged Centurion Asset Management Inc. to be its Asset Manager.

ITEM 8: RISK FACTORS

See *“Risk Factors”* in Appendix I.

ITEM 9: REPORTING OBLIGATIONS

For details with respect to the information that Centurion Apartment REIT must provide to holders of Units (“Unitholders”), or that Unitholders have a right to receive upon demand, see “*Declaration of Trust and Description of Units – Information and Reports*” in Appendix I.

ITEM 10: RESALE RESTRICTIONS

For purchasers in Alberta, British Columbia, New Brunswick, Newfoundland and Labrador, Northwest Territories, Nova Scotia, Nunavut, Prince Edward Island, Quebec, Saskatchewan and Yukon these Units will be subject to a number of resale restrictions, including a restriction on trading. Until the restriction on trading expires, you will not be able to trade the securities unless you comply with an exemption from the prospectus and registration requirements under applicable securities legislation. Unless permitted under securities legislation, you cannot trade the securities before the date that is four months and a day after the date Centurion Apartment REIT becomes a reporting issuer in any province or territory of Canada.

For purchasers in Manitoba, unless permitted under securities legislation, you must not trade the securities without the prior written consent of the regulator unless:

- (a) Centurion Apartment REIT has filed a prospectus with the regulator in Manitoba with respect to the Units and the regulator in Manitoba has issued a receipt for that prospectus, or
- (b) you have held the Units for at least 12 months.

The regulator in Manitoba will consent to your trade if the regulator is of the opinion that to do so is not prejudicial to the public interest.

ITEM 11: PURCHASERS' RIGHTS

If you purchase these securities you will have certain rights, some of which are described below. For information about your rights you should consult a lawyer.

The following is a summary of the statutory or contractual rights of action for damages or rescission which may be available to a purchaser of Units. Applicable securities laws in certain jurisdictions provide purchasers, or require purchasers be provided, with remedies for rescission or damages, or both, if this Offering Memorandum or any amendment to it or any information or documents incorporated or deemed to be incorporated herein by reference contains a misrepresentation. However, these remedies must be exercised within the time limits prescribed. Purchasers should refer to the applicable legislative provisions for the complete text of these rights and/or consult with a legal advisor.

Any Offering Memorandum marketing materials related to the Offering and which are delivered or made reasonably available to a purchaser before the closing of that purchaser's subscription for Units are deemed to be incorporated by reference in this Offering Memorandum.

TWO DAY CANCELLATION RIGHT

If you are purchasing Units pursuant to the offering memorandum exemption contained in Section 2.9 of National Instrument 45-106 *Prospectus Exemptions*, you can cancel your agreement to purchase the Units offered pursuant to this Offering Memorandum. To do so, you must send a notice to the Asset Manager by midnight on the 2nd business day after you sign the subscription agreement to buy the Units.

Ontario

Section 130.1 of the *Securities Act* (Ontario) provides that every purchaser of securities pursuant to an offering memorandum (such as this Offering Memorandum) shall have a statutory right of action for damages or rescission against the issuer and any selling security holder in the event that the offering

memorandum contains a Misrepresentation. A purchaser who purchases securities offered by the offering memorandum during the period of distribution has, without regard to whether the purchaser relied upon the Misrepresentation, a right of action for damages or, alternatively, while still the owner of the securities, for rescission against the issuer and any selling security holder provided that:

- (a) if the purchaser exercises its right of rescission, it shall cease to have a right of action for damages as against the issuer and the selling security holders, if any;
- (b) the issuer and the selling security holders, if any, will not be liable if they prove that the purchaser purchased the securities with knowledge of the Misrepresentation;
- (c) the issuer and the selling security holders, if any, will not be liable for all or any portion of damages that it proves do not represent the depreciation in value of the securities as a result of the Misrepresentation relied upon;
- (d) in no case shall the amount recoverable exceed the price at which the securities were offered; and
- (e) the issuer will not be liable for a Misrepresentation in forward-looking information if the issuer proves:
 - (i) that the offering memorandum contains reasonable cautionary language identifying the forward-looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information, and a statement of material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information; and
 - (ii) the issuer has a reasonable basis for drawing the conclusion or making the forecasts and projections set out in the forward-looking information.

Section 138 of the *Securities Act* (Ontario) provides that no action shall be commenced to enforce these rights more than:

- (a) in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or
- (b) in the case of an action for damages, the earlier of:
 - (i) 180 days after the date that the purchaser first had knowledge of the facts giving rise to the cause of action; or
 - (ii) three years after the date of the transaction that gave rise to the cause of action.

This Offering Memorandum may be delivered in reliance on the exemption from the prospectus requirements contained under section 2.3 of NI 45-106 (the “accredited investor exemption”). The rights referred to in section 130.1 of the *Securities Act* (Ontario) do not apply in respect of an offering memorandum (such as this Offering Memorandum) delivered to a prospective purchaser in connection with a distribution made in reliance on the accredited investor exemption if the prospective purchaser is:

- (a) a Canadian financial institution or a Schedule III bank (each as defined in NI 45-106);
- (b) the Business Development Bank of Canada incorporated under the Business Development Bank of Canada Act (Canada); or
- (c) a subsidiary of any person referred to in paragraphs (a) and (b), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by directors of that subsidiary.

Saskatchewan

Securities Act, 1988 (Saskatchewan), as amended (the “**Saskatchewan Act**”) provides that where an offering memorandum (such as this Offering Memorandum) or any amendment to it is sent or delivered to a purchaser and it contains a Misrepresentation (as defined in the Saskatchewan Act), a purchaser who purchases a security covered by the offering memorandum or any amendment to it is deemed to have relied upon that Misrepresentation, if it was a Misrepresentation at the time of purchase, and has a right of action for rescission against the issuer or a selling security holder on whose behalf the distribution is made or has a right of action for damages against:

- (a) the issuer or a selling security holder on whose behalf the distribution is made;
- (b) every promoter and director of the issuer or the selling security holder, as the case may be, at the time the offering memorandum or any amendment to it was sent or delivered;
- (c) every person or company whose consent has been filed respecting the offering, but only with respect to reports, opinions or statements that have been made by them;
- (d) every person who or company that, in addition to the persons or companies mentioned in (a) to (c) above, signed the offering memorandum or the amendment to the offering memorandum; and
- (e) every person who or company that sells securities on behalf of the issuer or selling security holder under the offering memorandum or amendment to the offering memorandum.

Such rights of rescission and damages are subject to certain limitations including the following:

- (a) if the purchaser elects to exercise its right of rescission against the issuer or selling security holder, it shall have no right of action for damages against that party;
- (b) in an action for damages, a defendant will not be liable for all or any portion of the damages that he, she or it proves do not represent the depreciation in value of the securities resulting from the Misrepresentation relied on;
- (c) no person or company, other than the issuer or a selling security holder, will be liable for any part of the offering memorandum or any amendment to it not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company failed to conduct a reasonable investigation sufficient to provide reasonable grounds for a belief that there had been no Misrepresentation or believed that there had been a Misrepresentation;
- (d) in no case shall the amount recoverable exceed the price at which the securities were offered; and
- (e) no person or company is liable in an action for rescission or damages if that person or company proves that the purchaser purchased the securities with knowledge of the Misrepresentation.

In addition, no person or company, other than the issuer or selling security holder, will be liable if the person or company proves that:

- (a) the offering memorandum or any amendment to it was sent or delivered without the person’s or company’s knowledge or consent and that, on becoming aware of it being sent or delivered, that person or company gave reasonable general notice that it was so sent or delivered; or
- (b) after the filing of the offering memorandum or the amendment to the offering memorandum and before the purchase of the securities by the purchaser, on becoming aware of any Misrepresentation in the offering memorandum or the amendment to the offering memorandum, the person or company withdrew the person’s or company’s consent to it and gave reasonable general notice of the person’s or company’s withdrawal and the reason for it;

- (c) with respect to any part of the offering memorandum or any amendment to it purporting to be made on the authority of an expert, or purporting to be a copy of, or an extract from, a report, an opinion or a statement of an expert, that person or company had no reasonable grounds to believe and did not believe that there had been a Misrepresentation, the part of the offering memorandum or any amendment to it did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert.

A person or company that sells securities on behalf of the issuer or selling security holder under the offering memorandum or amendment to the offering memorandum is not liable for damages or rescission as provided in 138(1) or 138(2) of the Saskatchewan Act if that person can establish that he, she or it cannot reasonably be expected to have had knowledge of any Misrepresentation in the offering memorandum or the amendment or the offering memorandum.

Not all defences upon which we or others may rely are described herein. Please refer to the full text of the Saskatchewan Act for a complete listing.

Similar rights of action for damages and rescission are provided in section 138.1 of the Saskatchewan Act in respect of a Misrepresentation in advertising and sales literature disseminated in connection with an offering of securities.

Section 138.2 of the Saskatchewan Act also provides that where an individual makes a verbal statement to a prospective purchaser that contains a Misrepresentation relating to the security purchased and the verbal statement is made either before or contemporaneously with the purchase of the security, the purchaser is deemed to have relied on the Misrepresentation, if it was a Misrepresentation at the time of purchase, and has a right of action for damages against the individual who made the verbal statement.

Section 141(1) of the Saskatchewan Act provides a purchaser with the right to void the purchase agreement and to recover all money and other consideration paid by the purchaser for the securities if the securities are sold in contravention of the Saskatchewan Act, the regulations to the Saskatchewan Act or a decision of the Saskatchewan Financial Services Commission.

Section 141(2) of the Saskatchewan Act also provides a right of action for rescission or damages to a purchaser of securities to whom an offering memorandum or any amendment to it was not sent or delivered prior to or at the same time as the purchaser enters into an agreement to purchase the securities, as required by Section 80.1 of the Saskatchewan Act.

The rights of action for damages or rescission under the Saskatchewan Act are in addition to and do not derogate from any other right which a purchaser may have at law.

Section 147 of the Saskatchewan Act provides that no action shall be commenced to enforce any of the foregoing rights more than:

- (a) in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or
- (b) in the case of any other action, other than an action for rescission, the earlier of:
 - (i) one year after the plaintiff first had knowledge of the facts giving rise to the cause of action; or
 - (ii) six years after the date of the transaction that gave rise to the cause of action.

The Saskatchewan Act also provides a purchaser who has received an amended offering memorandum delivered in accordance with subsection 80.1(3) of the Saskatchewan Act has a right to withdraw from the agreement to purchase the securities by delivering a notice to the person who or company that is selling the securities, indicating the purchaser's intention not to be bound by the purchase agreement, provided

such notice is delivered by the purchaser within two business days of receiving the amended offering memorandum.

New Brunswick

Section 150 of the *Securities Act* (New Brunswick) provides that where an offering memorandum (such as this Offering Memorandum) contains a Misrepresentation, a purchaser who purchases securities shall be deemed to have relied on the Misrepresentation if it was a Misrepresentation at the time of purchase and:

- (a) the purchaser has a right of action for damages against the issuer and any selling security holder(s) on whose behalf the distribution is made, or
- (b) where the purchaser purchased the securities from a person referred to in paragraph (a), the purchaser may elect to exercise a right of rescission against the person, in which case the purchaser shall have no right of action for damages against the person.

This statutory right of action is available to New Brunswick purchasers whether or not such purchaser relied on the Misrepresentation. However, there are various defences available to the issuer and the selling security holder(s). In particular, no person will be liable for a Misrepresentation if such person proves that the purchaser purchased the securities with knowledge of the Misrepresentation when the purchaser purchased the securities. Moreover, in an action for damages, the amount recoverable will not exceed the price at which the securities were offered under the offering memorandum and any defendant will not be liable for all or any part of the damages that the defendant proves do not represent the depreciation in value of the security as a result of the Misrepresentation.

If the purchaser intends to rely on the rights described in (a) or (b) above, such purchaser must do so within strict time limitations. The purchaser must commence on its action to cancel the agreement within 180 days after the date of the transaction that gave rise to the cause of action. The purchaser must commence its action for damages within the earlier of:

- (a) one year after the purchaser first had knowledge of the facts giving rise to the cause of action; or
- (b) six years after the date of the transaction that gave rise to the cause of action.

Nova Scotia

The right of action for damages or rescission described herein is conferred by section 138 of the *Securities Act* (Nova Scotia). Section 138 of the *Securities Act* (Nova Scotia) provides, in relevant part, that in the event that an offering memorandum (such as this Offering Memorandum), together with any amendment thereto, or any advertising or sales literature (as defined in the *Securities Act* (Nova Scotia)) contains a Misrepresentation, the purchaser will be deemed to have relied upon such Misrepresentation if it was a Misrepresentation at the time of purchase and has, subject to certain limitations and defences, a statutory right of action for damages against the issuer and, subject to certain additional defences, every director of the issuer at the date of the offering memorandum and every person who signed the offering memorandum or, alternatively, while still the owner of the securities purchased by the purchaser, may elect instead to exercise a statutory right of rescission against the issuer, in which case the purchaser shall have no right of action for damages against the issuer, directors of the issuer or persons who have signed the offering memorandum, provided that, among other limitations:

- (a) no action shall be commenced to enforce the right of action for rescission or damages by a purchaser resident in Nova Scotia later than 120 days after the date on which the initial payment was made for the securities;
- (b) no person will be liable if it proves that the purchaser purchased the securities with knowledge of the Misrepresentation;

- (c) in the case of an action for damages, no person will be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the securities as a result of the Misrepresentation relied upon; and
- (d) in no case will the amount recoverable in any action exceed the price at which the securities were offered to the purchaser.

In addition, a person or company, other than the issuer, will not be liable if that person or company proves that:

- (a) the offering memorandum or amendment to the offering memorandum was sent or delivered to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its delivery, the person or company gave reasonable general notice that it was delivered without the person's or company's knowledge or consent;
- (b) after delivery of the offering memorandum or amendment to the offering memorandum and before the purchase of the securities by the purchaser, on becoming aware of any Misrepresentation in the offering memorandum or amendment to the offering memorandum the person or company withdrew the person's or company's consent to the offering memorandum or amendment to the offering memorandum, and gave reasonable general notice of the withdrawal and the reason for it; or
- (c) with respect to any part of the offering memorandum or amendment to the offering memorandum purporting (i) to be made on the authority of an expert, or (ii) to be a copy of, or an extract from, a report, an opinion or a statement of an expert, the person or company had no reasonable grounds to believe and did not believe that (A) there had been a Misrepresentation, or (B) the relevant part of the offering memorandum or amendment to offering memorandum did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert.

Further, no person or company, other than the issuer, will be liable with respect to any part of the offering memorandum or amendment to the offering memorandum not purporting (a) to be made on the authority of an expert or (b) to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company (i) failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no Misrepresentation or (ii) believed that there had been a Misrepresentation.

If a Misrepresentation is contained in a record incorporated by reference into, or deemed incorporated by reference into, the offering memorandum or amendment to the offering memorandum, the Misrepresentation is deemed to be contained in the offering memorandum or an amendment to the offering memorandum.

Manitoba

The right of action for damages or rescission described herein is conferred by section 141.1 of *The Securities Act* (Manitoba). Section 141.1 of *The Securities Act* (Manitoba) provides, in relevant part, that in the event that an offering memorandum (such as this Offering Memorandum), contains a Misrepresentation, the purchaser will be deemed to have relied upon such Misrepresentation if it was a Misrepresentation at the time of purchase and has, subject to certain limitations and defences, a statutory right of action for damages against the issuer and, subject to certain additional defences, every director of the issuer at the date of the offering memorandum and every person who signed the offering memorandum or, alternatively, may elect instead to exercise a statutory right of rescission against the issuer, in which case the purchaser shall have no right of action for damages against the issuer, directors of the issuer or persons who have signed the offering memorandum, provided that, among other limitations:

- (a) no person will be liable if it proves that the purchaser purchased the securities with knowledge of the Misrepresentation;
- (b) in the case of an action for damages, no person will be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the securities as a result of the Misrepresentation relied upon; and
- (c) in no case will the amount recoverable in any action exceed the price at which the securities were offered to the purchaser.

In addition, a person or company, other than the issuer, will not be liable if that person or company proves that:

- (a) the offering memorandum was sent or delivered to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its delivery, the person or company promptly gave reasonable notice to the issuer that it was delivered without the person's or company's knowledge or consent;
- (b) after delivery of the offering memorandum and after becoming aware of the Misrepresentation, the person or company withdrew the person's or company's consent to the offering memorandum and gave reasonable notice to the issuer of the withdrawal and the reason for it; or
- (c) with respect to any part of the offering memorandum purporting (i) to be made on the authority of an expert, or (ii) to be a copy of, or an extract from, an expert's report, opinion or statement, the person or company proves that the person or company had no reasonable grounds to believe and did not believe that (A) there had been a Misrepresentation, or (B) the relevant part of the offering memorandum did not fairly represent the expert's report, opinion or statement, or was not a fair copy of, or an extract from, an expert's report, opinion or statement.

Further, where a Misrepresentation is contained in an offering memorandum, the directors of the issuer, and every person or company who signed the offering memorandum, shall not be liable with respect to any part of the offering memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company did not conduct an investigation sufficient to provide reasonable grounds for a belief that there had been no Misrepresentation, or believed there had been a Misrepresentation.

If a Misrepresentation is contained in a record incorporated by reference into, or deemed incorporated by reference into, the offering memorandum, the Misrepresentation is deemed to be contained in the offering memorandum.

Section 141.4(2) of *The Securities Act* (Manitoba) provides that no action shall be commenced to enforce these rights more than:

- (a) in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or
- (b) in the case of an action for damages, the earlier of:
 - (i) 180 days after the date that the purchaser first had knowledge of the facts giving rise to the cause of action; or
 - (ii) two years after the date of the transaction that gave rise to the cause of action.

Newfoundland and Labrador

The right of action for damages or rescission described herein is conferred by section 130.1 of the *Securities Act* (Newfoundland and Labrador). Section 130.1 of the *Securities Act* (Newfoundland and Labrador)

provides, in relevant part, that in the event that an offering memorandum (such as this Offering Memorandum), contains a Misrepresentation, without regard to whether the purchaser relied upon the Misrepresentation, the purchaser has, subject to certain limitations and defences, a statutory right of action for damages against the issuer and, subject to certain additional defences, every director of the issuer at the date of the offering memorandum and every person who signed the offering memorandum or, alternatively, may elect instead to exercise a statutory right of rescission against the issuer, in which case the purchaser shall have no right of action for damages against the issuer, directors of the issuer or persons who have signed the offering memorandum, provided that, among other limitations:

- (a) no person will be liable if it proves that the purchaser purchased the securities with knowledge of the Misrepresentation;
- (b) in the case of an action for damages, no person will be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the securities as a result of the Misrepresentation relied upon; and
- (c) in no case will the amount recoverable in any action exceed the price at which the securities were offered to the purchaser.

In addition, a person or company, other than the issuer, will not be liable if that person or company proves that:

- (a) the offering memorandum was sent or delivered to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its delivery, the person or company promptly gave reasonable notice to the issuer that it was delivered without the person's or company's knowledge or consent;
- (b) after delivery of the offering memorandum and after becoming aware of the Misrepresentation, the person or company withdrew the person's or company's consent to the offering memorandum and gave reasonable notice to the issuer of the withdrawal and the reason for it; or
- (c) with respect to any part of the offering memorandum purporting (i) to be made on the authority of an expert, or (ii) to be a copy of, or an extract from, an expert's report, opinion or statement, the person or company proves that the person or company had no reasonable grounds to believe and did not believe that (A) there had been a Misrepresentation, or (B) the relevant part of the offering memorandum did not fairly represent the expert's report, opinion or statement, or was not a fair copy of, or an extract from, an expert's report, opinion or statement.

Further, where a Misrepresentation is contained in an offering memorandum, the directors of the issuer, and every person or company who signed the offering memorandum, shall not be liable with respect to any part of the offering memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company did not conduct an investigation sufficient to provide reasonable grounds for a belief that there had been no Misrepresentation, or believed there had been a Misrepresentation.

If a Misrepresentation is contained in a record incorporated by reference into, or deemed incorporated by reference into, the offering memorandum, the Misrepresentation is deemed to be contained in the offering memorandum.

Section 138 of the *Securities Act* (Newfoundland and Labrador) provides that no action shall be commenced to enforce these rights more than:

- (a) in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or
- (b) in the case of an action for damages, the earlier of:

- (i) 180 days after the date that the purchaser first had knowledge of the facts giving rise to the cause of action; or
- (ii) three years after the date of the transaction that gave rise to the cause of action.

British Columbia

The right of action for damages or rescission described herein is conferred by section 132.1 of the *Securities Act* (British Columbia). Section 132.1 of the *Securities Act* (British Columbia) provides, in relevant part, that in the event that an offering memorandum (such as this Offering Memorandum), contains a Misrepresentation, the purchaser will be deemed to have relied on the Misrepresentation if it was a Misrepresentation at the time of purchase, and the purchaser has, subject to certain limitations and defences, a statutory right of action for damages against the issuer and, subject to certain additional defences, every director of the issuer at the date of the offering memorandum and every person who signed the offering memorandum or, alternatively, may elect instead to exercise a statutory right of rescission against the issuer, in which case the purchaser shall have no right of action for damages against the issuer, provided that, among other limitations:

- (a) no person will be liable if it proves that the purchaser purchased the securities with knowledge of the Misrepresentation;
- (b) in the case of an action for damages, no person will be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the securities as a result of the Misrepresentation relied upon; and
- (c) in no case will the amount recoverable in any action exceed the price at which the securities were offered to the purchaser.

In addition, a person or company, other than the issuer, will not be liable if that person or company proves that:

- (a) the offering memorandum was sent or delivered to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its delivery, the person or company gave reasonable notice to the issuer that it was delivered without the person's or company's knowledge or consent;
- (b) after delivery of the offering memorandum and after becoming aware of the Misrepresentation, the person or company withdrew the person's or company's consent to the offering memorandum and gave reasonable notice to the issuer of the withdrawal and the reason for it; or
- (c) with respect to any part of the offering memorandum purporting (i) to be made on the authority of an expert, or (ii) to be a copy of, or an extract from, an expert's report, opinion or statement, the person or company proves that the person or company had no reasonable grounds to believe and did not believe that (A) there had been a Misrepresentation, or (B) the relevant part of the offering memorandum did not fairly represent the expert's report, opinion or statement, or was not a fair copy of, or an extract from, an expert's report, opinion or statement.

Further, where a Misrepresentation is contained in an offering memorandum, the directors of the issuer, and every person or company who signed the offering memorandum, shall not be liable with respect to any part of the offering memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company did not conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no Misrepresentation, or believed there had been a Misrepresentation.

A person is not liable for Misrepresentation in forward-looking information if the person proves that the document containing the forward-looking information contained, proximate to that information, reasonable cautionary language identifying the forward-looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information, and a statement of the material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information, and the person had a reasonable basis for drawing the conclusions or making the forecasts and projections set out in the forward-looking information.

If a Misrepresentation is contained in a record incorporated by reference into, or deemed incorporated by reference into, the offering memorandum, the Misrepresentation is deemed to be contained in the offering memorandum.

Section 140 of the *Securities Act* (British Columbia) provides that no action shall be commenced to enforce these rights more than:

- (a) in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or
- (b) in the case of an action for damages, the earlier of:
 - (i) 180 days after the date that the purchaser first had knowledge of the facts giving rise to the cause of action; or
 - (ii) three years after the date of the transaction that gave rise to the cause of action.

Prince Edward Island, Yukon, Nunavut and the Northwest Territories

In Prince Edward Island the *Securities Act* (PEI), in Yukon, the *Securities Act* (Yukon), in Nunavut, the *Securities Act* (Nunavut) and in the Northwest Territories, the *Securities Act* (Northwest Territories) provides a statutory right of action for damages or rescission to purchasers resident in PEI, Yukon, Nunavut and the Northwest Territories respectively, in circumstances where this Offering Memorandum or an amendment hereto contains a misrepresentation, which rights are similar, but not identical, to the rights available to Newfoundland and Labrador purchasers.

Québec

Notwithstanding that the *Securities Act* (Québec) does not provide, or require the Trust to provide, to purchasers resident in any statutory rights of action in circumstances where this Offering Memorandum or an amendment hereto contains a Misrepresentation, the Trust hereby grants to such purchasers contractual rights of action that are equivalent to the statutory rights of action set forth above with respect to purchasers resident in Ontario.

Alberta

Section 204 of the *Securities Act* (Alberta) provides that if an offering memorandum contains a Misrepresentation, a purchaser who purchases a security offered by the offering memorandum is deemed to have relied on the representation, if it was a Misrepresentation at the time of the purchase, and has a right of action (a) for damages against (i) the issuer, (ii) every director of the issuer at the date of the offering memorandum, and (iii) every person or company who signed the offering memorandum, and (b) for rescission against the issuer, provided that:

- (a) if the purchaser elects to exercise its right of rescission, it shall cease to have a right of action for damages against the person or company referred to above;
- (b) no person or company referred to above will be liable if it proves that the purchaser had knowledge of the Misrepresentation;

- (c) no person or company (other than the issuer) referred to above will be liable if it proves that the offering memorandum was sent to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its being sent, the person or company promptly gave reasonable notice to the issuer that it was sent without the knowledge and consent of the person or company;
- (d) no person or company (other than the issuer) referred to above will be liable if it proves that the person or company, on becoming aware of the Misrepresentation in the offering memorandum, withdrew the person's or company's consent to the offering memorandum and gave reasonable notice to the issuer of the withdrawal and the reason for it;
- (e) no person or company (other than the issuer) referred to above will be liable if, with respect to any part of the offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, the person or company proves that the person or company did not have any reasonable grounds to believe and did not believe that:
 - (i) there had been a Misrepresentation; or
 - (ii) the relevant part of the offering memorandum
 - (iii) did not fairly represent the report, opinion or statement of the expert, or
 - (iv) was not a fair copy of, or an extract from, the report, opinion or statement of the expert;
- (f) the person or company (other than the issuer) will not be liable if with respect to any part of the offering memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company
 - (i) did not conduct an investigation sufficient to provide reasonable grounds for a belief that there had been no Misrepresentation, or
 - (ii) believed there had been a Misrepresentation;
- (g) in no case shall the amount recoverable exceed the price at which the securities were offered under the offering memorandum;
- (h) the defendant will not be liable for all or any part of the damages that the defendant proves do not represent the depreciation in value of the security as a result of the Misrepresentation;

Section 211 of the *Securities Act* (Alberta) provides that no action may be commenced to enforce these rights more than:

- (a) in the case of an action for rescission, 180 days from the day of the transaction that gave rise to the cause of action, or
- (b) in the case of any action, other than an action for rescission, the earlier of
 - (i) 180 days from the day that the plaintiff first had knowledge of the facts giving rise to the cause of action, or
 - (ii) 3 years from the day of the transaction that gave rise to the cause of action.

The foregoing summary is subject to the express provisions of the securities legislation referred to above and the rules, regulations and other instruments thereunder, and reference is made to the complete text of such provisions. Such provisions may contain limitations and statutory defences on which the Trust may rely.

The rights of action for damages or rescission discussed above are in addition to, and without derogation from, any other right or remedy which purchasers may have at law.

General

The foregoing summaries are subject to any express provisions of the securities legislation of each Offering jurisdiction and the regulations, rules and policy statements thereunder and reference is made thereto for the complete text of such provisions. **The rights of action described herein are in addition to and without derogation from any other right or remedy that the purchaser may have at law.**

ITEM 12: FINANCIAL STATEMENTS

The following financial statements are included as Appendices hereto:

Appendix "G": Audited financial statements of Centurion Apartment REIT for the year ended December 31, 2019.

ITEM 13: DATE AND CERTIFICATE

May 1, 2020

This Offering Memorandum does not contain a Misrepresentation.

CENTURION APARTMENT REAL ESTATE INVESTMENT TRUST

(Signed) Gregory Gunter Romundt
Per: _____
GREGORY G. ROMUNDT
President and Chief Executive Officer

CENTURION ASSET MANAGEMENT INC.

(Signed) Gregory Gunter Romundt
Per: _____
GREGORY GUNTER. ROMUNDT
President and Chief Executive Officer

(Signed) Robert Kennedy Orr
Per: _____
ROBERT ORR
Chief Financial Officer and
Chief Compliance Officer

**ON BEHALF OF THE BOARD OF TRUSTEES OF CENTURION APARTMENT REAL ESTATE
INVESTMENT TRUST**

(Signed) Gregory Gunter Romundt
Per: _____
GREGORY GUNTER ROMUNDT
TRUSTEE

(Signed) Stephen Sender
Per: _____
STEPHEN LESLIE SENDER
TRUSTEE

(Signed) Ross Amos
Per: _____
GORDON ROSS AMOS
TRUSTEE

(Signed) John Mills
Per: _____
JOHN FRANK MILLS
TRUSTEE

(Signed) Andrew Jones
Per: _____
ANDREW ALEXANDER JONES
TRUSTEE

(Signed) Paula Gasparro
Per: _____
PAULA GASPARRO
TRUSTEE

(Signed) Laetitia Pacaud
Per: _____
LAETITIA YVETTE PACAUD
TRUSTEE

APPENDIX "I" - CONFIDENTIAL OFFERING MEMORANDUM

This Confidential Offering Memorandum constitutes an offering of the securities described herein only in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, Nova Scotia, New Brunswick, Prince Edward Island, Newfoundland and Labrador, the Northwest Territories, Nunavut and Yukon, and to those persons to whom they may be lawfully offered for sale and only by persons permitted to sell these securities. This Confidential Offering Memorandum is not, and under no circumstances is it to be construed as, a prospectus or advertisement or a public offering of securities. No securities commission or similar authority in Canada or in any other jurisdiction has reviewed this Confidential Offering Memorandum or in any way passed upon the merits of the securities offered hereunder and any representation to the contrary is an offence. Persons who will be acquiring securities pursuant to this Confidential Offering Memorandum will not have the benefit of the review of this material by a securities commission or similar authority.

This Confidential Offering Memorandum is intended for use by investors solely in connection with the consideration of the purchase of these securities. No person is authorized to give any information or to make any representation not contained in this Confidential Offering Memorandum in connection with the offering of these securities and, if given or made, no such information or representation may be relied upon. This Confidential Offering Memorandum is confidential. By their acceptance hereof, prospective investors agree that they will not transmit, reproduce or make available to anyone this Confidential Offering Memorandum or any information contained herein.

Centurion Apartment REIT is a connected issuer, and may be considered to be a related issuer, of Centurion Asset Management Inc. (the “Asset Manager”), its asset manager and an exempt market dealer, investment fund manager and restricted portfolio manager in certain jurisdictions, in connection with the distribution of the REIT’s securities hereunder, which may result in potential conflicts of interest. Centurion Apartment REIT is a connected issuer of the Asset Manager due to the factors described in this Offering Memorandum under “Relationship Between Centurion Apartment REIT, The Asset Manager and Affiliates of The Asset Manager” as a result of the fact that the President of Centurion Apartment REIT and the Asset Manager are the same and Mr. Gregory Romundt and his family beneficially own all of the shares of the Asset Manager and its affiliates. Centurion Apartment REIT may be considered to be a related issuer of the Asset Manager by virtue of the Asset Manager’s right to appoint a prescribed number of nominees to the board of trustees of Centurion Apartment REIT. Centurion Apartment REIT owns 59.01% of a private mutual fund trust, Centurion Real Estate Opportunities Trust, as at March 31, 2020, which also has engaged Centurion Asset Management Inc. to be its asset manager. See “Trustees” and “Relationship Between Centurion Apartment REIT, The Asset Manager and Affiliates of The Asset Manager”.



CENTURION APARTMENT REAL ESTATE INVESTMENT TRUST

Continuous Offering

Class “A”, Class “F” and Class “I” REIT Units

This Confidential Offering Memorandum (the “**Offering Memorandum**”) constitutes an offering (the “**Offering**”) of units (the “**REIT Units**”) in Centurion Apartment Real Estate Investment Trust (“**Centurion Apartment REIT**”). Centurion Apartment REIT is a limited purpose unincorporated open-end investment trust governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein. Centurion Apartment REIT 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 REIT Units are not “deposits” within the meaning of the Canadian Deposit Insurance Corporation Act (Canada) and are not insured under the provisions of that act or any other legislation.

The objectives of Centurion Apartment REIT are to: (i) provide registered holders of REIT Units (the “**Unitholders**”) with stable and growing cash distributions, payable monthly and, to the extent reasonably possible, tax deferred, from investments in a diversified portfolio of income-producing multi-unit residential properties located in Canada and the United States; and (ii) maximize REIT Unit value through the ongoing management of Centurion Apartment REIT’s assets and through the future acquisition of additional multi-unit residential properties. See “Objectives of Centurion Apartment REIT”.

The price per REIT Unit will be determined by the Trustees of Centurion Apartment REIT from time to time and set forth in the subscription agreement(s) entered into between the Subscriber(s) and Centurion Apartment REIT.

The expenses of the Offering will be deducted from the Offering proceeds and the balance will be utilized to invest in income-producing multi-residential properties and mortgage investments in Canada and the United States, and for general Trust purposes. Closings of sales of REIT Units will occur at the discretion of the Asset Manager. (It is estimated that the first closing (the “**First Closing**”) will occur on or before June 1, 2020.

Closings will occur at the discretion of Centurion Apartment REIT as additional REIT Units are subscribed for and accepted by Centurion Apartment REIT.

Depending on the jurisdiction in which a Person is resident, each Person purchasing REIT Units pursuant to this Offering (the “**Subscriber**”) must be an “**accredited investor**”, “**eligible investor**”, invest subject to the “**minimum amount investment**” or have another available exemption defined in National Instrument 45-106 – *Prospectus and Registration Exemptions* (“**NI 45-106**”) in order to subscribe for REIT Units. See “Representations of Subscribers”.

The distribution of the REIT Units is being made on a private placement basis only and is exempt from the requirement that Centurion Apartment REIT prepare and file a prospectus with the relevant Canadian securities regulatory authorities. Accordingly, any resale of the REIT Units must be made in accordance with applicable Canadian securities laws which may require resale’s to be made in accordance with prospectus and dealer registration requirements or exemptions from the prospectus and dealer registration requirements. Subscribers of REIT Units are advised to seek legal advice prior to any resale of the REIT Units. See “Resale Restrictions”.

Investing in the REIT Units involves significant risks. There is currently no secondary market through which the REIT Units may be sold and there can be no assurance that any such market will develop. A return on an investment in REIT Units of Centurion Apartment REIT is not comparable to the return on an investment in a fixed-income security. The recovery of an initial investment is at risk, and the anticipated return on such an investment is based on many performance assumptions. Although Centurion Apartment REIT intends to make regular distributions of its available cash to Unitholders, such distributions may be reduced or suspended. The actual amount distributed will depend on numerous factors, including Centurion Apartment REIT’s financial performance, debt covenants and obligations, interest rates, the occupancy rates of Centurion Apartment REIT’s properties, redemption requests, working capital requirements and future capital requirements. In addition, the market value of the REIT Units may decline if Centurion Apartment REIT is unable to meet its cash distribution targets in the future, and that decline may be material. It is important for an investor to consider the particular risk factors that may affect the industry in which it is investing and therefore the stability of the distributions that it receives. There can be no assurance that income tax laws and the treatment of mutual fund trusts will not be changed in a manner which adversely affects Centurion Apartment REIT or the REIT Unitholders. See “Risk Factors”.

ELIGIBILITY FOR INVESTMENT

In the opinion of Cassels Brock and Blackwell LLP, counsel to Centurion Apartment REIT, provided that at all times Centurion Apartment REIT qualifies as a mutual fund trust for the purposes of the *Income Tax Act*, (Canada), and the regulations thereunder, as amended (collectively the “**Tax Act**”), the REIT Units will be on the date of closing of the Offering, qualified investments under the Tax Act for trusts governed by registered retirement savings plans (“**RRSP**”), registered retirement income funds (“**RRIF**”), registered disability savings plans (“**RDSP**”), registered education savings plans (“**RESP**”), deferred profit sharing plans, and tax-free savings accounts (“**TFSA**”).

Notwithstanding that REIT Units may be qualified investments for a trust governed by a RDSP, RESP, TFSA, RRSP or RRIF, the holder of a TFSA or RDSP, the subscriber of a RESP, or the annuitant of an RRSP or RRIF as the case may be (each a “controlling individual”) will be subject to a penalty tax if the REIT Units are a “prohibited investment” (as defined in the Tax Act). The REIT Units will not be a prohibited investment if the controlling individual, (i) deals at arm’s length with the Centurion Apartment REIT for the purposes of the Tax Act, and (ii) does not have a “significant interest” (as defined in the Tax Act) in the Centurion Apartment REIT. In addition, the REIT Units will not be a “prohibited investment” if the REIT Units are “excluded property” (as defined in the Tax Act) for trusts governed by a TFSA, RRSP, RRIF, RDSP or RESP. Prospective investors who intend to hold their REIT Units in a TFSA, RRSP, RRIF, RDSP or RESP should consult with their own tax advisors regarding the application of the foregoing having regard to their particular circumstances.

SUMMARY

The following is a summary only and is qualified by the more detailed information and financial statements, including the notes thereto, appearing elsewhere in this Offering Memorandum. Certain terms used in this Offering Memorandum are defined in the Glossary. All dollar amounts in this Offering Memorandum are in Canadian dollars unless otherwise indicated.

Description of Centurion Apartment REIT

Centurion Apartment Real Estate Investment Trust (Centurion Apartment REIT) is an unincorporated open-ended investment trust created by a declaration of trust made as of August 31, 2009 (the “**Declaration of Trust**”) and governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein. The objectives of Centurion Apartment REIT are to: (i) provide Unitholders with stable and growing cash distributions, payable monthly and, to the extent reasonably possible, tax deferred, from investments in a diversified portfolio of income-producing multi-unit residential properties located in Canada and the United States; and (ii) maximize REIT Unit value through the ongoing management of Centurion Apartment REIT’s assets and through the future acquisition of additional multi-unit residential properties. See “Objectives of Centurion Apartment REIT”. Effective August 31, 2009 Centurion Apartment Properties Limited Partnership (“**CAP I LP**”), Centurion Apartment Properties II Limited Partnership (“**CAP II LP**”), and Centurion Apartment REIT entered into a rollover agreement (the “**Rollover Agreement**”) and an exchange agreement (the “**Exchange Agreement**”) conferring certain benefits with respect to certain properties to Centurion Apartment REIT as well as conferring certain benefits of the properties to CAP I LP. The Rollover of CAP I LP into the REIT was completed on June 30, 2010.

As at the date hereof, the properties consist of 10,053 multi-unit residential rental units in 76 buildings in Ontario, Quebec, Nova Scotia, Saskatchewan, Alberta, British Columbia, Georgia and Texas. See “Properties” and “Use of Proceeds”. The trustees of Centurion Apartment REIT (the “**Trustees**”) are responsible for the general control and direction of Centurion Apartment REIT. The day-to-day management of Centurion Apartment REIT is carried out by the Management of the REIT.

The Offering

Issue:	Class “A”, Class “F” and Class “I” Units (“REIT Units”)
Price:	The price per REIT Unit will be determined by the Trustees from time to time and set forth in the subscription agreement(s) entered into between the Subscriber(s) and Centurion Apartment REIT.
Minimum Amount:	\$25,000 Additional Investment Amount \$5,000
Eligible Subscribers for Units:	Investors who are eligible to purchase Investor REIT Units on an exempt basis under, and subject to compliance with, applicable securities laws.
Closings:	The Investor Units will be offered for sale on a continuous basis commencing on the date of the certificate attached to this Offering Memorandum and ending at the discretion of the Trustees. Closings will occur on dates established by the Trust. All subscriptions are subject to rejection or acceptance in full or in part and the right is reserved to discontinue or resume the Offering at any time without notice by the Trust.
Distributions:	The Declaration of Trust provides that the Trust may distribute to Unitholders such percentage of the Distributable Income for the calendar month then ended as the Trustees determine in their discretion for the period.

Distributions for the next twelve-month period following the date of this Confidential Offering Memorandum are anticipated to be \$0.8200 per Class "A" REIT Unit and \$0.9300 per Class "F" and Class "I" REIT Units on a fully-paid basis.

Attributes of Units: The REIT Units represent the beneficial ownership interest of the holders thereof in Centurion Apartment REIT. Each REIT Unit carries one (1) vote at meetings of Unitholders and a holder thereof is entitled to distributions as described above. See "Declaration of Trust and Description of Units".

Use of Proceeds: The net proceeds to Centurion Apartment REIT of the Offering after deducting expenses in respect of the Offering are expected to be used for property capital improvements, investments in properties and mortgages and for general trust purposes. Centurion Apartment REIT reserves the right to allocate the net proceeds of the Offering for other purposes in accordance with sound business judgment.

Purchase Options: Subscribers may purchase through registered dealer using one of five purchase options:

Class A Units:

- (1) a deferred sales charge option;
- (2) a low load option; and
- (3) a front load option.

Class F Units:

- (4) a fee-based account option (fee-based accounts only).

Class I Units:

- (5) an Institutional account option.

See "Purchase Options".

Management of Centurion Apartment REIT

The investment policies and operations of Centurion Apartment REIT are subject to the control and direction of the Trustees, a majority of whom must be resident Canadians and a majority of whom must be independent trustees (as defined in Multilateral Instrument 52-110 – *Audit Committees* ("MI 52-110")). Pursuant to MI 52-110, an "Independent Trustee" is one who has no direct or indirect material relationship with Centurion Apartment REIT which could, in the view of the Board of Trustees, reasonably interfere with a trustee's independent judgment. The Declaration of Trust provides for a minimum of five (5) and a maximum of eleven (11) trustees. During the term of the Asset Management Agreement and any renewal thereof, the Asset Manager is entitled to appoint two (2) trustees on a board of five (5) or fewer trustees and four (4) trustees on a board of nine (9) or ten (10) trustees and five trustees on a board of eleven (11), provided that a majority of the trustees are Independent Trustees. The rest of the trustees are to be elected annually by resolution passed by a majority of the votes cast at a meeting of the Unitholders. Certain decisions respecting the affairs of Centurion Apartment REIT must be made by the Independent Trustees. The Declaration of Trust provides for the appointment by the Trustees of an audit committee (the "Audit Committee") and additional committees (the "Additional Committees") as required. The majority of the members of each committee must be Independent Trustees. See "Management of Centurion Apartment REIT".

The Asset Manager

Centurion Asset Management Inc. (the Asset Manager) is a corporation governed by the laws of the Province of Ontario. The Asset Manager is responsible for sourcing and conducting due diligence on acquisitions and dispositions of investments for the REIT and to provide advice and guidance to REIT Management. The Asset Manager receives an acquisition fee pursuant to the Asset Management Agreement which has a term expiring on December 31, 2027 unless terminated or extended.

REIT Management

REIT Management is responsible for the day-to-day operations of Centurion Apartment REIT. Among other duties, REIT Management is responsible for: identifying multi-unit residential property investment opportunities and other investment opportunities, along with the Asset Manager, that meet the investment criteria of Centurion Apartment REIT, within the guidelines set out in the Declaration of Trust; providing the Trustees with information and advice relating to proposed acquisitions, dispositions and financings; establishing, at least on an annual basis, investment and operating plans for the ensuing period; supervising the due diligence required in connection with proposed acquisitions and supervising the completion of any resulting transactions; maintaining the books and financial records of Centurion Apartment REIT; advising as to designations, elections and determinations to be made for tax and accounting purposes; preparing reports and other information required to be sent to Unitholders and other disclosure documents; calculating and determining all allocations, communicating with Unitholders and other persons, including investment dealers, lenders and professionals; providing office space and equipment and the necessary clerical and secretarial personnel for the administration of the day-to-day affairs of Centurion Apartment REIT; and administering or supervising the administration on behalf of Centurion Apartment REIT of the payment of Distributable Income and other distributions by Centurion Apartment REIT. See 'History of the REIT Since REIT Conversion'. "Management of Centurion Apartment REIT" and "The Asset Manager".

Management of the Properties

Effective January 1, 2015, Centurion Property Associates Inc. was transferred to the REIT resulting in all the property management functions being performed within the REIT structure. In some locations where the REIT does not have sufficient scale to manage the property internally, the REIT may outsource to a third-party property manager.

Following the internalization of Centurion Property Associates Inc., effective January 1, 2015, the REIT is not charged a property management fee and the property management agreement between the REIT and Centurion Property Management Inc. was cancelled. See "History of Centurion Apartment REIT Since REIT conversion".

Management and Investment Strategy

The personnel of the REIT and the Asset Manager have significant experience in all aspects of the rental housing business, including acquisitions and dispositions, finance and administration, property management, construction and renovation, and marketing and sales and mortgage investments. These skills will permit Centurion Apartment REIT to capitalize upon many multi-unit residential real estate and mortgage investment opportunities which may be unavailable to other real estate investors who lack the requisite diversity of real estate experience.

REIT Management intends to enhance the value of Centurion Apartment REIT's properties through a number of distinct and well executed strategies, including: a commitment to customer satisfaction; maintenance and repair programs; quality on-site building staff; detailed financial reporting; strategic debt management; enhancement of Centurion Apartment REIT's portfolio; and timely communications and

disclosure. REIT Management will also use the strength of the portfolio to obtain more competitive financing and pricing on commodities and contracted expense items.

REIT Management believes that multi-unit residential properties offer an attractive investment opportunity with the potential for stability of yield, inflation protection and growth. Focusing predominantly on one asset class is expected to enable Centurion Apartment REIT to acquire a critical mass of residential units. It is expected to enable Centurion Apartment REIT to bolster its market presence, thereby enhancing Centurion Apartment REIT's opportunities for future multi-unit residential property acquisitions at attractive prices. Through future acquisitions of properties, in compliance with its investment guidelines, Centurion Apartment REIT intends to geographically diversify its portfolio over time by purchasing properties in thriving communities that will continue to strengthen Centurion Apartment REIT and reduce its risk of owning properties in one community or geographic area. As well, as Centurion Apartment REIT grows through the acquisition of new properties and the issuance of additional REIT Units, Centurion Apartment REIT expects to increase the stability of its income stream and provide Unitholders with increased liquidity.

REIT Management will generally concentrate on communities that have low vacancy levels, and strong population demographics that align with the class of multi-residential properties that are acquired by Centurion Apartment REIT. See "Multi-Unit Residential Real Estate Market". The Asset Manager intends to create mass for Centurion Apartment REIT's portfolio through the acquisition and consolidation of Canadian markets where opportunities for value added properties exist.

Properties

Effective August 31, 2009, Centurion Apartment REIT entered into the Rollover Agreement with CAP 1 LP that conferred certain benefits of the Existing Properties to Centurion Apartment REIT. As at March 31, 2020, the Existing Properties consist of 76 multi-unit residential apartment buildings including four joint ventures containing an aggregate of 10,053 rental units.

The properties (the "**Properties**") represent a source of stable and secure cash flow to Centurion Apartment REIT and may provide opportunities for capital appreciation. The Properties represent a well-diversified portfolio of multi-unit residential properties located in strategic locations that meet the investment strategy. Since many of the Properties have current rents below the legally permitted maximum rents, the Asset Manager believes that such Properties represent an opportunity for enhanced value through capital improvements which will lead to increased net rental income as vacancies are reduced and tenant creditworthiness is upgraded. As well, the purchase price attributable to each of the Properties is below its respective replacement cost. See "Properties".

Capital Improvements and Expenditures

The majority of the Properties are typical of multi-unit residential apartment buildings constructed between the 1960s and 2000s. Repairs and maintenance to the component systems of the Properties were to a large extent dependent on the policies and financial capability of the previous owners of each of the Properties. At the time of acquisition of each of the Properties, due diligence investigations were conducted, including with respect to financial, title, construction, environmental and operational matters.

During the due diligence period, REIT Management uses its own experience to inspect the properties under consideration. When required, the Asset Manager calls upon various tradespeople to inspect and report on systems that they specialize in. The Asset Manager suggests and supervises upgrades and investments in the buildings that REIT Management believes will be potentially accretive to the portfolio and will be undertaken with price and efficiency taken into consideration. The experience of REIT Management is utilized to employ non-quantitative improvements that will also add value to the portfolio through enhancement of the property value and/or revenue stream. Where engineering reports are required by the

lending institutions, REIT Management retains qualified firms to assess the building condition and make recommendations.

Investment Guidelines and Operating Policies

The Declaration of Trust contains investment guidelines and operating policies. The investment guidelines include, among other things, criteria with respect to the types of properties which Centurion Apartment REIT can acquire and other guidelines. The operating policies address, among other things, the level of Centurion Apartment REIT's debt and the requirements for appraisals, insurance coverage and environmental audits.

The investment guidelines and certain operating policies may only be changed upon the approval of a two-thirds majority of the votes cast by Unitholders at a meeting called for such purpose. The remaining operating policies may be changed upon the approval of a majority of the votes cast by Unitholders at a meeting called for such purpose. See "Investment Guidelines and Operating Policies".

Borrowing

No indebtedness shall be incurred or assumed by Centurion Apartment REIT if, after giving effect to the incurring or assumption thereof of the indebtedness, the total indebtedness as a percentage of Gross Book Value, would be more than 75%. See "Investment Guidelines and Operating Policies".

Distribution Policy

The Declaration of Trust provides that Centurion Apartment REIT may distribute to REIT Unitholders such percentage of the "**Distributable Income**" for the calendar month then ended as the Trustees determine in their discretion. For the twelve-month period following the date of this Confidential Offering Memorandum, it is Centurion Apartment REIT's current intention to distribute cash distributions of \$0.8200 per Class "A" REIT Unit and \$0.9300 per Class "F" and Class "I" REIT Units per annum, payable on a monthly basis.

In addition, the Trustees may declare to be payable and make distributions, from time to time, out of income of Centurion Apartment REIT, net realized capital gains of Centurion Apartment REIT, the net recapture income of Centurion Apartment REIT, the capital of Centurion Apartment REIT or otherwise, in any year, in such amount or amounts, and on such dates on or before December 31 of that year as the Trustees may determine, to the extent such income, capital gains and capital has not already been paid, allocated or distributed to the REIT Unitholders.

Each year Centurion Apartment REIT shall deduct in computing its income for purposes of the Tax Act such portion of the amounts paid or payable to the REIT Unitholders for the year as is necessary to ensure that Centurion Apartment REIT is not liable for income tax under Part I of the Tax Act for that taxation year. The Trustees shall deduct or withhold from distributions payable to any REIT Unitholder amounts required by law to be deducted or withheld from such REIT Unitholder's distributions. See "Distribution Policy". Distributions are declared and paid at the discretion of the Trustees.

Canadian Federal Income Tax Considerations

This is a general summary only and is not intended to be exhaustive. Investors should seek the advice of their own tax advisors with respect to the tax consequences of investing in the Units.

This summary assumes Centurion Apartment REIT will qualify as a "**mutual fund trust**" under the provisions of the Tax Act at all relevant times. In the event that Centurion Apartment REIT was not to

qualify as a mutual fund trust, the Canadian federal income tax consequences described below would, in some aspects, be materially and adversely different.

Centurion Apartment REIT will generally be subject to tax under the "**Tax Act**" in respect of its taxable income and net realized capital gains in each taxation year, except to the extent such taxable income and net realized capital gains are paid or payable or deemed to be paid or payable in such year to REIT Unitholders and deducted by Centurion Apartment REIT for tax purposes.

A REIT Unitholder is required to include in computing income for tax purposes in each year the portion of the amount of net income and net taxable capital gains of Centurion Apartment REIT, determined for the purposes of the Tax Act, paid or payable to such REIT Unitholder in the year that Centurion Apartment REIT deducts in computing its income for tax purposes. Distributions in excess of Centurion Apartment REIT's taxable income in a year will not be included in computing the income of the REIT Unitholders from Centurion Apartment REIT for tax purposes. However, a REIT Unitholder is required to reduce the adjusted cost base of his REIT Units by the portion of any amount paid or payable to him by Centurion Apartment REIT (other than the non-taxable portion of certain capital gains) that was not included in computing his income and will realize a capital gain in the year to the extent the adjusted cost base of his REIT Units would otherwise be a negative amount. Centurion Apartment REIT will designate to the extent permitted by the Tax Act the portion of the taxable income distributed to REIT Unitholders as may reasonably be considered to consist of net taxable capital gains of Centurion Apartment REIT. Any such designated amount will be deemed for tax purposes to be received by REIT Unitholders in the year as a taxable capital gain. Upon the disposition or deemed disposition by a REIT Unitholder of a REIT Unit, a capital gain (or a capital loss) will generally be realized to the extent that the proceeds of disposition of the REIT Unit exceed (or are exceeded by) the aggregate of the adjusted cost base to the REIT Unitholder of the REIT Unit immediately before the disposition and any reasonable costs of the disposition. The adjusted cost base to a REIT Unitholder of a REIT Unit will be determined by averaging the cost base of all REIT Units owned by a REIT Unitholder as capital property at a particular time. Generally, one-half of any capital gain (a "taxable capital gain") realized by a REIT Unitholder will be included in the REIT Unitholder's income for the year of disposition. One-half of any capital loss so realized (an "allowable capital loss") may generally be deducted against taxable capital gains of the REIT Unitholder for the year of disposition. See "Canadian Federal Income Tax Considerations", "Risk Factors", and "Tax Related Risks".

Risk Factors

There are certain risk factors inherent in an investment in the REIT Units and in the activities of Centurion Apartment REIT, including risks related to real property ownership, future property acquisitions, revenue producing properties, no guarantees or insurance on mortgage investments, mortgage extensions and mortgage defaults, foreclosure or power of sale and related costs on mortgage investments, litigation, competition for real property investments, competition for tenants, interest rates, debt financing, general economic conditions, general uninsured losses, availability of cash for distributions, government regulation, environmental matters, Unitholder liability, dependence on key personnel, failure or unavailability of computer and data processing systems and software, potential conflicts of interest, taxes, critical estimates assumptions and judgements, dilution, restrictions on potential growth and reliance on credit facilities, potential inability to fund investments, liquidity of the REIT Units and redemption risk and the nature of the REIT Units. See "Risk Factors".

Tax-Related Risks

There can be no assurance that income tax laws and the treatment of mutual fund trusts will not be changed in a manner which adversely affects Centurion Apartment REIT or the Unitholders. If Centurion Apartment REIT ceases to qualify as a mutual fund trust, the Canadian federal tax considerations described under "*Canadian Federal Income Tax Considerations*" and "*Eligibility for Investment*" would be materially and adversely different, and Centurion Apartment REIT, its subsidiaries and the REIT Unitholders may be

reassessed for additional taxes from time to time. Such reassessments together with associated interest and penalties could adversely affect Centurion Apartment REIT. See “Risk Factors” and “Tax Related Risks”. Investors should consult their own tax advisors with respect to the tax consequences of investing in the Units.

Representations of Subscribers

Each Subscriber of REIT Units will represent to Centurion Apartment REIT and any dealer who sells the REIT Units to such Subscriber that such Subscriber is an “accredited investor” as defined in NI 45-106 in the case of a resident of Ontario or Quebec (where required under applicable securities laws), or that such Subscriber is an “eligible investor” as defined in NI 45-106 in the case of a resident outside of Ontario or Quebec, or the Subscriber will subscribe under the “minimum amount investment” exemption as defined in NI 45-106 in the case of a resident outside of Quebec. See “Representations of Subscribers”.

Resale Restrictions

The REIT Units are not listed on an exchange. There is currently no secondary market through which the REIT Units may be sold, there can be no assurance that any such market will develop and the REIT has no current plans to develop such a market. Accordingly, the sole method of liquidation of an investment in REIT Units is by way of a redemption of the REIT Units. Aggregate redemptions are limited to \$50,000 per month unless approved by the Board of Trustees. Depending upon the Purchase Option selected and the amount of time the REIT Units have been held, there may be a Deferred Sales Charge or Short-Term Trading Fee associated with an early redemption (see “Redemption of REIT Units”).

Subscribers of REIT Units may subsequently trade their REIT Units provided that such trades are made pursuant to an exemption from registration and prospectus requirements contained in applicable securities legislation. See “Resale Restrictions”.

Purchasers’ Rights of Action

Securities legislation provides purchasers of REIT Units pursuant to this Offering Memorandum with a remedy for damages or rescission, or both, in addition to any other rights they may have at law, where the Offering Memorandum and any amendment to it contain 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 any statement not misleading in light of the circumstances in which it was made. These remedies, or notice with respect to these remedies, must be exercised or delivered, as the case may be, by the purchaser within the time limits prescribed by applicable securities legislation. See “Purchasers’ Rights of Action”.

GLOSSARY

“Additional Committees” means any additional committee created pursuant to the Declaration of Trust.

“Adjusted Gross Revenues” means all gross revenues received from the operations of the Properties, not including any non-recurring items (including without limitation refinancing proceeds, sale proceeds, lease buyouts or similar payments).

“Adjusted Unitholders’ Equity” means, at any time, the aggregate of: (i) the amount of Unitholders’ equity; and (ii) any outstanding exchangeable Units, in each case calculated in accordance with IFRS.

“Apartments” means Rental Suites

“Apartment Suites” means Rental Suites

“Asset Manager” means Centurion Asset Management Incorporated, a corporation governed by the laws of the Province of Ontario that is engaged for the purpose of managing the day-to-day operations of Centurion Apartment REIT.

“Asset Management Agreement” means the agreement dated January 1, 2015 between the Asset Manager and Centurion Apartment REIT.

“Asset Transfer Agreement” means the asset transfer agreement dated September 12, 2014 between Centurion Real Estate Opportunities Trust and Centurion Apartment REIT pursuant to which Centurion Apartment REIT seeded the initial portfolio of Centurion Real Estate Opportunities Trust.

“Audit Committee” means the audit committee created pursuant to the Declaration of Trust.

“Bed” means a single bedroom in a Rental Suite in a Student Residence. Thus a 5-bedroom Rental Suite in a Student Residence would be 5 beds. Beds are a common unit of measurement for Student Residences.

“Building” means a single physical site for management purposes which may include one or more physical structures usually acquired at the same time. Thus, a single site with 5 apartment buildings owned by the Trust may be considered as a single building for management and/or reporting purposes. It is a discretionary logical grouping made by management. Thus, 2 structures that are close to one another may be considered a single building or may be 2 buildings depending on the Property Managers discretionary judgment of how the structures should be grouped for reporting purposes.

“Business Day” means a day, other than a Saturday or Sunday, on which Schedule I chartered banks are open for business in Toronto, Ontario.

“CAP I LP” means Centurion Apartment Properties Limited Partnership, a limited partnership governed by the laws of the Province of Ontario.

“CAP II LP” means Centurion Apartment Properties II Limited Partnership, a limited partnership governed by the laws of the Province of Ontario.

“CAP II LP Limited Partnership Agreement” means Centurion Apartment Properties II Limited Partnership Agreement dated August 31, 2009 between the General Partner, COT and each Person who is admitted to CAP II LP in accordance with The CAP II LP Limited Partnership Agreement.

“CAMI” means Centurion Asset Management Incorporated, a corporation governed by the laws of the Province of Ontario that is engaged for the purpose of managing the day-to-day operations of Centurion Apartment REIT. CAMI was previously named Centurion Apartment REIT Management Incorporated and changed its name on July 31, 2013 to Centurion Asset Management Incorporated.

“CARMI” means Centurion Apartment REIT Management Incorporated, which was renamed to Centurion Asset Management Incorporated on July 31, 2013.

“Centurion Apartment REIT” means Centurion Apartment Real Estate Investment Trust.

“Centurion Appointees” means the Trustees that the Asset Manager is entitled to appoint.

“Centurion Asset Management GP Inc.” and “CAMI GP” means Centurion Asset Management GP Inc. is an incorporated company governed by the laws of the Province of Ontario owned by Centurion Apartment REIT and Centurion Real Estate Operating Trust.

“Centurion Financial Trust” means Centurion Financial Trust which is an unincorporated investment trust governed by the laws of the Province of Ontario.

“Centurion Real Estate Opportunities Trust” means Centurion Real Estate Opportunities Trust which is a private mutual fund trust formed by declaration of trust made as of August 13, 2014, as amended and restated as of September 12, 2014, governed by the laws of the Province of Ontario, pursuant to which it was created, as amended, supplemented or amended and restated from time to time.

“Class A REIT Unit” means a REIT Unit that is not a Class F, Class I or Class M REIT Unit.

“Class B REIT Unit” means a Class M REIT Unit. Class B REIT Units were renamed to Class M REIT Units in the Amended and Restated Declaration of Trust.

“Class F REIT Unit” means a REIT Unit that is not a Class A, Class I or Class M REIT Unit.

“Class I REIT Unit” means a REIT Unit that is not a Class A, Class F, or Class M REIT unit.

“Class M REIT Unit” means a REIT Unit that is not an Investor REIT Unit and is only issued to the Asset Manager

“Contributed Assets” mean all of the assets of CAP II LP including, without limitation, the CAP I LP Units and the revenue producing properties of CAP I LP, control of which has been transferred, assigned, conveyed and set over to the Trust pursuant to the Rollover Agreement.

“COT” means Centurion Operating Trust

“Conventional Mortgage” means a mortgage for which the principal amount, at the time of commitment, together with all other equal and prior ranking mortgages: (a) in the case of a property purchase, does not exceed the lower of 75% of the purchase price of the underlying real property securing the mortgage and 75% of the appraised value of the underlying real property securing the mortgage as determined by a qualified appraiser; and (b) in the case of a refinancing, does not exceed 75% of the appraised value of the underlying real property securing the mortgage as determined by a qualified appraiser at the time of such refinancing.

“CREOT” means Centurion Real Estate Opportunities Trust

“Declaration of Trust” means the declaration of trust made as of August 31, 2009, governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein, pursuant to which Centurion Apartment REIT was created, as amended, supplemented or amended and restated from time to time.

“Deferred Sales Charge” means any charge that is applied against the redemption proceeds to a Unitholder for an early redemption where the Unitholder has subscribed using the Deferred Sales Charge Option (see “Purchase Options”)

“Diluted” Suites or “Diluted” Rental Units means the number of Suites or Rental Units as the case may be, considering the portions that are owned by third parties. E.g. a 100-suite building owned 50/50 with a

partner would be 50 Diluted Suites and 100 Undiluted Suites. See “Undiluted” Suites or “Undiluted” Rental Units.

“Distributable Income” means, for any period, the net income of Centurion Apartment REIT, including income earned from its proportionate interest under the Rollover Agreement and its applicable consolidated Subsidiaries for such period set out in its consolidated financial statements as determined in accordance with GAAP, subject to certain adjustments, including: (a) adding back the following items: depreciation, amortization (except for amortization of deferred financing costs, future income tax expense, losses on dispositions of assets and amortization of any net discount on long-term debt assumed from vendors of properties at rates of interest less than fair value); and (b) deducting the following items: future income tax credits, interest on convertible debentures to the extent not already deducted in computing net income, gains on dispositions of assets and amortization of any net premium on long-term debt assumed from vendors of properties at rates of interest greater than fair value and any other adjustments determined by the Trustees in their discretion.

“DSC” means Deferred Sales Charge

“Exchange Agreement” means the exchange agreement between Centurion Apartment REIT, COT, CAP I LP, CAP II LP the holders of Class B LP Units from time to time dated August 31, 2009 providing for the indirect exchange of Class B LP Units of CAP II LP for Class A REIT Units.

“Existing Properties” means properties owned by Centurion Apartment REIT either directly or via subsidiaries and also properties that are part of the Rollover Agreement with CAP I LP as listed in Appendix “A”.

“Fair Market Value” means the value the REIT Units determined by the Trustees, in their sole discretion, using reasonable methods of determining fair market value. Fair Market Value may or may not be equal to the net asset value of the Units, depending on the methods used by the Trustees in making a particular determination of Fair Market Value. See “VALUATION POLICY”.

“Fee-Based Account” means an account in which the Unitholder would hold REIT Units that already has fees attached to the assets in the account and/or where the Unitholders advisor or portfolio manager is already being paid fees for service such that if commissions or trailers would be paid to the advisor or portfolio manager, the Unitholder would in effect be paying a duplication of fees.

“Final Closing” This is a continuous offering and closing will be at the discretion of the Asset Manager.

“Focus Activity” means the acquisition, holding, maintaining, improving, leasing or managing of multi-unit residential revenue producing properties and ancillary real estate ventures in Canada.

“General Partner” means Centurion Apartment Properties GP Incorporated, a corporation incorporated under the laws of the Province of Ontario which is the general partner of Centurion Apartment Properties II LP and upon its planned amalgamation with the general partner of Centurion Apartment Properties I LP, also Centurion Apartment Properties I LP, or any successor general partner of the Centurion Apartment Properties II LP and Centurion Apartment Properties I LP.

“Gross Book Value” means, at any time, the book value of the assets of Centurion Apartment REIT, as shown on its then most recent balance sheet plus the amount of accumulated depreciation and amortization thereon.

“IFRS” means International Financial Reporting Standards

“Independent Trustee” means a trustee who has no direct or indirect material relationship with Centurion Apartment REIT which could, in the view of the Board of Trustees, reasonably interfere with a Trustee’s independent judgment.

“Investor REIT Unit” means a REIT Unit that is not a Class M REIT Unit and is either a Class A or a Class F or New Class of REIT Unit.

“Joint Venture Properties” means properties owned by Centurion Apartment REIT either directly or via subsidiaries that are partially owned by Centurion Apartment REIT and where a joint venture partner(s) is part owner of the properties.

“Management” means the management of the REIT responsible for the day to day operations of the REIT.

“Mortgage Assets” means mortgage loan investments and other mortgage assets

“Mortgage Insurance Fees” means fees charged by Canada Mortgage and Housing Corporation or similar mortgage insurer.

“Mortgage Manager” means Centurion Mortgage Capital Corporation, a corporation governed by the laws of the Province of Ontario that is engaged for the purposes of sourcing mortgage investment opportunities for Centurion Apartment REIT

“Mortgage Servicer” means Centurion Mortgage Services Corporation, a corporation governed by the laws of the Province of Ontario that is engaged for the purposes of servicing mortgage investments of Centurion Apartment REIT that are not serviced by another licensed mortgage administrator.

“New Class of REIT Unit” means any additional class or classes of REIT units which may be created by the REIT.

“Normalized Net Operating Income” or **“NNOI”** is an estimate of the net operating income of a property which considers certain stabilizing adjustments in its calculation, including but not limited to rent levels, vacancy rates, property taxes, wages, repairs and maintenance and other costs. It is primarily used in the valuation methodology of Centurion Apartment REIT. See **“VALUATION POLICY”**.

“Note Indenture” means the trust indenture entered into between COT and the Note Trustee for the issuance of the Notes by COT. **“Note Trustee”** means the trustee under the Note Indenture, including any successor trustee thereunder.

“Offering” means the offering of REIT Units pursuant to this Offering Memorandum and any concurrent offering memorandum.

“Offering Memorandum” means this confidential offering memorandum.

“Person” means an individual, partnership, limited partnership, corporation, unlimited liability company, trust, unincorporated organization, association, government, or any department or agency thereof and the successors and assigns thereof or the heirs, executors, administrators or other legal representatives of an individual, or any other entity recognized by law.

“Properties” means collectively, the Existing Properties, Properties Under Contract and, where the context requires, properties that may be acquired in the future.

“Properties Under Contract” means properties that Centurion Apartment REIT has unconditionally agreed to acquire or to sell as at the date of this Offering Memorandum pursuant to any Purchase and Sale Agreements, as listed in Appendix "C" hereto.

“Property Manager” means Centurion Property Associates Incorporated, a corporation governed by the laws of the Province of Ontario that has the general responsibility for the overall management of the Properties. The Property Manager was purchased by the REIT effective January 1, 2015.

“Property Management Agreement” means the agreement dated January 1, 2013 between the Property Manager and Centurion Apartment REIT. This was terminated effective January 1, 2015 due to internalization.

“Property Net Income” means, with respect to a particular property, the net income earned from the operation thereof, net of all expenses and without deduction of capital cost allowance (as set out in the Tax Act) or depreciation.

“Property Offer Option” means an option granted by a debtor in connection with the sourcing and financing of a mortgage loan and/or other investment, as applicable, pursuant to which Centurion Apartment REIT is granted a right to make an offer to purchase an interest (whether a pre-determined interest or otherwise) at a price that is to be negotiated upon the completion and/or stabilization of the properties that are the subject of the mortgage loan or that are underlying the other investment, as applicable.

“Property Purchase Option” means a purchase option granted by a debtor in connection with the sourcing and financing of a mortgage loan and/or other investment, as applicable, pursuant to which the REIT is granted a right to purchase a pre-determined interest at a specified price or formula upon the completion/stabilization of the properties that are the subject of the mortgage loan or that are underlying the other investment, as applicable.

“Purchase Agreements” means agreements entered into by Centurion Apartment REIT to acquire the Properties Under Contract.

“REIT Management” means the management of the REIT responsible for the day to day operations of the REIT.

“REIT Unit” means a unit of beneficial interest in the Centurion Apartment REIT (other than a Special Voting Unit and the Initial Unit) authorized and issued hereunder as such and for the time being outstanding and includes a fraction of a unit and any other classes of units authorized by the Trustees as such.

“Related Party” means, with respect to any Person, a Person who is a “related party” as that term is defined in Ontario Securities Commission Rule 61-501, as amended from time to time (including any successor rule or policy thereto).

“Rental Suites” means a rental apartment, irrespective of the number of bedrooms or rental units in that suite. E.g. a 3-bedroom apartment that rents as a whole unit would be considered as a single suite.

“Rental Units” means the number of units for rent adjusted for the number of student tenants renting individual rooms inside a suite. For example, a 5-bedroom student unit would be 1 Rental Suite but is 5 Rental Units as there may be 5 separate leases, each pertaining to a bedroom unit. This distinction only applies to properties classified as Student Residences. Thus, an apartment that had a 2-bedroom suite that had roommates sharing an apartment, and where the building is not classified as a Student Residence, would be 1 Rental Suite and 1 Rent Unit only. There is no distinction between individual leases on bedrooms and multi-tenant leases with all residents in the suite on a single lease (the two forms of lease in the student rental business)

“Rolled Properties” means the 20 multi-unit residential apartment buildings and a 10% interest in a 360-unit residential apartment building located in the Province of Ontario, containing an aggregate of 1,112 suites and as listed in Appendix “A”

“Rollover Agreement” means the agreement made as of August 31, 2009 between CAP I LP, CAP II LP, Centurion Apartment REIT, Centurion Asset Management Inc. and each of the partners of CAP I LP conferring certain benefits of the Rolled Properties to CAPLP II.

“Short Term Trading Fee” means the amount, (if any) of the reduction in Unit redemption price that will be applied as a fee against the Unitholder’s redemption if a Unitholder redeems Units early. See “Purchase Options”.

“Special Voting Unit” means a unit of Centurion Apartment REIT issued only in connection with the Rollover Agreement. **“Standard Apartment Building”** means an apartment building not primarily targeted towards students.

“Student Residence” means an apartment building primarily targeted towards students. It can be either on campus or off campus. **“Subscriber”** means a Person purchasing REIT Units pursuant to this Offering.

“Subsidiary” means, with respect to any Person (other than an individual), any other Person (other than an individual) the financial results of which would be required to be consolidated with those of the first Person’s in the preparation of the first Person’s consolidated financial statements if prepared in accordance with GAAP.

“Suites” means Rental Suites.

“Tax Act” means the *Income Tax Act*, R.S.C. 1985 (5th Supp.), c.1, as amended.

“Trustees” means the trustees of Centurion Apartment REIT.

“Undiluted” Suites or “Undiluted” Rental Units means that the number of Suites or Rental Units, as the case may be, that doesn’t factor in any portion of a property that may be owned with partners. E.g. a 100-suite building owned 50/50 with a partner would be 100 suites on an undiluted basis and 50 suites on a diluted basis. See **“Diluted” Suites or “Diluted” Rental Units**

“Units” means, collectively, the REIT Units and the Special Voting Units. **“Unitholder”** means a holder of one or more Units.

“Warehouse Agreement” means the agreement dated September 12, 2014 between Centurion Apartment REIT and Centurion Real Estate Opportunities Trust or the agreement dated January 16, 2017 between Centurion Apartment REIT and Centurion Financial Trust.

“Weighted Average Capitalization Rate” means the NNOI of the property portfolio divided by the market value of the property portfolio both on a proportionate consolidation basis.

CENTURION APARTMENT REIT

Centurion Apartment Real Estate Investment Trust (Centurion Apartment REIT) is an unincorporated open-ended investment trust created by a declaration of trust made as of August 31, 2009 (the Declaration of Trust) and governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein. See “Declaration of Trust” and “Description of Units”. The objectives of Centurion Apartment REIT are: (i) to provide Unitholders with stable and growing cash distributions, payable monthly and, to the extent reasonably possible, tax deferred, from investments in a diversified portfolio of income-producing multi-unit residential properties located in Canada and the United States; and (ii) to maximize REIT Unit value through the ongoing management of Centurion Apartment REIT’s assets and through the future acquisition of additional multi-unit residential properties. See “Objectives of Centurion Apartment REIT”.

The Trustees are responsible for the general control and direction of Centurion Apartment REIT. The day-to-day management of Centurion Apartment REIT is carried out by the REIT Management. See “Management of Centurion Apartment REIT” and “Management of the Properties”.

Future acquisitions will be subject to specific investment guidelines and the operation of Centurion Apartment REIT will be subject to specific operating policies. See “Investment Guidelines and Operating Policies”. Centurion Apartment REIT holds all of its interests in the Existing Properties and will hold all of its interest in the Properties Under Contract in the name of Centurion Apartment Properties GP Inc. in the name of nominee corporations, on behalf of the REIT, all of the shares of which nominee corporations are owned, directly or indirectly, by Centurion Apartment REIT. The head office of Centurion Apartment REIT is located at: 25 Sheppard Avenue West, Suite 1800, Toronto, ON M2N 6S6.

History of Centurion Apartment REIT Prior to REIT Conversion

Centurion Apartment REIT evolved over several years into its current form as a REIT. Gregory G. Romundt, the founder of the REIT began acquiring the first properties in the portfolio in 2003. In March 2006, Centurion Apartment Properties I LP (“CAP I LP”), a growth-oriented private apartment investment fund was launched and issued its first equity at \$10/Unit. On June 1, 2007, Mr. Romundt rolled over his six-property personal apartment portfolio into CAP I LP and opened CAP I LP to investment on a private placement basis. It continued to issue new equity to fuel growth, with the last subscriptions in November of 2008 occurring at \$22.21/Unit. During this period, the portfolio grew to 1,179 apartment suites (including joint ventures) at 23 properties in 14 cities and towns across Ontario. In 2009, preparations began to convert CAP I LP into a REIT. On August 31, 2009 Centurion Apartment REIT was established by Declaration of Trust and it entered into Rollover and Exchange Agreements with CAP I LP for the Rollover of CAPLP’s property portfolio into the REIT. This Rollover occurred on June 30, 2010 at a price of \$22.65/Unit at which time 1,477,500 Exchangeable “B” Units of CAP II LP were issued (equivalent to 1,477,500 Class “A” REIT Units) in exchange for their CAP I LP Units. This represented an exchange ratio of 2.265 CAP II LP Units per CAP I LP Unit.

History of Centurion Apartment REIT Since REIT Conversion

Since the REIT conversion in 2009, Centurion Apartment REIT has grown to assets of almost \$2.4 billion as at March 31, 2020. The property portfolio has more than 76 buildings and 10,053 units located in Ontario, Quebec, Nova Scotia, Saskatchewan, Alberta British Columbia, Georgia and Texas. Purpose-built student housing, considered a niche market, represents 10 buildings within the property portfolio.

Acquisitions, combined with significant capital improvements, has resulted in significant increases in asset values since the conversion (See “Properties”). In 2012, the Asset Manager of Centurion Apartment REIT had identified the provision of debt and equity financing for growth-oriented real estate transactions, particularly in its core area of expertise of apartments and student housing, and the development thereof,

as significant opportunities that would be a potentially accretive source of profit and an acquisition pipeline for Centurion Apartment REIT.

Since the beginning of 2013, the Asset Manager has been building this financing business for Centurion Apartment REIT and in May of 2013 began its first capital deployments. As the business grew, the Asset Manager believed that the potential scale of these opportunities, particularly in the development of new apartments and student housing which Centurion Apartment REIT could buy, would ultimately require a larger capital allocation than could be supported on its balance sheet alone. Further, the Asset Manager was seeing a regular flow of other real estate debt and equity investment opportunities that fell outside of the acquisition pipeline goals of Centurion Apartment REIT by virtue of its' activities in the market that it had to forego.

The Asset Manager believed that there was sufficient scope to create a fund to focus on these and other similar opportunities. To maximize the number of opportunities upon which it could execute potential Property Purchase Options and Property Offer Options, the Board of Trustees of Centurion Apartment REIT decided to set up a new fund, the Centurion Real Estate Opportunities Trust ("CREOT") to which it would contribute a portion of Centurion Apartment REIT's mortgage investments portfolio in return for equity in CREOT. Centurion Apartment REIT and CREOT would be strategic partners in providing developers an end-to-end solution for debt and equity financing and ultimately a potential exit in a sale of the stabilized development to Centurion Apartment REIT (See "Strategic Relationship with Centurion Real Estate Opportunities Trust"). CREOT was established by declaration of trust on August 13, 2014 and on September 12, 2014 Centurion Apartment REIT contributed a mortgage portfolio of \$58,927,228 in return for 5,897,722.80 Class "R" Units of CREOT at \$10.00 per Class R Unit. Centurion Apartment REIT and CREOT signed the Warehouse Agreement (See "Warehouse Agreement") and the Asset Transfer Agreement as part of the transaction.

Internalization of the Property and Asset Management Teams

Effective January 1, 2015, the REIT, along with Centurion Real Estate Opportunities Trust, internalized its property and asset management teams. Management believes that internalizing these teams better aligns the management structure of the REIT and the other trusts with the interests of the unitholders and will reduce costs.

The key benefits of the internalization include the elimination of the property and asset management fees while maintaining the REIT's ability to draw upon the expertise of management.

PROPERTIES

Summary

The Existing Properties and Properties Under Contract (collectively, the "**Properties**") represent a source of stable and secure cash flow and may provide opportunities for capital appreciation. The Properties represent a well-diversified portfolio of multi-unit residential and commercial properties located in strategic locations that meet the investment strategy. Since many of the Properties currently have rents below the legally permitted maximum rents, the Asset Manager believes that the Properties represent an opportunity for enhanced value through capital improvements which will lead to increased net rental income as vacancies are filled and tenant creditworthiness is upgraded. As well, the current value attributable to some of the Properties is below their respective replacement cost. Certain aspects of the Properties are summarized in Appendix "D".

Existing Properties

Effective August 31, 2009 CAP I LP and Centurion Apartment REIT entered into the Rollover Agreement conferring certain benefits of the Rolled Properties to Centurion Apartment REIT as well as conferring certain benefits of CAP II LP and Centurion Apartment REIT to CAP I LP. The “Existing Properties” consist of 561 properties of which 451 are wholly owned multi-unit residential apartment buildings and 5 are joint ventures in multi-unit residential apartment buildings containing an aggregate of suites comprising of rental units. Of the 56 properties, 46 are standard apartment buildings and 10 are student residences. See “Appendix "A" – Existing Properties”. Under the Rollover Agreement, CAP I LP and CAP II LP agree to share in the profits (or losses) associated with properties owned or to be owned by the other, in proportion to their respective interest in Centurion Apartment REIT, as evidenced by the number of REIT Units owned by each. All the properties owned by Centurion Apartment REIT will be managed and operated by the Asset Manager and Property Manager or a sub manager reporting to the Property Manager in certain circumstances. As per the Exchange Agreement, Centurion Apartment REIT issued to CAP I LP Unitholders one Special Voting Unit (as described in the Declaration of Trust) for everyone unit of CAP II LP when CAP I LP was rolled into CAP II LP. See Appendix “A” for a list of the Existing Properties and Appendix “E” for summary information about the Existing Properties.

Joint Venture Properties

Certain of the Existing Properties are also Joint Venture Properties in which Centurion Apartment REIT has an investment partner(s) that participates in the ownership of certain properties. See Appendix “B” for a list of the Joint Venture Properties as at the date hereof.

Properties Under Contract

See Appendix “C” for a list of Properties Under Contract as at the date hereof. As at May 1, 2020, there were five properties under contract.

Properties Under Development

See Appendix “D” for a list of Properties Under Development as at the date hereof. As at May 1, 2020, there were fourteen properties under development.

Description of the Properties

See Appendix “E” for a detailed description of the Properties as of the date hereof.

Financing

See attached audited consolidated financial statements in Appendix “G” for a summary of the mortgages that are in place on the Properties as at December 31, 2019.

Acquisition and Operating Facilities

On a consolidated basis, Centurion Apartment REIT has Acquisition and Operating Facilities (the “**Acquisition and Operating Facilities**”) of \$158.5 million, \$128.5 million is committed and \$30.0 million is on demand... The Acquisition and Operating Facilities are revolving credit facilities and amounts drawn thereunder will not, after giving effect to the incurring of such indebtedness, cause the total amount of indebtedness of Centurion Apartment REIT and the amount then advanced under the Acquisition and Operating Facilities, to exceed 75% of the Gross Book Value, unless a majority of the Trustees, in their discretion, determine that the maximum amount of indebtedness will be based on the appraised value of the real properties of Centurion Apartment REIT. Periodic equity financing will be used to pay down the

Acquisition and Operating Facilities. The Acquisition and Operating Facilities will also facilitate acquisitions by Centurion Apartment REIT by enabling it to enter into negotiations for the purchase of properties without the need for an equity financing condition.

Centurion Real Estate Opportunities Trust, which is consolidated as part of the Trust, has a credit facility totaling \$30,000,000 with a Canadian Chartered bank.

SELECTED HISTORICAL INFORMATION

Presented below is select historic summary information about Centurion Apartment REIT. See Appendices “A” through “F” inclusive for additional information. The information in this section is provided for general information purposes and there can be no assurance that future performance or events will be similar to past performance or events.

REIT Unit Posted Prices

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
January		\$10.000	\$10.027	\$10.161	\$11.295	\$11.660	\$11.860	\$12.262	\$12.589	\$13.849	\$16.149	\$18.7200
February		\$10.000	\$10.042	\$10.185	\$11.295	\$11.660	\$11.860	\$12.262	\$12.589	\$14.040	\$16.149	\$18.8960
March		\$10.000	\$10.065	\$10.185	\$11.295	\$11.660	\$11.860	\$12.262	\$12.589	\$14.040	\$16.149	\$18.8960
April		\$10.000	\$10.082	\$10.185	\$11.660	\$11.660	\$11.950	\$12.262	\$12.589	\$14.040	\$16.149	\$18.8960
May		\$10.000	\$10.095	\$11.150	\$11.660	\$11.660	\$11.950	\$12.454	\$12.690	\$14.180	\$16.622	
June		\$10.000	\$10.110	\$11.150	\$11.660	\$11.660	\$11.950	\$12.454	\$12.690	\$14.180	\$16.622	
July		\$10.000	\$10.117	\$11.222	\$11.660	\$11.660	\$11.990	\$12.454	\$12.690	\$14.180	\$16.622	
August		\$10.000	\$10.129	\$11.222	\$11.660	\$11.780	\$11.990	\$12.454	\$13.385	\$14.820	\$16.872	
September		\$10.000	\$10.145	\$11.222	\$11.660	\$11.780	\$11.990	\$12.454	\$13.385	\$14.820	\$16.872	
October	\$10.000	\$10.000	\$10.152	\$11.222	\$11.660	\$11.860	\$11.990	\$12.454	\$13.385	\$14.820	\$16.872	
November	\$10.000	\$10.000	\$10.155	\$11.295	\$11.660	\$11.860	\$12.262	\$12.454	\$13.849	\$15.371	\$17.890	
December	\$10.000	\$10.000	\$10.161	\$11.295	\$11.660	\$11.860	\$12.262	\$12.589	\$13.849	\$15.832	\$17.890	

Distributions per REIT Unit

Distributions Per Class A REIT Unit												
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
January		\$0.06667	\$0.06685	\$0.06774	\$0.06833	\$0.06833	\$0.06833	\$0.06833	\$0.06833	\$0.06833	\$0.06833	\$0.06833
February		\$0.06667	\$0.06695	\$0.06790	\$0.06833	\$0.06833	\$0.06833	\$0.06833	\$0.06833	\$0.06833	\$0.06833	\$0.06833
March		\$0.06667	\$0.06710	\$0.06790	\$0.06833	\$0.06833	\$0.06833	\$0.06833	\$0.06833	\$0.06833	\$0.06833	\$0.06833
April		\$0.06667	\$0.06721	\$0.06790	\$0.06833	\$0.06833	\$0.06833	\$0.06833	\$0.06833	\$0.06833	\$0.06833	\$0.06833
May		\$0.06667	\$0.06730	\$0.06833	\$0.06833	\$0.06833	\$0.06833	\$0.06833	\$0.06833	\$0.06833	\$0.06833	\$0.06833
June		\$0.06667	\$0.06740	\$0.06833	\$0.06833	\$0.06833	\$0.06833	\$0.06833	\$0.06833	\$0.06833	\$0.06833	\$0.06833
July		\$0.06667	\$0.06745	\$0.06833	\$0.06833	\$0.06833	\$0.06833	\$0.06833	\$0.06833	\$0.06833	\$0.06833	\$0.06833
August		\$0.06667	\$0.06753	\$0.06833	\$0.06833	\$0.06833	\$0.06833	\$0.06833	\$0.06833	\$0.06833	\$0.06833	\$0.06833
September		\$0.06667	\$0.06763	\$0.06833	\$0.06833	\$0.06833	\$0.06833	\$0.06833	\$0.06833	\$0.06833	\$0.06833	\$0.06833
October	\$0.06667	\$0.06667	\$0.06768	\$0.06833	\$0.06833	\$0.06833	\$0.06833	\$0.06833	\$0.06833	\$0.06833	\$0.06833	\$0.06833
November	\$0.06667	\$0.06667	\$0.06770	\$0.06833	\$0.06833	\$0.06833	\$0.06833	\$0.06833	\$0.06833	\$0.06833	\$0.06833	\$0.06833
December	\$0.06667	\$0.06667	\$0.06774	\$0.06833	\$0.06833	\$0.06833	\$0.06833	\$0.06833	\$0.06833	\$0.06833	\$0.06833	\$0.06833
Total	\$0.20000	\$0.80000	\$0.80853	\$0.81808	\$0.81996	\$0.81996	\$0.81996	\$0.81996	\$0.81996	\$0.81996	\$0.81996	\$0.27332

Tax Treatment of Distributions

Box on T3	Description	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
42	Return of Capital	100.00%	100.00%	100.00%	100.00%	90.25%	83.70%	83.31%	84.43%	67.90%	66.60%	49.72%
21	Capital Gains	-	-	-	-	9.75%	1.87%	1.15%		6.20%	-	4.18%
26	Other Income						14.43%	15.54%	15.57%	25.90%	32.55%	45.92%
24	Foreign Income										0.85%	0.19%

In 2019, Other Income increased as a portion of total returns to 45.92%. This was due to several very successful realizations during the year. This was mainly driven by the interest income earned by the REIT

on its mortgage investment and development portfolio. Given the strategic importance of continuing to build a future pipeline for accretive growth, and additional investing in mortgages, management expects that this income will stay relatively the same or increase for the next year while the REIT continues to deploy into similar opportunities until these turn into actual property acquisitions upon project stabilization. Once these opportunities become property rather than mortgage investments, we expect that the proportion of returns for tax purposes classified as Other Income will decline.

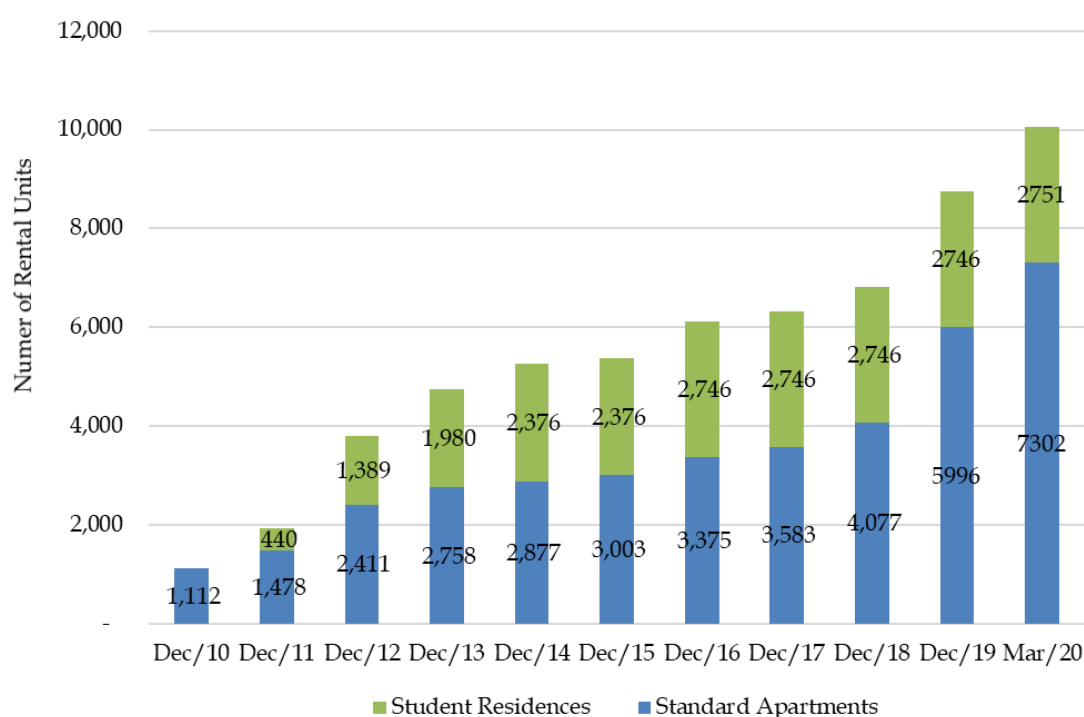
Equity Capital Raised (\$ millions)

Equity Capital Raised (\$ Millions)												
	2009	2010 *	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
January		\$0.00	\$2.01	\$4.49	\$5.21	\$6.85	\$6.84	\$0.00	\$0.00	\$ 0.24	\$ 21.39	\$50.17
February		\$1.16	\$1.33	\$6.20	\$7.29	\$7.34	\$7.70	\$0.001	\$35.37	\$ 29.76	\$ 30.25	\$63.08
March		\$0.93	\$2.27	\$9.22	\$8.49	\$21.44	\$8.49	\$0.00	\$4.92	\$ 24.31	\$ 0.65	\$1.61
April		\$0.71	\$2.53	\$0.37	\$5.54	\$7.04	\$13.99	\$18.49	\$0.66	\$ 8.47	\$ 53.96	\$18.08
May		\$0.57	\$3.19	\$0.53	\$12.54	\$0.00	\$7.69	\$2.30	\$0.09	\$ 20.71	\$ 46.22	
June		\$15.90	\$3.54	\$8.79	\$8.74	\$0.00	\$6.24	\$0.19	\$39.08	\$ 15.27	\$ 31.14	
July		\$1.05	\$3.04	\$6.95	\$43.44	\$0.00	\$8.37	\$0.15	\$5.44	\$ 18.77	\$ 32.99	
August		\$0.61	\$2.99	\$7.22	\$8.48	\$0.00	\$6.54	\$0.75	\$4.32	\$ 10.09	\$ 9.38	
September		\$1.65	\$3.00	\$6.39	\$6.73	\$19.76	\$0.00	\$0.00	\$14.69	\$ 20.29	\$ 1.43	
October		\$2.38	\$4.49	\$9.39	\$8.19	\$8.10	\$6.49	\$4.50	\$9.73	\$ 19.81	\$ 3.26	
November		\$1.62	\$4.70	\$6.97	\$20.75	\$6.91	\$5.16	\$30.67	\$1.43	\$ 15.88	\$112.06	
December	\$2.16	\$1.95	\$6.43	\$5.41	\$4.67	\$6.70	\$0.52	\$1.14	\$1.17	\$ 30.55	\$ 76.87	
Total	\$2.16	\$28.54	\$39.51	\$71.92	\$140.08	\$84.14	\$78.03	\$58.19	\$116.90	\$214.15	\$419.60	\$132.94

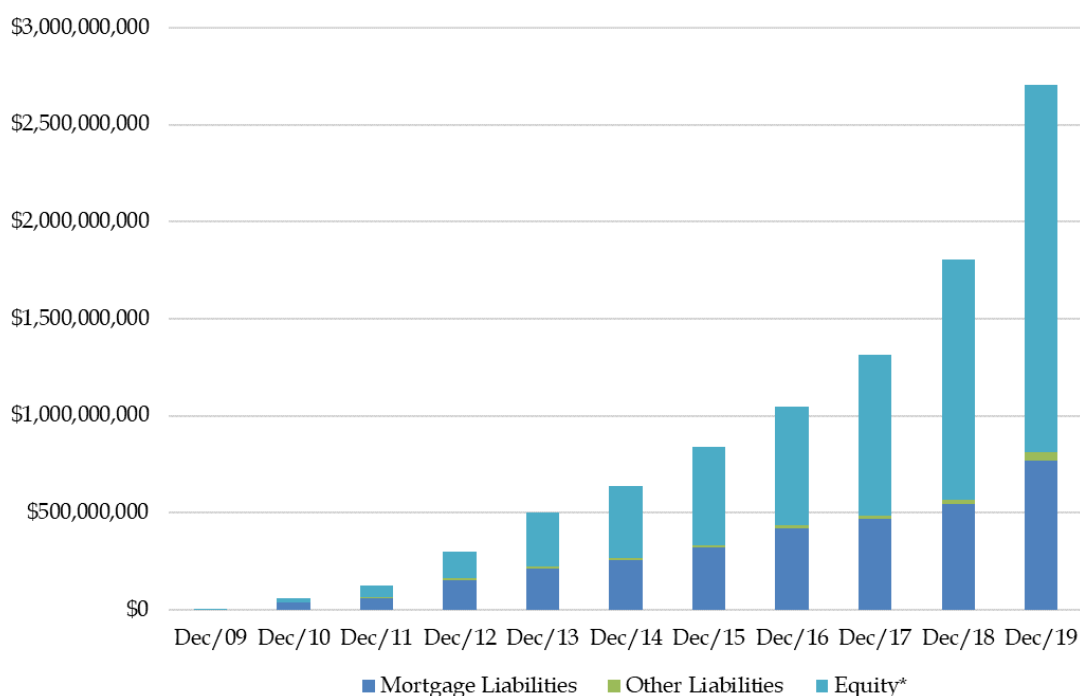
Property Portfolio Evolution

Property Portfolio Growth											
	Dec/10	Dec/11	Dec/12	Dec/13	Dec/14	Dec/15	Dec/16	Dec/17	Dec/18	Dec/19	Mar/20
Standard Apartments	1,112	1,478	2,411	2,758	2,877	3,003	3,375	3,583	4,077	5,996	7,302
Student Residences	-	440	1,389	1,980	2,376	2,376	2,746	2,746	2,746	2,746	2,751
Total	1,112	1,918	3,800	4,738	5,253	5,379	6,121	6,329	6,823	8,742	10,053

Number of Rental Units by Type



Assets, Liabilities, and Equity



MARKETS IN WHICH CENTURION APARTMENT REIT INVESTS

Centurion Apartment REIT invests primarily in the following areas:

- (i) Multi-Unit Residential Real Estate (Apartments)
- (ii) Student Housing
- (iii) Mortgage Investments
- (iv) Strategic Relationship with Centurion Real Estate Opportunities Trust

	Amount	% of Investment Portfolio
Multi-Unit Residential Real Estate	\$1,514,997,774	63.18%
Student Housing	\$287,671,592	12.00%
Mortgage Investments	\$102,494,154	4.27%
Strategic Relationship with Centurion Real Estate Opportunities Trust	\$492,842,012	20.55%
Total	\$2,398,005,531	100.00%

Centurion Apartment REIT's primary investment areas are described below.

Multi-Unit Residential Real Estate Market

The real estate industry in Canada is divided into two segments: (i) residential – where people live, and (ii) commercial – including office, retail and industrial properties. Centurion Apartment REIT's focus is primarily on multi-unit residential rental properties where large numbers of individuals live either in apartment buildings, townhouses or land lease communities. The following chart depicts the size of the rental market universe ("rental universe") in Canada and further outlines the distribution of rental stock, by Province and within census metropolitan areas with populations greater than 10,000.

Province	Rental Universe	% of Total	Vacancy Rate
Newfoundland and Labrador	6,333	0.3%	6.80%
Prince Edward Island	7,466	0.4%	1.10%
Nova Scotia	60,582	2.9%	1.40%
New Brunswick	35,888	1.7%	2.60%
Quebec	869,563	40.9%	1.80%
Ontario	693,515	32.7%	2.00%
Manitoba	71,795	3.4%	3.10%
Saskatchewan	38,450	1.8%	8.00%
Alberta	152,440	7.2%	5.40%
British Columbia	187,827	8.8%	1.50%
Total	2,123,859	100.0%	2.30%

Rental universe is total provincial rental universe of row/apartments (CMHC - October 2019)

While Centurion's current portfolio is concentrated primarily in Ontario and Quebec, these two provinces represent just shy of 74% of the total rental stock in Canada. Ontario alone represents just under 33% of the rental stock and presents vacancy rates that are lower than the national average with anticipated growth of household formation that is higher than the national average. The following chart outlines, for the period indicated therein, the annual growth rate in households in Canada, according to Statistics Canada.

Province	Households 2011	Households 2016	Average Annual Growth Rate
Newfoundland and Labrador	208,845	218,675	0.9%
Prince Edward Island	56,460	59,470	1.0%
Nova Scotia	390,280	401,990	0.6%
New Brunswick	314,030	319,775	0.4%
Quebec	3,395,215	3,531,665	0.8%
Ontario	4,886,655	5,169,170	1.1%
Manitoba	465,800	489,050	1.0%
Saskatchewan	409,575	432,625	1.1%
Alberta	1,390,285	1,527,675	1.9%
British Columbia	1,764,630	1,881,970	1.3%
Total Canada	13,319,250	14,072,080	1.1%

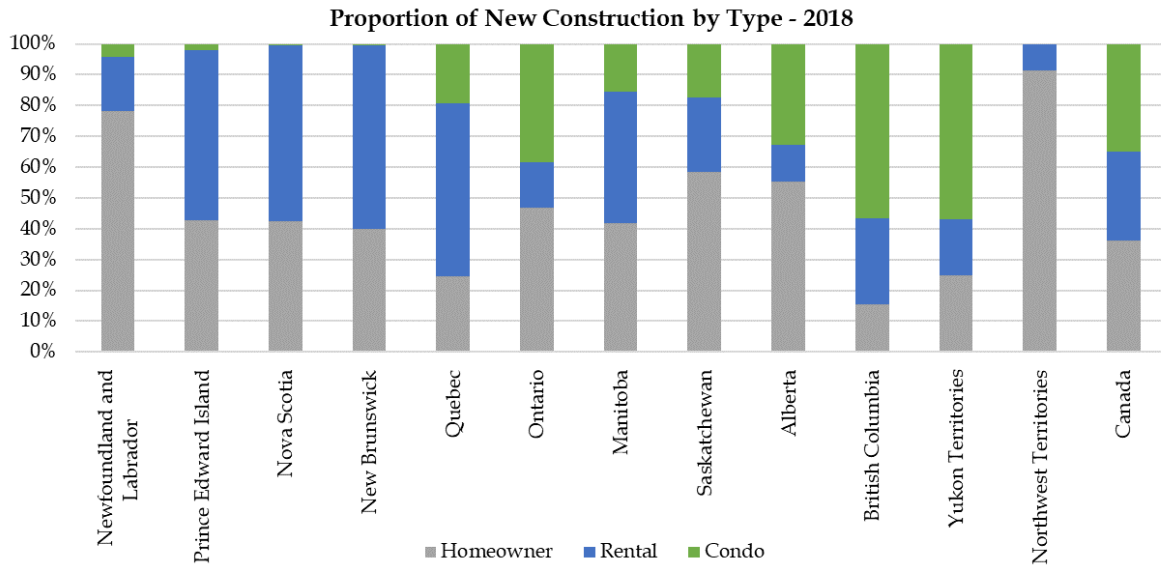
Census-based estimates of total private households (Statistics Canada - 2011 and 2016 Census)

The following chart outlines, for the period indicated therein, the percentage of household dwelling ownership in Canada, which in the inverse presents the propensity for rental households, where Ontario and Quebec have the lowest household dwelling ownership rates in the country.

Province	Household Ownership 1996	Household Ownership 2006	Household Ownership 2016
Newfoundland and Labrador	77.1%	78.7%	76.7%
Prince Edward Island	72.1%	74.1%	70.3%
Nova Scotia	70.4%	72.0%	68.7%
New Brunswick	73.8%	75.5%	74.4%
Quebec	56.5%	60.1%	61.3%
Ontario	64.3%	71.0%	69.7%
Manitoba	66.4%	68.9%	68.7%
Saskatchewan	68.8%	71.8%	72.0%
Alberta	67.8%	73.1%	72.4%
British Columbia	65.2%	69.7%	68.0%
Total Canada	63.6%	68.4%	67.8%

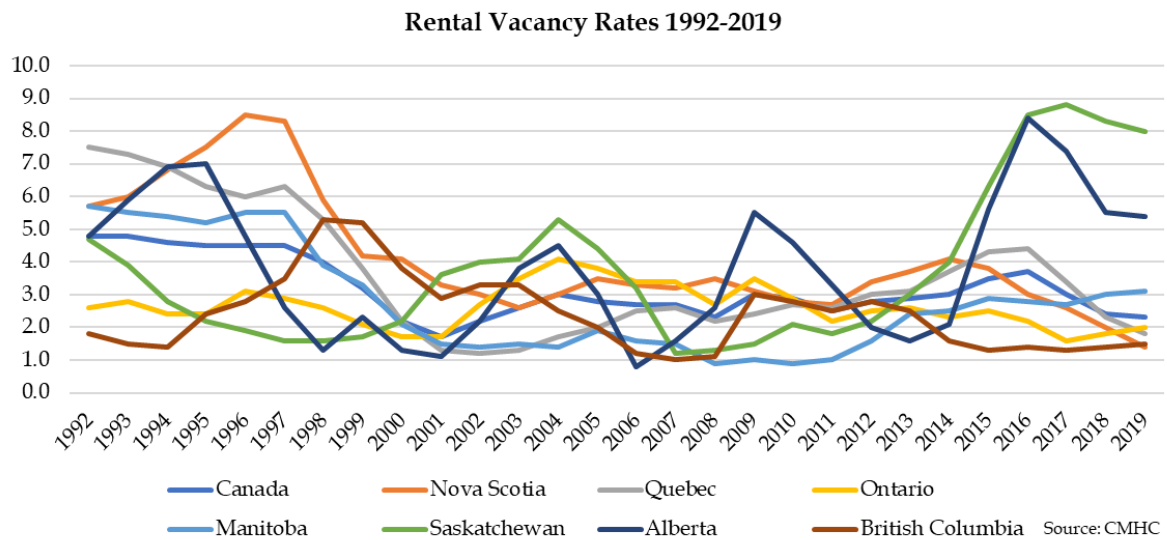
Ownership rates are computed as owners divided by total of all tenure types (CMHC, adapted from Statistics Canada - 1996/2006 and Statistics Canada - 2016)

Centurion Apartment REIT generally focuses acquisition efforts in outer lying areas that have a lower cost per unit than in urban areas, where tighter markets present relative pricing barriers. Based on the growing population in the Province of Ontario, and the lack of new construction of multi-unit residential buildings in these secondary and tertiary markets (see below), tenant demand for these properties has increased over the years.



(Source: CMHC)

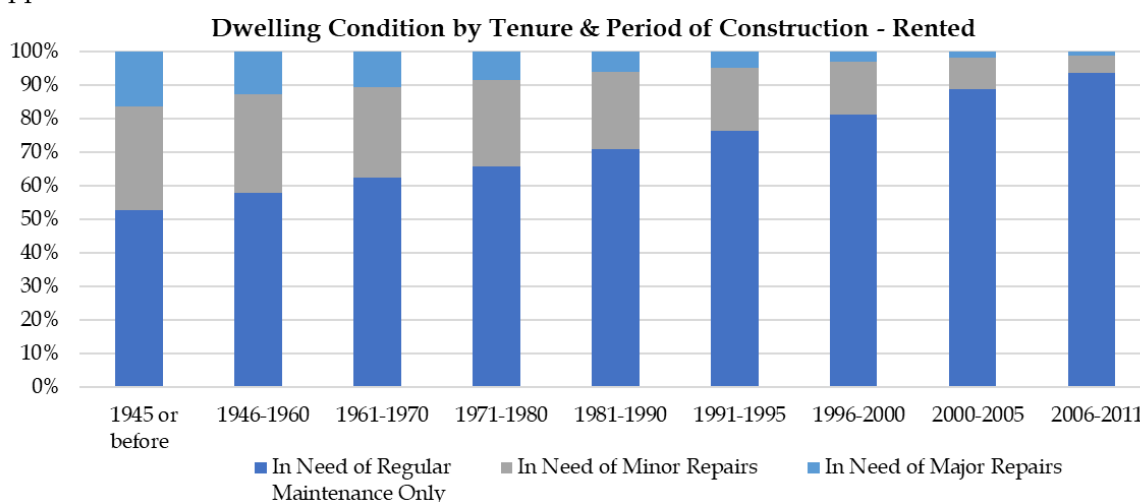
According to Canada Mortgage and Housing Corporation (“CMHC”), the vacancy rates in Canadian apartments were 3.0% in 2017, 3.4% in 2016, 3.5% in 2015, 3.0% in 2014, 2.9% in 2013, 2.8% in 2012, 2.5% in 2011, 2.9% in 2010 and 3.0% in 2009. While CMHC does not track and report statistics for all the smaller markets that Centurion Apartment REIT invests in, the Asset Manager does monitor and consider CMHC statistical data and forecasts as a benchmark tool when developing its investment objectives for Centurion Apartment REIT. Assuming the population in Ontario continues to grow and the declining relative costs of renting versus owning increases overall rental demand, the Asset Manager also expects an increase in demand for multi-unit residential rentals to accommodate new immigrants seeking long-term rental households and an aging population that is moving from both rural and over-populated/over-priced urban centers for better value. It is the experience of the Asset Manager that by purchasing or repositioning properties to be the ‘best in class’ in a community that they will attract a higher class of tenant that is respectful and will take pride living in these buildings.



(Source: CMHC)

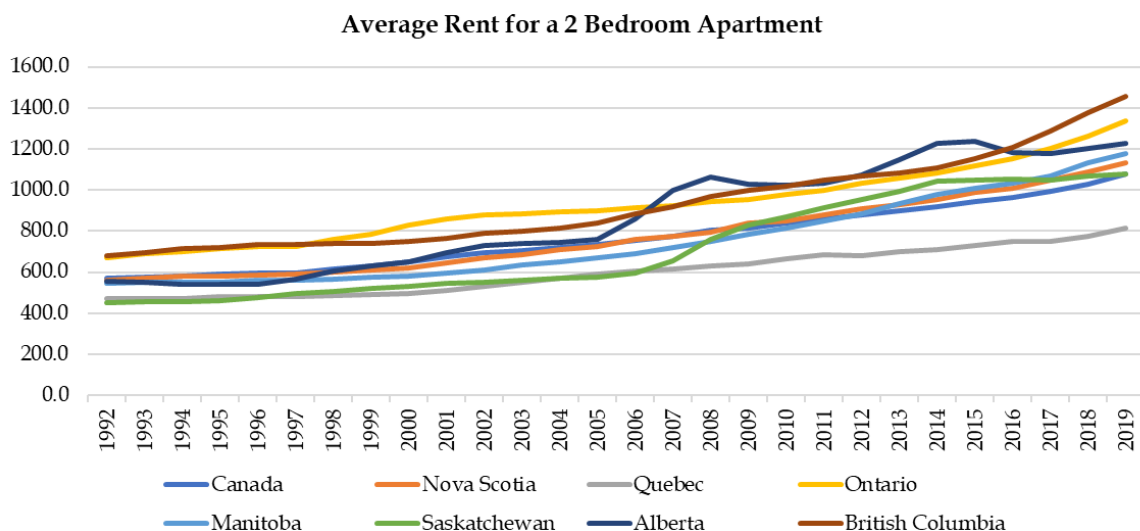
The Asset Manager believes that its strategies may provide REIT Unitholders with property acquisitions in a value-added approach. The Asset Manager generally focuses on communities that show consistently low vacancy levels and strong population demographics that align with the class of properties acquired by Centurion Apartment REIT. Centurion Apartment REIT targets a vacancy rate range of 3 to 5% for its portfolio. Many properties that the Asset Manager is identifying as potential acquisitions are under-managed in terms of rental revenues, operating expenses and capital improvements. Many previous or existing private owners, being generally less sophisticated operators, tend not to have taken advantage of scale or other efficiencies in managing the properties. Moreover, many of these private owners rely upon the cash flow of the property's operations to fund necessary capital improvements and expenditures, which increase with the age of the property.

Management believes there are limited opportunities for new acquisitions in Canada due to the current market conditions. Management believes that there are significant opportunities for portfolio growth in the United States. The market in the United States is significantly larger than in Canada and one that trades more actively. Management will continue to actively seek investment opportunities in the United States on an opportunistic basis.

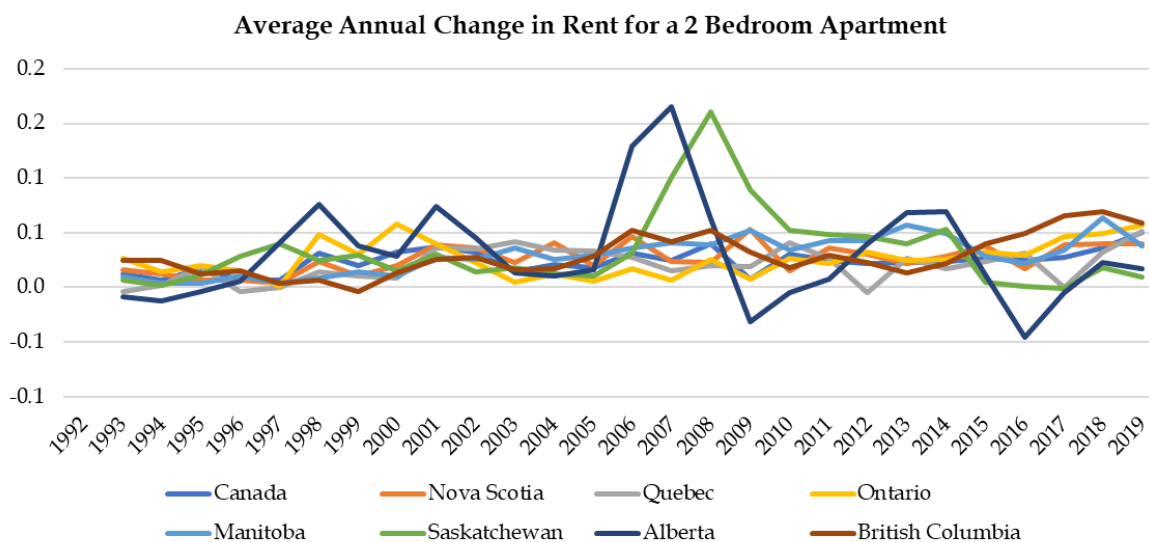


(Source: CMHC)

These capital-intensive improvements and expenditures that many private owners are unwilling or unable to fund often unlock potential incremental income which can be realized from increased rents or reduced operating expense.



(Source: CMHC)



(Source: CMHC)

THE STUDENT HOUSING MARKET

Purpose-built student housing is a niche and underserved multi-residential market in Canada that the Asset Manager believes may provide potentially attractive opportunities for Centurion Apartment REIT.

In the opinion of the Asset Manager, there are many student housing markets with some or all of the following potentially positive characteristics:

- high occupancy rates due to a shortage of quality, well located properties
- higher rents per square foot, generally translating into higher yields on student properties
- low correlation to the economy; in slow economic periods, students may be more inclined to stay in school, and unemployed persons may return to school, creating further demand
- a highly-fragmented industry with few dominant competitors, ripe for consolidation by a well-capitalized and focused acquisition strategy
- good inflation hedge characteristics due to frequency of lease turnover at market rates
- generally strong tenant quality due to multiple lease guarantors
- the specialized management skills in the business act as a barrier to entry
- the higher purchase price (as most are new construction) and equity requirements act as a barrier to entry
- the niche and emerging nature of the business has not yet attracted a large institutional following or participation, further acting to limit potential competition
- student demands are becoming more discerning with a willingness to pay for a premium lifestyle accommodation with security and amenities driving demand for new purpose-built products
- off-campus residents tend to be second through fourth-year students with most first-year students opting to stay on campus and remain in university residence

In the opinion of the Asset Manager, student housing also has some potentially negative characteristics such as:

- students move in and move out at the start and end of the academic year respectively. This means that if a property has some vacancy at the start of the academic year, that there is little potential to fill these units until the next term or academic year meaning that vacancies, if any will be less easy to fill than standard apartments.
- students require a higher level of oversight than standard apartments as it often is their first independent living experience. Properties require this increased oversight to reduce the risk of property damages and noise that may otherwise disturb other residents
- student properties are less well understood by financial institutions. This means fewer of them offer mortgage financing and the terms offered may not be as attractive as for regular apartments
- student apartments with higher bedroom density (e.g. 4 and 5-bedroom units) that are off campus, are generally not eligible for CMHC-insured mortgage financing.

Province	University*	College**	Total
Alberta	158,180	194,010	352,190
British Columbia	164,563	286,914	451,477
Manitoba	45,187	62,829	108,016
New Brunswick	18,731	27,057	45,788
Newfoundland & Labrador	18,516	25,746	44,262
Nova Scotia	47,963	53,490	101,453
Ontario	565,723	864,798	1,430,521
Prince Edward Island	4,926	6,450	11,376
Québec	310,859	534,054	844,913
Saskatchewan	40,005	57,123	97,128
Total	1,374,653	2,112,471	3,487,124

*2019 Enrolment - Full time & part time included

*<https://www.univcan.ca/universities/facts-and-stats/enrolment-by-university/>

**2017-2018 Enrolment

**Statistics Canada, CANSIM, table 477-0019

According to the Association of University and Colleges of Canada, for 2018 there are over 1.3 million students enrolled in 95 universities across Canada; this includes 1,067,370 full-time students. Currently, Centurion Apartment REIT serves markets where approximately 14% of these full-time students attend University across eight of these institutions. With increasing enrollment anticipated at most Canadian post-secondary institutions, including colleges, it is the opinion of the Asset Manager that the student housing market in Canada is under-served and demand will remain high for quality properties in premium locations that are within walking distance of the schools.

Enrolment by University - 2019	Province	Total Full-time Students
University of Waterloo	Ontario	37,800
McGill University*	Québec	31,469
Western University (excludes colleges)	Ontario	30,200
Concordia University*	Québec	28,138
Wilfrid Laurier University*	Ontario	16,700
King's University College at Western University*	Ontario	3,357
Huron University College*	Ontario	1,264
Brescia University College*	Ontario	-
University of Toronto	Ontario	84,300
York University	Ontario	47,400
The University of British Columbia	British Columbia	47,725
University of Ottawa	Ontario	38,100
Université de Montréal	Québec	36,053
University of Alberta	Alberta	36,502
Université Laval	Québec	30,610
University of Calgary	Alberta	32,541
McMaster University	Ontario	33,100
Ryerson University	Ontario	31,400
University of Guelph	Ontario	27,000
Carleton University	Ontario	25,600
Université du Québec à Montréal	Québec	23,032
Queen's University	Ontario	26,400
University of Manitoba	Manitoba	25,622
University of Saskatchewan	Saskatchewan	19,820
University of Victoria	British Columbia	17,522
Simon Fraser University	British Columbia	16,804
Université de Sherbrooke	Québec	17,034
Dalhousie University	Nova Scotia	17,291
Brock University	Ontario	17,100
Memorial University of Newfoundland	Newfoundland & Labrador	15,462
University of Windsor	Ontario	14,700
MacEwan University	Alberta	12,693
Kwantlen Polytechnic University	British Columbia	10,104
Other Universities (62 Universities)	Canada	224,088
Total		1,076,931

*Centurion presence with 10 properties and 2,751 beds

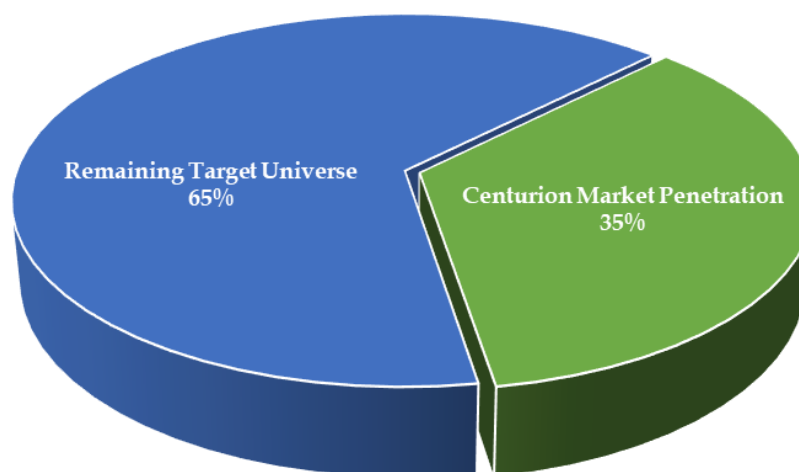
Source: Association of University & Colleges of Canada - 2019

Centurion Apartment REIT made its first purchases of dedicated student residences in December of 2011 and as of May 1, 2020, has interests (wholly owned and joint ventures) in 10 student housing properties totaling 2,751 beds. Please refer to Appendix “E” for more information on these properties. Due to the specialized nature of managing student properties, the Asset Manager is leveraging its extensive property management experience and has developed and implemented a unique student property management platform and brand which is responsible for day-to-day management and oversight.

Province	Full Time Undergraduate	Full Time Graduate	Total
Alberta	89,723	13,760	103,483
British Columbia	103,516	19,134	122,650
Manitoba	33,859	3,582	37,441
New Brunswick	15,528	1,452	16,980
Newfoundland & Labrador	12,479	2,983	15,462
Nova Scotia	35,603	5,165	40,768
Ontario	418,276	69,533	487,809
Prince Edward Island	4,032	503	4,535
Québec	159,165	54,096	213,261
Saskatchewan	30,446	4,096	34,542
Total	902,627	174,304	1,076,931

*Association of University & Colleges of Canada - 2019

Centurion Penetration of Target Universe
Locations in Markets with Full-time University Students



The chart above illustrates that the REIT has residences serving 18% of the university campuses that it is currently targeting.

Management remains optimistic about this space however we believe the number of opportunities for growth by development or acquisition have declined. Student condominiums have become popular with retail investors. As a result, a large number of the potential student sites are being built as for sale to retail investor condominiums. It makes sense for developers to do so as retail investors will pay substantially more than the REIT will for the same property.

Mortgage Investments

Centurion Apartment REIT, within the parameters set in the Investment Guidelines makes investments in mortgages on an opportunistic basis. The primary focus of the mortgage investment program is to (where possible) create potential future acquisition opportunities for the REIT. As the Asset Manager currently believes that there are opportunities in new construction rental apartments and student properties, the Asset Manager has been sourcing mortgage investment opportunities for the REIT where the REIT may be granted purchase options upon the completion and/or stabilization of the properties. The Asset Manager believes that providing funding to apartment developers and securing related purchase options (where possible) positions Centurion Apartment REIT to earn income during construction and to build a future

acquisition pipeline. In addition to apartment and student housing development mortgages, the REIT has also made other mortgage investments consistent with the Investment Guidelines to further diversify the portfolio.

The market conditions for mortgage investments are reasonably favorable. Conventional lenders remain somewhat cautious but active and there are constraints on the availability of development funding for both multi-unit residential and student housing, which are the REIT's key markets. Developers are attracted to the REIT to assist with construction financing particularly outside of the Greater Toronto Area, given the REIT's unique market position in being able to finance the construction, providing rental market experience and being a potential end purchaser of the completed product.

With the prospects for the opportunities that may grow out of the mortgage investment program, the REIT created and seeded a new fund with its existing mortgage portfolio, the Centurion Real Estate Opportunities Trust ("CREOT") and opened this to outside investment on September 15, 2014. The REIT subscribed and continues to subscribe for Class "R" Units of CREOT which do not attract any additional asset management fees and as such, there are no duplication of fees between the REIT and CREOT with the Asset Manager.

The intention was to create a strategic partnership between the REIT and CREOT to offer a complete end-to-end solution for developers of apartments and student housing (See "Strategic Relationship with Centurion Real Estate Opportunities Trust"). While the REIT may also continue to invest in mortgage investments independently of CREOT, it is anticipated that the majority of the REIT's future mortgage investment activity would likely be via its investment in CREOT and Warehoused Mortgages with CREOT (See "Warehouse Agreements").

Please refer to Appendix "F" – Summary Information About the Mortgage Investment Portfolio for further information.

The traditional sources of real estate mortgage financing include Schedule I and II Banks, trust companies, insurance companies and pension funds (collectively, "Institutional Lenders"). The larger Institutional Lenders in Canada are generally focused on mortgage loans that comply with the often-restrictive lending criteria established by the Canadian banks. These criteria became much more restrictive after the 2008 credit crisis, resulting in a pullback by traditional lending sources from the mortgage market in general and in particular the commercial mortgage market. Due to the focus of large financial institutions on limited types of mortgage loans and increasingly conservative loan exposure levels, quality lending opportunities exist in some segments of the mortgage market at premium interest rates secured by high quality mortgage loans. Below are the areas of focus for Centurion Apartment REIT in the mortgage market.

Construction loans for purpose-built rental apartments and student housing buildings

Mortgage financing to support the construction of purpose-built rental apartments and student housing buildings is provided on a strictly limited basis by only a few large financial institutions, primarily a few of the Schedule I and Schedule II Banks and some trust companies. Despite vacancy rates upon completion and stabilization for these types of projects remaining extremely low, these lending institutions are very conservative and limited in the amount of financing they will provide. This allows Centurion Apartment REIT to potentially find abundant lending opportunities on high quality projects, typically structured as either first or second mortgages, in particular for those projects which Centurion Apartment REIT may have an interest in acquiring upon completion. The loan exposure levels provided by the Company are typically well within the price point at which Centurion Apartment REIT would be interested in acquiring the completed projects.

Multi-Family Residential, Investment Properties and Commercial Mortgages

Mortgage lending in the income-producing investment property market is dominated by a few large Institutional Lenders. These institutions tend to be more conservative and focus only on the highest quality

of income-producing properties owned by large real estate investors. As a result, Centurion Apartment REIT can find attractive lending opportunities providing first and second mortgage financing on other income-producing properties and owners, including attractive lending opportunities on purpose-built multi-family rental and student housing.

Developer and Builder Pre-Construction Loans

Builders and developers require loans to acquire land to build low-rise and high-rise developments. The Institutional Lenders lend on a very limited basis on land, presenting potentially attractive lending opportunities to Centurion Apartment REIT.

Mezzanine and Subordinated Debt Financing

Mezzanine or subordinated debt financing for residential and commercial development projects is highly fragmented. Institutional Lenders typically do not provide this type of specialized financing for developers, and the capital providers are typically small private entities with limited access to capital. Given the lack of participation from the larger financial institutions, there is less competition in this market segment, which provides Centurion Apartment REIT with opportunities to underwrite well-structured, secure mortgage loans with attractive pricing.

Residential Mortgages

The single-family conventional mortgage market in Canada is dominated by the Schedule I Banks which are aggressive in underwriting single family Conventional Mortgage loans provided they strictly comply in all aspects with rigid underwriting criteria. The five largest Schedule I Banks are generally less aggressive in pursuing single family Conventional Mortgage loans where (i) the borrower is self-employed, (ii) the borrower lacks a well-developed domestic credit history due to having recently immigrated to Canada, (iii) the borrower intends to substantially renovate the property, or (iv) the borrower or the loan is otherwise outside the strict lending guidelines of the Schedule I Banks. Consequently, the borrowers who do not meet the rigid underwriting criteria of the Schedule I Banks find it more difficult to obtain financing from traditional financial institutions, regardless of loan-to-value ratios or security offered, presenting attractive lending opportunities to Centurion Apartment REIT.

Strategic Relationship with Centurion Real Estate Opportunities Trust

Since the beginning of 2013, the Asset Manager had been building a financing business for Centurion Apartment REIT and in May of 2013 began its first capital deployments. As the business grew, the Asset Manager believed that the potential scale of these opportunities, particularly in the development of new apartments and student housing which Centurion Apartment REIT could buy upon completion, would ultimately require a larger capital allocation than could be supported on its balance sheet alone. Further, the Asset Manager was seeing a regular flow of other real estate debt and equity investment opportunities that fell outside of the acquisition pipeline goals of Centurion Apartment REIT by virtue of its' activities in the market that it had to forego. As such, the Asset Manager believed that there was enough scope to create a fund to focus on these and other similar opportunities. To maximize the number of opportunities upon which it could execute and potentially secure purchase options, the Board of Trustees of Centurion Apartment REIT decided to set up a new fund, CREOT, to which it would contribute Centurion Apartment REIT's debt and equity financing portfolio in return for equity in CREOT. Centurion Apartment REIT and CREOT would be strategic partners in providing developers an end-to-end solution for debt and equity financing and ultimately a potential exit in a sale of the stabilized development to Centurion Apartment REIT. In the opinion of REIT Management, this end-to-end solution has been seen by developers as an attractive option and has garnered considerable interest. The strategic partnership between Centurion Apartment REIT and the Centurion Real Estate Opportunities Trust is intended primarily to have the following benefits:

For Developers and other clients:

- an end-to-end solution to finance, develop, manage and sell their properties

For CREOT:

- a significant starting portfolio with a track record that would allow CREOT to get to scale faster than if it started from scratch
- the opportunity to invest for income and growth on new opportunities originating from relationships developed by Centurion Apartment REIT.
- via the Warehousing Agreement with Centurion Apartment REIT, the ability to move quickly to commit to investment opportunities to build its portfolio.

For Centurion Apartment REIT:

- the continuing opportunity to participate in the income and growth on its pro-rata holdings in the portfolio it had built and contributed to CREOT
- the opportunity to use its own operating facilities to fund higher-yielding investments on a short-term basis via the Warehousing Agreement for short term income
- the opportunity to build a larger pipeline of potential acquisitions than it could on its own

As such, it is anticipated that Centurion Apartment REIT will invest in the strategic relationship with CREOT by maintaining an investment in CREOT and in providing a warehouse facility to CREOT to assist CREOT in growing its portfolio and thus ultimately, the number of options to purchase properties which Centurion Apartment REIT may have interest in (See “Warehouse Agreement”)

Warehouse Agreements

Centurion Apartment REIT has entered into two Warehouse Agreements with CREOT and Centurion Financial Trust (“CFIT”), pursuant to which Centurion Apartment REIT has agreed to fund (purchase) and warehouse certain mortgage investments originated by (or on behalf of) CREOT or CFIT (the “Warehoused Mortgages”) and growth-oriented real estate investments, ancillary real estate and other investments (the “Warehoused Other Investments”). The Warehouse Agreements (i) provides CREOT and CFIT with a non-committed funding facility to fund (A) mortgage investments originated and placed directly or indirectly by the Mortgage Manager on behalf of CREOT or CFIT and (B) growth-oriented real estate investments (including real estate development), ancillary real estate and other investments identified by the Asset Manager on behalf of CREOT or CFIT and (ii) grants CREOT or CFIT an option to repurchase Warehoused Mortgages and Warehoused Other Investments funded (purchased) under the Warehouse Agreement at any time. The Warehouse Agreements also provide Centurion Apartment REIT with an option to sell any Warehoused Mortgages and/or Warehoused Other Investments to CREOT or CFIT (i) on 180 days’ prior notice for any Warehoused Mortgages and/or Warehoused Other Investments that remain in good standing, (ii) immediately (within three (3) Business Days) for any Warehoused Mortgages and/or Warehoused Other Investments that have been noted in default or that have otherwise experienced a negative credit or other event, as set out in the Warehouse Agreements, or (iii) on thirty (30) days’ prior notice where CREOT or CFIT has provided a notice to terminate the Warehouse Agreements.

For such time as Centurion Apartment REIT is the beneficial owner of the Warehoused Mortgages and Warehoused Other Investments it is entitled to all related economic benefits. Until such time as the CREOT or CFIT has acquired such Warehoused Mortgages and Warehoused Other Investments from the REIT, CREOT has no rights to such Warehoused Mortgages or Warehoused Other Investments, but is fully-exposed to the related downside risks by virtue of Centurion Apartment REIT’s unrestricted option to

immediately sell any Warehoused Mortgages and/or Warehoused Other Investments that have been noted in default or that have otherwise experienced a negative credit or other event, as set out in the Warehouse Agreements.

In the event that CREOT or CFIT purchases a Warehoused Mortgage from Centurion Apartment REIT, the purchase price for such Warehoused Mortgage will be: a) the outstanding principal balance owing to Centurion Apartment REIT in respect of each Warehoused Mortgage plus all interest attributable to such interest accrued and unpaid on such Warehoused Mortgage less (b) CREOT's or CFIT's pro-rata share of the upfront, ongoing and deferred lender fees payable in respect of such Warehoused Mortgage, if any, to Centurion Apartment REIT as the beneficial owner of the Warehoused Mortgage. Where the purchased Warehoused Mortgage provides for the opportunity to share in the profits of the property underlying the Warehoused Mortgage, all such participating rights and profit sharing shall attribute exclusively to CREOT or CFIT and shall not be included in the purchase price. In the event that CREOT or CFIT purchases a Warehoused Other Investment from Centurion Apartment REIT, the purchase price for such Warehoused Other Investment will be determined on the basis, or using the formula, set out in the applicable commitment letter pursuant to which Centurion Apartment REIT agreed to advance funds in respect of such Warehoused Other Investment, or such other price as CREOT or CFIT and Centurion Apartment REIT may agree.

The Warehouse Agreements requires that, unless otherwise agreed by CREOT or CFIT and Centurion Apartment REIT, the Warehoused Mortgages and Warehoused Other Investments funded or purchased by Centurion Apartment REIT be purchased by CREOT or CFIT on a "first in, first out" basis. The "first in, first out" requirement applies collectively to Warehoused Mortgages and Warehoused Other Investments.

It is expected that CREOT or CFIT will make use of the facility under the Warehouse Agreements to fund mortgage and other investments in order to (i) permit the continuous deployment of capital and (ii) avoid a reduction of returns associated with delays in the deployment of equity capital that needs to be raised to fund mortgage investments. Centurion Apartment REIT is not required to fund (purchase) any mortgage investments pursuant to the Warehouse Agreement and has made no commitments to do so. Any funding decision of Centurion Apartment REIT is made independent of CREOT or CFIT by the independent trustees of Centurion Apartment REIT, provided that the independent trustees of Centurion Apartment REIT may set parameters pursuant to which such funding decisions are delegated to the Asset Manager (or any successor asset manager of Centurion Apartment REIT).

As consideration for Centurion Apartment REIT providing the warehouse facility and entering into the Warehouse Agreement, during the term of the Warehouse Agreements, CREOT or CFIT has granted Centurion Apartment REIT the exclusive first right to purchase from CREOT or CFIT and exercise any Property Purchase Option granted to CREOT or CFIT in connection with the acquisition of any Mortgage Assets and/or other investments. During the Term, such right shall apply to all Mortgage Assets and/or other investments for which CREOT or CFIT is the beneficial owner regardless of whether or not such Mortgage Assets and/or other investments are warehoused with Centurion Apartment REIT in accordance with the Warehouse Agreements. The purchase price paid by Centurion Apartment REIT for any Property Purchase Option shall be the fair market value of such Property Purchase Option determined at the time Centurion Apartment REIT exercises its right to purchase the Property Purchase Option, acting reasonably and in good faith. Any disputes with respect to the determination of the fair market value of the Property Purchase Option are to be resolved through negotiation between Centurion Apartment REIT and CREOT or CFIT, failing which either party may request that an independent firm of licensed real estate appraisers resolve the dispute. Centurion Apartment REIT has the option to redeem the number of Class R Units equal to the fair market value of the Property Purchase Option in order to satisfy the purchase price therefore.

As further consideration for Centurion Apartment REIT providing the warehouse facility and entering into the Warehouse Agreements, during the term of the Warehouse Agreements, CREOT or CFIT has agreed to assign at no cost to Centurion Apartment REIT the exclusive first right to exercise any Property Offer

Option granted to CREOT, provided such Property Offer Option is transferable to the Centurion Apartment REIT. During the term, such right shall apply to all Mortgage Assets held by CREOT or CFIT regardless of whether such Mortgage Assets and/or other investments are warehoused with Centurion Apartment REIT in accordance with the Warehouse Agreements. Centurion Apartment REIT and CREOT or CFIT have acknowledged in the Warehouse Agreements that the fair market value of each Property Offer Option is expected to be nominal and that unless Centurion Apartment REIT and CREOT or CFIT, each acting reasonably and in good faith, determine otherwise, the purchase price for each Property Offer Option shall be \$0.

Centurion Apartment REIT has the option to require that CREOT or CFIT pay the purchase price of any Warehoused Mortgages and/or Warehoused Other Investments in additional Class R Units rather than in cash, or to satisfy the purchase price of a Property Offer Option and any underlying Warehoused Mortgage and/or other investment relating thereto through the redemption of Class R Units.

Conflicts of Interest and Allocation of Investment Opportunities between the REIT and CREOT

Centurion Apartment REIT and CREOT operate independently from one another and have separate boards of trustees, with Gregory Romundt, and Stephen Sender serving as trustees for both Centurion Apartment REIT and CREOT. Although Stephen Sender serves as a trustee of both Centurion Apartment REIT and CREOT, he is otherwise independent of the Asset Manager and its affiliates.

The Declaration of Trust contains “conflict of interest” provisions requiring Trustees to disclose material interests in Material Contracts and transactions and to refrain from voting thereon. Where there is a material conflict of interest, this conflict will be managed to prevent the conflict from adversely affecting the interests of the REIT, including by referring such conflict matter to the Independent Trustees. Additionally, certain Independent Trustee Matters, which have been deemed to have potential inherent conflicts, require the approval of the Independent Trustees.

Centurion Apartment REIT and CREOT may end up competing for the same investment opportunities and operating in the same markets, despite the differing time horizons mentioned above. CREOT may invest in long term real-estate properties and Centurion Apartment REIT may from time to time invest in Mortgage Assets. In the event that CREOT Trust and Centurion Apartment REIT are both interested in pursuing the same investment opportunity, the Asset Manager will seek to allocate investment opportunities on a basis which it determines to be fair and reasonable. There is no requirement that the Asset Manager allocate investment opportunities on a pro rata basis between CREOT and Centurion Apartment REIT. There may be situations where an investment opportunity is allocated to CREOT despite the REIT having an interest in such investment opportunity, and vice versa. See “RISK FACTORS – Allocation of Investment Opportunities”.

In addition, it is part of CREOT’s strategy to focus on properties that could be later sold to Centurion Apartment REIT. In such cases, Centurion Apartment REIT would have to pay fair market value for the properties which may be determined in part by the Asset Manager and will be reviewed and approved by the Independent Trustees.

Other Asset Classes and Markets

Centurion Apartment REIT may invest in commercial properties where attractive opportunities are presented, provided that after giving effect to such proposed investment, the aggregate value of all investments in multi-unit residential properties remains the primary focus. This offers Centurion Apartment REIT the ability to diversify the income generated by the portfolio, but, in addition, allows Centurion Apartment REIT the opportunity to acquire properties that are neither exclusively residential nor commercial, but may be complimentary to an existing location or the existing portfolio in improving

the overall value proposition. Often these properties are overlooked because of their mixed use, but because of that they are often available at attractive prices.

MANAGEMENT OF CENTURION APARTMENT REIT

General

The investment policies and operations of Centurion Apartment REIT are subject to the control and direction of the Trustees, a majority of whom have had at least five (5) years of substantial experience in the real estate industry and a majority of whom are Independent Trustees. REIT Management manages the day-to-day operations of Centurion Apartment REIT. The REIT manages the Properties and supervises third-party property managers where the REIT believes it is in its best interest to retain property managers on certain properties. See “Management of the Properties”.

Trustees

The Declaration of Trust provides that the assets and operations of Centurion Apartment REIT will be subject to the control and authority of a minimum of five (5) and maximum of eleven (11) Trustees. The number of Trustees may only be changed by the Unitholders or, if authorized by the Unitholders, by the Trustees, provided that the Trustees may not, between meetings of the Unitholders, appoint an additional Trustee if, after such appointment, the total number of Trustees would be greater than one and one-third times the number of Trustees in office immediately following the last annual meeting of Unitholders. The Asset Manager is, during the term of the Asset Management Agreement, entitled to appoint two (2) trustees (the “Centurion Appointees”) on a board of five (5) or six (6), three (3) trustees on a board of seven (7) or eight (8), four (4) trustees on a board of nine (9) or ten (10) and five (5) trustees on a board of eleven (11). A vacancy occurring among the Trustees (other than a vacancy resulting from the resignation or removal of the Centurion Appointees) may be filled by resolution of the remaining Trustees as long as they constitute a quorum, or by the Unitholders at a meeting of the Unitholders. A vacancy occurring among the Trustees resulting from the resignation or removal of the Centurion Appointees may be filled by an appointment by the Asset Manager. There are currently seven (7) Trustees, six (6) of whom are Independent Trustees.

The Declaration of Trust provides for the appointment by the Trustees of an audit committee (the Audit Committee). The Declaration of Trust contains additional provisions for the following with respect to Trustees:

- a majority of the Trustees must be Independent Trustees; and
- a Trustee, other than a Centurion Appointee, may be removed at any time with or without cause by a majority of the votes cast at a meeting of Unitholders or by written consent of Unitholders holding not less than a majority of the outstanding Units entitled to vote or with cause by a resolution passed by an affirmative vote of not less than two-thirds of the other Trustees.

Pursuant to the Declaration of Trust, each Trustee is required to exercise the powers and duties of his or her office honestly, in good faith with a view to the best interests of Centurion Apartment REIT and the Unitholders and, in connection therewith, to exercise that degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

Conflict of Interest Restrictions and Provisions

The Declaration of Trust contains “conflict of interest” provisions that serve to protect Unitholders without creating undue limitation on Centurion Apartment REIT. Given that the Trustees and senior officers of Centurion Apartment REIT are engaged in a wide range of real estate and other activities, the Declaration of Trust contains provisions that require if a Trustee or an officer of the Trust is a party to a Material

Contract or transaction or proposed material contract or transaction with the Trust or its subsidiaries, or is a director or officer or employee of, or otherwise has a material interest in, any person who is a party to a Material Contract or transaction or proposed material contract or transaction with the Trust or its subsidiaries, such Trustee or officer of the Trust, as the case may be, shall disclose in writing to the Trustees or request to have entered in the minutes of meetings of Trustees or a committee of the Trustees, as the case may be, the nature and extent of such interest.

Independent Trustee Matters

Notwithstanding anything to the contrary, in addition to requiring the approval of a majority of the Trustees, the approval of not less than a majority of the Independent Trustees holding office at such time who have no interest in the matter (given by vote at a meeting of Trustees or by written consent) shall be required with respect to any decision regarding Independent Trustee Matters.

Trustees and Officers

The name and municipality of residence, office held with Centurion Apartment REIT and principal occupation of each Trustee and senior officer of Centurion Apartment REIT are as follows:

List of Trustees and Officers Name and Municipality of Residence		Office	Principal Occupation
Gregory Gunter Romundt ⁽³⁾	Toronto	President, Trustee	Executive
Robert Kennedy Orr	Toronto	EVP Finance (CFO)	Executive
Gordon Ross Amos ⁽¹⁾⁽²⁾	Mississauga	Trustee (Chairman)	Director
John Frank Mills ⁽¹⁾⁽²⁾	Oakville	Trustee	Executive
Paula Gasparro ⁽¹⁾	Etobicoke	Trustee	Executive
Laetitia Yvette Pacaud ⁽¹⁾⁽²⁾	Toronto	Trustee	Executive
Stephen Leslie Sender ⁽¹⁾⁽²⁾	Vaughn	Trustee	Executive
Andrew Alexander Jones ⁽¹⁾	Toronto	Trustee	Executive

(1) Member of Audit Committee

(2) Independent Trustee

(3) Centurion Appointee

The nature and extent of real estate experience of the Trustees and senior officers of Centurion Apartment REIT and their principal occupations during the last five years are as follows:

Gregory Gunter Romundt

Mr. Gregory G. Romundt is the founder and President of the Asset Manager, the Property Manager, the Mortgage Manager, the Mortgage Servicer, Centurion Apartment REIT, Centurion Real Estate Opportunities Trust, and Centurion Financial Trust. He has been engaged in investment in residential real estate since 1997 and investments and financial markets since 1991. He has real estate investment experience in Singapore, Britain, Australia, China and Canada. From 1991 to 1997, he worked for Citibank in Toronto, New York and Singapore as a financial derivatives trader in interest rate derivatives, major and emerging currencies and exotic derivatives. From 1997 to 2001, he worked for AIG International Group in Hong Kong, Britain and Singapore as head of emerging market derivatives and then as Senior Vice President and Partner (Emerging Markets). He was the group risk manager, overseeing all of the firm's positions in emerging markets. He graduated from the Richard Ivey School of Business at the University of Western Ontario with an HBA in 1991. Mr. Romundt was nominated for and was a finalist in the Ernst & Young 2014 Entrepreneur of the Year award. He was named CEO of the Year in 2015 by Canadian

Apartment Magazine. He has previously served on the board of NEMA (National Exempt Market Association) and currently serves on the board of the PCMA (Private Capital Markets Association).

Robert Kennedy Orr

Mr. Robert Orr has over 25 years of experience within the financial services sector. Mr. Orr has held senior finance positions in a number of companies ranging from a private investment firm, a large multi-national financial institution and a global accounting firm. Prior to joining Centurion, he was the Chief Financial Officer and Chief Compliance Officer of Sevenoaks Capital Inc., an alternative investment manager, regulated by the Ontario Securities Commission, catering to high net worth individuals both in Canada and internationally. Previously, Mr. Orr was the Chief Financial Officer of UBS Bank (Canada), the wealth management division of the Swiss-based bank. Mr. Orr has also held positions at KPMG as a Senior Manager in their Risk and Advisory Practice with a focus on financial services and CIBC World Markets as an Executive Director, Finance. Mr. Orr is a Chartered Accountant registered with the Institute of Chartered Accountants of Ontario and holds a Bachelor of Commerce from the University of British Columbia.

Gordon Ross Amos, MBA, ICD.D

Since 2000, Mr. Ross Amos has been President of Everest Canadian Properties Company, a subsidiary of a California based real estate investment bank. He has served as an independent Director/Trustee of two publicly traded companies. In these roles he has chaired audit, compensation, nominating, and governance committees. He has also served as a Director on a number of privately-owned companies. Mr. Amos received an honors degree in Business Administration from the Ivey School of Business at the University of Western Ontario, a Master of Business Administration from York University and is one of the first recipients of the ICD.D designation from the Rotman School of Business and the Institute of Corporate Directors- Corporate Governance College.

John Frank Mills

Mr. John Mills is the president of the Mills Group Inc. which he founded in 1978 to manage Burger King franchises, real estate and a consulting practice specializing in strategic planning. Mr. Mills holds an MBA from Richard Ivey and is certified member of the Institute of Corporate Directors (ICD.D). Mr. Mills has been a director of a number of private and public corporations including the advisory board for Burger King Corporation (N.A) (2005-2010), Park Lawn Company Limited, Centurion Apartment REIT and is chairman of Lone Star Group Inc.

Andrew Alexander Jones

Mr. Jones is a founding partner of Portage Capital Corporation, a boutique investment firm focused on investing capital in commercial real estate and mortgages. Prior to starting Portage, from late 2007 to mid-2018, Mr. Jones was a Partner and Senior Managing Director at Timbercreek Asset Management, an asset management firm focused on commercial real estate and related products, with in excess of \$8 billion of assets under management. In addition, Mr. Jones was a member of both the credit committee and investment committee of Timbercreek. While there, Mr. Jones' primary responsibility was the development and management of the company's mortgage debt business. He was also responsible for overseeing the origination and structuring of Timbercreek-sponsored commercial mortgage investments, originating in excess of \$6 billion in debt investments across various sectors. Mr. Jones also served as a trustee of Timbercreek REIT, which, prior to it being sold to private investors in 2010, was one of Canada's largest private REITs. Mr. Jones was also the Chief Executive Officer and a member of the Board of Directors for Timbercreek Financial (TF:TSX), a publicly traded company with gross assets in excess of \$1.2 billion, which he managed from initial public offering in 2008 through to his resignation as CEO in December, 2017. Mr. Jones remained a member of the Board of Directors of Timbercreek Financial until December 2018. Prior to joining Timbercreek, Mr. Jones was a Co-founder and Managing Partner of Canadian Mortgage Strategies and Investments (CMSI), a commercial mortgage brokerage firm with offices in four provinces. Prior to

CMSI, Mr. Jones held various positions including Vice President, Canada at ICI Commercial Mortgages Inc., Vice President, Finance at Residential Equities REIT, and Vice President, Finance at Dundee Realty Corporation. Mr. Jones is a graduate of the Vancouver School of Economics at the University of British Columbia. He has been a registered mortgage broker for over 20 years and has worked in the commercial real estate industry for over 27 years.

Laetitia Yvette Pacaud

Ms. Pacaud is currently the COO of Epic Investment Services. Epic, which includes its wholly owned subsidiary MDC Realty Advisors in the United States, is a fully integrated North American real estate platform. In 2018, Ms. Pacaud was brought aboard as Executive Vice-President of Business Development at MDC where she led growth initiatives across their North American platform, overseeing 12 million square feet of cross-border commercial real estate and spearheading MDC's second U.S. Multi-Family Fund. Prior to joining MDC (now operating as Epic Investment Services in Canada), Ms. Pacaud was President of Strathallen Capital Corporation where under her leadership, it closed its largest transaction in 2017 with the privatization of One REIT, acquiring 44 assets with a value of \$703 million. Ms. Pacaud began her career as an Internal Auditor of an Australian Public Company. She then moved into public accounting gaining extensive experience at international accounting firm, KPMG. After a transfer to Toronto and a period of secondment with the company, Ms. Pacaud joined Caber Capital Inc., a trader of commercial real estate focusing on value-add projects. Upon the dissolution of Caber, she became a founding member of Strathallen Capital Corporation. Ms. Pacaud earned a Bachelor of Business degree from Southern Cross University in Lismore, Australia and the designation of Chartered Accountant.

Paula Gasparro

Ms. Gasparro joined CMLS Financial as the Vice President of Real Estate Finance in 2018. Prior to this, Ms. Gasparro worked for the Canada Mortgage and Housing Corporation for over 16 years', with her most recent position being the Manager of Multi-Unit Underwriting (Ontario). Ms. Gasparro has extensive experience providing financing for all different markets across the Canadian real estate space, with a focus on commercial real estate. Over the years, Ms. Gasparro has acted as a chair, moderator, presenter and content contributor for various lending industry events and publications.

Stephen Leslie Sender

Mr. Stephen Sender is a trustee of H&R Real Estate Investment Trust and a Director of Sienna Senior Living Inc. He served as an investment banker for over 30 years in Canada and abroad and was managing Director, Industry Head – Real estate in Scotiabank's Global Banking and Markets Division, representing the bank's capital market activities in the Canadian real estate industry. Since the early 1990's, Mr. Sender specialized in the Canadian real estate sector, providing investment banking advice to numerous public entities with respect to capital market activities. He has been directly involved in raising equity and debt capital in many transactions and has provided financial advice in numerous large transactions including mergers, takeovers, and related party transactions. Mr. Sender has been a frequent moderator/speaker at conferences in Canada and is a part-time instructor at York University, Schulich School of Business. He holds a B.Comm. (Honors) degree from the university of Cape Town and qualified as a C.A. (S.A) in 1984.

Audit Committee

The Declaration of Trust requires the creation of an Audit Committee, consisting of at least three (3) Trustees, the majority of who shall be Independent Trustees.

The Audit Committee will assist the Trustees in fulfilling their responsibilities of oversight and supervision of the Trust's accounting and financial reporting practices and procedures, the adequacy of internal accounting controls and procedures, and the quality and integrity of its financial statements. In addition, the Audit Committee will be responsible for directing the auditors' examination of specific areas, for the selection of the Trust's independent auditors and for the approval of all non-audit services for which the auditors may be engaged. All members of the Audit Committee will be financially literate within the meaning of applicable securities laws.

The Audit Committee will be responsible for monitoring compliance with a Code of Conduct and Ethical Behaviour to be adopted by the Trustees and for establishing a procedure for the anonymous and confidential receipt and treatment of concerns or complaints received regarding accounting and related financial reporting matters (a "whistle blowing" procedure).

The Auditors are entitled to receive notice of every meeting of the Audit Committee and, at the expense of the Trust, to attend and be heard thereat and, if so requested by a member of the Audit Committee, shall attend any meeting of the Audit Committee held during the term of office of the Auditors. Questions arising at any meeting of the Audit Committee shall be decided by a majority of the votes cast. Decisions may be taken by written consent signed by all the Independent Trustees who are members of the Audit Committee. The Auditors or a member of the Audit Committee may call a meeting of the Audit Committee on not less than 48 hours' notice.

Additional Committees

The Declaration of Trust provides that the Trustees may create such Additional Committees as they, in their discretion, determine to be necessary or desirable for the purposes of properly governing the affairs of the Trust, provided that the Trustees may not delegate to any committee any powers or authority in respect of which a board of directors of a corporation governed by the Canada Business Corporations Act may not so delegate.

Remuneration of Trustees and Senior Officers

A person who is employed by and receives salary from Centurion Apartment REIT, the Asset Manager or its affiliated companies will not receive any remuneration from Centurion Apartment REIT for serving as a Trustee or senior officer. The Independent Trustees of the REIT are paid Trustee fees of \$6a minimum of \$60,000 each per annum. The 2020 Trustee compensation is currently under review.

REIT Management

REIT Management is responsible for the day-to-day operations of the REIT.

The Asset Manager

The Asset Manager is a corporation governed by the laws of the Province of Ontario and is engaged for the purpose of managing the day-to-day operations of Centurion Apartment REIT. It is registered as an exempt market dealer, investment fund manager, and a restricted portfolio manager in certain jurisdictions in Canada. The Asset Manager manages the day-to-day operations of Centurion Apartment REIT pursuant to the Asset Management Agreement for a term expiring on December 31, 2027. The Asset Management Agreement will automatically renew for a further five-year term unless terminated by Centurion

Apartment REIT or the Asset Manager. The Asset Management Agreement may be terminated at any time by Centurion Apartment REIT in the event of a material default by the Asset Manager thereunder; a material default by any of the non-Independent Trustees, or in the event of insolvency occurring with respect to the Asset Manager. The Asset Management Agreement may be terminated by the Asset Manager on 60 days' notice to Centurion Apartment REIT as a result of a material breach by Centurion Apartment REIT, or an event of insolvency with respect to Centurion Apartment REIT.

Gregory Romundt, the director and senior officer of the Asset Manager, has been involved in a broad range of real estate and/or investment management activities over the past ten years. The name and municipality of residence, office held with the Asset Manager and principal occupation of the director and senior officer of the Asset Manager is as follows:

Name and Municipality of Residence and Principal Occupation

Gregory G. Romundt, Toronto, President

Asset Manager's Duties

The Asset Manager, along with REIT Management, is responsible for sourcing and conducting due diligence on acquisitions and dispositions of investments for the REIT and to provide advice and guidance to REIT Management.

Asset Manager's Fees

In consideration for the services provided by the Asset Manager to Centurion Apartment REIT, the Asset Manager is entitled to an acquisition fee of 1.0% of the purchase price of any properties bought for Centurion Apartment REIT. The Asset Manager or an affiliate of the Asset Manager will be entitled to keep any borrower paid fees on mortgage investments made by Centurion Apartment REIT. The Asset Manager has appointed the Mortgage Manager as its designated affiliate with regard to any borrower paid fees in return for managing on the behalf of the Asset Manager any activities requiring a mortgage brokerage license in regards to the sourcing of mortgages by the Asset Manager. If and to the extent that the Asset Manager or any person affiliated with the Asset Manager renders services to Centurion Apartment REIT in addition to those specifically required to be rendered under the Asset Management Agreement, such services will be compensated separately as agreed to by the Independent Trustees on the basis of fees which are at least as favorable to Centurion Apartment REIT as those then generally charged for comparable services and activities.

In lieu of performance incentive fees typically associated with a real estate asset management agreement that typically range between 20% and 50% of profits, an affiliate of the Asset Manager, is entitled to an interest in Centurion Apartment REIT's cash distributions and an equity interest in the net assets of Centurion Apartment REIT (represented by the Class "M" Units), with no requirement for the Asset Manager to contribute additional capital beyond its initial subscription for Class "M" Units of the REIT and the substantial equity already owned by the President of the Asset Manager personally (see "DECLARATION OF TRUST AND DESCRIPTION OF UNITS"). As such, the Asset Manager's interests are strongly aligned with the interest of all Unitholders.

Relationship Between Centurion Apartment REIT, The Asset Manager and Affiliates of the Asset Manager

Centurion Apartment REIT is a connected issuer, and may be considered to be a related issuer, of Centurion Asset Management Inc. (the "Asset Manager"), its asset manager and an exempt market dealer and investment fund manager in certain jurisdictions, in connection with the distribution of the REIT's securities hereunder.

Centurion Apartment REIT is a connected issuer of the Asset Manager due to various factors, including the fact that Mr. Gregory Romundt is the President of both Centurion Apartment REIT and the Asset Manager and Mr. Romundt and his family beneficially own all of the shares of the Asset Manager and its affiliates, including the Mortgage Manager and the Mortgage Servicer. Centurion Apartment REIT has retained the Asset Manager to provide asset management services to it pursuant to the Asset Management Agreement as described under “Asset Manager’s Duties” and to pay the manager the fees described herein under “The Asset Manager’s Fees”.

Centurion Apartment REIT may be considered to be a related issuer of the Asset Manager by virtue of the Asset Manager’s right, during the term of the Asset Management Agreement, to appoint a prescribed number of nominees to the board of trustees of Centurion Apartment REIT as more particularly described under “Trustees”. The prescribed number of nominees that the Asset Manager is entitled to appoint varies depending on the size of the board, but the prescribed number exceeds 20% of the number of trustees. See “Trustees”.

The decision to offer the Units was made upon the recommendation of the Asset Manager. A portion of the proceeds of the Offering will be used by Centurion Apartment REIT to pay the fees payable to the Asset Manager pursuant to the Asset Management Agreement as described above.

The Mortgage Manager and the Mortgage Servicer are affiliates of the Asset Manager and are not owned by Centurion Apartment REIT. Mr. Romundt is the President of each of these affiliated companies and Mr. Romundt and his family beneficially own all the shares of each of these affiliated companies.

Centurion Apartment REIT owns 59.01% of a private mutual fund trust, Centurion Real Estate Opportunities Trust as at March 31, 2012.

Property Manager

Effective January 1, 2015, the property management function was internalized and the Property Management Agreement was terminated. The property management functions are all now performed within the REIT structure.

Mortgage Manager

The Mortgage Manager is a Corporation governed by the laws of the Province of Ontario. It is registered as a mortgage broker with the Financial Services Commission of Ontario (License #12372). The Mortgage Manager is an affiliate of the Asset Manager. The role of the Mortgage Manager is to conduct on the behalf of the Asset Manager any activities requiring a mortgage brokerage license in regards to the sourcing of mortgages by the Asset Manager. The Mortgage Manager does not charge a fee to Centurion Apartment REIT for any of these activities but the Asset Manager has, in accordance with the Asset Management Agreement, designated that the Mortgage Manager is its designated affiliate which will be entitled to retain any borrower paid fees that the Asset Manager would be entitled to, in return for providing such services. Senior management of the Mortgage Manager includes Gregory Romundt and Stephen Stewart. See “Management of Centurion Apartment REIT”.

Mortgage Servicer

The Mortgage Servicer is a Corporation governed by the laws of the Province of Ontario. It is registered as a mortgage administrator with the Financial Services Commission of Ontario (License #12390). The Mortgage Servicer is an affiliate of the Asset Manager. The role of the Mortgage Servicer is to, where required, collect mortgage payments and conduct any enforcement activities where a licensed third-party mortgage administrator is not already providing such services. The Mortgage Servicer does not charge a fee to Centurion Apartment REIT for any of these services. Where there are third parties servicing

mortgages of Centurion Apartment REIT that charge fees, these fees will be paid by Centurion Apartment REIT and the Mortgage Servicer will not charge any markup on these fees if so incurred. Senior management of the Mortgage Servicer includes Gregory Romundt and Stephen Stewart. See “Management of Centurion Apartment REIT”.

Management and Investment Strategy

REIT Management and the Asset Manager have significant experience in all aspects of the rental housing business (including acquisitions and dispositions, finance and administration, property management, construction and renovation, and marketing and sales) and the mortgage business (including origination, underwriting, administration, collection, syndication and default management). These skills should permit Centurion Apartment REIT to capitalize upon many real estate opportunities which may be unavailable to other real estate investors who lack the requisite diversity of real estate experience. The Asset Manager will enhance the value of Centurion Apartment REIT’s properties through a number of distinct and well executed strategies, including:

- **Customer Satisfaction.** REIT Management strives to keep all customers satisfied and as long-term tenants by creating an environment that is clean and comfortable. By developing a sense of community within the properties through various programs, it will reduce turnover and vacancy which will create demand for people wanting to live in Centurion Apartment REIT’s buildings. Through the reduction in costs associated with turnover and through higher demand allowing increasing rents, net income will grow accordingly.
- **Maintenance and Repair Programs.** REIT Management is fundamentally driven by efficiencies and cost-effective programs that are accretive to Centurion Apartment REIT’s short-term and long-term value. Through the portfolio’s conversion to a real estate investment trust, the Asset Manager has positioned Centurion Apartment REIT to take full advantage of efficiency programs and capital investments that will attract tenants and enhance the value of the portfolio.
- **Quality On-Site Building Staff.** REIT Management believes that success of a property from both financial and customer satisfaction standpoints starts with the attitudes and work ethic from the on-site building staff. From being the first point of contact, to the ongoing attention to the customer’s needs, the building staff represents Centurion Apartment REIT. As well as being attentive and dedicated, the Property Manager will seek on-site staff that is skilled in many areas in order to reduce the requirement for outside trades to be required for ordinary day-to-day repairs and maintenance.
- **Detailed Financial Reporting.** REIT Management utilizes sophisticated financial tools to maximize Centurion Apartment REIT’s income and measure the effectiveness of cost control and efficiency programs. The Property Manager and the Asset Manager disclose financial reporting to those involved who have a direct impact on the financial success and control of those particular incomes and expenses.
- **Strategic Mortgage Liability Management.** REIT Management will work diligently to seek out financing opportunities to optimize Centurion Apartment REIT’s leveraged returns. REIT Management believes that staggered maturities and terms, at leveraged amounts set out by the Declaration of Trust, will ensure Centurion Apartment REIT’s exposure to fluctuating interest rates over the short and long-term are both minimized and utilized to benefit Centurion Apartment REIT. REIT Management will make use of operating lines for capital expenditures and acquisitions to improve the returns of Centurion Apartment REIT.
- **Strategic Mortgage Investments.** REIT Management, in conjunction with the Asset Manager, will evaluate mortgage investment opportunities which provide the potential for a combination of

yield, capital growth, a potential acquisition pipeline or be of strategic value to Centurion Apartment REIT.

- **Strategic Partnerships, Joint Ventures, Divestitures and Relationships.** REIT Management will explore strategic partnerships, joint ventures, divestitures and relationships that meet Centurion Apartment REIT's investment objectives. As of the date hereof, the REIT has a strategic relationship with Centurion Real Estate Opportunities Trust. (See "Strategic Relationship with Centurion Real Estate Opportunities Trust" and "History of Centurion Apartment REIT Since REIT Conversion").
- **Enhancement of Centurion Apartment REIT's Portfolio.** REIT Management is always evaluating opportunities to maximize Centurion Apartment REIT's portfolio. REIT Management may evaluate/assess whether using its call center, condominium conversion, utility retrofits, sub-metering and strategic upgrades, among other things as part of this strategy. Properties that are "mature" and are no longer adding value to Centurion Apartment REIT may be sold or repositioned if there is a market for an enhanced property. REIT Management will continue to diversify the portfolio by purchasing properties in thriving communities that will continue to strengthen and insulate Centurion Apartment REIT from concerns that may arise in any one community.
- **Communications.** REIT Management will deliver concise and current information to existing Unitholders with respect to the activities within Centurion Apartment REIT's portfolio.

REIT Management believes that multi-unit residential properties offer an attractive investment opportunity with both stability of yield, inflation protection characteristics and growth potential. Focusing on predominantly one asset class will enable Centurion Apartment REIT to acquire a critical mass of residential units. It will also enable Centurion Apartment REIT to bolster its market presence, thereby enhancing Centurion Apartment REIT's opportunities for future multi-unit residential property acquisitions at attractive prices. Through future acquisitions of properties, in compliance with its investment guidelines, Centurion Apartment REIT intends to geographically diversify its portfolio by purchasing properties in thriving communities that will continue to strengthen and insulate Centurion Apartment REIT from concerns that may arise in any community. As well, as Centurion Apartment REIT grows through the acquisition of new properties and the issuance of additional REIT Units, Centurion Apartment REIT will increase the stability of its income stream and provide Unitholders with increased liquidity.

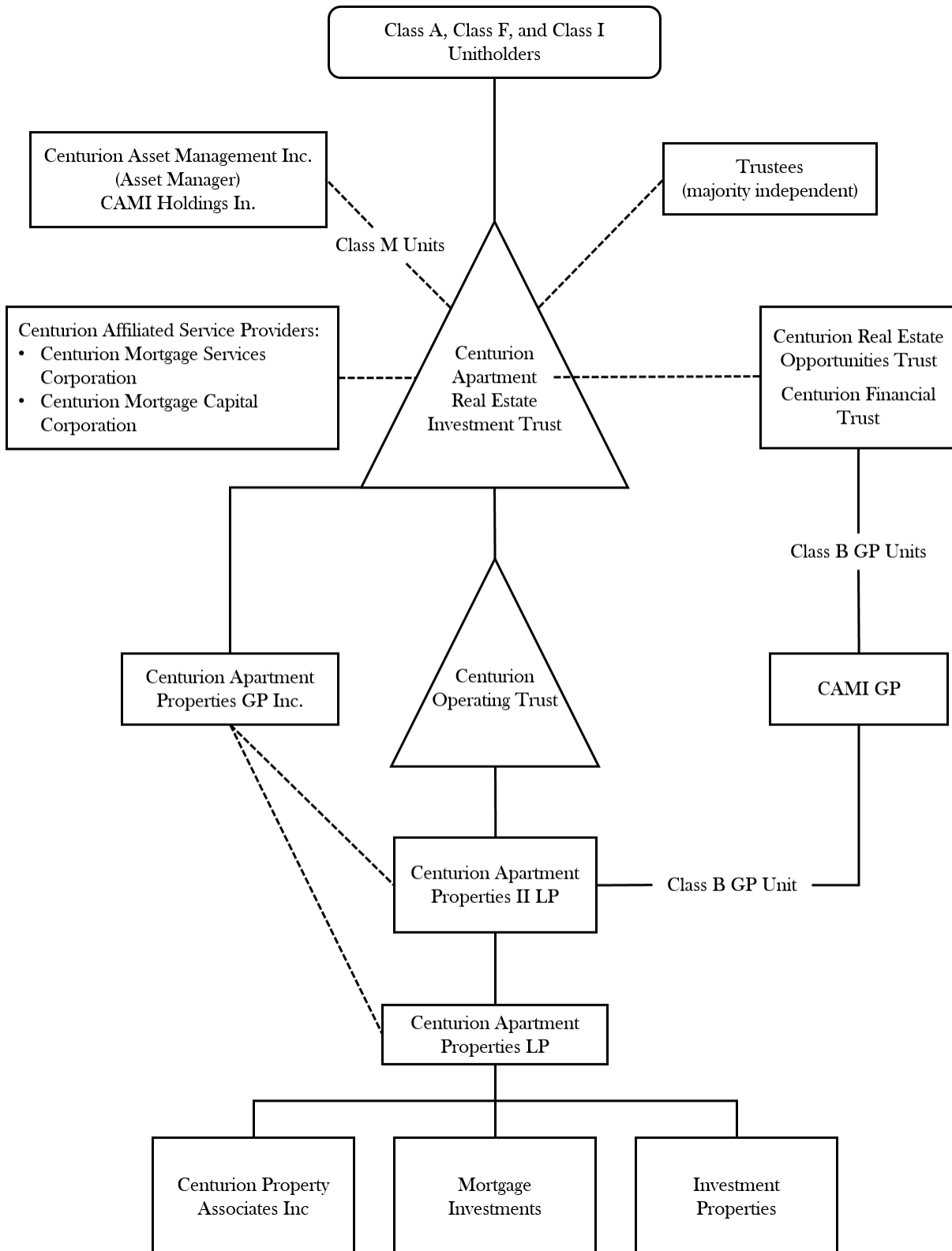
Given current market conditions, REIT Management will continue to concentrate on communities that have relatively low vacancy levels and strong population demographics that align with the class of multi-unit residential properties that are acquired by Centurion Apartment REIT (see "Multi-unit Residential Real Estate Market"). REIT Management intends to create mass for Centurion Apartment REIT's portfolio through acquisition and consolidation of Canadian markets where the opportunities exist.

OBJECTIVES OF CENTURION APARTMENT REIT

The objectives of Centurion Apartment REIT are: (i) to provide REIT Unitholders with stable and growing cash distributions, payable monthly and, to the extent reasonably possible, tax deferred, from investments in a diversified portfolio of income-producing multi-unit residential properties and mortgage investments located in Canada and the United States; and (ii) to maximize REIT Unit value through the ongoing management of Centurion Apartment REIT's assets and through the future acquisition of additional properties and mortgage investments.

CENTURION APARTMENT REIT OPERATING STRUCTURE

The following sets forth the principal operating structure of Centurion Apartment REIT:



INVESTMENT GUIDELINES AND OPERATING POLICIES

Investment Guidelines

The Declaration of Trust provides for certain guidelines on investments which may be made by Centurion Apartment REIT. Notwithstanding anything contained herein to the contrary, the assets of Centurion Apartment REIT may be invested only in accordance with the following investment guidelines:

- (a) Centurion Apartment REIT shall focus its activities primarily on the acquisition, holding, maintaining, improving, leasing or managing of multi-unit residential revenue producing properties and ancillary real estate ventures ("Focus Activities") in Canada and the United States of America;
- (b) notwithstanding anything herein contained to the contrary, no investment shall be made that would result in:
 - (i) Units of Centurion Apartment REIT being disqualified for any class of Deferred Income Plan; or
 - (ii) Centurion Apartment REIT ceasing to qualify as a "mutual fund trust" for purposes of the Tax Act;
- (c) no single asset (except as provided for in the Declaration of Trust) shall be acquired if the cost of such acquisition (net of the amount of debt secured by such asset) will exceed 15% of Gross Book Value, provided that where such asset is the securities of or an interest in an entity, the foregoing tests shall be applied individually to each asset of such entity;
- (d) investments may be made in a joint venture arrangement only if:
 - (i) the arrangement is in connection with a Focus Activity;
 - (ii) the arrangement is with others ("joint venturers") either directly or through the ownership of securities of or an interest in an entity ("joint venture entity");
 - (iii) the interest in the joint venture entity is an interest of not less than 10% and is not subject to any restriction on transfer other than a right of first refusal or right of first offer, if any, in favour of the joint venturers;
 - (iv) Centurion Apartment REIT or an entity controlled by it has a right of first offer or a right of first refusal to buy the interests of the joint venturers in the joint venture entity;
 - (v) Centurion Apartment REIT has the ability to provide input in the management decisions of the joint venture entity; and
 - (vi) without limitation, any joint venture arrangement with a Related Party for the purposes of the related party provisions of the Trust Indenture have been entered into in accordance with such provisions;
- (e) unless otherwise permitted in this Section and except for temporary investments held in cash, deposits with a Canadian or U.S. chartered bank or trust company registered under the laws of a province of Canada, short-term government debt securities or in money market instruments of, or guaranteed by, a schedule I Canadian chartered bank maturing prior to one year from the date of issue, Centurion Apartment REIT, directly or indirectly, may not hold securities other than (i) currency, commodity or interest rate futures contracts for hedging purposes to the extent that such hedging activity complies with the Canadian Securities Administrator's National Instrument 81-102 or any successor instrument or rule; (ii) securities of a joint venture entity, or any entity formed

and operated solely for the purpose of carrying on ancillary activities to any real estate owned, directly or indirectly, by Centurion Apartment REIT, or an entity wholly-owned, directly or indirectly, by Centurion Apartment REIT formed and operated solely for the purpose of holding a particular real property or real properties; and securities of another issuer provided either (A) such securities derive their value, directly or indirectly, principally from real property, or (B) the principal business of the issuer of the securities is the owning or operating directly or indirectly, of real property, and provided in either case the entity whose securities are being acquired are engaged in a Focus Activity;

- (f) no investment will be made, directly or indirectly, in operating businesses unless such investment is incidental to a transaction:
 - (i) where revenue will be derived, directly or indirectly, principally from a Focus Activity; or
 - (ii) which principally involves the ownership, maintenance, improvement, leasing or management, directly or indirectly, of real property;
- (g) notwithstanding any other provisions of this Section, the securities of a reporting issuer in Canada may be acquired provided that:
 - (i) the activities of the issuer are focused on Focus Activities; and
 - (ii) in the case of any proposed investment or acquisition which would result in the beneficial ownership of more than 10% of the outstanding equity securities of the securities issuer, the investment or acquisition is of strategic interest to Centurion Apartment REIT as determined by the Trustees in their discretion;
- (h) no investments will be made in rights to or interests in mineral or other natural resources, including oil or gas, except as incidental to an investment in real property;
- (i) investments may be made in a mortgage, mortgage bonds, notes (except as provided for in the Trust Indenture) or debentures ("Debt Instruments") (including participating or convertible) only if:
 - (i) the real property which is security thereof is real property;
 - (ii) the security therefore includes a mortgage registered on title to the real property which is security thereof;
 - (iii) the amount of the investment (not including any mortgage insurance fees incurred in connection therewith) does not exceed 85% of the market value of the real property which is the security thereof; and
- (j) notwithstanding subsection i), Centurion Apartment REIT may also invest in mortgages where:
 - (i) the mortgage is a "vendor take-back" mortgage granted to Centurion Apartment REIT in connection with the sale by it of existing real property and as a means of financing the purchaser's acquisition of such property from Centurion Apartment REIT;
 - (ii) the mortgage is interest bearing;
 - (iii) the mortgage is registered on title to the real property which is security thereof;
 - (iv) the mortgage has a maturity not exceeding five years;
 - (v) the amount of the mortgage loan is not in excess of 85% of the selling price of the property securing the mortgage; and

- (vi) the aggregate value of these mortgages (including mortgages and mortgage bonds in which Centurion Apartment REIT is permitted to invest by virtue of this Section, after giving effect to the proposed investment, will not exceed 15% of Gross Book Value of Centurion Apartment REIT calculated at the time of such investment;
- (k) notwithstanding subsection i) and j), Centurion Apartment REIT may invest in mortgages of related entities that do not deal at arm's length to Centurion Apartment REIT provided that:
 - (i) the purpose of the mortgage is to finance the redevelopment of a property that when complete, would be within the Investment Restrictions of Centurion Apartment REIT;
 - (ii) Centurion Apartment REIT has a right of first refusal to purchase the property at less than or equal to its fair market value as determined by an independent third-party appraiser;
 - (iii) the mortgage bears interest at a commercial rate of interest;
 - (iv) the amount of the mortgage loan is not in excess of 90% of the selling price of the property securing the mortgage;
 - (v) the mortgage has a maturity not exceeding five years;
 - (vi) the mortgage is approved by the Trustees; and
 - (vii) the aggregate value of these mortgages, after giving effect to the proposed investment, will not exceed 15% of Gross Book Value of Centurion Apartment REIT calculated at the time of such investment; and
- (l) no investment shall be made in raw land (except for the acquisition of properties adjacent to Existing Properties of Centurion Apartment REIT for the purpose of renovation or expansion of existing facilities where the total cost of all such investments does not exceed 5% of Gross Book Value); and notwithstanding any other provisions hereof, investments may be made which do not comply with the provisions of this Section, provided (i) the aggregate cost thereof (which, in the case of an amount invested to acquire real property, is the purchase price less the amount of any indebtedness assumed or incurred in connection with the acquisition and secured by a mortgage on such property) does not exceed 15% of the Adjusted Unitholders' Equity of Centurion Apartment REIT and (ii) the making of such investment would not contravene subsection b).

For the purpose of the foregoing guidelines, the assets, liabilities and transactions of a corporation, trust or other entity wholly or partially owned by Centurion Apartment REIT will be deemed to be those of Centurion Apartment REIT on a proportionate consolidation basis. In addition, any references in the foregoing to investment in real property will be deemed to include an investment in a joint venture arrangement or a limited partnership, the whole subject to Section a) of the Declaration of Trust. Except as specifically set forth in the Declaration of Trust to the contrary, all of the foregoing prohibitions, limitations or requirements for investment shall be determined as at the date of investment by Centurion Apartment REIT, but always subject to Section a).

For greater certainty, Sections (a) through l) are intended to set out generally the parameters under which subsidiaries in which the Trust is permitted to invest will be empowered under their constating documents to re-invest. References to Centurion Apartment REIT in those paragraphs shall be read as applying to such subsidiary where the actual activity that is the subject of the policy is carried on by such subsidiary. Further, any determinations in respect of the investment restrictions that are determinations reserved to the Trustees, where the actual activity is carried on by a subsidiary, will be made by the trustees or directors of the relevant subsidiary. Nothing in this Section, and paragraphs a) through l) of the Declaration of Trust empowers or entitles Centurion Apartment REIT or the Trustees to carry on business or to otherwise undertake any activity that would violate this Section of the Declaration of Trust.

Operating Policies

The operations and affairs of Centurion Apartment REIT shall be conducted in accordance with the following operating policies:

- (a) Centurion Apartment REIT may engage in construction or development of real property in order to maintain its real properties in good repair or to enhance the income-producing potential of properties that are capital property of Centurion Apartment REIT;
- (b) title to each real property shall be held by and registered in the name of the Trustees or, to the extent permitted by applicable law, in the name of Centurion Apartment REIT or in the name of a corporation or other entity owned, directly or indirectly, by Centurion Apartment REIT or jointly-owned, directly or indirectly, by Centurion Apartment REIT, with joint venturers or a corporation which is a nominee of Centurion Apartment REIT which holds as its only property registered title to such real property pursuant to a nominee agreement with Centurion Apartment REIT;
- (c) no indebtedness shall be incurred or assumed if, after giving effect to the incurring or assumption thereof of the indebtedness, the total indebtedness as a percentage of Gross Book Value would be more than 75% for indebtedness, including amounts drawn under an acquisition facility;
- (d) except for any indebtedness existing at Closing, no new indebtedness (otherwise than by the assumption of existing indebtedness) will be incurred or renewed or refinanced or secured by a mortgage on any of the real property of the Trust unless, at the date of the proposed incurring of the indebtedness, the aggregate of: (i) the amount of all indebtedness secured by such real property, and (ii) the amount of additional indebtedness proposed to be incurred, does not exceed 75% of the market value of such real property, on or after that date which is 12 months from the acquisition date thereof, in either case not including mortgage insurance fees incurred in connection with the incurrence or assumption of such indebtedness, which amount shall be added to the amount of the permitted indebtedness;
- (e) except for guarantees existing on the date of this "Trust Indenture", the Trust shall not, directly or indirectly, guarantee any indebtedness or liabilities of any kind of a third party, except indebtedness, liabilities or other obligations of: (i) any subsidiary of the Trust or other entity wholly-owned by the Trust, or (ii) any other entity jointly owned by the Trust with joint venturers and operated solely for the purpose of holding a particular property or properties where such indebtedness, liabilities or other obligation, if granted, incurred or assumed by the Trust directly, would not cause the Trust to otherwise contravene the restrictions set out in Section 4.1 of the Declaration of Trust and, where such indebtedness, liabilities or other obligation is granted, incurred or assumed by a joint venture entity, subject to a joint venturer being required to give up its interest in a property owned by the joint venture entity as a result of another joint venturer's failure to honour its proportionate share of the obligations relating to such property, and, except with the prior approval of the Trustees and subject always to (b) under Section 4.1, the liability of the Trust is limited strictly to the proportion of the indebtedness, liabilities or other obligation equal to the Trust's proportionate ownership interest in the joint venture entity, or (iii) with the prior approval of the Trustees and subject always to (b) under Section 4.1, the indebtedness, liabilities or other obligations of joint venturers in circumstances where any such guarantee may also be given in respect of the associated joint venture entity. In addition, the Trust will not directly or indirectly guarantee any indebtedness, liabilities or other obligations of any Person if doing so would contravene (b) under Section 4.1;
- (f) except for the "**Contributed Assets**" acquired pursuant to the Rollover Agreement, an engineering survey or physical review by an experienced third-party consultant will be obtained for each real property intended to be acquired with respect to the physical condition thereof;

- (g) at all times insurance coverage will be obtained and maintained in respect of potential liabilities of the Trust and the accidental loss of value of the assets of the Trust from risks, in amounts and with such insurers, in each case as the Trustees consider appropriate, taking into account all relevant factors including the practices of owners of comparable properties;
- (h) except for the Contributed Assets acquired pursuant to the Rollover Agreement, a Phase I environmental audit shall be conducted for each real property to be acquired and, if the Phase I environmental audit report recommends that further environmental audits be conducted, such further environmental audits shall be conducted, in each case by an independent and experienced environmental consultant;
- (i) at least 8.5% of gross consolidated annual rental revenues generated from properties where the associated mortgage financing is insured by the Canadian Mortgage and Housing Corporation ("**insured properties**") as determined pursuant to GAAP shall be expended annually on sustaining capital expenditures, repairs and maintenance, all determined on a portfolio basis for all insured properties. For this purpose, capital expenditures and repairs and maintenance include all onsite labour costs and other expenses and items associated with such capital expenditures, repairs and maintenance; and
- (j) the Trust may engage asset managers under terms and conditions acceptable to the Trustees. As at the date hereof, the Trust has engaged the Asset Manager by the terms of the Asset Management Agreement, which agreement shall remain in full force and effect until terminated by the Trustees or the Asset Manager in accordance with its terms.

For the purposes of the foregoing investment guidelines and operating policies, the assets, indebtedness, liabilities and transactions of a corporation, partnership or other entity wholly or partially owned by the Trust will be deemed to be those of the Trust on a proportionate, consolidated basis. In addition, any references in the foregoing investment guidelines and operating policies to investment in real property will be deemed to include an investment in a joint venture arrangement. In addition, the term "**indebtedness**" means (without duplication):

- (i) any obligation of the Trust for borrowed money;
- (ii) any obligation of the Trust incurred in connection with the acquisition of property, assets or business other than the amount of future income tax liability arising out of indirect acquisitions;
- (iii) any obligation of the Trust issued or assumed as the deferred purchase price of property;
- (iv) any capital lease obligation of the Trust; and
- (v) any obligation of the type referred to in clauses i. through iv. of another person, the payment of which the Trust has guaranteed or for which the Trust is responsible for or liable;

provided that (A) for the purposes of i through iv, an obligation will constitute indebtedness only to the extent that it would appear as a liability on the consolidated balance sheet of the Trust in accordance with generally accepted accounting principles; (B) obligations referred to in clauses i through iii exclude trade accounts payable, distributions payable to Unitholders and accrued liabilities arising in the ordinary course of business.

Amendments to Investment Guidelines and Operating Policies

Subject to the Declaration of Trust, any of the investment guidelines or operating policies set forth in this section may be amended only by the vote of a two-thirds majority of the votes cast at a meeting of the Unitholders called for the purpose of amending the investment guidelines or operating policies.

DECLARATION OF TRUST AND DESCRIPTION OF UNITS

General

Centurion Apartment REIT is a limited purpose unincorporated open-ended investment trust governed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

Units

The beneficial interests in Centurion Apartment REIT are divided into three classes described as “**Class A REIT Units**”, “**Class F REIT Units**” and “**Class M REIT Units**.” The number of Class A Units and Class F Units that Centurion Apartment REIT may issue is unlimited. The number of Class M Units that Centurion Apartment REIT may issue is unlimited but is set as the ratio of the number of Investor REIT Units (Class A and Class F REIT Units), such that the amount of Class M REIT Units will equal the number of Investor Units divided by 0.95 less the number of Investor Units as in the formula below:

$$B = (A/0.95) - A$$

where:

B = number of Class M REIT Units

A = the highest total number of Investor REIT Units outstanding at any time on a look back basis

Class A and Class F Units shall be issued only as fully paid and non-assessable. Each Unit when issued shall vest indefeasibly in the holder thereof. The issued and outstanding Units may be subdivided or consolidated from time to time by the Trustees with the approval of the majority of the REIT Unitholders, or as otherwise provided in the Declaration of Trust. No new Class M Units shall be issued unless the number of Investor Units has increased from the last highest number of issued Investor Units.

"Special Voting Units" shall be issued only in connection with the Rollover Agreement and carry with them the right to receive notice of, to attend and to vote at all Unitholder meetings. As interests in the Rollover Agreement are surrendered for REIT Units, the corresponding Special Voting Units shall automatically be cancelled for no consideration and shall no longer be outstanding.

Each REIT Unit shall represent an undivided beneficial interest in Centurion Apartment REIT and distributions by Centurion Apartment REIT, whether of net income, net realized capital gains or other amounts, and, in the event of a liquidation, dissolution, winding-up or other termination of Centurion Apartment REIT, in the net assets of Centurion Apartment REIT remaining after satisfaction of all liabilities provided that the Trustees may, in their discretion, allocate the distributions among the classes of Investor Units to adjust for the commissions, trailers and other costs attributable to the sales channels relating to each class of Investor REIT Unit. See “DISTRIBUTION POLICY”. No REIT Unit shall have preference or priority over any other. The distribution entitlement of each REIT Unit is intended to and will be derived from the same sources.

The Special Voting Units shall have no rights or entitlements in respect of distributions, whether of Distributable Income, or on a liquidation, dissolution or winding-up of Centurion Apartment REIT or otherwise.

Purchase of Units

Centurion Apartment REIT shall be entitled to purchase for cancellation at any time the whole or from time to time any part of the outstanding REIT Units, at a price per REIT Unit and on a basis determined by the Trustees in compliance with all applicable securities laws.

Redemption of REIT Units

Pursuant to the Declaration of Trust, each REIT Unitholder shall be entitled to require Centurion Apartment REIT to redeem at any time all or any part of the REIT Units registered in the name of the REIT Unitholder. The monthly redemption date ("**Redemption Date**") will be the 15th day of each and every month. If the 15th day of the month is not a Business Day, the Redemption Date for that month will be the next succeeding Business Day. A minimum redemption amount of \$1,000.00 as required unless an account is being closed.

To exercise a REIT Unitholder's right to require redemption, a duly completed and properly executed notice requiring Centurion Apartment REIT to redeem REIT Units, in a form approved by the Trustees, specifying the number of REIT Units to be so redeemed, shall be sent to Centurion Apartment REIT at its head office along with the "**Unit Certificate**"(s) representing the Unit(s) to be redeemed. The Notice must be received 30 days before the Redemption Date to be considered for that particular Redemption Date. If 30 days' notice is not given, the Trustees will not be required to consider redeeming the Unit(s) until the next subsequent Redemption Date. No form or manner of completion or execution is sufficient unless the same is in all respects satisfactory to the Trustees and is accompanied by any evidence that the Trustees may reasonably require with respect to the identity, capacity or authority of the person giving such Notice. The Trustees shall be entitled in their sole discretion to accelerate the Redemption Date specified by the Unitholder in the Notice.

As of the Redemption Date, the Unitholder will not cease to have any rights with respect to the Units tendered for redemption until the Unit Redemption Price therefore (as defined below), plus the pro rata share of any unpaid distributions declared thereon and paid prior to the Redemption Date has been paid in full. Units will be considered to be tendered for redemption on the Redemption Date, provided that the Trustees have, to their satisfaction, received the Notice, together with the Unit Certificate(s) representing the Units to be redeemed and other required documents or evidence as aforesaid; and subject to the following paragraph below, the holder of a Unit properly tendered for redemption will be entitled to receive a price per Unit equal to the Fair Market Value of the Unit to be redeemed calculated at the "**Valuation Date**" immediately preceding the Redemption Date, plus the pro rata share of any unpaid distributions thereon which have been declared payable to Unitholders but remain unpaid as at the Redemption Date to the extent same are not otherwise included in the Fair Market Value of the Unit(s) to be redeemed (the "**Unit Redemption Price**").

The Unit Redemption Price for Units tendered for redemption will be reduced by any applicable "**Deferred Sales Charge**" or "**Short Term Trading Fee**" depending upon the "**Purchase Option**" that the Subscriber purchased Units under. For Unitholders that subscribed prior to the introduction of these Purchase Options, these Subscribers will have the choice of either paying the Deferred Sales Charge that would have applied to their Units had the plan been in place when they subscribed or to give an order for the REIT Management to match them against an incoming subscription for zero fee. All direct Subscribers will be conclusively deemed to have subscribed under the DSC Purchase Option.

Subject to the provisions set out in the following paragraph, the Unit Redemption Price payable in respect of Unit(s) tendered for redemption will be paid in cash by direct deposit or cheque, drawn on a Canadian chartered bank or trust company in lawful money of Canada, payable at par to, or deposited to the account of the registered Unitholder of the Unit tendered for redemption, or payable or deposited as otherwise instructed in writing by such registered Unitholder. Cash payments of the Unit Redemption Price made by Centurion Apartment REIT are conclusively deemed to have been made when deposited by direct deposit or upon the mailing of a cheque in a postage pre-paid envelope addressed to the payee unless such cheque is dishonoured upon presentment. Upon such payment as set out herein or otherwise in accordance with the Declaration of Trust, the Trustees and Centurion Apartment REIT will be discharged from all liability to the former registered Unitholder in respect of the Units so redeemed.

All Notices shall be time and date stamped on receipt by Centurion Apartment REIT. **Centurion Apartment REIT will not pay the Unit Redemption Price in cash as set out above on a particular Redemption Date if the total cash payable on that Redemption Date by the Fund, and its affiliates and Subsidiaries, to Unitholders who have previously tendered their Units for redemption, and which Unit Redemption Prices remain unpaid on said Redemption Date, exceeds \$50,000 (the "Monthly Limit"), without approval by the Trustees.** Cash payments being paid pursuant to Notices shall be paid in order of receipt of such Notices with the intent that Redemption Prices shall be paid out in order of receipt of Notices. Payments shall be made to a maximum of \$50,000 of the aggregate Fair Market Value of Units outstanding on the Valuation Date immediately preceding any Redemption Date. Those Units for which Notices have been received but not paid out on any given Redemption Date shall maintain their order of priority until the Unit Redemption Price for such Unit(s) has been paid in full. Additionally, the Trustees shall be entitled in their sole discretion to extend the time for payment of any Unit Redemption Prices, if in the reasonable opinion of the Trustees such payment would be materially prejudicial to the interests of the remaining Unitholders in the Fund. The Trustees in their sole discretion may waive the Monthly Limit for any given Redemption Date.

Since inception of the REIT, all redemptions have been honored and fully paid to unitholders that have requested and submitted a redemption of their units. The following chart details redemptions since inception:

Redemption Date	Opening Balance (\$)	Redemptions Requested (Units)	Redemptions Requested (\$)	Redemptions Paid (\$)	Closing Balance (\$)
2009					
No Redemptions in 2009					
2010					
January	\$ -	-	\$ -	\$ -	-
February	-	-	-	-	-
March	-	-	-	-	-
April	-	-	-	-	-
May	-	20	200	200	-
June	-	-	-	-	-
July	-	150	1,455	1,455	-
August	-	358	3,473	3,473	-
September	-	5,142	50,027	50,027	-
October	-	4,003	38,859	38,859	-
November	-	4,696	46,960	46,960	-
December	-	37,735	372,105	372,105	-
Total	\$ -	52,104	\$ 513,079	\$ 513,079	\$ -
2011					
January	\$ -	500	\$ 4,720	\$ 4,720	-
February	-	3,466	33,592	33,592	-
March	-	67,773	681,630	681,630	-
April	-	66,324	668,678	668,678	-
May	-	79,338	800,914	800,914	-
June	-	101,538	1,023,662	1,023,662	-
July	-	75,007	758,842	758,842	-
August	-	76,225	771,808	771,808	-
September	-	86,636	878,919	878,919	-
October	-	121,565	1,233,580	1,233,580	-
November	-	117,751	1,195,764	1,195,764	-
December	-	145,310	1,475,945	1,475,945	-
Total	\$ -	941,432	\$ 9,528,054	\$ 9,528,054	\$ -
2012					
January	\$ -	5,389	\$ 54,563	\$ 54,563	-
February	-	31,781	321,583	321,583	-
March	-	17,929	179,860	179,860	-
April	-	35,231	356,437	356,437	-
May	-	49,338	549,474	549,474	-
June	-	38,511	428,507	428,507	-
July	-	13,681	148,431	148,431	-
August	-	25,072	277,019	277,019	-
September	-	17,420	186,629	186,629	-
October	-	24,377	264,405	264,405	-
November	-	5,091	57,500	57,500	-
December	-	49,691	549,355	549,355	-
Total	\$ -	313,513	\$ 3,373,764	\$ 3,373,764	\$ -

Redemption Date	Opening Balance (\$)	Redemptions Requested (Units)	Redemptions Requested (\$)	Redemptions Paid (\$)	Closing Balance (\$)
2013					
January	\$ -	30,334	\$ 335,110	\$ 335,110	\$ -
February	-	50,349	554,784	554,784	-
March	-	9,585	105,467	105,467	-
April	-	7,358	84,975	84,975	-
May	-	78,084	888,106	888,106	-
June	-	101,489	1,178,676	1,178,676	-
July	-	157,515	1,774,543	1,774,543	-
August	-	95,303	1,087,345	1,087,345	-
September	-	18,249	207,480	207,480	-
October	-	55,293	624,817	624,817	-
November	-	29,075	327,322	327,322	-
December	-	43,805	494,267	494,267	-
Total	\$ -	676,438	\$ 7,662,892	\$ 7,662,892	\$ -
2014					
January	\$ -	37,491	\$ 421,449	\$ 421,449	\$ -
February	-	48,804	562,983	562,983	-
March	-	48,647	553,781	553,781	-
April	-	98,502	1,143,204	1,143,204	-
May	-	89,113	1,010,996	1,010,996	-
June	-	89,874	1,025,824	1,025,824	-
July	-	86,788	1,011,621	1,011,621	-
August	-	58,318	676,504	676,504	-
September	-	44,758	520,581	520,581	-
October	-	50,819	589,308	589,308	-
November	-	80,939	944,113	944,113	-
December	-	59,033	691,850	691,850	-
Total	\$ -	793,084	\$ 9,152,213	\$ 9,152,213	\$ -
2015					
January	\$ -	54,145	\$ 635,981	\$ 635,981	\$ -
February	-	44,099	511,047	511,047	-
March	-	77,447	903,751	903,751	-
April	-	74,441	881,333	881,333	-
May	-	50,038	594,162	594,162	-
June	-	42,701	500,337	500,337	-
July	-	75,912	895,379	895,379	-
August	-	31,338	371,317	371,317	-
September	-	-	-	-	-
October	-	39,485	468,917	468,917	-
November	-	103,996	1,250,064	1,250,064	-
December	-	73,642	898,711	898,711	-
Total	\$ -	667,244	\$ 7,910,998	\$ 7,910,998	\$ -

Redemption Date	Opening Balance (\$)	Redemptions Requested (Units)	Redemptions Requested (\$)	Redemptions Paid (\$)	Closing Balance (\$)
2016					
January	\$ -	72,440	\$ 879,929	\$ 879,929	\$ -
February	-	76,335	925,440	925,440	-
March	-	39,507	475,281	475,281	-
April	-	55,205	676,921	676,921	-
May	-	135,312	1,685,177	1,685,177	-
June	-	95,127	1,184,711	1,184,711	-
July	-	131,305	1,635,273	1,635,273	-
August	-	77,270	962,322	962,322	-
September	-	69,205	861,875	861,875	-
October	-	277,804	3,459,769	3,459,769	-
November	-	474,441	5,908,692	5,908,692	-
December	-	112,537	1,416,731	1,416,731	-
Total	\$ -	1,616,489	\$ 20,072,121	\$ 20,072,121	\$ -
2017					
January	\$ -	134,106	\$ 1,688,265	\$ 1,688,265	\$ -
February	-	72,510	912,829	912,829	-
March	-	111,344	1,401,711	1,401,711	-
April	-	107,924	1,358,652	1,358,652	-
May	-	117,114	1,486,180	1,486,180	-
June	-	258,392	3,278,991	3,278,991	-
July	-	131,305	1,220,425	1,220,425	-
August	-	138,412	1,852,644	1,852,644	-
September	-	230,644	3,087,175	3,087,175	-
October	-	335,822	4,494,976	4,494,976	-
November	-	227,519	2,923,391	2,923,391	-
December	-	213,606	2,958,225	2,958,225	-
Total	\$ -	2,078,698	\$ 26,663,464	\$ 26,663,464	\$ -
2018					
January	\$ -	103,006	\$ 1,426,526	\$ 1,426,526	\$ -
February	-	140,351	1,970,532	1,970,532	-
March	-	103,100	1,447,520	1,447,520	-
April	-	160,730	2,256,642	2,256,642	-
May	-	139,166	1,973,427	1,973,427	-
June	-	239,746	3,399,688	3,399,688	-
July	-	149,658	2,122,213	2,122,213	-
August	-	162,101	2,402,330	2,402,330	-
September	-	175,457	2,600,273	2,600,273	-
October	-	118,873	1,761,703	1,761,703	-
November	-	202,364	3,110,537	3,110,537	-
December	-	223,197	3,533,651	3,533,651	-
Total	\$ -	1,917,748	\$ 28,005,044	\$ 28,005,044	\$ -

Redemption Date	Opening Balance (\$)	Redemptions Requested (Units)	Redemptions Requested (\$)	Redemptions Paid (\$)	Closing Balance (\$)
2019					
January	\$ -	133,115	\$ 2,149,675	\$ 2,149,675	\$ -
February	-	80,972	1,307,622	1,307,622	-
March	-	153,142	2,473,092	2,473,092	-
April	-	106,182	1,714,730	1,714,730	-
May	-	359,276	5,971,893	5,971,893	-
June	-	267,819	4,451,695	4,451,695	-
July	-	119,428	1,985,135	1,985,135	-
August	-	93,283	1,573,864	1,573,864	-
September	-	297,118	5,012,968	5,012,968	-
October	-	703,583	11,870,859	11,870,859	-
November	-	145,745	2,607,383	2,607,383	-
December	-	234,416	4,193,699	4,193,699	-
Total	\$ -	2,694,080	\$ 45,312,614	\$ 45,312,614	\$ -
2020					
January	\$ -	232,532	\$ 4,353,003	\$ 4,353,003	\$ -
February	\$ -	240,011	4,535,249	4,535,249	\$ -
March	\$ -	187,036	3,534,239	3,534,239	\$ -
Total	\$ -	659,580	\$ 12,422,491	\$ 12,422,491	\$ -

Take-Over Bids

If there is a take-over bid for all of the outstanding REIT Units and, within the time limit in a take-over bid for its acceptance, or 120 days after the date of such take-over bid, whichever period is the shorter, the take-over bid is accepted by the holders of not less than 90% of the REIT Units (including REIT Units issuable upon the surrender or exchange of any securities for REIT Units but not including any such securities held at the date of the take-over bid by or on behalf of the offeror or affiliates or associates of the offeror), other than REIT Units held at the date of the take-over bid by or on behalf of the offeror or an affiliate or associate of the offeror, the offeror is entitled, on complying with the Declaration of Trust, to acquire the REIT Units held by the dissenting offerees.

Meetings of Unitholders

There shall be an annual meeting of the Unitholders, at such time and place in Canada as the Trustees shall prescribe, for the purpose of electing Trustees (except for the Centurion Appointees), appointing or changing the accountants of Centurion Apartment REIT, the Operating Trust and CAP II LP and transacting such other business as the Trustees may determine or as may properly be brought before the meeting. The annual meeting of the Unitholders shall be held after delivery to the Unitholders of the information referred to in the Declaration of Trust and, in any event, prior to September 30th of each fiscal year of Centurion Apartment REIT.

The Trustees shall have power at any time to call special meetings of the Unitholders at such time and place in Canada as the Trustees may determine. The Unitholders holding in the aggregate not less than 5% of the votes attaching to all outstanding Units (on a fully-diluted basis) may requisition the Trustees in writing to call a special meeting of the Unitholders for the purposes stated in the requisition. A requisition must state in reasonable detail the business proposed to be transacted at the meeting. Unitholders have the right to obtain a list of Unitholders to the same extent and upon the same conditions as those which apply to shareholders of a corporation governed by the *Business Corporations Act* (Ontario). Unitholders may attend and vote at all meetings of Unitholders either in person or by proxy and a proxy need not be a Unitholder.

Issuance of Units

The Trustees may allot and issue REIT Units at such time or times and in such manner (including pursuant to any plan from time to time in effect relating to reinvestment by the Unitholders of distributions of Centurion Apartment REIT in REIT Units) and to such "**Person, Persons or class of Persons**" as the Trustees in their sole discretion shall determine. The price or the value of the consideration for which REIT Units may be issued and the terms and conditions of issuance of the REIT Units shall be determined by the Trustees in their sole discretion, generally (but not necessarily) in consultation with investment dealers or brokers who may act as underwriters in connection with offerings of REIT Units. In the event that REIT Units are issued in whole or in part for a consideration other than money, the resolution of the Trustees allotting and issuing such REIT Units shall express the fair equivalent in money of the other consideration received.

Limitation on Non-Resident Ownership

Notwithstanding any provision of this Offering Memorandum or the Declaration of Trust to the contrary, at no time may more than 49% of the REIT Units or the Special Voting Units then outstanding be held by or for the benefit of Persons who are not resident in Canada for the purposes of the Tax Act ("**Non-Resident Beneficiaries**"). The Trustees may require declarations as to the jurisdictions in which beneficial owners of REIT Units or Special Voting Units, as the case may be, are resident or declarations from holders of REIT Units or Special Voting Units, as the case may be, as to whether such REIT Units or Special Voting Units, as the case may be, are held for the benefit of Non-Resident Beneficiaries. If the Trustees become aware that

more than 49% of the REIT Units or the Special Voting Units then outstanding are, or may be, held by or for the benefit of Non-Resident Beneficiaries or that such a situation is imminent, the Trustees may make a public announcement thereof and shall not accept a subscription for such REIT Units or Special Voting Units, as the case may be, from or issue or register a transfer of such REIT Units or Special Voting Units, as the case may be, to a Person unless the Person provides a declaration that the Person is not a non-resident for the purposes of the Tax Act and does not hold his REIT Units or Special Voting Units, as the case may be, for a Non-Resident Beneficiary. If, notwithstanding the foregoing, the Trustees determine that more than 49% of the REIT Units or the Special Voting Units then outstanding are held by or for the benefit of Non-Resident Beneficiaries, the Trustees may send a notice to non-resident holders of REIT Units or Special Voting Units, as the case may be, and holders of REIT Units or Special Voting Units, as the case may be, for Non-Resident Beneficiaries chosen in inverse order to the order of acquisition or registration or in such other manner as the Trustees may consider equitable and practicable, requiring them to sell or redeem their REIT Units or Special Voting Units, as the case may be, or a portion thereof within a specified period of not more than 60 days.

Information and Reports

Prior to each annual and special meeting of the Unitholders, the Trustees shall provide the Unitholders (along with notice of such meeting) unaudited financial statements for Centurion Apartment REIT, including the properties governed by the Rollover Agreement.

Amendments to Declaration of Trust

The Declaration of Trust may only be amended by a vote of a majority of the votes cast at a meeting of Unitholders duly called for that purpose, provided that the provisions of the Declaration of Trust may be amended by the Trustees without the consent, approval or ratification of the Unitholders or any other person for the following purposes:

- to ensure continuing compliance with applicable laws (including the Tax Act and maintaining the Trust's status as a mutual fund trust under the Tax Act), regulations, requirements or policies of any governmental or other authority, having jurisdiction over the Trustees, the Trust or over the distribution of Trust Units;
- to provide additional protection, in the opinion of the Trustees, for the Unitholders;
- to remove any conflicts or inconsistencies in the Trust Indenture or making minor corrections including the rectification of any ambiguities, defective provisions, errors, mistakes or omissions which are, in the opinion of the Trustees, necessary or desirable and not prejudicial to the Unitholders;
- to make amendments which, in the opinion of the Trustees, are necessary or desirable to remove conflicts or inconsistencies between the disclosure in the Circular and the Trust Indenture;
- to make amendments which, in the opinion of the Trustees, are necessary or desirable as a result of changes in generally accepted accounting principles (including accounting guidelines) or taxation or other laws or the administration or enforcement thereof;
- to enable the Trust to issue Units for which the purchase price is payable in installments;
- to create one or more additional classes of units solely to provide voting rights to holders of shares, units or other securities that are exchangeable for Units entitling the holder thereof to a number of votes not exceeding the number of Units into which the exchangeable shares, units or other securities are exchangeable or convertible but that do not otherwise entitle the holder thereof to any rights with respect to the Trust's property or income other than a return of capital; or

- for any purpose (except one in respect of which a Unitholder vote is specifically otherwise required) if the Trustees are of the opinion that the amendment is not prejudicial to Trust Unitholders and is necessary or desirable;

but notwithstanding the foregoing, no such amendment shall modify the right to vote attached to any Unit or the entitlement to distributions from the Trust provided hereunder represented by any Unit without the consent of the Unitholders, and no such amendment shall reduce the percentage of votes required to be cast at a meeting of the Unitholders without the consent of the holders of all of the Units then outstanding or cause the Trust to fail or cease to qualify as a "mutual fund trust" under the Tax Act.

Notwithstanding the above, no action or authorization and no amendment may be made to the Declaration of Trust by the Trustees without a "**Special Resolution Vote**" with respect to:

- the termination of the Trust;
- any combination, merger, amalgamation or arrangement of the Trust, "COT", CAP I LP or CAP II LP, as the case may be, or any sale of all or substantially all of the assets of the Trust, COT, CAP I LP or CAP II LP, as the case may be, or the liquidation or dissolution of the Trust, COT, CAP I LP, CAP II LP, as the case may be, (other than as part of an internal reorganization of the assets of the Trust, COT, CAP I LP or CAP II LP, as the case may be, as approved by the Trustees);
- these provisions of Declaration of Trust
- the provisions of the COT Indenture concerning the computation of net income;
- an exchange, reclassification or cancellation of all or part of the Trust Units or Special Voting Units other than as specifically provided for in the Declaration of Trust with respect to Special Voting Units;
- the addition, change or removal of the rights, privileges, restrictions or conditions attached to the Trust Units or Special Voting Units and, including, without limiting the generality of the foregoing:
- the removal or change of rights to distributions;
- the addition or removal of or change to conversion privileges, options, voting, transfer or pre-emptive rights; or
- the reduction or removal of a distribution preference or liquidation preference;
- the creation of new rights or privileges attaching to certain of the Trust Units or Special Voting Units; or
- the constraint on the issue, transfer or ownership of Trust Units or Special Voting Units or the change or removal of such constraint, except as otherwise provided herein;

except in each case with the approval of Unitholders given by the affirmative vote of at least two-thirds of the votes cast at a meeting of Unitholders duly called for that purpose.

Term of Centurion Apartment REIT

Unless Centurion Apartment REIT is sooner terminated as otherwise provided by the Declaration of Trust, Centurion Apartment REIT shall continue in full force and effect so long as any property of Centurion Apartment REIT is held by the Trustees, and the Trustees shall have all the powers and discretions expressed and implied, conferred upon them by law or by the Declaration of Trust. Notwithstanding the foregoing, Centurion Apartment REIT will terminate on the date which is 21 years after the date of the death of the last survivor of the issue alive at the date of the Declaration of Trust. The Centurion Apartment

REIT may be terminated by the vote of at least two-thirds of the votes cast at a meeting of the Unitholders called for that purpose.

Upon the termination of Centurion Apartment REIT, the liabilities of Centurion Apartment REIT shall be discharged with due speed, the net assets of Centurion Apartment REIT shall be liquidated and the proceeds distributed to the REIT Unitholders in accordance with their entitlements as provided in the Declaration of Trust.

VALUATION POLICY

As set forth in the definitions of “Fair Market Value”, the value of the REIT Units is determined by the Trustees, in their sole discretion, using reasonable methods of determining fair market value. Fair Market Value may or may not be equal to the net asset value of the Units. The description of the methodology of investment property valuations and the calculation of Fair Market Value and Post Prices of REIT Units reflects the methodology used by the Trustees as at the date hereof in calculating Fair Market Value. The Trustees may, in their discretion, adopt alternative methodologies to calculate investment property values and Fair Market Value from time to time, without notice to, or approval by, REIT Unitholders.

Investment Property Valuation

Centurion Apartment REIT accounts for its investment properties using the fair value model in accordance with IAS 40 – Investment Properties. Investment property is defined as property held to earn rentals or for capital appreciation or both. Investment properties are initially recorded at cost, including related transaction costs. Subsequent to initial recognition, investment properties are measured at fair value, which reflects market conditions at the reporting date.

Centurion Apartment REIT applies judgment in determining if the acquisition of an individual property qualifies as a business combination in accordance with IFRS 3 or as an asset acquisition. Transaction costs (including commissions, land transfer tax, appraisals, legal fees and third-party inspection reports associated with a purchase) related to property acquisitions not considered business combinations are capitalized in accordance with IAS 40. Transaction costs are expensed in accordance with IFRS 3 where such acquisitions are considered business combinations.

The fair value of investment properties is determined using a detailed valuation framework developed by Centurion Apartment REIT’s internal and external valuation teams. Each of these teams includes experts in the industry. The valuation teams considered the following approaches in determining the fair value:

1. Consideration of recent prices of similar properties within similar market areas;
2. The direct capitalization method, which is based on the conversion of current and future normalized earnings potential directly into an expression of market value. The Normalized Net Operating Income (“NNOI”) for the year is divided by an overall capitalization rate (inverse of an earnings multiplier) to arrive at the estimate of fair value.

The External Team, comprised of the auditors and valuers, are responsible for:

Quarterly by the valuers:

- Determining the capitalization rates that would be used in valuing the properties
- Providing charts of comparable sales and supporting relevant market information

Annually by the valuers:

- Determining the capitalization rates that would be used in valuing the properties

- Providing charts of comparable sales and supporting relevant market information
- Determining the appropriate industry standard “set off” and normalization assumptions used in the calculation of NNOI.
- Reviewing the valuation framework to determine whether any changes or updates are required
- Reviewing, for the audited year-end financial statements, the resultant values for reasonableness, compliance with the valuation framework and compliance with IAS 40
- Supplying a “Fair Value” Report for financial statement purposes

Annually by the auditors:

- Reviewing the valuation framework to determine whether any changes or updates are required
- Evaluating the work of the valuator including assumptions and comparisons to market
- Reviewing of the controls over the underlying data provided to the valuator from the REIT’s accounting system
- Reviewing the “Fair Value” Report prepared by the valutors
- Reviewing, for the audited year-end financial statements, the resultant values for reasonableness, compliance with the valuation framework and compliance with IAS 40

The Internal Team, comprised of REIT Management and the Asset Manager, is responsible quarterly and annually for:

- Assembling the property specific data used in the valuation model based on the process set forth in the valuation framework
- Reviewing the valuation framework to determine whether any changes or updates are required
- Inputting the capitalization rates, “set offs” and normalization assumptions provided by the valutors
- Delivering the completed valuation framework to the external team for review at year-end for the audited financial statements

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of investment property are recognized in the income statement in the year of retirement or disposal.

Mortgage Investment (Mortgage Assets) Valuation

The Trust’s mortgage investments consist of non-participating mortgage assets (“mortgage investments”) and debt investments with a profit participation feature (“participating loan interests”).

Mortgage investments are classified and measured at amortized cost using the effective interest method, less any impairment losses. Mortgage investments are assessed at each reporting date to determine whether there is objective evidence of significant changes in credit risk since origination. A mortgage investment’s credit risk increases when objective evidence indicates that factors have occurred after the initial recognition of an investment and that the loss event had a negative effect on the estimated future cash flows

of that asset that can be estimated reliably. The Trust's internal credit risk rating process involves judgment and combines multiple factors to arrive at a specific score to assess each mortgage investment's probability of default. These factors include the loan to value ratio, borrower's net worth and ability to service debt, project location, experience with the borrower and credit score.

The Trust maintains an allowance in order to cover impairment in the existing portfolio for loans that have not yet been individually identified as impaired.

An impairment loss is calculated as the difference between the carrying amount of these mortgage investments and the present value of the estimated future cash flows discounted at the original effective interest rate. Losses are charged to the consolidated statement of net income and comprehensive income and are reflected in the provision for mortgage losses. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the consolidated statement of net income and comprehensive income.

Participating loan interests are measured at fair value through profit and loss ("FVTPL") due to the characteristics of the instrument not being solely for the payment of principal and interest. The Trust recognizes interest income on participating loan interests based on the contractual terms of the agreement and is included as part of interest income on the consolidated statement of net income and comprehensive income. At the end of each reporting period, the Trust determines the fair value of the entire instrument with the corresponding gain or loss recorded as fair value gain or loss directly in the consolidated statement of net income and comprehensive income. Any interest income arising from the contractual portion of the mortgage investment and/or the participating loan interest are recorded as interest income and any remaining non-contractual gains or losses are recognized through FVTPL.

The fair value of the underlying real estate assets related to participating loan interests was determined using a detailed valuation framework, and the techniques considered in this framework are as follows:

1. Consideration of recent prices of similar properties within similar market areas; and
2. The direct capitalized method, which is based on the conversion of future normalized earnings directly into an expression of market value.

Development Equity Investments Valuation

Investment properties held within equity accounted investments are measured at fair value as at the consolidated statement of financial position dates. Any changes in the fair value are included in the consolidated statement of net income and comprehensive income. Fair value is supported by independent external valuations or detailed internal valuations using market-based assumptions, each in accordance with recognized valuation techniques. The techniques used comprise the capitalized net operating income method and include estimating, among other things, future normalized net operating income, capitalization rates, discount rates and other future cash flows applicable to investment properties.

Other Investment Valuation

Other Investments will be carried at fair value.

Calculation of REIT Unit Fair Market Value and Posted Prices

The Fair Market Value ("FMV") of the REIT Unit is currently calculated monthly based on the IFRS balance sheet carrying values plus certain adjustments ("Adjustment Factors").

The REIT currently conducts monthly closings for new subscriptions and redemptions of REIT Units at the posted FMV. The Investment Property Portfolio is valued on a quarterly basis. The FMV may change in between quarters, at quarter ends or not at all unless there are material changes or considerations that

would impact the posted REIT Unit FMV including but not limited to changes in capitalization rates or acquisitions and dispositions of Investment Properties.

The REIT Unit FMV is calculated by adding IFRS Balance Sheet Assets, subtracting IFRS Balance Sheet Liabilities, adding appropriate non-IFRS Adjustment Factors and dividing by the total number of outstanding REIT Units. Thus, FMV can be summarized as:

$$\text{FMV} = (\text{IFRS Balance Sheet Assets} - \text{IFRS Balance Sheet Liabilities}^1 + \text{Adjustment Factors}) / \text{Total Number of Outstanding REIT Units}$$

¹ Excluding Exchangeable Units

The Adjustment Factors include, but are not limited to:

- (a) portfolio premiums², if any; plus
- (b) capitalization of certain capital expenses, whose benefits accrue over a long period of time and should be allocated between exiting, remaining and incoming Unitholders but may be written off or effectively written off under IFRS, or where the value of such expense isn't as yet reflected, in whole or in part in the Investment Portfolio valuation due to timing lags, if any; plus
- (c) portfolio inter-quarter timing adjustments, if any; less
- (d) discretionary adjustments, if any.

² Portfolio premium means an adjustment to IFRS valuations to account for the difference that buyers may pay for a portfolio of properties over individual component properties considered on their own. The IFRS valuation approach evaluates each property on a standalone basis, without considering the value of economies of scale, clustering advantages, the time, expense and difficulty of assembling a portfolio and the attractiveness of a portfolio to potential buyers.

The calculation of the REIT Unit FMV involves critical estimates, assumptions and judgements as part of the process.

The REIT Unit FMV is currently determined as per the above methodology and approved on a monthly basis by the Trustees for posting to the website of the REIT and for use in, but not limited to processing redemptions, new subscriptions, financial statements of the REIT and account statements for Unitholders.

DISTRIBUTION POLICY

The Declaration of Trust provides that Centurion Apartment REIT may distribute to REIT Unitholders such percentage of the Distributable Income for the calendar month then ended as the Trustees determine in their discretion for the period.

In addition, the Trustees may declare to be payable and make distributions, from time to time, out of income of the Trust, net realized capital gains of Centurion Apartment REIT, the net recapture income of Centurion Apartment REIT, the capital of Centurion Apartment REIT or otherwise, in any year, in such amount or amounts, and on such dates on or before December 31 of that year as the Trustees may determine, to the extent such income, capital gains and capital has not already been paid, allocated or distributed to the REIT Unitholders.

Distributions may be adjusted for amounts paid in prior periods if the actual Distributable Income for the prior periods is greater than or less than the Trustees' estimates for the prior periods. Distributions shall be made in cash and may be invested in similar REIT Units pursuant to any distribution reinvestment plan (DRIP) or unit purchase plan adopted by the Trustees.

Each year Centurion Apartment REIT shall deduct in computing its income for purposes of the Tax Act such portion of the amounts paid or payable to the REIT Unitholders for the year as is necessary to ensure that Centurion Apartment REIT is not liable for income tax under Part I of the Tax Act for that taxation year. The Trustees shall deduct or withhold from distributions payable to any REIT Unitholder amounts required by law to be deducted or withheld from such REIT Unitholder's distributions.

Where the Trustees determine that Centurion Apartment REIT does not have available cash in an amount sufficient to make payment of the full amount of any distribution which has been declared to be payable on the due date for such payment, the payment may, at the option of the Trustees, include the issuance of additional REIT Units or fractions of such REIT Units, as the case may be, if necessary, having a fair market value as determined by the Trustees equal to the difference between the amount of such distribution and the amount of cash which has been determined by the Trustees to be available for the payment of such distribution in the case of REIT Units.

Notwithstanding anything to the contrary, for greater certainty, no amounts will be distributed to holders of Special Voting Units.

Distributions are paid out on the 15th of each month, except when the 15th falls on a weekend or legal holiday, in which case distributions are paid out on the first business day following the 15th of the month. Unitholders are entitled to a distribution in a given month if they are unitholders on the last business day of that month.

Distribution Rates per REIT Unit

The Trustees may, in their discretion, allocate distributions among the classes of REIT Units to adjust for the commissions, trailers and other costs attributable to the sales channels relating to each class of REIT Unit. It is Centurion Apartment REIT's current intention to distribute \$0.8200 per Class "A" REIT Unit per annum, and \$0.9300 per Class "F" and Class "I" REIT Units per annum, payable on a monthly basis.

Distribution Reinvestment Plan (DRIP)

Centurion Apartment REIT permits Unitholders to receive distributions in the form of REIT Units or cash. Unitholders enrolled in the DRIP program currently receive a 2.0% discount on REIT Units purchased through the DRIP.

PURCHASE OPTIONS

Centurion Apartment REIT has created four different purchase options for Subscribers to purchase REIT Units. Subscribers can purchase through a registered dealer.

Class "A" Units

- 1) **Deferred Sales Charge ("DSC") Option** – Seller receives an upfront commission of 5.0% and an ongoing trailer of 0.50% per annum starting in year one for as long as the Subscriber remains invested. If the Subscriber redeems their REIT Units prior to the fifth anniversary of their purchase, the following Deferred Sales Charges will apply to the redemption by the Subscriber of their REIT Units:

If redeemed in 1 st Year	– 6.0%
If redeemed in 2 nd Year	– 5.5%
If redeemed in 3 rd Year	– 5.0%
If redeemed in 4 th Year	– 4.0%
If redeemed in 5 th Year	– 3.0%
Afterwards	0.0%

- 2) **Low Load Option** – Seller receives an upfront commission of 3.0% and an ongoing trailer of 0.75% per annum starting in year one for as long as the Subscriber remains invested. There is a short-term trading fee if the Subscriber redeems their REIT Units early.

If redeemed in 1st 18 months – 3.5%

If redeemed in 2nd 18 Months – 3.0%

- 3) **Front Load Option** – Seller negotiates a commission (if any) which the Subscriber pays directly, and Seller receives a trailer of 1.0% per annum starting in year one. There is a short-term trading fee of 3.0% if redeemed in the first 6 months.

Class “F” Units

- 4) **Fee Based Accounts Option** – No commission and no trailers are paid. Only Fee Based Accounts may qualify for this purchase option. There is a short-term trading fee of 3.0% if redeemed in the first 6 months.

Class “I” Units

- 5) **Institutional Account Option** – Subscribers may elect to purchase Units either direct from Centurion Asset Management Inc. (in the Provinces of Ontario, British Columbia, Quebec and Alberta) or through another registered dealer. Direct Subscribers may only purchase REIT Units under the DSC Option. Unitholders may not switch their method of holding Units unless the Trustees believe in their discretion that it does not materially adversely impact the REIT and the Unitholder has been adequately informed.

CLOSING OF OFFERING

Closings of sales of REIT Units will occur at the discretion of the REIT Management as REIT Units are subscribed for until at which time no other REIT Units will be offered pursuant to this Offering.

It is estimated that the first closing (the “**First Closing**”) will occur on or before June 1, 2020. Subsequent Closings will occur as additional REIT Units are subscribed for.

CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

The following summary fairly presents the principal Canadian federal income tax considerations generally applicable to prospective subscribers of REIT Units pursuant to this Offering Memorandum who, for the purposes of the Tax Act, are resident in Canada, deal at arm's length with and are not affiliated with Centurion Apartment REIT and will hold their REIT Units as capital property. Generally, the REIT Units will be considered to be capital property to a REIT Unitholder provided that the REIT Unitholder does not hold the REIT Units in the course of carrying on a business and has not acquired them in a transaction considered to be an adventure in the nature of trade. Certain REIT Unitholders who might not otherwise be considered to hold their REIT Units as capital property may, in certain circumstances, be entitled to have them and all other “Canadian securities” (as defined in the Tax Act) owned by them treated as capital property by making the irrevocable election under subsection 39(4) of the Tax Act.

The summary is of a general nature only and is based upon the facts set out in this Offering Memorandum, the current provisions of the Tax Act, the regulations thereunder (the “**Regulations**”), counsel's understanding of the published administrative practices of the Canada Revenue Agency and the specific proposals to amend the Tax Act and Regulations (“**Tax Proposals**”) announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof and representations as to factual matters made in a certificate signed by a trustee of Centurion Apartment REIT. This summary is not exhaustive of all possible

Canadian federal income tax consequences and, except for the Tax Proposals, does not take into account or anticipate any changes in law, whether by legislative, regulatory, administrative or judicial action, nor does it take into account provincial tax legislation or considerations. This summary assumes that the Tax Proposals will be enacted as proposed, but no assurance can be given that this will be the case. Modification or amendment of the Tax Act and the Regulations or the Tax Proposals could significantly alter the tax status of Centurion Apartment REIT or the tax consequences of investing in Units. This summary does not describe income tax considerations relating to the deductibility of interest on money borrowed to acquire REIT Units.

THIS SUMMARY IS NOT EXHAUSTIVE OF ALL POSSIBLE CANADIAN FEDERAL TAX CONSIDERATIONS APPLICABLE TO AN INVESTMENT IN REIT UNITS. MOREOVER, THE INCOME AND OTHER TAX CONSEQUENCES OF ACQUIRING, HOLDING OR DISPOSING OF REIT UNITS WILL VARY DEPENDING ON THE REIT UNITHOLDER'S PARTICULAR CIRCUMSTANCES. THIS SUMMARY IS NOT INTENDED TO BE, NOR SHOULD IT BE CONSTRUED TO BE, LEGAL OR TAX ADVICE TO ANY PROSPECTIVE REIT UNITHOLDER. ACCORDINGLY, PROSPECTIVE REIT UNITHOLDERS SHOULD CONSULT WITH THEIR TAX ADVISORS FOR ADVICE WITH RESPECT TO THE TAX CONSEQUENCES TO THEM HAVING REGARD TO THEIR OWN PARTICULAR CIRCUMSTANCES. IN ADDITION, THIS SUMMARY IS NOT APPLICABLE TO (I) A REIT UNITHOLDER THAT IS A "FINANCIAL INSTITUTION", AS DEFINED IN THE TAX ACT FOR THE PURPOSES OF THE MARK-TO-MARKET RULES, AND (II) A REIT UNITHOLDER WHERE AN INTEREST IN SUCH UNITHOLDER WOULD BE A "TAX SHELTER INVESTMENT" FOR THE PURPOSES OF THE TAX ACT (III) A REIT UNITHOLDER THAT HAS ELECTED TO DETERMINE ITS "CANADIAN TAX RESULTS" IN A FOREIGN CURRENCY PURSUANT TO THE "FUNCTIONAL CURRENCY" REPORTING RULES IN THE TAX ACT, AND (IV) A REIT UNITHOLDER THAT HAS ENTERED OR WILL ENTER INTO A "DERIVATIVE FORWARD AGREEMENT", AS DEFINED IN THE TAX ACT, WITH RESPECT TO THE REIT UNITHOLDER'S REIT UNITS. SUCH HOLDERS SHOULD CONSULT THEIR OWN TAX ADVISORS TO DETERMINE THE TAX CONSEQUENCES TO THEM OF THE ACQUISITION, HOLDING AND DISPOSITION OF REIT UNITS.

Qualification as a Mutual Fund Trust

This summary assumes that Centurion Apartment REIT will qualify as a "**mutual fund trust**" under the provisions of the Tax Act at all relevant times. To qualify as a mutual fund trust, Centurion Apartment REIT must be a "**unit trust**" as defined by the Tax Act and must restrict its undertaking to: (i) the investing of its funds in property (other than real property or an interest in real property) and (ii) the acquiring, holding, maintaining, improving, leasing or managing of any real property (or interest in real property) that is capital property of Centurion Apartment REIT or (iii) any combination of the activities described in (i) and (ii), and must have 150 REIT Unitholders holding not less than 100 REIT Units which are qualified for distribution to the public and which have an aggregate fair market value of not less than \$500. **In the event that Centurion Apartment REIT was not to qualify as a mutual fund trust, the Canadian federal income tax consequences described below would, in some aspects, be materially and adversely different.**

If the Centurion Apartment REIT has a Unitholder that is a "**designated beneficiary**" within the meaning of the Tax Act at any time in a taxation year in which it does not qualify as a mutual fund trust for the purposes of the Tax Act throughout the year, it will be subject to a special tax at the rate of 40% under Part XII.2 of the Tax Act on its "designated income" within the meaning of the Tax Act. A designated beneficiary includes a non-resident under the Tax Act. If the Centurion Apartment REIT is subject to tax under Part XII.2, the Centurion Apartment REIT may make a designation so that, generally, REIT Unitholders who are not designated beneficiaries receive an appropriate refundable tax credit.

SIFT Rules

On June 22, 2007, legislation was enacted (the “**SIFT Rules**”) relating to the federal income taxation of publicly-listed or traded trusts (such as income trusts and real estate investment trusts) and partnerships.

The SIFT Rules apply to a publicly-listed or traded trust that is a specified investment flow-through (a “**trust**” as defined in the Tax Act (a “SIFT trust”), and its investors. Certain distributions attributable to a SIFT trust’s “non-portfolio earnings” are not deductible in computing the SIFT trust’s income and the SIFT is subject to tax on such distributions at a rate that is substantially equivalent to the general tax rate applicable to Canadian corporations. Provided investments in Centurion Apartment REIT are not listed or traded on a stock exchange or other public market, Centurion Apartment REIT will not be subject to the SIFT Rules. If investments in Centurion Apartment REIT become publicly listed or traded, there can be no assurances that the Centurion Apartment REIT will not be subject to the SIFT Rules at that time.

Taxation of Centurion Apartment REIT

Centurion Apartment REIT will generally be subject to tax under the Tax Act in respect of its taxable income and net realized capital gains in each taxation year, except to the extent such taxable income and net realized capital gains are paid or payable or deemed to be paid or payable in such year to REIT Unitholders and deducted by Centurion Apartment REIT for tax purposes. The Declaration of Trust provides that, as of the last Distribution Date for a taxation year, all the income (other than net taxable capital gains and net recapture income) of Centurion Apartment REIT less distributions of Centurion Apartment REIT's income for that year made by Centurion Apartment REIT shall be paid to REIT Unitholders and its net taxable capital gains and net recapture income shall be paid on the last Distribution Date in the taxation year. Consequently, Centurion Apartment REIT will generally not be liable for income tax under Part I of the Tax Act in any year. Losses incurred by Centurion Apartment REIT cannot be allocated to REIT Unitholders but may be deducted by Centurion Apartment REIT in future years in accordance with the Tax Act.

Taxation of REIT Unitholders

A REIT Unitholder is required to include in computing income for tax purposes in each year the portion of the amount of net income and net taxable capital gains of Centurion Apartment REIT, determined for the purposes of the Tax Act, paid or payable to such REIT Unitholder in the year and that Centurion Apartment REIT deducts in computing its income for tax purposes.

The Declaration of Trust provides that income and net taxable capital gains for purposes of the Tax Act will be allocated to REIT Unitholders in the same proportion as distributions received by REIT Unitholders, subject to the discretion of the Trustees to adopt an allocation method which the Trustees consider to be more reasonable in the circumstances.

The Declaration of Trust generally requires Centurion Apartment REIT to claim the maximum amount of capital cost allowance available to it in computing its income for tax purposes. Based on the distribution policy, the amount distributed to REIT Unitholders in a year may exceed the income of Centurion Apartment REIT for tax purposes for that year. Distributions in excess of Centurion Apartment REIT's taxable income in a year will not be included in computing the income of the REIT Unitholders from Centurion Apartment REIT for tax purposes. However, a REIT Unitholder is required to reduce the adjusted cost base to him of his REIT Units by the portion of any amount paid or payable to him by Centurion Apartment REIT (other than the non-taxable portion of certain capital gains) that was not included in computing his income and will realize a capital gain in the year to the extent the adjusted cost base of his REIT Units would otherwise be a negative amount. Centurion Apartment REIT will designate to the extent permitted by the Tax Act the portion of the taxable income distributed to REIT Unitholders as may reasonably be considered to consist of net taxable capital gains of Centurion Apartment REIT. Any

such designated amount will be deemed for tax purposes to be received by REIT Unitholders in the year as a taxable capital gain.

Upon the disposition or deemed disposition by a REIT Unitholder of a REIT Unit, a capital gain (or a capital loss) will generally be realized to the extent that the proceeds of disposition of the REIT Unit exceed (or are exceeded by) the aggregate of the adjusted cost base to the REIT Unitholder of the REIT Unit immediately before the disposition and any reasonable costs of the disposition. The adjusted cost base to a REIT Unitholder of a REIT Unit will be determined by averaging the cost base of all REIT Units owned by a REIT Unitholder as capital property at a particular time. Generally, one-half of any capital gain (a “taxable capital gain”) realized by a REIT Unitholder will be included in the REIT Unitholder’s income for the year of disposition. One-half of any capital loss so realized (an “allowable capital loss”) may generally be deducted against taxable capital gains of the REIT Unitholder for the year of disposition. Any excess of allowable capital losses over taxable capital gains of the REIT Unitholder for the year of disposition may be carried back up to three taxation years or forward indefinitely and deducted against net taxable capital gains in those other years to the extent and in the circumstances prescribed in the Tax Act.

Capital gains realized by an individual or trust, other than certain trusts, may give rise to alternative minimum tax under the Tax Act. A holder that is a “Canadian-controlled private corporation” (as defined in the Tax Act) (a “CCPC”) may be liable to pay an additional refundable tax on taxable capital gains. Recent amendments to the Tax Act applicable to taxation years that begin after 2018 limit the extent to which a CCPC can claim a refund of refundable tax in certain circumstances. These amendments also limit the availability of the small business deduction to CCPCs earning “adjusted aggregate investment income” exceeding \$50,000 in a taxation year that begins after 2018. CCPCs acquiring REIT Units should consult their own tax advisors with respect to the implications of these provisions as they relate to the acquisition, holding and disposition of REIT Units.

Legislative proposals released by the Minister of Finance (Canada) on July 30, 2019 proposed amendments to the Tax Act that would (a) deny a mutual fund trust a deduction for any income of the mutual fund trust designated to a Unitholder on a redemption of units, where the REIT Unitholder’s proceeds of disposition are reduced by the designation, and (b) deny a mutual fund trust a deduction for the portion of a capital gain of the mutual fund trust designated to a REIT Unitholder on a redemption of units that is greater than the Unitholder’s accrued gain on those units, where the REIT Unitholder’s proceeds of disposition are reduced by the designation. The first of those two proposed amendments would be effective, for all mutual fund trusts, for taxation years of a mutual fund trust beginning on or after March 19, 2019. The second such proposed amendment would be effective (i) for taxation years of a mutual fund trust which is listed on a designated stock exchange in Canada and in continuous distribution, beginning on or after March 19, 2020 and (ii) for taxation years of all other mutual fund trusts, beginning on or after March 19, 2019. If such proposed amendments to the Tax Act are enacted in their current form, any income or taxable capital gains that would otherwise have been designated to redeeming REIT Unitholders may be made payable to the remaining, non-redeeming REIT Unitholders to ensure the Centurion Apartment REIT will not be liable for non-refundable income tax thereon. Accordingly, the amounts of taxable distributions made to REIT Unitholders may be greater than they would have been in the absence of such amendments.

RISK FACTORS

There are certain risk factors inherent in an investment in the REIT Units and in the activities of Centurion Apartment REIT, including the following, which Subscribers should carefully consider before subscribing for the REIT Units.

SPECULATIVE INVESTMENT

AN INVESTMENT IN THE TRUST MAY BE DEEMED SPECULATIVE AND IS NOT INTENDED AS A COMPLETE INVESTMENT PROGRAM. THERE IS NO ASSURANCE THAT DISTRIBUTIONS WILL BE PAID. A SUBSCRIPTION FOR UNITS SHOULD BE CONSIDERED ONLY BY PERSONS FINANCIALLY ABLE TO MAINTAIN THEIR INVESTMENT AND WHO CAN BEAR THE RISK OF LOSS ASSOCIATED WITH AN INVESTMENT IN THE TRUST. INVESTORS SHOULD REVIEW CLOSELY THE INVESTMENT OBJECTIVE, STRATEGIES AND RESTRICTIONS TO BE UTILIZED BY THE TRUST AS OUTLINED HEREIN TO FAMILIARIZE THEMSELVES WITH THE RISKS ASSOCIATED WITH AN INVESTMENT IN THE TRUST, INCLUDING THOSE SPECIFIED IN THIS ITEM 8: RISK FACTORS.

Risks Related to the Novel Coronavirus Disease (COVID-19)

There has been and continues to be a global pandemic related to an outbreak of the novel coronavirus disease (COVID-19). This outbreak (and any future outbreaks) of COVID-19 has led (and may continue to lead) to disruptions in global economic activity, resulting in, among other things, a general decline in equity prices and lower interest rates. These circumstances are likely to have an adverse effect on levels of employment, which may adversely impact the ability of tenants, borrowers and other counterparties to make timely payments on their rents, mortgages and other loans. An increase in delinquent payments by tenants, borrowers and other counterparties may negatively affect the Trust's financial position. While governments are closely monitoring the rapidly evolving situation, no assurance can be made regarding the policies that may be adopted by the Bank of Canada, the Canadian federal, provincial or municipal governments, their agencies, the United States government or any other foreign or sub-national government to address the effects of COVID-19 or any resulting market volatility. Following multiple interest rate cuts by the Bank of Canada in March 2020, which cuts were announced in an attempt to curb the economic effects of COVID-19, it is possible that the Bank of Canada may make further interest rate cuts or that it may in the future resume interest rate increases. Any such increases or decreases may occur at a faster rate than expected. To the extent that interest rates increase as a result of the Bank of Canada's actions or otherwise, the availability of refinancing alternatives for credit facilities, mortgage and other loans may be reduced. No assurance can be made regarding such matters or their effect on real estate markets generally and on the value and performance of mortgage loans. The Trust actively monitors regulatory developments and will adjust to any regulatory changes that may arise as a result of the COVID-19 outbreak.

The COVID-19 outbreak may lead to disruptions of the Trust's normal business activity and a sustained outbreak may have a negative impact on the Trust and its financial performance. The Trust has business continuity policies in place and is developing additional strategies to address potential disruptions in its operations. However, no assurance can be made that such strategies will successfully mitigate the adverse impacts related to the COVID-19 outbreak. A prolonged outbreak of COVID-19 could adversely impact the health of the Trust's employees, borrowers, counterparties and other stakeholders.

The full extent of the duration and impact that COVID-19, including any regulatory responses to the outbreak, will have on the Canadian, United States and global economies and the Trust's business is highly uncertain and difficult to predict at this time.

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, demand for multi-unit residential premises, competition from other available residential premises and various other factors.

Certain significant expenditures, including property taxes, capital repair and replacement costs, maintenance costs, mortgage payments, insurance costs and related charges must be made throughout the

period of ownership of real property regardless of whether the property is producing any income. If Centurion Apartment REIT is unable to meet mortgage payments on any property, losses could be sustained as a result of the mortgagee's exercise of its rights of foreclosure or sale.

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 Centurion Apartment REIT's ability to vary its portfolio promptly in response to changing economic or investment conditions. If Centurion Apartment REIT was required to liquidate its real property investments, the proceeds to Centurion Apartment REIT might be significantly less than the aggregate value of its properties on a going-concern basis.

Centurion Apartment REIT will be subject to the risks associated with debt financing, including the risk that existing mortgage indebtedness secured by the Properties 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.

Development Risks

Centurion Apartment REIT may, directly or indirectly, invest in real estate development projects. Any existing or future development investments of the REIT will entail certain risks, including the expenditure of funds on and devotion of management's time to evaluating projects that may not come to fruition; the risk that development costs of a project may exceed original estimates, possibly making the project uneconomical; the risk of construction overrun or other unforeseeable delays, during which the interest rate and leasing risk may fluctuate; the risk that occupancy rates and rents at a completed project will be less than anticipated or that there will be vacant space at the project; the risk that expenses at a completed development will be higher than anticipated; and the risk that permits and other governmental approvals will not be obtained. In addition, the REIT's future real estate development investments may require a significant investment of capital. The REIT may be required to obtain funds for its capital expenditures and operating activities, if any, through cash flow from operations, property sales or financings. If the REIT is unable to obtain such funds, it may have to defer or otherwise limit certain development activities.

Future Property Acquisitions

While Centurion Apartment REIT may enter into non-binding letters of intent with respect to properties under review, there can be no assurance that such properties will be acquired. Accordingly, there can be no assurance that Centurion Apartment REIT will be able to acquire Properties at the rates of return that the REIT Management is targeting. No forecast has been made for the acquisition of properties under review.

Revenue Producing Properties

The Properties generate income through rental payments made by the tenants thereof. Upon the expiry of any lease, there can be no assurance that such lease will be renewed or the tenant replaced. The terms of any subsequent lease may be less favorable to Centurion Apartment REIT than the existing lease. Unlike commercial leases which generally are "**net**" leases and allow a landlord to recover expenditures, residential leases are generally "**gross**" leases and the landlord is not able to pass on costs to its tenants.

No Guarantees or Insurance on Mortgage Investments

A Mortgage borrower's obligations to the Centurion Apartment REIT or any other person are not guaranteed by the Government of Canada, the government of any province or any agency thereof nor are they insured under the National Housing Act (Canada). In the event that additional security is given by the borrower or a third party or that a private guarantor guarantees the Mortgage borrower's obligations,

there is no assurance that such additional security or guarantee will be available or sufficient to make Centurion Apartment REIT whole if and when resort is to be had thereto.

Risks Related to Mortgage Extensions and Mortgage Defaults

The REIT Management may from time to time deem it appropriate to extend or renew the term of a Mortgage past its maturity, or to accrue the interest on a Mortgage, in order to provide the borrower with increased repayment flexibility. The REIT Management generally will do so if it believes that there is a very low risk to Centurion Apartment REIT of not being repaid the full principal and interest owing on the Mortgage. In these circumstances, however, Centurion Apartment REIT is subject to the risk that the principal and/or accrued interest of such Mortgage may not be repaid in a timely manner or at all, which could impact the cash flows of Centurion Apartment REIT during and after the period in which it is granting this accommodation. Further, in the event that the valuation of the asset has fluctuated substantially due to market conditions, there is a risk that Centurion Apartment REIT may not recover all or substantially all of the principal and interest owed to it in respect of such Mortgage.

When a Mortgage is extended past its maturity, the loan can either be held over on a month-to-month basis, or renewed for an additional term at the time of its maturity. Notwithstanding any such extension or renewal, if the borrower subsequently defaults under any terms of the loan, the Mortgage Servicer has the ability to exercise its Mortgage enforcement remedies in respect of the extended or renewed Mortgage. Exercising Mortgage enforcement remedies is a process that requires a significant amount of time to complete, which could adversely impact the cash flows of Centurion Apartment REIT during the period of enforcement. In addition, as a result of potential declines in Real Property values, the priority ranking of the Mortgage and other factors, there is no assurance that Centurion Apartment REIT will be able to recover all or substantially all of the outstanding principal and interest owed to it in respect of such Mortgages by the Mortgage Service Provider's exercise of Mortgage enforcement remedies for the benefit of Centurion Apartment REIT. Should Centurion Apartment REIT be unable to recover all or substantially all of the principal and interest owed to it in respect of such Mortgage loans, the assets of Centurion Apartment REIT would be reduced, and the returns, financial condition and results of operations of Centurion Apartment REIT could be adversely impacted.

Foreclosure or Power of Sale and Related Costs on Mortgage Investments

One or more borrowers could fail to make payments according to the terms of their loan, and Centurion Apartment REIT could therefore be forced to exercise its rights as mortgagee. The recovery of a portion of Centurion Apartment REIT's assets may not be possible for an extended period of time during this process and there are circumstances where there may be complications in the enforcement of Centurion Apartment REIT's rights as mortgagee. Legal fees and expenses and other costs incurred by Centurion Apartment REIT in enforcing its rights as mortgagee against a defaulting borrower are usually recoverable from the borrower directly or through the sale of the mortgaged property by power of sale or otherwise, although there is no assurance that they will actually be recovered. In the event that these expenses are not recoverable they will be borne by Centurion Apartment REIT.

Furthermore, certain significant expenditures, including property taxes, capital repair and replacement costs, maintenance costs, Mortgage payments to prior charge holders, insurance costs and related charges must be made through the period of ownership of real property regardless of whether Mortgage payments are being made. Centurion Apartment REIT may therefore be required to incur such expenditures to protect its investment, even if the borrower is not honouring its contractual obligations.

Litigation Risks

Centurion Apartment REIT may, from time to time, become involved in legal proceedings in the course of its business. The costs of litigation and settlement can be substantial and there is no assurance that such

costs will be recovered in whole or at all. During litigation involving a borrower in respect of a Mortgage, Centurion Apartment REIT may not be receiving payments of interest on a Mortgage that is the subject of litigation, thereby impacting cash flows. The unfavorable resolution of any legal proceedings could have an adverse effect on the Centurion Apartment REIT and its financial position and results of operations that could be material.

Competition for Real Property Investments

Centurion Apartment REIT competes for suitable real property investments with individuals, corporations and institutions (both Canadian and foreign) and other real estate investment trusts which are presently seeking, or which may seek in the future, real property investments similar to those desired by Centurion Apartment REIT. A number of these investors may have greater financial resources than those of Centurion Apartment REIT, or operate without the investment or operating guidelines of Centurion Apartment REIT or according to more flexible conditions. An increase in the availability of investment funds, and an increase in interest in real property investments, may tend to increase competition for real property investments, thereby increasing purchase prices and/or reducing the yield on them.

Competition for Tenants

The real estate business is competitive. Numerous other developers, managers and owners of properties compete with Centurion Apartment REIT in seeking tenants. The existence of competing developers, managers and owners for Centurion Apartment REIT's tenants could have an adverse effect on Centurion Apartment REIT's ability to lease suites in its properties and on the rents charged.

Interest Rates

It is anticipated that the market price for the REIT Units at any given time may be affected by the level of interest rates prevailing at that time. A rise in interest rates may have a negative effect on the market price of the REIT Units. A decrease in interest rates may encourage tenants to purchase condominiums or other types of housing, which could result in a reduction in demand for rental properties. Changes in interest rates may also have effects on vacancy rates, rent levels, refurbishing costs and other factors affecting Centurion Apartment REIT's business and profitability.

Debt Financing

Centurion Apartment REIT is subject to the risks associated with debt financing, including the risk that Centurion Apartment REIT may be unable to make interest or principal payments or meet loan covenants, the risk that defaults under a loan could result in cross defaults or other lender rights or remedies under other loans, and the risk that existing indebtedness may not be able to be refinanced or that the terms of such refinancing may not be as favourable as the terms of existing indebtedness. A portion of Centurion's Acquisition and Operating Facilities are at floating interest rates, and accordingly, changes in short-term borrowing will affect Centurion Apartment REIT's costs of borrowing.

General Economic Conditions

Centurion Apartment REIT is affected by general economic conditions, local real estate markets, competition from other available rental premises, including new developments, and various other factors. The competition for tenants also comes from opportunities for individual home ownership, including condominiums, which can be particularly attractive when home mortgage loans are available at relatively low interest rates. The existence of competing developers, managers and owners for Centurion Apartment REIT's tenants could have an adverse effect on Centurion Apartment REIT's ability to lease suites in its properties and on the rents charged, increased leasing and marketing costs and increased refurbishing costs

necessary to lease and re-lease suites, all of which could adversely affect Centurion Apartment REIT's revenues and, consequently, its ability to meet its obligations. In addition, any increase in the supply of available space in the markets in which Centurion Apartment REIT operates or may operate could have an adverse effect on Centurion Apartment REIT.

General Uninsured Losses

Centurion Apartment REIT carries comprehensive general liability, fire, flood, extended coverage, rental loss and pollution 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 from wars) which are either uninsurable or not insurable on an economically viable basis. Centurion Apartment REIT has insurance for earthquake risks, subject to certain policy limits, deductibles and self-insurance arrangements, and will continue to carry such insurance if economical to do so. Should an uninsured or underinsured loss occur, Centurion Apartment REIT could lose its investment in, and anticipated profits and cash flows from, one or more of its Properties, but Centurion Apartment REIT would continue to be obligated to repay any recourse mortgage indebtedness on such Properties.

Availability of Cash for Distributions

Distributable income is calculated before deducting items such as principal repayments and capital expenditures and, accordingly, may exceed actual cash available to Centurion Apartment REIT from time to time. Centurion Apartment REIT may be required to use part of its debt capacity or raise additional equity in order to accommodate such items, and there can be no assurance that funds from such sources will be available on favourable terms or at all. In such circumstances, distributions may be reduced or suspended, which may therefore also have an adverse impact on the market price of the REIT Units. Accordingly, cash distributions are not guaranteed and cannot be assured. Further, Distributable Income can exceed net income and have the result of an erosion of Adjusted Unitholder's Equity. See "Distribution Policy".

Distributable Income is calculated in accordance with Centurion Apartment REIT's Declaration of Trust. Distributable Income is not a measure recognized under Canadian generally accepted accounting principles and does not have a standardized meaning prescribed by IFRS. Distributable income is presented herein because management of Centurion Apartment REIT believes this non-IFRS measure is a relevant measure of the ability of Centurion Apartment REIT to earn and distribute cash returns to REIT Unitholders. Distributable Income as computed by Centurion Apartment REIT may differ from similar computations as reported by other similar organizations and, accordingly, may not be comparable to distributable income as reported by such organizations. Distributable income is calculated by reference to the net income of Centurion Apartment REIT on a consolidated basis, as determined in accordance with IFRS, subject to certain adjustments as set out in the constating documents of Centurion Apartment REIT.

Government Regulation

Centurion Apartment REIT currently has interests in properties located in the provinces of Ontario and Quebec. The nature of apartment construction and operation is such that refurbishment and structural repairs are required periodically, in addition to regular ongoing maintenance. In addition, legislation relating to, among other things, environmental and fire safety standards is continually evolving and changes thereto may give rise to ongoing financial and other obligations of Centurion Apartment REIT, the costs of which may not be fully recoverable from tenants.

Multi-unit residential rental properties are subject to rent control legislation in most provinces in Canada. Each province in which the Trust operates maintains distinct regulations with respect to tenants' and landlords' rights and obligations. The legislation in various degrees provides restrictions on the ability of a landlord to increase rents above an annually prescribed guideline or require the landlord to give tenants

sufficient notice prior to an increase in rent or restricts the frequency of rent increases permitted during the year. The annual rent increase guidelines as per applicable legislation attempts to link the annual rent increases to some measure of changes in the cost of living index over the previous year. The legislation also, in most cases, provides for a mechanism to ensure rents can be increased above the guideline increases for extraordinary costs. As a result of rent controls, the Trust may incur property capital investments in the future that will not be fully recoverable from rents charged to the tenants.

Applicable legislation may be further amended in a manner that may adversely affect the ability of the Trust to maintain the historical level of cash flow from its properties. In addition, applicable legislation provides for compliance with several regulatory matters involving tenant evictions, work orders, health and safety issues, fire and maintenance standards, etc.

Environmental Matters

Environmental and ecological legislation and policies have become increasingly important, and generally restrictive. Under various laws, Centurion Apartment REIT could become liable for the costs of removal or remediation of certain hazardous or toxic substances released on or in its properties or disposed of at other locations. The failure to remove or remediate such substances, if any, may adversely affect an owner's ability to sell such real estate or to borrow using such real estate as collateral, and could potentially also result in claims against the owner by private plaintiffs. Where a property is purchased and new financing is obtained, Phase I Environmental Assessments are performed by an independent and experienced environmental consultant. In the case of mortgage assumption, the vendor will be asked to provide a satisfactory Phase I and/or Phase II Environmental Assessment that the REIT Management will rely upon and/or determine whether an update is necessary.

Unitholder Liability

The Declaration of Trust provides that no Unitholder will be subject to any liability whatsoever to any person in connection with the holding of a Unit. In addition, legislation has been enacted in the Province of Ontario and certain other provinces and territories that is intended to provide Unitholders in those provinces and territories with limited liability. However because of uncertainties in the law relating to investment trusts, there is a risk, which is considered by counsel to be remote in the circumstance, that a REIT Unitholder could be held personally liable for obligations of Centurion Apartment REIT (to the extent that claims are not satisfied by Centurion Apartment REIT) in respect of contracts which Centurion Apartment REIT enters into and for certain liabilities arising other than out of contracts including claims in tort, claims for taxes and possibly certain other statutory liabilities. The Trustees intend to cause Centurion Apartment REIT's operations to be conducted in such a way as to minimize any such risk including by obtaining appropriate insurance and, where feasible, attempting to have every material written contract or commitment of Centurion Apartment REIT contain an express disavowal of liability against Unitholders.

Dependence on Key Personnel

In assessing the risk of an investment in the Units offered hereby, potential investors should be aware that they will be relying on the good faith, experience and judgment of the directors and officers of the Asset Manager to manage the business and affairs of the Trust. The management of the Trust depends on the services of certain key personnel. The termination of employment by the Asset Manager or the Property Manager of any of these key personnel could have a materially adverse effect on the Trust.

There is no guarantee that the directors and officers of the Asset Manager or the Board of Trustees will remain unchanged. It is contemplated that the directors, officers and employees of the Asset Manager will devote to the Trust's affairs only such time as may be reasonably necessary to conduct its business.

Failure or Unavailability of Computer and Data Processing Systems and Software

The REIT is dependent upon the successful and uninterrupted functioning of its computer and data processing systems and software. The failure or unavailability of these systems could interrupt operations or materially impact the REIT's ability to collect revenues and make payments. If sustained or repeated, a system failure or loss of data could negatively and materially adversely affect the ability of the REIT to discharge its duties and the impact on Centurion Apartment REIT may be material.

Potential Conflicts of Interest

Centurion Apartment REIT may be subject to various conflicts of interest because of the fact that the Trustees and senior officers of Centurion Apartment REIT, the Asset Manager, the Mortgage Manager and the Mortgage Servicer are engaged in a wide range of real estate and other business activities. Centurion Apartment REIT may become involved in transactions which conflict with the interests of the foregoing.

The Trustees may from time to time deal with persons, firms, institutions or corporations with which Centurion Apartment REIT may be dealing, or which may be seeking investments similar to those desired by Centurion Apartment REIT. The interests of these persons could conflict with those of Centurion Apartment REIT. In addition, from time to time, these persons may be competing with Centurion Apartment REIT for available investment opportunities.

The Asset Manager, the Mortgage Manager, and the Mortgage Servicer (collectively, the "**Service Providers**") are not owned by Centurion Apartment REIT but are related by common management and personnel to Centurion Apartment REIT. This could create conflicts of interest between the Asset Manager, the Mortgage Manager and the Mortgage Servicer and Centurion Apartment REIT.

The Service Providers' services are not exclusive to the Trust, as each Service Provider provides services to several other clients. In particular, each Service Provider also provides similar services to CREOT, an investment trust with overlapping investment objectives to those of the REIT. Centurion Apartment REIT and CREOT operate independently from one another and have separate boards of trustees, with Gregory Romundt and Stephen Sender serving as trustees for both Centurion Apartment REIT and CREOT. Although Steven Sender serves as a trustee of both Centurion Apartment REIT and CREOT, he is otherwise independent of the Asset Manager and its affiliates.

Additionally, the Warehouse Agreement among the Trust, Centurion Apartment REIT and the Asset Manager and the arrangements thereunder may give rise to certain conflicts of interest, including with respect to (i) any Property Purchase Options or Property Offer Options (and the valuation and transfer thereof), (ii) the valuation and transfer of Warehoused Mortgages and/or Warehoused Other Investments between the Trust and Centurion Apartment REIT and (iii) the allocation of risk as between the Trust and Centurion Apartment REIT. The Asset Manager will follow procedures established by the Board of Trustees that are designed to ensure an appropriate allocation of risk under the Warehouse Agreement and related arrangements.

Centurion Apartment REIT is a connected issuer, and may be considered to be a related issuer, of Centurion Asset Management Inc. (the "Asset Manager"), its asset manager and an exempt market dealer, investment fund manager, and restricted portfolio manager in certain jurisdictions, in connection with the distribution of the REIT's securities hereunder, which may result in potential conflicts of interest. Centurion Apartment REIT is a connected issuer of the Asset Manager due to the factors described in this Offering Memorandum under "Relationship between Centurion Apartment REIT, The Asset Manager and Affiliates of The Asset Manager" as a result of the fact that the President of Centurion Apartment REIT and the Asset Manager are the same and Mr. Gregory Romundt and his family beneficially own all of the shares of the Asset Manager, the Mortgage Manager and the Mortgage Servicer. Centurion Apartment REIT may be considered to be a related issuer of the Asset Manager by virtue of the Asset Manager's right to appoint a prescribed number of nominees to the board of trustees of Centurion Apartment REIT. Centurion Apartment REIT

owns 66.55% of a private mutual fund trust, Centurion Real Estate Opportunities Trust, which also has engaged Centurion Asset Management Inc. to be its asset manager. See “Trustees” and “Relationship Between Centurion Apartment REIT, The Asset Manager and Affiliates of The Asset Manager”.

The Centurion Apartment REIT Declaration of Trust contains “conflict of interest” provisions requiring Trustees to disclose material interests in Material Contracts and transactions and to refrain from voting thereon.

Allocation of Investment Opportunities

While Centurion Apartment REIT and CREOT are not naturally competing for the same investments as their primary investment portfolios will generally have different time horizons, there may be instances in which CREOT and Centurion Apartment REIT both have an interest in the same investment opportunity. For example, CREOT may invest in long-term real-estate properties and Centurion Apartment REIT may from time to time invest in Mortgage Assets. In the event that CREOT and Centurion Apartment REIT are both interested in pursuing the same investment opportunity, the Asset Manager will seek to allocate investment opportunities on a basis which it determines to be fair and reasonable. However, there is no requirement that the Asset Manager allocate investment opportunities on a pro rata basis between CREOT and Centurion Apartment REIT. Additionally, there may be situations where an investment opportunity is allocated to CREOT despite Centurion Apartment REIT having an interest in such investment opportunity.

Tax-Related Risks

There can be no assurance that income tax laws and the treatment of mutual fund trusts will not be changed in a manner which adversely affects Centurion Apartment REIT or the Unitholders.

If Centurion Apartment REIT fails or ceases to qualify as a mutual fund trust for the purposes of the Tax Act, the tax consequences described under “Canadian Federal Income Tax Considerations” and “Eligibility for Investment” would in some respects be materially and adversely different. In addition, REIT Unitholders may become subject to provincial taxes, such as Ontario Land Transfer Tax, in respect of their REIT Units.

If investments in Centurion Apartment REIT become publicly listed or traded, there can be no assurances that Centurion Apartment REIT will not be subject to the SIFT Rules, as described under “Canadian Federal Income Tax Considerations – SIFT Rules”, at that time. Centurion Apartment REIT or its subsidiaries may be reassessed for taxes from time to time. Such reassessments together with associated interest and penalties could adversely affect Centurion Apartment REIT.

Critical Estimates, Assumptions and Judgements

The preparation of financial statements as per IFRS requires management to make judgments, assumptions and estimates that affect the reported amounts in the consolidated financial statements. Actual results could differ from these estimates. Financial statement carrying values, in addition to other factors (See “VALUATION POLICY”), serve as the basis for the calculation of the Fair Market Value of REIT Units. If such carrying values should prove to be incorrect, the Fair Market Value of the REIT Units could be different. To the extent that the carrying values or critical estimates, assumptions and judgements are inaccurate, and given that property portfolio values, which comprise the vast majority of the REITs assets, are calculated quarterly on a lagging basis, the Posted Price per REIT Unit in any given month may be understated or overstated as the case may be. In light of the foregoing, there is a risk that a Unitholder who redeems all or part of its Units will be paid an amount less than it would otherwise be paid if the critical estimates, assumptions and judgements were different and that the calculation of property values wasn't calculated on a quarterly basis and thus potentially lagging the market. Similarly, there is a risk that such

Unitholder might, in effect, be overpaid if the actual Fair Market Value is lower than the calculated Fair Market Value. In addition, there is a risk than an investment in the REIT by a new Unitholder (or an additional investment by an existing Unitholder) could dilute the value of such investments for the other Unitholders if the Posted Price of the REIT Units is higher than the actual Fair Market Value of the REIT Units. Further, there is a risk that a new Unitholder (or an existing Unitholder than makes an additional investment) could pay more than it might otherwise if the actual Fair Market Value of the REIT Units is lower than the Posted Price. Centurion Apartment REIT does not intend to adjust the Fair Market Value of the REIT retroactively.

As set forth in the definitions of “Fair Market Value”, the value of the REIT Units is determined by the Trustees, in their sole discretion, using reasonable methods of determining fair market value. Fair Market Value may or may not be equal to the net asset value of the Units. The description of the methodology of investment property valuations and the calculation of Fair Market Value and Post Prices of REIT Units reflects the methodology used by the Trustees as at the date hereof in calculating Fair Market Value. The Trustees may, in their discretion, adopt alternative methodologies to calculate investment property values and Fair Market Value from time to time, without notice to, or approval by, REIT Unitholders.

Centurion Apartment REIT may buy properties from CREOT which would be affected at a purchase price equal to fair market value. The determination of fair market value will be made in part by the Asset Manager and will be reviewed and approved by the Independent Trustees. Such determination will involve numerous estimates, assumptions and uncertainties. To the extent that these estimates and assumptions are incorrect, the REIT may be adversely affected.

Risks Relating to Unfunded Commitments

In connection with the seeding of CREOT, Centurion Apartment REIT has agreed to fund the unfunded commitments existing at the date of seeding. If the REIT is required to hold reserves of cash for an extended period of time in anticipation of funding the unfunded commitments, the returns generated by the REIT may be reduced.

Lack of Independent Experts Representing Unitholders

Each of Centurion Apartment REIT and the Asset Manager has consulted with legal counsel regarding the formation and terms of the REIT and the offering of Units. Unitholders have not, however, been independently represented. Therefore, to the extent that the REIT, Unitholders or this offering could benefit by further independent review, such benefit will not be available. Each prospective investor should consult his or her own legal, tax and financial advisors regarding the desirability of purchasing Units and the suitability of investing in the REIT.

Joint Arrangements

Centurion Apartment REIT may invest in, or be a participant in, joint arrangements and partnerships with third parties in respect of the mortgage investments and/or other real estate investments. A joint arrangement or partnership involves certain additional risks which could result in additional financial demands, increased liability and a reduction in the Asset Manager’s control over the mortgage investments and/or the other real estate investments and its ability to sell the REIT’s interests in a mortgage investment and/or other real estate investments within a reasonable time frame.

Dilution

The number of REIT Units Centurion Apartment REIT is authorized to issue is unlimited. The Centurion Apartment REIT Trustees have the discretion to issue additional REIT Units in other circumstances,

pursuant to Centurion Apartment REIT's various incentive plans. Any issuance of additional REIT Units may have a dilutive effect on the holders of REIT Units.

Restrictions on Potential Growth and Reliance on Credit Facilities

The payout by Centurion Apartment REIT of a substantial part of its operating cash flow could adversely affect Centurion Apartment REIT's ability to grow unless it can obtain additional financing. Such financing may not be available, or renewable, on attractive terms or at all. In addition, if current credit facilities were to be cancelled or could not be renewed at maturity on similar terms, Centurion Apartment REIT could be materially and adversely affected.

Potential Inability to Fund Investments

Centurion Apartment REIT may commit to making future investments in anticipation of repayment of principal outstanding and/or the payment of interest under existing Mortgage investments and/or in reliance on its credit facilities. In the event that such repayments of principal or payments of interest are not made, or where credit facilities aren't available, Centurion Apartment REIT may be unable to advance some or all of the funds required to be advanced pursuant to the terms of its commitments and may be required to obtain interim financing and to fund such commitments or face liability in connection with its failure to make such advances.

Liquidity of REIT Units and Redemption Risk

The REIT Units are not listed on an exchange. There is currently no secondary market through which the REIT Units may be sold, there can be no assurance that any such market will develop and the REIT has no current plans to develop such a market. Accordingly, the sole method of liquidation of an investment in REIT Units is by way of a redemption of the REIT Units. Aggregate redemptions are limited to \$50,000 per month unless approved by the Board of Trustees. Accordingly, in the event that the REIT experiences a large number of redemptions, the REIT may not be able to satisfy all of the redemption requests. Depending upon the Purchase Option selected and the amount of time the REIT Units have been held, there may be a Deferred Sales Charge or Short-Term Trading Fee associated with an early redemption (see "Redemption of REIT Units").

Nature of REIT Units

The REIT Units are not the same as shares of a corporation. As a result, the Unitholders will not have the statutory rights and remedies normally associated with share ownership, such as the right to bring "oppression" or "derivative" actions.

CERTAIN SECURITIES LAWS MATTERS

Representations of Subscribers

Each Subscriber of Units will be deemed to have represented to Centurion Apartment REIT, the underwriters and any dealer who sells the Units to such Subscriber that:

- (a) the offer and sale of REIT Units was made exclusively through the final version of the Offering Memorandum and was not made through an advertisement of the REIT Units in any printed media of general and regular paid circulation, radio, television or telecommunications, including electronic display, or any other form of advertising in Canada;
- (b) it has reviewed and acknowledges the terms referred to above under the section entitled "Resale Restrictions";

- (c) where required by law, it is purchasing as principal, or is deemed to be purchasing as principal in accordance with applicable Canadian securities laws in which it is resident, for its own account and not as agent for the benefit of another person;
- (d) it is an accredited or eligible investor as defined in NI 45-106 if resident in a province in Canada; and
- (e) it is not a person created or used solely to purchase or hold the REIT Units as an accredited investor as described in paragraph (m) of the definition of accredited investor in section 1.1 of NI 45-106.
- (f) In addition, each resident of Ontario who purchases the REIT Units will be deemed to have represented to Centurion Apartment REIT, the underwriters and each dealer from whom a purchase confirmation is received, that such Subscriber:
 - (i) has been notified by Centurion Apartment REIT:
 - (ii) that Centurion Apartment REIT may be required to provide certain personal information ("personal information") pertaining to the Subscriber as required to be disclosed in Schedule I of Form 45-106F1 under NI 45-106 (including its name, address, telephone number and the number and value of any REIT Units purchased), which Form 45-106F1 may be required to be filed by the Company under NI 45-106;
 - (iii) that such personal information may be delivered to the Ontario Securities Commission (the "OSC") in accordance with NI 45-106;
 - (iv) that such personal information is collected indirectly by the OSC under the authority granted to it under the securities legislation of Ontario;
 - (v) that such personal information is collected for the purposes of the administration and enforcement of the securities legislation of Ontario; and
 - (vi) that the public official in Ontario who can answer questions about the OSC's indirect collection of such personal information is the Administrative Assistant to the Director of Corporate Finance at the OSC, Suite 1903, Box 55, 20 Queen Street West, Toronto, Ontario M5H 3S8, Telephone: (416) 593-8086; and
 - (vii) has authorized the indirect collection of the personal information by the OSC.

Furthermore, the Subscriber acknowledges that its name, address, telephone number and other specified information, including the number of REIT Units it has purchased and the aggregate purchase price paid by the Subscriber, may be disclosed to other Canadian securities regulatory authorities and may become available to the public in accordance with the requirements of applicable Canadian laws. By purchasing REIT Units, the Subscriber consents to the disclosure of such information.

Resale Restrictions

The distribution of the REIT Units in Ontario is being made on a private placement basis only and is exempt from the requirement that Centurion Apartment REIT prepare and file a prospectus with the relevant Canadian securities regulatory authorities. Accordingly, any resale of the REIT Units must be made in accordance with applicable Canadian securities laws which may require resales to be made in accordance with prospectus and dealer registration requirements or exemptions from the prospectus and dealer registration requirements. Subscribers of REIT Units are advised to seek legal advice prior to any resale of the REIT Units.

The REIT Units are not listed on an exchange. There is currently no secondary market through which the REIT Units may be sold, there can be no assurance that any such market will develop and the REIT has no

current plans to develop such a market. Accordingly, the sole method of liquidation of an investment in REIT Units is by way of a redemption of the REIT Units. Aggregate redemptions are limited to \$50,000 per month unless approved by the Board of Trustees. Accordingly, in the event that the REIT experiences a large number of redemptions, the REIT may not be able to satisfy all of the redemption requests. Depending upon the Purchase Option selected and the amount of time the REIT Units have been held, there may be a Deferred Sales Charge or Short-Term Trading Fee associated with an early redemption (see “Redemption of REIT Units”).

Purchasers’ Rights of Action

If you purchase these securities you will have certain rights, some of which are described below. For information about your rights you should consult a lawyer.

The following is a summary of the statutory or contractual rights of action for damages or rescission which may be available to a purchaser of Units. Applicable securities laws in certain jurisdictions provide purchasers, or require purchasers be provided, with remedies for rescission or damages, or both, if this Offering Memorandum or any amendment to it or any information or documents incorporated or deemed to be incorporated herein by reference contains a misrepresentation. However, these remedies must be exercised within the time limits prescribed. Purchasers should refer to the applicable legislative provisions for the complete text of these rights and/or consult with a legal advisor. See ITEM 11: Purchaser’s Rights.

Any Offering Memorandum marketing materials related to the Offering and which are delivered or made reasonably available to a purchaser before the closing of that purchaser's subscription for Units are deemed to be incorporated by reference in this Offering Memorandum.

TWO-DAY CANCELLATION RIGHT

If you are purchasing Units pursuant to the offering memorandum exemption contained in Section 2.9 of National Instrument 45-106 *Prospectus* Exemptions, you can cancel your agreement to purchase the Units offered pursuant to this Offering Memorandum. To do so, you must send a notice to the Asset Manager by midnight on the 2nd business day after you sign the subscription agreement to buy the Units.

Language of Documents

Upon receipt of this document, each investor hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of securities described herein (including for greater certainty any purchase confirmation or notice) be drawn up in the English language only. Par la réception de ce document, chaque investisseur confirme par les présentes qu’il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement.

ANCILLARY MATTERS

Material Contracts

The following is a list of all material documents related to Centurion Apartment REIT:

- The Declaration of Trust of Centurion Apartment REIT;
- The Centurion Operating Trust Indenture;
- The Centurion Operating Trust Note Indenture;
- The Asset Management Agreement;

- The Exchange Agreement;
- The Rollover Agreement; and
- The CAP II LP Limited Partnership Agreement
- The Declaration of Trust of Centurion Real Estate Opportunities Trust
- The Investment Warehouse Agreements
- The Asset Transfer Agreement

The Material Contracts are available for review by potential investors at the offices of the REIT and some are also online at www.centurion.ca

Auditor, Transfer Agent and Registrar

KPMG LLP is the auditor of Centurion Apartment REIT. The Investment Administration Solution Inc. is both the Transfer Agent and Registrar for the REIT.

APPENDIX “A” - EXISTING PROPERTIES

Property	City	Province	Year Acquired	Notes
362 Shanty Bay Rd	Barrie	Ontario	2003	R
60 Prince Edward St	Brighton	Ontario	2004	R
21/31 Jean Ave	Kitchener	Ontario	2005	R
122 Elizabeth St	Brighton	Ontario	2006	R
277 Anderson Ave	Oshawa	Ontario	2006	R
36 & 70 Orchard View	Oshawa	Ontario	2007	R
255 Dunlop St West	Barrie	Ontario	2007	R
356 & 360 Hoffman	Kitchener	Ontario	2007	R
15, 19, 25 Hugo Cres	Kitchener	Ontario	2007	R
167 Morgan Ave	Kitchener	Ontario	2007	R
196 Churchill Rd S	Acton	Ontario	2007	R
707 & 711 Dundas St W	Whitby	Ontario	2007	R
165 Old Muskoka Rd	Gravenhurst	Ontario	2007	R
2 & 4 Yonge St	Huntsville	Ontario	2007	R
262-320 Kingswood Dr	Kitchener	Ontario	2013	R
286 Kingswood Dr	Kitchener	Ontario	2018	A
1,2,3,5, and 7 Biggin Court	Toronto	Ontario	2011	A
Auburn Student Residence	Montreal	Quebec	2011	A
6 Grand Stand Place	Toronto	Ontario	2011	A
75 Ann Street	London	Ontario	2012	A, J
1 Beaufort Street	London	Ontario	2012	A, J
St. George Street & Ann Street	London	Ontario	2012	A
1631 Victoria Park Avenue	Toronto	Ontario	2012	A
4 & 8 Rannock St, and 880 Pharmacy Ave.	Toronto	Ontario	2012	A
173 King Street North	Waterloo	Ontario	2012	A
133-143 Woodside Avenue	Cambridge	Ontario	2012	A
25 & 45 Brierdale Road	Cambridge	Ontario	2012	A
219 St. Andrews Street	Cambridge	Ontario	2012	A
252 & 256 St. Andrews Street	Cambridge	Ontario	2012	A
26 Thorncliffe Park Drive	Toronto	Ontario	2012	A
27 Thorncliffe Park Drive	Toronto	Ontario	2012	A
50 Thorncliffe Park Drive	Toronto	Ontario	2012	A
1594 Victoria Park Avenue	Toronto	Ontario	2012	A
5 Dufresne Court	Toronto	Ontario	2013	A
1175 Dundas Street West	Mississauga	Ontario	2013	A
275 North Service Road	Mississauga	Ontario	2013	A
167 King Street North	Waterloo	Ontario	2013	A
345 King Street North	Waterloo	Ontario	2013	A
4 Antrim Crescent	Toronto	Ontario	2014	A
168 King St North	Waterloo	Ontario	2014	A
58 Holtwood Court	Dartmouth	Nova Scotia	2014	A
3707-3711 Whitelaw Lane NW	Edmonton	Alberta	2015	A
205 Oxford St	London	Ontario	2015	A

APPENDIX “A” - EXISTING PROPERTIES

Property	City	Province	Year Acquired	Notes
11 Wendy Court	Cambridge	Ontario	2016	A
285 North Service Road	Mississauga	Ontario	2016	A
1731-1735-1739 Victoria Park Avenue	Toronto	Ontario	2016	A
5 Schroder Cres	Guelph	Ontario	2016	A
1 Columbia St W	Waterloo	Ontario	2016	A, J
5501, 5549, 5601, 5649 Prefontaine Ave	Regina	Saskatchewan	2017	A, J
5960 Little Pine Loop (Sky Pointe)	Regina	Saskatchewan	2018	A
1291 North McEachern Drive (Madison Man)	Regina	Saskatchewan	2018	A
1251 North McEachern Drive (Madison Ridg	Regina	Saskatchewan	2018	A
31200 FM 2920 Road	Waller (USA)	USA Texas	2018	A, J
772 Hockley Avenue	Langford	British Columb	2019	A
777 Hockley Avenue	Langford	British Columb	2019	A
778 Hockley Avenue	Langford	British Columb	2019	A
784 Hockley Avenue	Langford	British Columb	2019	A
790 Hockley Avenue	Langford	British Columb	2019	A
2035 Timothy Road	Athens (USA)	USA Georgia	2019	A, J
1488 Cook Street	Victoria	British Columb	2019	A, J
701-721 Sterling Lyon Parkway	Winnipeg	Manitoba	2019	A, J
9930 Bellamy Hill Road	Edmonton	Alberta	2019	A
345 - 375 Bridge Lake Drive	Winnipeg	Manitoba	2019	A, J
433 Boleskine Road	Victoria	British Columb	2019	A
2766 Claude Road	Langford	British Columb	2019	A
13555 96th Avenue	Surrey	British Columb	2019	A
344 - 370 Bridge Lake Drive	Winnipeg	Manitoba	2019	A, J
765 Hockley Avenue	Langford	British Columb	2019	A
10803 Jasper Avenue NW	Edmonton	Alberta	2019	A
10130 117 Street NW	Edmonton	Alberta	2020	A
8610 & 8620 Jasper Avenue	Edmonton	Alberta	2020	A
10903 103 Avenue NW	Edmonton	Alberta	2020	A
10904 102 Avenue NW	Edmonton	Alberta	2020	A
5000 Green Jewel Blvd (Apex)	Regina	Saskatchewan	2020	A, J
2849 Bryn Maur Road	Langford	British Columb	2020	A
2800 West Baker Road	Baytown (USA)	USA Texas	2020	A, J

Notes:

See Appendix “D” for summary information about the Properties

Year Acquired means the year that the property was acquired by or rolled over into the REIT as part of the Rollover Agreement.

R – Rolled Properties that are part of the Rollover Agreement of August 31, 2009

J – Joint Venture Properties where Centurion Apartment REIT participates in ownership with other partners. See Appendix “B”

A – Acquisitions that occurred after August 31, 2009 that were not part of the Rollover Agreement

APPENDIX “B” – JOINT VENTURE PROPERTIES
(Properties which are Partially Owned by Centurion Apartment REIT)

Address	Centurion Apartment REIT Ownership Percentage	Joint Venture Partner(s)
75 Ann St, London, ON Outside Investors	75%	25%
1 Beaufort St, London, ON Outside Investors	75%	25%
1 Columbia St West, Waterloo, ON Outside Investors	50%	50%
5501, 5549, 5601, 5649 Prefontaine Ave, Regina, SK Outside Investors	60%	40%
31200 FM 2920 Road, Waller, Texas Outside Investors	85%	15%
2035 Timothy Road, Athens, Georgia Outside Investors	75%	25%
1488 Cook Street, Victoria, BC Outside Investors	50%	50%
701-721 Sterling Lyon Parkway, Winnipeg, MB Outside Investors	50%	50%
345 Bridgelake Drive, Winnipeg, MB Outside Investors	45%	55%
344, 350, 366, 370 Bridgelake Drive, Winnipeg, MB Outside Investors	45%	55%
5000 Green Jewel Blvd., Regina, SK Outside Investors	50%	50%
2800 West Baker Road, Baytown, Texas Outside Investors	85%	15%

See Appendix “E” for summary information about the Properties

APPENDIX "C" - PROPERTIES UNDER CONTRACT AS AT MAY 1, 2020

The following discloses the properties that are currently under contract and shows the location, the number of units, Centurion's ownership interest, and the year of the estimated closing date.

1. Trio – Kelowna, British Colombia – 175 Units – 100% - 2020
2. Trax – Edmonton, Alberta – 100 Units – 100% – 2020
3. Scott Road – Surrey, British Colombia – 514 Units – 100% – 2021
4. Canadian Student Housing Residence – 480 Units – 100% – 2021
5. Paisley – Guelph, Ontario – 757 Units – 100% – 2021-2024

APPENDIX “D” - PROPERTIES UNDER DEVELOPMENT AS AT MAY 1, 2020

The following discloses the properties that are currently under development and shows, the location, the number of units, Centurion’s ownership interest, the Centurion vehicle supporting the development and the year in which the property is expected to be completed.

1. The Hub – Calgary, Alberta – 514 Units – 70% – REIT – 2020
2. Irving – Austin, Texas – 319 Units – 42% – REOT – 2020
3. Estero – Estero, Florida – 198 Units – 50% – REOT – 2020
4. Paisley – Guelph, Ontario – 757 Units – 100% – 2021-2024
5. Belterra Village – Austin Texas – 233 Units – 50% – REIT – 2021
6. Steps Bridgeland – Calgary, Alberta – 122 Units – 100% – REOT – 2021
7. District Flats – West Palm Beach, Florida – 173 Units – 50% – REIT – 2021
8. 5207 – 4th Avenue – Edmonton, Alberta – 143 Units – 100% – REOT – 2022
9. CCA Minneapolis – Minneapolis, Minnesota – 307 Units – 25% – REOT – 2022
10. Bridgewater 3- Winnipeg, Manitoba – 182 Units – 45% - REOT -2022
11. Sage Creek – Winnipeg, Manitoba – 398 Units – 50% – REOT – 2022
12. Kansas- Kansas City – 283 Units – 19% – REOT – 2022
13. 14110 – 26 A street SW – Calgary, Alberta – 73 Units – 100% – REOT – 2022
14. 5509 Dundas S West, Toronto, Ontario – 271 Units – 80% – REOT – 2024

APPENDIX “E” - SUMMARY INFORMATION ABOUT THE PROPERTIES

In the following pages is selected summary information on the Properties.

Property Address	Type of Building	Ownership (%)	Bachelor	One Bedroom	Two Bedroom	Three Bedroom	Four Bedroom	Five Bedroom	Total Suite Count (Undiluted)	Total Suite Count (Diluted)	Total Rental Units/Beds (Undiluted)	Total Rental Units/Beds (Diluted)
262-320 Kingswood Dr	Apartment	100%		92	268				360	360	360	360
286 Kingswood Dr	Apartment	100%		30	50				80	80	80	80
15, 19, 25 Hugo Cres	Apartment	100%		7	46				53	53	53	53
196 Churchill Rd S	Apartment	100%	3	7	23				33	33	33	33
21/31 Jean Ave	Apartment	100%		20	12				32	32	32	32
1631 Victoria Park Avenue	Apartment	100%	4	19	12				35	35	35	35
4 & 8 Rannock St, and 880 Pharmacy Ave.	Apartment	100%		34	51				85	85	85	85
60 Prince Edward St	Apartment	100%		3	27				30	30	30	30
707 & 711 Dundas St W	Apartment	100%			24	12			36	36	36	36
165 Old Muskoka Rd	Apartment	100%	1	4	33	1			39	39	39	39
2 & 4 Yonge St	Apartment	100%		6	13	6			25	25	25	25
167 Morgan Ave	Apartment	100%	2	10	20	15			47	47	47	47
362 Shanty Bay Rd	Apartment	100%		4	11				15	15	15	15
275 North Service Road	Apartment	100%		35	41	7			83	83	83	83
356 & 360 Hoffman	Apartment	100%		36	60				96	96	96	96
173 King Street North	Student Housing	100%		1	1		54		56	56	219	219
133-143 Woodside Avenue	Apartment	100%		125	206	2			333	333	333	333
St. George Street & Ann Street	Student Housing	100%					24		24	24	96	96
25 & 45 Brierdale Road	Apartment	100%		14	76				90	90	90	90
1,2,3,5, and 7 Biggin Court	Apartment	100%	11	179	108	10			308	308	308	308
Auburn Student Residence	Student Housing	100%				10	40	50	100	100	440	440
6 Grand Stand Place	Apartment	100%		21	33	6			60	60	60	60
219 St. Andrews Street	Apartment	100%	3	13	12				28	28	28	28
252 & 256 St. Andrews Street	Apartment	100%		3	129				132	132	132	132
1175 Dundas Street West	Apartment	100%	1	53	50				104	104	104	104
277 Anderson Ave	Apartment	100%			47				47	47	47	47
122 Elizabeth St	Apartment	100%	1		26	2			29	29	29	29
36 & 70 Orchard View	Apartment	100%		6	18				24	24	24	24
255 Dunlop St West	Apartment	100%			2	26			28	28	28	28
26 Thorncliffe Park Drive	Apartment	100%		35	25	2			62	62	62	62
27 Thorncliffe Park Drive	Apartment	100%	2	45	39				86	86	86	86
50 Thorncliffe Park Drive	Apartment	100%	1	10	34	12			57	57	57	57
1594 Victoria Park Avenue	Apartment	100%	1	13	14				28	28	28	28
5 Dufresne Court	Apartment	100%		108	82	28			218	218	218	218
1 Beaufort Street	Student Housing	75%						27	27	20.25	135	101.25
75 Ann Street	Student Housing	75%			2	45	90		137	102.75	499	374.25
167 King Street North	Student Housing	100%						41	41	41	205	205
345 King Street North	Student Housing	100%				28	28	38	94	94	386	386
4 Antrim Crescent	Apartment	100%		44	26				70	70	70	70
168 King St North	Student Housing	100%		1				35	36	36	176	176
58 Holtwood Court	Apartment	100%		9	99	6			114	114	114	114
3707-3711 Whitelaw Lane NW	Apartment	100%		3	123				126	126	126	126
205 Oxford St	Student Housing	100%		53	86				139	139	225	225
11 Wendy Court	Apartment	100%		5	91				96	96	96	96
285 North Service Road	Apartment	100%		35	47				82	82	82	82

APPENDIX "E" - SUMMARY INFORMATION ABOUT THE PROPERTIES

Property Address	Type of Building	Ownership		One Bedroom	Two Bedroom	Three Bedroom	Four Bedroom	Five Bedroom	Total Suite Count	Total Suite Count	Total Rental Units/Beds	Total Rental Units/Beds
		(%)	Bachelor						(Undiluted)	(Diluted)	(Undiluted)	(Diluted)
1731-1735-1739 Victoria Park Avenue	Apartment	100%	15	78	36				129	129	129	129
5 Schroder Cres	Apartment	100%		7	50	9			66	66	66	66
1 Columbia St W	Student Housing	50%						74	74	37	370	185
5501, 5549, 5601, 5649 Prefontaine Ave	Apartment	60%		64	144				208	124.8	208	124.8
5960 Little Pine Loop (Sky Pointe)	Apartment	100%		42	33				75	75	75	75
1291 North McEachern Drive (Madison Me	Apartment	100%		16	48				64	64	64	64
1251 North McEachern Drive (Madison Ri	Apartment	100%			8	40			48	48	48	48
31200 FM 2920 Road	Apartment	85%		140	60	24			224	190.4	224	190.4
772 Hockley Avenue	Apartment	100%			20				20	20	20	20
777 Hockley Avenue	Apartment	100%		10	20				30	30	30	30
778 Hockley Avenue	Apartment	100%		13	10	10			33	33	33	33
784 Hockley Avenue	Apartment	100%		9	20				29	29	29	29
790 Hockley Avenue	Apartment	100%		8	16				24	24	24	24
2035 Timothy Road	Apartment	75%		88	76	40			204	153	204	153
1488 Cook Street	Apartment	50%	19	47	58	10			134	67	134	67
701-721 Sterling Lyon Parkway	Apartment	50%	6	160	236	14			416	208	416	208
9930 Bellamy Hill Road	Apartment	100%	27	36	18	1			82	82	82	82
345 - 375 Bridge Lake Drive	Apartment	45%		64	112				176	79.2	176	79.2
433 Boleskine Road	Apartment	100%	57	9	29				95	95	95	95
2766 Claude Road	Apartment	100%		40	29	21			90	90	90	90
13555 96th Avenue	Apartment	100%		125	21				146	146	146	146
344 - 370 Bridge Lake Drive	Apartment	45%		74	134				208	94	208	94
765 Hockley Avenue	Apartment	100%		42	21				63	63	63	63
10803 Jasper Avenue NW	Apartment	100%		118	120				238	238	238	238
10130 117 Street NW	Apartment	100%	26	156	52				234	234	234	234
8610 & 8620 Jasper Avenue	Apartment	100%	41	127	80	44			292	292	292	292
10903 103 Avenue NW	Apartment	100%		90	60				150	150	150	150
10904 102 Avenue NW	Apartment	100%		92	60	4			156	156	156	156
5000 Green Jewel Blvd (Apex)	Apartment	50%		88	88				176	88	176	88
2849 Bryn Maur Road	Apartment	100%		65	23	5			93	93	93	93
2800 West Baker Road	Apartment	85%		134	90	4			228	194	228	194
Total			221	3025	3839	444	236	265	8030	7176	10053	8933

Notes:

"Suites" means a rental suite, irrespective of the number of bedrooms or rental units in that suite. E.g. a 3 bedroom apartment that rents as a whole would be considered a single suite.

"Undiluted" means that the number doesn't factor in any portion of the building that may be owned by partners. E.g. a 100-suite building owned 50/50 with a partner would show above as 100 suites on an undiluted basis and 50 suites on a Diluted basis.

"Diluted" means that portions of the property owned by partners has been subtracted from the total. E.g. a 100-suite building owned with a partner would show above as 50 diluted suites

"Rental Units/Beds" adjusts for the number of student tenants renting individual units inside a suite. For example, a 5 bedroom student unit, would show as 1 suite, but 5 rental units as there may be 5 separate leases, each pertaining to a bed. This distinction only applies to properties classified as Student Residences. Thus an apartment that had a 2 bedroom suite that had room mates sharing the apartment, and wasn't classified as a "student residence" would be 1 Suite and 1 Rental Unit only. We make no distinction in "Rental Units" between individual leases on bedrooms and multi-tenant leases with all residents in the suite on a single lease (the two forms of leases in the student rental business).

APPENDIX “E” – SUMMARY INFORMATION ABOUT THE PROPERTIES

Summary By City

City	Number of Complexes	Undiluted # of Suites (UD)	Undiluted % of Suites	Diluted # of Suites	Diluted % of Suites	Undiluted Rental Units	Undiluted Rental % of RU's	Diluted Rental Units	Diluted Rental % of RU's
Acton	1	33	0%	33	0%	33	0%	33	0%
Barrie	2	43	1%	43	1%	43	0%	43	0%
Brighton	2	59	1%	59	1%	59	1%	59	1%
Cambridge	5	679	8%	679	9%	679	7%	679	8%
Dartmouth	1	114	1%	114	2%	114	1%	114	1%
Edmonton	7	1278	16%	1278	18%	1278	13%	1278	14%
Gravenhurst	1	39	0%	39	1%	39	0%	39	0%
Guelph	1	66	1%	66	1%	66	1%	66	1%
Huntsville	1	25	0%	25	0%	25	0%	25	0%
Kitchener	6	668	8%	668	9%	668	7%	668	7%
Langford	8	382	5%	382	5%	382	4%	382	4%
London	4	327	4%	286	4%	955	9%	796.5	9%
Mississauga	3	269	3%	269	4%	269	3%	269	3%
Montreal	1	100	1%	100	1%	440	4%	440	5%
Oshawa	2	71	1%	71	1%	71	1%	71	1%
Regina	5	571	7%	399.8	6%	571	6%	399.8	4%
Surrey	1	146	2%	146	2%	146	1%	146	2%
Toronto	11	1138	14%	1138	16%	1138	11%	1138	13%
Waterloo	5	301	4%	264	4%	1356	13%	1171	13%
Victoria	2	229	3%	162	2%	229	2%	162	2%
Whitby	1	36	0%	36	1%	36	0%	36	0%
Winnipeg	3	800	10%	381	5%	800	8%	381	4%
Athens (USA)	1	204	3%	153	2%	204	2%	153	2%
Baytown (USA)	1	228	3%	194	3%	228	2%	194	2%
Waller (USA)	1	224	3%	190	3%	224	2%	190	2%
25 Cities	76 Complexes	8030 Suites	100%	7176 Suites	100%	10053 Rental Units	100%	8933 Rental Units	100%

APPENDIX “E” – SUMMARY INFORMATION ABOUT THE PROPERTIES

Summary By Region

Region	Number of Buildings	Undiluted # of Suites	Undiluted % of Suites	Diluted # of Suites	Diluted % of Suites	Undiluted Rental Units	Undiluted Rental % of RU's	Diluted Rental Units	Diluted Rental % of RU's
Central ON	4	107	1%	107	1%	107	1%	107	1%
Eastern ON	2	59	1%	59	1%	59	1%	59	1%
Greater Toronto Area	18	1547	19%	1547	22%	1547	15%	1547	17%
Montreal	1	100	1%	100	1%	440	4%	440	5%
Kitchener-Waterloo-Cambridge	17	1714	21%	1677	23%	2769	28%	2584	29%
London Area	4	327	4%	286	4%	955	9%	797	9%
Halifax Regional Municipality	1	114	1%	114	2%	114	1%	114	1%
Greater Edmonton Area	7	1278	16%	1278	18%	1278	13%	1278	14%
Greater Regina Area	5	571	7%	400	6%	571	6%	400	4%
Greater Vancouver Area	11	757	9%	690	10%	757	8%	690	8%
Winnipeg Capital Region	3	800	10%	381	5%	800	8%	381	4%
USA Georgia	1	204	3%	153	2%	204	2%	153	2%
USA Texas	2	452	6%	384	5%	452	4%	384	4%
Total	76	8030	100%	7176	100%	10053	100%	8933	100%

Summary By Province

Province / State	Number of Buildings	Undiluted # of Suites	Undiluted % of Suites	Diluted # of Suites	Diluted % of Suites	Undiluted Rental Units	Undiluted Rental % of RU's	Diluted Rental Units	Diluted Rental % of RU's
Ontario	45	3754	47%	3676	51%	5437	54%	5094	57%
Nova Scotia	1	114	1%	114	2%	114	1%	114	1%
Alberta	7	1278	16%	1278	18%	1278	13%	1278	14%
British Columbia	11	757	9%	690	10%	757	8%	690	8%
Manitoba	3	800	10%	381	5%	800	8%	381	4%
Saskatchewan	5	571	7%	400	6%	571	6%	400	4%
Quebec	1	100	1%	100	1%	440	4%	440	5%
USA Georgia	1	204	3%	153	2%	204	2%	153	2%
USA Texas	2	452	6%	384	5%	452	4%	384	4%
Total	76	8030	100%	7176	100%	10053	100%	8933	100%

Rent Controlled vs Non Rent Controlled* Properties

	Number of Buildings	Undiluted # of Suites	Undiluted % of Suites	Diluted # of Suites	Diluted % of Suites	Undiluted Rental Units	Undiluted Rental % of RU's	Diluted Rental Units	Diluted Rental % of RU's
Rent Controlled	52	4922	61%	4435.8	62%	5348	53%	4862	54%
Non Rent Controlled	24	3108	39%	2740	38%	4705	47%	4072	46%
Total	76	8030	100%	7176	100%	10053	100%	8933	100%

APPENDIX “E” – SUMMARY INFORMATION ABOUT THE PROPERTIES

Summary By Asset Type

Property Type	Number of Buildings	Undiluted # of Suites	Undiluted % of Suites	Diluted # of Suites	Diluted % of Suites	Undiluted Rental Units	Undiluted Rental % of RU's	Diluted Rental Units	Diluted Rental % of RU's
Canadian Apartments	63	6646	83%	5989	83%	6646	66%	5989	67%
U.S. Apartments	3	656	8%	537	7%	656	7%	537	6%
Student Housing	10	728	9%	650	9%	2751	27%	2408	27%
Total	76	8030	100%	7176	100%	10053	100%	8933	100%

Student Housing By City

City	Type of Building	# of Complexes	# of Suites (Undiluted)	# of Suites (Diluted)	# Of Beds (Undiluted)	# of Beds (Diluted)
Montreal	Student Housing	1	100	100	440	440
London	Student Housing	4	327	286	955	797
Waterloo	Student Housing	5	301	264	1356	1171
Total		10	728	650	2751	2408

Average Rents (Undiluted Basis)

	Total Rental Units	Revenue/ Unit/Month
Apartment	6646	\$ 1,345.05
Student Housing	2751	\$ 706.32

Summary By Market Type

Market	Number of Buildings	Undiluted # of Suites	Undiluted % of Suites	Diluted # of Suites	Diluted % of Suites	Undiluted Rental Units	Undiluted Rental % of RU's	Diluted Rental Units	Diluted Rental % of RU's
Primary	48	5619	70%	4894	68%	5959	59%	5234	59%
Secondary	24	2288	28%	2159	30%	3971	40%	3577	40%
Tertiary	4	123	2%	123	2%	123	1%	123	1%
	76	8030	100%	7176	100%	10053	100%	8933	100%

APPENDIX “E” – SUMMARY INFORMATION ABOUT THE PROPERTIES

Property Portfolio by Year of Construction

	# of Buildings	Undiluted # of Suites	Undiluted % of Suites	Diluted # of Suites	Diluted % of Suites	Undiluted Rental Units	Undiluted Rental % of RU's	Diluted Rental Units	Diluted Rental % of RU's
After 2009	29	3355	42%	2593	36%	3955	39%	3045	34%
2000-2009	6	588	7%	547	8%	1422	14%	1264	14%
1990-1999	2	260	3%	209	3%	423	4%	372	4%
1980-1989	10	1094	14%	1094	15%	1180	12%	1180	13%
1970-1979	11	1017	13%	1017	14%	1357	13%	1357	15%
1960-1969	12	1071	13%	1071	15%	1071	11%	1071	12%
1950-1959	6	645	8%	645	9%	645	6%	645	7%
Pre 1950	0	0	0%	0	0%	0	0%	0	0%
Total	76	8030	100%	7176	100%	10053	100%	8933	100%

Property Summary by Stabilization Status ^{2,3}

	Number of Buildings	Undiluted # of Suites	Undiluted % of Suites	Diluted # of Suites	Diluted % of Suites	Undiluted Rental Units	Undiluted Rental % of RU's	Diluted Rental Units	Diluted Rental % of RU's
Stabilized	58	4899	61%	4607	64%	6922	69%	6365	71%
Repositioning	2	208	3%	208	3%	208	2%	208	2%
Unstabilized	16	2923	36%	2360	33%	2923	29%	2360	26%
Total	76	8030	100%	7176	100%	10053	100%	8933	100%

Summary of Property Occupancy By Stabilization Status ³

	Number of Buildings	Undiluted Rental Unit Occupancy	Diluted Rental Unit Occupancy
Stabilized	58	98.7%	98.8%
Repositioning	2	88.4%	86.3%
Unstabilized	16	96.6%	96.6%
Overall	76	95.9%	95.6%

APPENDIX “E” – SUMMARY INFORMATION ABOUT THE PROPERTIES

Notes Pertaining to the Tables in this Appendix:

¹ For the purposes of this table, “Rent Controlled” means that the rent is controlled by regulation, but excludes purpose-built student properties which, although they may have formal rent controls in some cases, because of the nature of assured student turnover upon graduation, the property may be considered “Non-Rent Controlled”

² For the purposes of this table:

“Stabilized” means

- Property vacancy is equal to that expected for the node;
- Property arrears are in line with normal expectations; and,
- No significant property improvements required

“Un-stabilized” means

- Property vacancy is greater than expected for the node;
- Property arrears may exceed normal expectations;
- A major portion of current vacancy is directly attributed to re-positioning of the Resident base and/or to significant property improvements, or there is anticipated future vacancy that is attributed to re-positioning of the Resident base and/or to significant property improvements; and/or
- The property is newly acquired, is under-performing, and is subject to “acclimation” by Centurion

“Repositioning” means

- Property is otherwise stabilized as above
- Opportunity presents to deploy capex to improve the value proposition and achieve higher rents (Generally, in-apartment renovations with a four to five-year payback based on improved market rents, and/or other interior/exterior common element enhancements);
- Opportunity presents to deploy capex to achieve savings in operating expense; and,
- In the short term, the property may experience marginally higher vacancy than expected in node, with re-positioning of the Resident base

³ Reflecting move ins/outs as of April 2020.

List of Properties (Apartments)



Churchill Court Apartments

Location: Acton, Ontario

Address: 196 Churchill Road South

Type of Building: Walk-up apartments

Number of Suites: 33

(3 bachelor, 7 one-bdrm, and 23 two-bdrm)



Kempfenfelt Village

Location: Barrie, Ontario

Address: 362 Shanty Bay Road

Type of Building: Townhouses

Number of Suites: 15

(4 one-bdrm and 11 two-bdrm)



Milligan Park Apartments

Location: Barrie, Ontario

Address: 255 Dunlop Street West

Type of Building: Townhouses

Number of Suites: 28

(2 two-bdrm and 26 three-bdrm)



Brookside Apartments

Location: Brighton, Ontario

Address: 60 Prince Edward Street

Type of Building: Walk-up apartments

Number of Suites: 30

(3 one-bdrm and 27 two-bdrm)



MacIntosh Court Apartments

Location: Brighton, Ontario

Address: 122 Elizabeth Street

Type of Building: Walk-up apartments

Number of Suites: 29

(1 bachelor, 26 two-bdrm, and 2 three-bdrm)

List of Properties (Apartments)



25 & 45 Brierdale Road

Location: Cambridge, Ontario

Address: 25 & 45 Brierdale Road

Type of Building: Two 3-Storey Walk-up apartments

Number of Suites: 90

(14 one-bdrm, and 76 two-bdrm)



133-143 Woodside Avenue

Location: Cambridge, Ontario

Address: 133,135,137,141,142, & 143 Woodside Avenue

Type of building: Five 3-Storey walk-up apartments

Number of suites: 333

(125 one-bdrm, 206 two-bdrm, and 2 three-bdrm)



219 St. Andrews Street

Location: Cambridge, Ontario

Address: 219 St. Andrews Street

Type of building: Walk-up apartments

Number of suites: 28

(3 bachelor, 13 one-bdrm, and 12 two-bdrm)



252 & 256 St. Andrews Street

Location: Cambridge, Ontario

Address: 252 & 256 St. Andrews Street

Type of building: Walk-up apartments

Number of suites: 132

(3 one-bdrm and 129 two-bdrm)



11 Wendy Court

Location: Cambridge, Ontario

Address: 11 Wendy Court

Type of Building: Walk-up apartments

Number of Suites: 96

(5 one-bdrm and 91 two-bdrm)

List of Properties (Apartments)



Cherokee Court Apartments

Location: Gravenhurst, Ontario

Address: 165 Old Muskoka Road

Type of Building: Apartments (elevator)

Number of Suites: 39

(1 bachelor, 4 one-bdrm, 33 two-bdrm, and 1 three-bdrm)



Atwood Suites

Location: Guelph, Ontario

Address: 5 Schroder Crescent

Type of Building: Apartments (elevator)

Number of Suites: 66

(7 one-bdrm, 50 two-bdrm, and 9 three-bdrm)



Hunters Bay Apartments

Location: Huntsville, Ontario

Address: 2 & 4 Yonge Street

Type of Building: Walk-up apartments

Number of Suites: 25

(6 bachelor, 13 one-bdrm, and 6 two-bdrm)



Fairway Apartments

Location: Kitchener, Ontario

Address: 21 & 31 Jean Ave

Type of Building: Walk-up apartments

Number of Suites: 32

(20 one-bdrm and 12 two-bdrm)



Hoffman Apartments

Location: Kitchener, Ontario

Address: 356 & 360 Hoffman Street

Type of Building: Walk-up apartments

Number of Suites: 96

(36 one-bdrm and 60 two-bdrm)

List of Properties (Apartments)



Hugo Apartments

Location: Kitchener, Ontario

Address: 15,19, & 25 Hugo Crescent

Type of Building: Walk-up apartments

Number of Suites: 53

(7 one-bdrm and 46 two-bdrm)



Morgan Apartments

Location: Kitchener, Ontario

Address: 167 Morgan Avenue

Type of Building: Apartments (elevator)

Number of Suites: 47

(2 bachelor, 10 one-bdrm, 20 two-bdrm, and 15 three-bdrm)



Kingswood Estates

Location: Kitchener, Ontario

Address: 262, 266, 270, 274, 278, 282, 286, 310, & 320

Kingswood Drive

Type of Building: Walk-up apartments

Number of Suites: 360

(92 one-bdrm and 268 two-bdrm)



Weber

Location: Kitchener, Ontario

Address: 64 Weber St West

Type of building: Apartment

Number of suites: 28

(3 bachelor, 5 Jr one-bdrm, 19 one-bdrm, and 1 three-bdrm)



1175 Dundas Street West (Westdale Apartments)

Location: Mississauga, Ontario

Address: 1175 Dundas Street West

Type of building: Apartment (elevator)

Number of suites: 104

(1 bachelor, 53 one-bdrm, and 50 two-bdrm)

List of Properties (Apartments)



275 North Service Road (North Apartments)

Location: Mississauga, Ontario

Address: 275 North Service Road

Type of building: Apartment (elevator)

Number of suites: 82

(34 one-bdrm, 41 two-bdrm, and 7 three-bdrm)



285 North Service Road

Location: Mississauga, Ontario

Address: 285 North Service Road

Type of building: Apartment (elevator)

Number of suites: 81

(34 one-bdrm and 47 two-bdrm)



Park Place Apartments

Location: Oshawa, Ontario

Address: 277 Anderson Avenue

Type of Building: Apartments (elevator)

Number of Suites: 47

(47 two-bdrm)



Orchard View Apartments and Mansion

Location: Oshawa, Ontario

Address: 36 and 70 Orchardview Blvd

Type of Building: Walk-up apartments

Number of Suites: 24

(5 one-bdrm and 19 two-bdrm)



Biggin Court

Location: Toronto, Ontario

Address: 1, 2, 3, 5, and 7 Biggin Court

Type of Building: Apartments (elevator)

Number of Suites: 308

(11 bachelor, 9 jr one-bdrm, 170 one-bdrm, 108 two-bdrm, and 10 three-bdrm)

List of Properties (Apartments)



Grandstand Place

Location: Toronto, Ontario

Address: 6 Grandstand Place

Type of Building: Apartments (elevator)

Number of Suites: 60

(21 one-bdrm, 33 two-bdrm, and 6 three-bdrm)



1631 Victoria Park Avenue

Location: Toronto, Ontario

Address: 1631 Victoria Park Avenue

Type of Building: Walk-up apartments

Number of Suites: 35

(4 bachelor, 19 one-bdrm, and 12 two-bdrm)



1594 Victoria Park Avenue

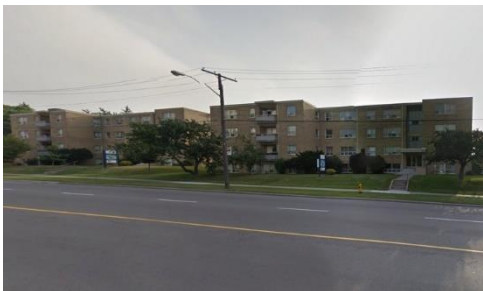
Location: Toronto, Ontario

Address: 1594 Victoria Park Avenue

Type of Building: Apartments (elevator)

Number of Suites: 28

(1 bachelor, 13 one-bdrm, and 14 two-bdrm)



1731 - 1739 Victoria Park Avenue

Location: Toronto, Ontario

Address: 1731, 1735, & 1739 Victoria Park Avenue

Type of Building: Walk-up apartments

Number of Suites: 129

(15 Bach, 78 one-bdrm, and 36 two-bdrm)



4 & 8 Rannock Avenue and 880 Pharmacy Ave

Location: Toronto, Ontario

Address: 4 & 8 Rannock Avenue and 880 Pharmacy Avenue

Type of Building: Walk-up apartments

Number of Suites: 85

(34 one-bdrm, and 51 two-bdrm)

List of Properties (Apartments)



26 Thorncliffe Park Drive

Location: Toronto, Ontario

Address: 26 Thorncliffe Park Drive

Type of Building: Apartments (elevator)

Number of Suites: 61

(35 one-bdrm, 25 two-bdrm, and 1 three-bdrm)



27 Thorncliffe Park Drive

Location: Toronto, Ontario

Address: 27 Thorncliffe Park Drive

Type of building: Apartments (elevator)

Number of suites: 86

(2 bachelor, 45 one-bdrm, and 39 two-bdrm)



50 Thorncliffe Park Drive

Location: Toronto, Ontario

Address: 50 Thorncliffe Park Drive

Type of building: Apartments (elevator)

Number of suites: 57

(1 bachelor, 10 one-bdrm, 34 two-bdrm, and 12 three-bdrm)



5 Dufresne Court

Location: Toronto, Ontario

Address: 5 Dufresne Court

Type of building: Apartments (elevator)

Number of suites: 218

(27 jr one-bdrm, 54 one-bdrm, 27 large one-bdrm, 82 two-bdrm, and 28 three-bdrm)



Antrim Apartments

Location: Toronto, Ontario

Address: 4 Antrim Crescent

Type of Building: Apartments (elevator)

Number of Suites: 70 suites

(44 one-bdrm and 26 two-bdrm)

List of Properties (Apartments)



Dundas Court

Location: Whitby, Ontario
Address: 707 & 711 Dundas Street West
Type of Building: Townhouses
Number of Suites: 36
(24 two-bdrm and 12 three-bdrm)



The Huntington

Location: Dartmouth, Nova Scotia
Address: 58 Holtwood Court
Type of Building: Luxury Apartments (elevator)
Number of Suites: 114
(9 one-bdrm, 99 two-bdrm, and 6 three-bdrm)



Windermere Village

Location: Edmonton, Alberta
Address: 3707-3711 Whitelaw Lane NW
Type of Building: Luxury Apartments (elevator)
Number of Suites: 126
(3 one-bdrm and 123 two-bdrm)



Beacon Place

Location: Edmonton Alberta
Address: 9930 Bellamy Hill Road NW
Type of Building: Apartments (elevator)
Number of Suites: 82 suites
(27 bachelor, 36 one-bdrm, 18 two-bdrm, and 1 three-bdrm)



Mayfair on Jasper

Location: Edmonton, Alberta
Address: 10803 Jasper Ave NW
Type of Building: Luxury Apartments (elevator)
Number of Suites: 238 suites
(118 one-bdrm and 120 two-bdrm)

List of Properties (Apartments)



Oliver Place

Location: Edmonton Alberta

Address: 10130 117 Street NW

Type of Building: Apartments (elevator)

Number of Suites: 234 suites

(26 bachelor, 156 one-bdrm, and 52 two-bdrm)



Riverside Towers

Location: Edmonton, Alberta

Address: 8610 & 8620 Jasper Avenue

Type of Building: Apartments (elevator)

Number of Suites: 292 suites

(41 bachelor, 127 one-bdrm, 80 two-bdrm, and 44 three-bdrm)



Grand Central Manor

Location: Edmonton, Alberta

Address: 10903 103 Avenue NW and 10904 102 Avenue NW

Type of Building: Apartments (elevator)

Number of Suites: 306 suites

(182 one-bdrm, 120 two-bdrm, and 4 three-bdrm)



Harbour View Estates

Location: Regina, Saskatchewan

Address: 5501-5549-5601-5649 Prefontaine Avenue

Type of Building: Apartments (elevator)

Number of Suites: 208 suites

(64 one-bdrm and 144 two-bdrm)

*Centurion owns 60% of this property in joint venture with other investors.



Sky Pointe Estates

Location: Regina, Saskatchewan

Address: 5960 Little Pine Loop

Type of Building: Apartments (elevator)

Number of Suites: 75 suites

(41 one-bdrm and 34 two-bdrm)

List of Properties (Apartments)



Madison Ridge

Location: Regina, Saskatchewan

Address: 1251 North McEachern Drive

Type of Building: Apartments (elevator)

Number of Suites: 48 suites

(8 two-bdrm and 40 three-bdrm)



Madison Manor

Location: Regina, Saskatchewan

Address: 1291 North McEachern Drive

Type of Building: Apartments (elevator)

Number of Suites: 64 suites

(16 one-bdrm and 48 two-bdrm)



The Apex at Acre 21

Location: Regina, Saskatchewan

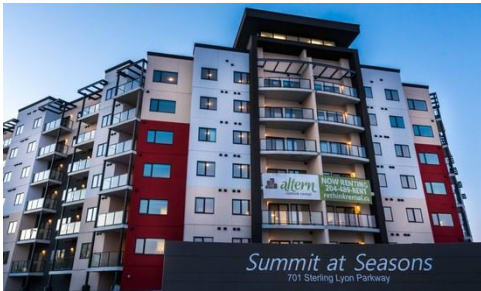
Address: 5000 Green Jewel Blvd

Type of Building: Apartments (elevator)

Number of Suites: 176 suites

(88 one-bdrm and 88 two-bdrm)

*Centurion owns 50% of this property in joint venture with other investors.



Summit at Seasons

Location: Winnipeg, Manitoba

Address: 701-721 Sterling Lyon Parkway

Type of Building: Luxury Apartments (elevator)

Number of Suites: 416 suites

(6 bachelor, 160 one-bdrm, 236 two-bdrm, and 14 three-bdrm)

*Centurion owns 50% of this property in joint venture with other investors.



Pinnacle at Bridgwater

Location: Winnipeg, Manitoba

Address: 345-375 Bridge Lake Drive

Type of Building: Apartments (elevator)

Number of Suites: 176 suites

(64 one-bdrm and 112 two-bdrm)

*Centurion owns 45% of this property in joint venture with other investors.

List of Properties (Apartments)



Pinnacle at Bridgewater II

Location: Winnipeg, Manitoba

Address: 340-370 Bridge Lake Drive

Type of Building: Apartments (elevator)

Number of Suites: 208 suites

(74 one-bdrm and 134 two-bdrm)

*Centurion owns 45% of this property in joint venture with other investors.



Roberts Place

Location: Langford, British Columbia

Address: 772 Hockley Avenue

Type of Building: Apartments (elevator)

Number of Suites: 20 suites

(20 two-bdrm)



Roberts Landing

Location: Langford, British Columbia

Address: 777 Hockley Avenue

Type of Building: Apartments (elevator)

Number of Suites: 30 suites

(10 one-bdrm and 20 two-bdrm)



Village Walk West

Location: Langford, British Columbia

Address: 778, 784, and 790 Hockley Avenue

Type of Building: Apartments (elevator)

Number of Suites: 866 suites

(30 one-bdrm, 46 two-bdrm, and 10 three-bdrm)



Hockley Corners

Location: Langford, British Columbia

Address: 765 Hockley Avenue

Type of Building: Apartments (elevator)

Number of Suites: 63 suites

(42 one-bdrm and 21 two-bdrm)

List of Properties (Apartments)



The Arc

Location: Langford, British Columbia
Address: 2849 Bryn Maur Road
Type of Building: Apartments (elevator)
Number of Suites: 93 suites
(65 one-bdrm, 23 two-bdrm, and 5 three-bdrm)



Verve

Location: Victoria, British Columbia
Address: 433 Boleskine Road
Type of Building: Apartments (elevator)
Number of Suites: 365 suites
(57 bachelor, 9 one-bdrm, and 29 two-bdrm)



V1488

Location: Victoria, British Columbia
Address: 1488 Cook Street
Type of Building: Apartments (elevator)
Number of Suites: 134 suites
(19 bachelor, 47 one-bdrm, 58 two-bdrm, and 10 three-bdrm)
*Centurion owns 50% of this property in joint venture with other investors.



Fusion

Location: Surrey, British Columbia
Address: 13555 96th Avenue
Type of Building: Apartments (elevator)
Number of Suites: 146 suites
(125 one-bdrm and 21 two-bdrm)



The Columns at Timothy Woods

Location: Athens, Georgia, U.S.
Address: 2035 Timothy Road
Type of Building: Apartments
Number of Suites: 204 suites
(88 one-bdrm, 76 two-bdrm, and 40 three-bdrm)
*Centurion owns 75% of this property in joint venture with other investors.

List of Properties (Apartments)



Oxford at The Ranch

Location: Waller, Texas, U.S.

Address: 31200 FM 2920 Road

Type of Building: Apartments (elevator)

Number of Suites: 224 suites

(140 one-bdrm, 60 two-bdrm, and 24 three-bdrm)

*Centurion owns 85% of this property in joint venture with other investors.



Oxford at the Country Club

Location: Baytown, Texas, U.S.

Address: 2800 West Baker Road

Type of Building: Apartments (elevator)

Number of Suites: 228 suites

(134 one-bdrm, 90 two-bdrm, and 4 three-bdrm)

*Centurion owns 85% of this property in joint venture with other investors.

List of Properties (Student Residences)



LA MARQ au 515

Location: Montréal (Québec)

Address: 1430 rue City Councillors

Type of Building: Student Residence (elevator)

Number of Suites: 100 suites

(comprising 440 rental beds; 10 three-bdrm, 40 four-bdrm, and 50 five-bdrm)



75 Ann Street*

Location: London (Ontario)

Address: 75 Ann Street

Type of Building: Student Residence (elevator)

Number of Suites: 137

(comprising 499 rental beds)

*Centurion owns 75% of this property in joint venture with other investors.



1 Beaufort Street*

Location: London (Ontario)

Address: 1 Beaufort Street

Type of Building: Student Residence

Number of Suites: 6 block townhouse complex; 27 suites

(comprising 135 rental beds; 27 five-bdrms)

*Centurion owns 75% of this property in joint venture with other investors.



St George Street

Location: London (Ontario)

Address: 83 St. George Street (13 townhouses), 87, 89, 91, 93, 95, 97, & 99

St. George Street, 149, 151, 163, & 165 Ann Street

Type of Building: Student Residence

Number of Suites: 24 townhouses

(comprising 96 rental beds; 24 four-bdrms)



205 Oxford Centre Apartments

Location: London (Ontario)

Address: 205 Oxford Street East

Type of Building: Student Residence (elevator)

Number of Suites: 135 suites

(comprising 225 rental beds; 53 one-bdrm and 86 two-bdrm)

List of Properties (Student Residences)



University View

Location: Waterloo, Ontario

Address: 173 King Street North

Type of Building: Student residence (elevator)

Number of Suites: 56 Suites

(comprising of 219 rental beds; 1 one-bdrm, 1 two-bdrm, and 54 four-bdrm)



167 King Street North

Location: Waterloo, Ontario

Address: 167 King Street North

Type of Building: Student residence (elevator)

Number of Suites: 41 Suites

(comprising of 205 rental beds; 41 five-bdrm)



168 King Street North

Location: Waterloo, Ontario

Address: 168 King Street North

Type of Building: Student residence (elevator)

Number of Suites: 36 Suites

(comprising of 176 rental beds; 1 one-bdrm and 35 five-bdrm)



345 King Street North

Location: Waterloo, Ontario

Address: 345 King Street North

Type of Building: Student residence (elevator)

Number of Suites: 94 Suites

(comprising of 386 rental beds; 38 five-bdrm, 28 four-bdrm, and 28 three-bdrm)



Columbia Street West

Location: Waterloo (Ontario)

Address: 1 Columbia Street West

Type of Building: Student Residence (elevator)

Number of Suites: 74

(comprising 370 rental beds)

*Centurion owns 50% of this property in joint venture with other investors.

**APPENDIX "F" – SUMMARY INFORMATION ABOUT THE
CONSOLIDATED MORTGAGE INVESTMENT PORTFOLIO
(As at March 31, 2020)**

REIT Consolidated									
Investments Segregation (excl. Foreclosed Properties)	Funded				Committed				
	\$	#	% (\$)	Wt.-Avg. Rate	\$	#	% (\$)		
<u>By Participation</u>									
Mortgage Investments	\$	524,016	88	70%	9.46%	\$	725,029	92	79%
Participating Loan Interests	\$	145,910	17	20%	9.47%	\$	116,808	17	13%
Equity Accounted Investments	\$	75,378	7	10%	0.00%	\$	74,271	8	8%
Total	\$	745,304	112	100%	9.46%	\$	916,107	117	100%
<u>By Rank</u>									
1st	\$	366,688	54	49%	9.13%	\$	500,857	55	55%
2nd	\$	303,238	51	41%	9.92%	\$	340,979	54	37%
Equity Accounted Investments	\$	75,378	7	10%	0.00%	\$	74,271	8	8%
Total	\$	745,304	112	100%	9.46%	\$	916,107	117	100%
<u>By Loan Type</u>									
Commercial	\$	98,374	19	13%	9.29%	\$	126,111	19	14%
Residential	\$	646,930	93	87%	9.48%	\$	789,997	98	86%
Total	\$	745,304	112	100%	9.46%	\$	916,107	117	100%
<u>By Province/State</u>									
Canada									
AB	\$	84,531	17	11%	10.40%	\$	98,383	18	11%
BC	\$	125,559	14	17%	9.66%	\$	130,801	14	14%
MB	\$	28,521	4	4%	8.65%	\$	29,625	4	3%
NS	\$	4,235	1	1%	10.00%	\$	4,235	1	0%
ON	\$	392,949	68	53%	9.29%	\$	552,358	72	62%
Subtotal (A)	\$	635,794	104	86%	9.47%	\$	815,401	109	90%
United States									
FL	\$	32,364	2	4%	9.00%	\$	29,596	2	3%
MI	\$	9,012	1	1%	10.00%	\$	10,711	1	1%
MN	\$	8,523	1	1%	8.00%	\$	12,038	1	1%
MO	\$	10,717	2	1%	8.00%	\$	8,170	2	1%
TX	\$	48,894	2	7%	10.00%	\$	40,191	2	4%
Subtotal (B)	\$	109,510	8	14%	9.37%	\$	100,706	8	10%
Grand Total (A + B)	\$	745,304	112	100%	9.46%	\$	916,107	117	100%

**APPENDIX "F" – SUMMARY INFORMATION ABOUT THE
CONSOLIDATED MORTGAGE INVESTMENT PORTFOLIO
(As at March 31, 2020)**

REIT Consolidated									
Investments Segregation (excl. Foreclosed Properties)		Funded				Committed			
		\$	#	% (\$)	Wt.-Avg. Rate	\$	#	% (\$)	
By City									
Greater Toronto Area									
Ajax	\$	13,134	2	1.76%	9.15%	\$	20,995	2	2.29%
Burlington	\$	4,606	1	0.62%	8.50%	\$	12,000	1	1.31%
Clarington	\$	4,709	1	0.63%	10.00%	\$	4,426	1	0.48%
Etobicoke	\$	9,323	1	1.25%	10.00%	\$	10,498	1	1.15%
Markham	\$	35,855	3	4.81%	9.44%	\$	50,356	3	5.50%
Mississauga	\$	27,601	3	3.70%	8.96%	\$	41,128	3	4.49%
Newcastle	\$	2,158	2	0.29%	13.92%	\$	4,565	2	0.50%
Oakville	\$	10,205	1	1.37%	9.25%	\$	10,205	1	1.11%
Pickering	\$	7,190	2	0.96%	8.06%	\$	7,276	2	0.79%
Richmond Hill	\$	2,027	1	0.27%	16.00%	\$	2,027	1	0.22%
Scarborough	\$	58,846	6	7.90%	8.97%	\$	79,143	8	8.64%
Toronto	\$	45,962	9	6.17%	9.30%	\$	58,811	10	6.42%
Subtotal (A)	\$	221,615	32	29.73%	9.29%	\$	301,429	35	32.90%
Greater Vancouver Area									
Delta	\$	8,059	2	1.08%	12.86%	\$	8,059	2	0.88%
Langley	\$	3,525	1	0.47%	8.50%	\$	23,150	1	2.53%
Port Moody	\$	2,562	1	0.34%	8.50%	\$	2,562	1	0.28%
Surrey	\$	54,334	4	7.29%	9.57%	\$	58,870	4	6.43%
Subtotal (B)	\$	68,479	8	9.19%	9.86%	\$	92,641	8	10.11%
Vancouver Island									
Sooke	\$	7,431	1	1.00%	9.50%	\$	18,000	1	1.96%
Victoria	\$	24,978	4	3.35%	10.80%	\$	12,513	4	1.37%
Subtotal (C)	\$	32,408	5	4.35%	10.30%	\$	30,513	5	3.33%
Guelph-Waterloo Area									
Guelph	\$	26,842	9	3.60%	9.96%	\$	26,842	9	2.93%
Waterloo	\$	64,123	10	8.60%	9.92%	\$	59,786	10	6.53%
Subtotal (D)	\$	90,965	19	12.21%	9.93%	\$	86,628	19	9.46%

**APPENDIX "F" – SUMMARY INFORMATION ABOUT THE
CONSOLIDATED MORTGAGE INVESTMENT PORTFOLIO
(As at March 31, 2020)**

REIT Consolidated									
Investments Segregation (excl. Foreclosed Properties)		Funded				Committed			
		\$	#	% (\$)	Wt.-Avg. Rate	\$	#	% (\$)	
By City (continued)									
Other Canadian Cities									
Abbotsford	\$	23,944	1	3.21%	8.25%	\$	26,545	1	2.90%
Barrie	\$	3,359	2	0.45%	9.30%	\$	24,008	3	2.62%
Calgary	\$	39,467	5	5.30%	8.80%	\$	64,125	6	7.00%
Cochrane	\$	8,667	1	1.16%	0.00%	\$	9,849	1	1.08%
Dartmouth	\$	4,235	1	0.57%	10.00%	\$	4,235	1	0.46%
Edmonton	\$	40,231	9	5.40%	10.58%	\$	45,876	9	5.01%
Elk Point	\$	857	1	0.11%	10.00%	\$	857	1	0.09%
Grimsby	\$	1,368	1	0.18%	10.00%	\$	2,000	1	0.22%
Hamilton	\$	40,217	2	5.40%	8.70%	\$	52,774	2	5.76%
Kingston	\$	3,218	2	0.43%	5.29%	\$	6,452	2	0.70%
Minett	\$	6,475	3	0.87%	8.50%	\$	10,396	3	1.13%
Orillia	\$	5,321	3	0.71%	9.47%	\$	10,891	3	1.19%
Ottawa	\$	7,212	1	0.97%	10.00%	\$	7,212	1	0.79%
Squamish	\$	4,252	1	0.57%	10.50%	\$	4,252	1	0.46%
St. Albert	\$	1,073	1	0.14%	9.00%	\$	1,185	1	0.13%
Stony Plain	\$	2,079	1	0.28%	9.50%	\$	2,079	1	0.23%
Timmins	\$	1,830	1	0.25%	10.00%	\$	1,830	1	0.20%
Winnipeg	\$	28,521	4	3.83%	8.65%	\$	29,625	4	3.23%
Subtotal (E)	\$	222,326	40	29.83%	9.22%	\$	304,191	42	33.20%
United States									
Austin	\$	18,233	1	2.45%	10.00%	\$	16,786	1	1.83%
Detroit	\$	9,012	1	1.21%	10.00%	\$	10,711	1	1.17%
Estero	\$	18,915	1	2.54%	9.00%	\$	14,388	1	1.57%
Irving	\$	30,661	1	4.11%	10.00%	\$	23,405	1	2.55%
Kansas City	\$	10,717	2	1.44%	8.00%	\$	8,170	2	0.89%
Subtotal (F)	\$	109,510	8	14.69%	9.37%	\$	100,706	8	10.99%
Grand Total (SUM A to F)	\$	745,304	112	100.00%	9.46%	\$	916,107	117	100.00%

**APPENDIX "F" - SUMMARY INFORMATION ABOUT THE
CONSOLIDATED MORTGAGE INVESTMENT PORTFOLIO
(As at March 31, 2020)**

REIT Consolidated								
Investments Segregation (excl. Foreclosed Properties)	Funded					Committed		
	\$	#	% (\$)	Wt.-Avg. Rate		\$	#	% (\$)
By Purchase Options								
With	\$ 151,295	17	20%	9.52%		\$ 135,754	17	15%
Without	\$ 518,631	88	70%	9.44%		\$ 706,083	92	77%
Equity Accounted Investments	\$ 75,378	7	10%	0.00%		\$ 74,271	8	8%
Total	\$ 745,304	112	100%	9.46%		\$ 916,107	117	100%
By Development Stage								
Construction	\$ 459,463	63	62%	9.33%		\$ 611,550	67	67%
Pre-Construction	\$ 129,725	21	17%	9.41%		\$ 147,055	21	16%
Term	\$ 156,116	28	21%	9.86%		\$ 157,503	29	17%
Total	\$ 745,304	112	100%	9.46%		\$ 916,107	117	100%
By Underlying Security								
Multi Family Apartments	\$ 207,204	25	28%	9.78%		\$ 202,810	26	22%
Land	\$ 69,834	9	9%	9.40%		\$ 73,469	9	8%
Low-Rise Residential	\$ 219,367	34	30%	9.23%		\$ 304,731	35	33%
Industrial	\$ 17,712	4	2%	11.20%		\$ 25,105	4	3%
High-Rise Condominium	\$ 99,780	18	13%	9.30%		\$ 146,642	20	16%
Commercial/Mixed Use	\$ 96,298	19	13%	9.14%		\$ 134,040	20	15%
Multi Student Housing	\$ 35,110	3	5%	10.00%		\$ 29,310	3	3%
Total	\$ 745,304	112	100%	9.46%		\$ 916,107	117	100%
By Investment Size								
\$1m or less	\$ 6,935	12	1%	10.38%		\$ 73,022	17	8%
> \$1m - \$3m	\$ 68,271	32	9%	10.19%		\$ 76,905	32	8%
> \$3m - \$5m	\$ 68,990	18	9%	9.30%		\$ 112,490	18	12%
> \$5m - \$10m	\$ 209,714	29	28%	9.86%		\$ 266,113	29	29%
> \$10m - \$15m	\$ 108,000	8	14%	8.89%		\$ 91,833	8	10%
> \$15m	\$ 283,395	13	39%	9.16%		\$ 295,744	13	33%
Total	\$ 745,304	112	100%	9.46%		\$ 916,107	117	100%

**APPENDIX “F” – SUMMARY INFORMATION ABOUT THE
CONSOLIDATED MORTGAGE INVESTMENT PORTFOLIO
(As at March 31, 2020)**

REIT Consolidated								
Investments Segregation (excl. Foreclosed Properties)	Funded					Committed		
	\$	#	% (\$)	Wt.-Avg. Rate		\$	#	% (\$)
<u>By Maturity (excl. Equity & FV Adj.)</u>								
2020	\$ 457,001	78	72%	9.50%		\$ 531,449	78	63%
2021	\$ 84,472	17	13%	8.96%		\$ 147,478	17	18%
2022	\$ 75,108	6	12%	10.05%		\$ 120,623	9	14%
2023	\$ 17,256	4	3%	8.18%		\$ 42,287	5	5%
Total	\$ 633,837	105	100%	9.46%		\$ 841,837	109	100%
<u>By Interest/Pref Rate (excl. Equity & FV Adj.)</u>								
8% or less	\$ 100,551	14	16%	7.80%		\$ 137,495	14	16%
> 8.0% - 8.5%	\$ 100,874	15	16%	8.43%		\$ 157,086	15	19%
> 8.5% - 9.0%	\$ 91,032	9	14%	8.98%		\$ 112,212	10	13%
> 9.0% - 9.5%	\$ 31,385	6	5%	9.41%		\$ 44,759	6	5%
> 9.5% - 10.0%	\$ 243,843	42	40%	10.00%		\$ 266,251	42	33%
> 10.0% - 10.5%	\$ 21,017	4	3%	10.43%		\$ 44,338	5	5%
> 10.5% - 11.0%	\$ 8,444	3	1%	10.98%		\$ 21,676	4	3%
> 11.0% - 11.5%	\$ 6,847	1	1%	11.45%		\$ 6,847	1	1%
> 11.5% - 12.0%	\$ 4,040	1	1%	12.00%		\$ 24,040	2	3%
> 12.5% - 13.0%	\$ 9,251	2	1%	12.77%		\$ 9,251	2	1%
> 13.5% - 14.0%	\$ 2,455	2	0%	13.76%		\$ 2,455	2	0%
> 14.5% - 15.0%	\$ 10,955	4	2%	15.00%		\$ 11,760	4	1%
> 15.0%	\$ 3,141	2	0%	17.42%		\$ 3,665	2	0%
Total	\$ 633,837	105	100%	9.46%		\$ 841,837	109	100%
<u>By Committed LTV - Mortgage Investments</u>								
50% or less	\$ 50,822	9	10%	9.79%		\$ 50,934	9	7%
> 50% - 60%	\$ 61,504	6	12%	9.13%		\$ 84,145	6	12%
> 60% - 70%	\$ 111,709	19	21%	9.21%		\$ 192,073	21	26%
> 70% - 80%	\$ 143,996	24	27%	9.29%		\$ 202,990	25	28%
> 80% - 90%	\$ 105,677	21	20%	9.38%		\$ 144,517	22	20%
> 90%	\$ 50,308	9	10%	10.70%		\$ 50,370	9	7%
Total	\$ 524,016	88	100%	9.46%		\$ 725,029	92	100%
<u>By Payment Method - Mortgage Investments</u>								
Interest Accrue	\$ 251,980	50	47%	9.79%		\$ 341,703	53	47%
Interest Reserve Payment	\$ 59,542	5	10%	9.71%		\$ 71,473	5	10%
Periodic Cheques	\$ 39,457	4	6%	8.57%		\$ 46,158	5	6%
Pre Authorized Payment	\$ 173,036	29	37%	9.09%		\$ 265,695	29	37%
Total	\$ 524,016	88	100%	9.46%		\$ 725,029	92	100%
<u>Estimated Built Out Value of Purchase Options</u>								
	Undiluted					Diluted		
Mortgage Investments	\$ 85,537	3	6%			\$ 81,656	3	9%
Participating Loan Interests	\$ 861,511	14	62%			\$ 595,956	14	63%
Equity Accounted Investments	\$ 432,511	7	31%			\$ 270,517	7	29%
Total	\$ 1,379,559	24	100%			\$ 948,129	24	100%

APPENDIX "G" - AUDITED FINANCIAL STATEMENTS



CENTURION APARTMENT REAL ESTATE INVESTMENT TRUST
Consolidated Financial Statements
For the Year Ended December 31, 2019

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INDEPENDENT AUDITORS' REPORT

To the Unitholders of Centurion Apartment Real Estate Investment Trust

Opinion

We have audited the consolidated financial statements of Centurion Apartment Real Estate Investment Trust (the Entity), which comprise:

- the consolidated statement of financial position as at December 31, 2019
- the consolidated statement of net income and comprehensive income for the year then ended
- the consolidated statement of changes in net assets attributable to unitholders for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the **"Auditors' Responsibilities for the Audit of the Financial Statements"** section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Other Information

Management is responsible for the other information. Other information comprises:

- 2019 Annual Report/Management's Discussion and Analysis issued to Unitholders.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

The 2019 Annual Report/Management's Discussion and Analysis is expected to be made available to us after the date of this auditors' report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.



Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Canada

April 20, 2020

CENTURION APARTMENT REAL ESTATE INVESTMENT TRUST
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(EXPRESSED IN THOUSANDS OF CANADIAN DOLLARS)

As at	Note	December 31, 2019	December 31, 2018
Assets			
Cash		\$ 70,555	\$ 36,306
Restricted cash	11	13,617	7,600
Receivable and other assets	9	42,583	13,583
Investment properties held for sale	4	14,500	9,790
Investment properties	4	1,788,169	1,109,421
Mortgage investments	6	454,725	341,713
Participating loan interests	7	127,550	137,123
Equity accounted investments	5	170,521	131,087
Foreclosed property	8	20,435	17,000
Total Assets		\$ 2,702,655	\$ 1,803,623
Liabilities			
Unit subscriptions in trust	11	\$ 13,617	\$ 7,600
Accounts payable and other liabilities	13	25,916	15,961
Syndicated mortgage investment liabilities	6	28,520	18,092
Mortgages payable and credit facilities	12	737,678	526,389
Deferred income tax liabilities	21	4,108	—
Total Liabilities excluding net assets attributable to Unitholders		809,839	568,042
Net assets attributable to Unitholders		\$ 1,892,816	\$ 1,235,581
Represented by:			
Net assets attributable to unitholders of the Trust		\$ 1,641,277	\$ 1,034,355
Net assets attributable to non-controlling interest		\$ 251,539	\$ 201,226

Commitments and contingencies (Notes 6, 8, 10, 14, 18 and 19)

Subsequent events (Note 27)

See accompanying notes to the consolidated financial statements.

CENTURION APARTMENT REAL ESTATE INVESTMENT TRUST
CONSOLIDATED STATEMENT OF NET INCOME AND COMPREHENSIVE INCOME
(EXPRESSED IN THOUSANDS OF CANADIAN DOLLARS)

For the year ended	Note	December 31, 2019	December 31, 2018
Revenue from investment properties	15	\$ 90,492	\$ 68,223
Property operating costs		(28,702)	(22,441)
Net rental income		61,790	45,782
Fair value gains on investment properties	4	204,720	127,474
Interest income	6	49,874	37,901
Interest expense on syndicated mortgage liabilities	6	(1,369)	(287)
Fair value gains on participating loan interests	7	776	4,943
Impairment on foreclosed property	8	(134)	(2,053)
Income from equity accounted investments	5	24,983	10,683
Other income		1,227	368
General and administrative expenses	17	(19,042)	(15,007)
(Allowance) recovery for expected credit losses	6	(479)	1,057
Income from operations		322,346	210,861
Loss on disposal of investment properties	4	(166)	—
Finance costs	16	(21,351)	(16,626)
Income before income taxes		\$ 300,829	\$ 194,235
Current and deferred income tax expense	21	(4,474)	—
Net Income		296,355	194,235
Currency translation adjustment		(775)	175
Net Income and Comprehensive Income		\$ 295,580	\$ 194,410
Attributable to:			
Unitholders of the Trust		\$ 276,745	\$ 179,185
Non-controlling interest		\$ 18,835	\$ 15,225

See accompanying notes to the consolidated financial statements.

CENTURION APARTMENT REAL ESTATE INVESTMENT TRUST
CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS
(EXPRESSED IN THOUSANDS OF CANADIAN DOLLARS)

For the year ended December 31, 2019	Net assets attributable to Unitholders of the REIT	Net assets attributable to non-controlling interest	Net assets attributable to Unitholders
Net assets attributable to Unitholders at beginning of the year	\$ 1,034,355	\$ 201,226	\$ 1,235,581
Net Income and Comprehensive Income	276,745	18,835	295,580
Redeemable unit transactions			
Proceeds from Units issued (net of issuance costs)	411,212	42,299	453,511
Contributions from Non-Controlling Interest	—	4,493	4,493
Reinvestments of distributions by Unitholders	34,064	11,892	45,956
Redemption of Units	(46,442)	(5,255)	(51,697)
Distributions to Unitholders	(68,657)	(21,951)	(90,608)
Net increase from Unit transactions	330,177	31,478	361,655
Net increase in net assets attributable to Unitholders	606,922	50,313	657,235
Net assets attributable to Unitholders at end of the year	\$ 1,641,277	\$ 251,539	\$ 1,892,816

For the year ended December 31, 2018	Net assets attributable to Unitholders of the REIT	Net assets attributable to non-controlling interest	Net assets attributable to Unitholders
Net assets attributable to Unitholders at beginning of the year	\$ 700,253	\$ 132,136	\$ 832,389
Net Income and Comprehensive Income	179,185	15,225	194,410
Redeemable unit transactions			
Proceeds from Units issued (net of issuance costs)	208,787	62,623	271,410
Reinvestments of distributions by Unitholders	26,443	6,333	32,776
Redemption of Units	(27,755)	(7,438)	(35,193)
Distributions to Unitholders	(52,558)	(7,653)	(60,211)
Net increase from Unit transactions	154,917	53,865	208,782
Net increase in net assets attributable to Unitholders	334,102	69,090	403,192
Net assets attributable to Unitholders at end of the year	\$ 1,034,355	\$ 201,226	\$ 1,235,581

See accompanying notes to the consolidated financial statements.

CENTURION APARTMENT REAL ESTATE INVESTMENT TRUST
CONSOLIDATED STATEMENT OF CASH FLOWS
(EXPRESSED IN THOUSANDS OF CANADIAN DOLLARS)

For the year ended December 31,	Note	2019	2018
Operating activities			
Net income		\$ 296,355	\$ 194,235
Adjustments for:			
Interest income		(49,874)	(37,901)
Interest received on mortgage investments		35,814	22,673
(Recovery of) allowance for expected credit losses	6	479	(1,057)
Fair value gains on investment properties	4	(204,720)	(127,474)
Non-cash portion of income from equity accounted investments	5	(24,983)	(10,683)
Fair value gains on participating loan interests	8	(776)	(4,943)
Impairment on foreclosed property		134	2,053
Finance costs	16	21,351	16,626
Amortization of property and equipment	17	964	150
Loss on disposal of investment properties		(166)	—
Realized fair value gains on participating loan interests and equity accounted investments		24,422	—
Current and deferred income tax expense	21	4,474	—
Changes in non-cash operating account balances		806	1,197
Net cash from operating activities		104,280	54,876
Financing activities			
Proceeds from Units issued		469,147	278,553
Unit issue costs		(11,143)	(7,143)
Cash distributions to Unitholders		(44,652)	(27,435)
Redemption of Units		(51,697)	(35,193)
Capitalized financing fees		(4,485)	(1,635)
Mortgage advances and refinancing	25	276,086	126,827
Mortgage repayments and discharges	25	(42,887)	(73,351)
Credit facility advances (repayments)		(18,641)	(37,090)
Finance costs paid		(19,945)	(15,806)
Net cash from financing activities		551,783	207,727
Investing activities			
Investment property acquisitions	4	(450,088)	(23,318)
Investment property dispositions		9,950	—
Investment property acquisition costs	4	(13,288)	(1,546)
Investment property improvements	4	(23,993)	(28,618)
Investment property acquisition deposits	9	(12,332)	—
Acquisition of property and equipment	9	(2,823)	—
Capital improvements on foreclosed properties	8	(3,301)	—
Participating loan interests funded	7	(17,600)	(17,589)
Participating loan interests repaid	7	27,225	25,928
Equity accounted investment funded	5	(51,932)	(57,567)
Equity accounted investment repaid	5	18,945	—
Mortgage investments principal repaid, net of syndication		102,148	67,439
Mortgage investments principal funded, net of syndication		(204,725)	(194,990)
Net cash used in investing activities		(621,814)	(230,261)
Net (decrease) increase in cash		34,249	32,342
Cash, beginning of year		36,306	3,964
Cash, end of year		\$ 70,555	\$ 36,306

See accompanying notes to the consolidated financial statements.

1. Trust Information

Centurion Apartment Real Estate Investment Trust ("REIT" or the "Trust") is an unincorporated, open-ended real estate private investment trust which was created pursuant to a Declaration of Trust initially dated August 31, 2009, as further amended from time to time and most recently amended on September 19, 2017 ("Declaration of Trust") and is governed by the laws of the Province of Ontario. The registered office of the Trust is located at 25 Sheppard Avenue West, Suite 1800, Toronto, Ontario, M2N 6S8. The Trust invests primarily in multi-suite residential properties, student residence properties, mortgages and other opportunistic real estate investments in Canada and the United States.

2. Basis of Presentation

a) Statement of Compliance

These consolidated financial statements for the year ended December 31, 2019, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These consolidated financial statements have been approved for issue by the Board of Trustees on March 5, 2020.

b) Basis of Measurement

The consolidated financial statements have been prepared on a historical cost basis except for investment properties, real estate held in equity accounted investments, foreclosed property, one investment in a joint arrangement elected to be accounted for as a portfolio investment, participating loan interests, and foreign currency forward contracts each of which have been measured at fair value through profit or loss ("FVTPL") as determined at each reporting date.

c) Principles of Consolidation

The consolidated financial statements reflect the operations of the Trust, its wholly-owned subsidiaries and its proportionate share of joint arrangements which are classified as joint operations. Entities subject to joint arrangements characterized as joint ventures are accounted for using the equity method.

As at December 31, 2019, the Trust owns an 85% interest in Oxford Ranch Apartments, LLC which owns a multi-residential property located in Waller, Texas comprising of 224 suites and a 75% interest in Clarke-Timothy, LLC which owns a multi-residential community located in Athens, Georgia comprising of 204 suites. The Trust also maintains a 65.78% (December 31, 2018 – 63.81%) interest in Centurion Real Estate Opportunities Trust ("REOT"), which invests in a diversified portfolio of mortgages and opportunistic real estate developments. The following summarizes the results of the material subsidiaries in which the Trust maintains a controlling interest before any intercompany eliminations:

As at	December 31, 2019	December 31, 2018
Total assets	\$ 820,478	\$ 557,515
Total liabilities	\$ 86,646	\$ 32,439
Net assets attributable to Unitholders of the Trust	\$ 482,293	\$ 323,850
Net assets attributable to Non-Controlling Interest	\$ 251,539	\$ 201,226

For the year ended	December 31, 2019	December 31, 2018
Revenue and Net interest income	\$ 50,527	\$ 33,695
Fair value and equity income	17,481	11,747
Expenses	(13,113)	(3,702)
Net Income and Comprehensive Income attributable to unitholders of the Trust	\$ 36,060	\$ 26,515
Net Income and Comprehensive Income attributable to non-controlling interest	\$ 18,835	\$ 15,225

The financial statements of the subsidiaries included in the consolidated financial statements are from the date that control commences until the date that control ceases.

The accounting policies of the subsidiaries are consistent with the accounting policies of the Trust and their financial statements have been prepared for the same reporting period as the Trust. All intercompany transactions and balances have been eliminated upon consolidation.

d) Functional and Presentation Currency

The consolidated financial statements are presented in Canadian dollars, which is the functional currency, unless otherwise stated.

e) Critical Accounting Estimates, Assumptions and Judgments

The preparation of the consolidated financial statements requires management to make estimates, assumptions, and judgments that affect accounting policies and the reported amounts of assets, liabilities at the date of the consolidated financial statements, and income and expenses during the reporting period.

Estimates, assumptions, and judgments have been applied in a manner consistent with the prior year and there are no known trends, commitments, events or uncertainties that management believes will materially affect the methodology or assumptions utilized in making those estimates and judgments. While management makes its best estimates and assumptions, actual results could differ from these and other estimates.

The significant estimates, assumptions, and judgments used in the preparation of the consolidated financial statements are as follows:

Measurement of Fair Value

Fair value measurements are recognized in financial and non-financial assets and liabilities categorized using a fair value hierarchy that reflects the significance of inputs used in determining their fair values:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Quoted prices in active markets for similar assets or liabilities or valuation techniques where significant inputs are based on observable market data.
- Level 3: Valuation techniques for which any significant input is not based on observable market data.

Each type of fair value is categorized based on the lowest level input that is significant to the fair value measurement in its entirety. The information about assumptions made in the fair value is included in the following notes:

- Note 4: Investment properties
- Note 5: Equity accounted investments
- Note 7: Participating loan interests
- Note 8: Foreclosed property
- Note 22: Fair value measurement disclosures

Measurement of Expected Credit Loss (“ECL”)

The ECL model requires evaluation and recognition of an allowance for expected credit losses over the next 12 months for investments without significant deterioration in credit risk and an allowance of lifetime losses on investments that have experienced a significant increase in credit risk since origination.

Management assesses financial assets for objective evidence of significant changes in credit risk at each reporting period by specifically considering, but not limited to, the following:

- Payment default by a borrower is not cured within a reasonable period
- Whether the security of the mortgage is significantly negatively impacted by recent events
- Financial difficulty experienced by a borrower
- Changes in assumptions about local economic and other real estate market conditions in the geographic area in which a borrower’s project is located
- Management’s judgment as to whether current economic and credit conditions are such that potential losses at the reporting date are likely to be higher or lower than the amounts suggested by historic experience

The calculation of expected credit losses requires significant judgment to determine the variables that are relevant for each mortgage investment and probability weights that should be applied. Management exercises expert credit judgment in determining the amount of ECLs at each reporting date by considering reasonable and supportable information that is not already incorporated in the quantitative modeling process. Changes in these inputs, assumptions, models, and judgments directly impact the measurement of ECLs.

Business Combinations

The Trust exercised judgment in determining whether the acquisition of a property should be accounted for as an asset purchase or business combination. This assessment impacts the treatment of transaction costs (including commissions, land transfer tax, appraisals, and legal fees associated with an acquisition), allocation of acquisition costs and whether or not goodwill is recognized. A business generally consists of inputs, processes applied to these inputs and resulting outputs that are, or will be, used to generate revenues. In the absence of such criteria, a group of assets is deemed to have been acquired. The Trust generally accounts for its investment property acquisitions as asset acquisitions.

Classification of Co-Investments

The Trust makes judgments as to whether its co-investments provide it with joint control, significant influence or no influence. The Trust has determined that it has joint control in all its co-ownerships and therefore has accounted for its investment in these co-ownerships as joint operations and applied the proportionate consolidation method to account the share of net assets, liabilities, revenues and expenses method to account for these arrangements.

f) Leases

Effective January 1, 2019, the Trust adopted IFRS 16 using the modified retrospective approach. The new standard requires a lessee to recognize in the consolidated statement of financial position, a liability for future lease payments (the “lease liabilities”) and an asset for the right to use the underlying leased asset during the lease term (the “lease assets”).

3. Significant Accounting Policies

a) Investment Properties

The Trust accounts for its investment properties using the fair value model in accordance with *IAS 40 - Investment Properties* (“IAS 40”). Investment property is defined as property held to earn rentals or for capital appreciation or both. Investment properties are initially recorded at cost, including related transaction costs if the transaction is deemed to be an asset acquisition. Subsequent to initial recognition, investment properties are measured at fair value, which reflects market conditions at the reporting date.

Any changes in the fair value are included in operating income in the consolidated statement of comprehensive income. Fair value is supported by independent external valuations or detailed internal valuations using market-based assumptions, each in accordance with recognized valuation techniques.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of investment property are recognized in the consolidated statement of comprehensive income in the year of retirement or disposal.

b) Financial Instruments

Recognition and measurement

Financial instruments are classified as one of the following: (i) FVTPL, (ii) fair value through other comprehensive income (“FVOCI”) or (iii) amortized cost or (iv) other liabilities. Initially, all financial instruments are recorded in the consolidated balance sheets at fair value. After initial recognition, the effective interest related to financial instruments are measured at amortized cost and the gain or loss arising from the change in the fair value of the financial instruments are classified as FVTPL are included in net income for the year in which they arise. The classification of financial instruments depends on the purpose for which the financial instruments were acquired or issued, their characteristics and the Trusts designation of such instruments. The Trust has no financial instruments classified as FVOCI. Interest income from financial assets, not classified as FVTPL, is determined using the effective interest rate method.

Derecognition of financial assets and liabilities

The Trust derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. On derecognition of a financial asset, the difference between the carrying amount of the asset and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss. The Trust derecognizes a financial liability when the obligation under the liability is discharged, canceled or expires.

c) Joint Arrangements

The Trust enters into joint arrangements through joint operations and joint ventures. A joint arrangement is a contractual arrangement pursuant to which the Trust and other parties undertake an economic activity that is subject to joint control, whereby the strategic financial and operating policy decisions relating to the activities of the joint arrangement require the unanimous consent of the parties sharing control. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint arrangements that involve the establishment of a separate entity in which each party to the venture has rights to the net assets of the arrangement are referred to as joint ventures.

The Trust accounts for its interest in joint ventures using the equity method. The Trust's investment in joint ventures are initially accounted for at cost, and the carrying amount is increased or decreased to recognize the Trust's share of the profit or loss and other comprehensive income of the joint venture after the date of acquisition. If an arrangement is considered a joint operation, the Trust will recognize its proportionate share of assets, liabilities, income, and expenses on a line-by-line basis. The Trust elected to measure one investment in the associates and joint ventures at fair value through profit and loss.

d) Mortgage Investments

Mortgage investments are classified and measured at amortized cost using the effective interest method, less any impairment losses. Mortgage investments are assessed at each reporting date to determine whether there is objective evidence of significant changes in credit risk. A mortgage investment's credit risk increases when objective evidence indicates that factors have occurred after the initial recognition of an investment and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. The Trust's internal credit risk rating process involves judgment and combines multiple factors to arrive at a specific score to assess each mortgage investment the probability of default. These factors include the loan to value ratio, borrower's net worth and ability to service debt, project location, experience with the borrower and credit score. Significant changes in the internal credit risk rating have resulted in reclassifications of mortgage investments into Stage 2 and Stage 3.

Allowance for ECL on Mortgage Investments

The Trust maintains an allowance to cover impairment in the existing portfolio for loans that have not yet been individually identified as impaired. Under IFRS 9, an allowance is recorded for ECL on financial assets according to the following stages:

Stage 1	When mortgage investments are recognized they are classified into Stage 1. The Trust recognizes an allowance based on 12 months ECL, which represent lifetime ECLs related to default events that are expected to occur within 12 months after the reporting date. Stage 1 mortgage investments also include investments where the credit risk has subsequently improved such that the increase in credit risk since initial recognition is no longer significant and the mortgage investments have been reclassified from Stage 2.
Stage 2	When a mortgage investment has shown a significant increase in credit risk since origination, the Trust reclassifies the mortgage investment to Stage 2 and an allowance is recognized at an amount equal to ECL over the remaining life. Stage 2 mortgage investments also include investments where the credit risk has improved and the mortgage has been reclassified from Stage 3.
Stage 3	<p>The Trust classifies mortgage investments to Stage 3 when payment defaults by the borrower are not cured within a reasonable period. In certain other cases, where qualitative thresholds indicate unlikelihood to pay as a result of a credit event, the Trust carefully considers whether the event should result in an assessment at Stage 2 or Stage 3 for ECL calculations.</p> <p>Allowances required for impaired loans are recorded for individually identified impaired investments to reduce their carrying value to the expected recoverable amount. The Trust reviews investments on an ongoing basis to assess whether any loans should be classified as impaired and whether an allowance or write-off should be recorded.</p>

An impairment loss is calculated as the difference between the carrying amount of the mortgage investment and the present value of the estimated future cash flows discounted at the original effective interest rate. Losses are charged to the consolidated statement of net income and comprehensive income and are reflected in the allowance for expected credit losses. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the consolidated statement of net income and comprehensive income.

If there is no significant deterioration in credit risk for a specific debt investment, the allowance for ECL for a particular debt investment is calculated based on management's estimated deterioration in the probability weighted value of the underlying security.

e) Leases

These policies apply to contracts entered into or changed on or after January 1, 2019. A contract contains a lease if it conveys the right to control the use of a specified asset for a time period in exchange for consideration. To identify a lease, the Trust determines whether it has the right to direct the use of the specified underlying asset and also obtains substantially all the economic benefits from its use. The Trust does not apply the provisions of IFRS 16 to intangible assets.

When assessing the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option or to not exercise a termination option. This judgment is based on factors such as contract rates compared to market rates, the significance of other assets such as leasehold improvements, termination and relocation costs, location characteristics, and any sublease term.

The Trust has elected not to recognize lease assets and lease liabilities for low-value assets or short-term leases with a term of 12 months or less. Fixed lease payments on such leases are recognized in administrative or operating expenses, as applicable, on a straight-line basis over the lease term.

The lease liability is discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Trust's incremental borrowing rate. The Trust estimates the incremental borrowing rate based on the lease term, collateral, and the applicable economic environment. The lease liability is subsequently measured at amortized cost using the effective interest method. The lease liability is remeasured when the expected lease payments change as a result of certain modifications, changes in payments based on an index or rate, or due to changes in the lease term.

The lease asset is recognized at the present value of the liability at the commencement date of the lease. The lease asset is subsequently depreciated on a straight-line basis from the commencement date to the end of the lease term. The lease asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

f) Participating Loan Interests

The Trust enters into debt investments that comprise of a combination of contractual interest and enhanced returns such as profit participation. Participating loan interests are measured at FVTPL due to the characteristics of the instrument not being solely for the payment of principal and interest. The Trust recognizes interest income on participating loan interests based on the contractual terms of the agreement and is included as part of interest income on the consolidated statement on net income and comprehensive income. At the end of each reporting period, the Trust determines the fair value of the entire instrument with the corresponding gain or loss recorded as fair value gain/loss in the consolidated statement of net income and comprehensive income. Any interest income arising from the contractual portion of the mortgage investment and/or the participating loan interest are recorded as interest income and any remaining non-contractual gains or losses are recognized through FVTPL.

g) Property, Plant, and Equipment

Property, plant, and equipment are stated at historical cost less accumulated depreciation and mainly comprise head office and regional offices leasehold improvements, corporate and information technology systems. These items are amortized on a straight-line basis over their estimated useful lives ranging from three to five years, or, in the case of leasehold improvements, are amortized over the shorter of the lease term and their estimated useful lives.

h) Foreclosed Property

When the Trust obtains the legal title of the underlying security of a default mortgage investment, the carrying value of the mortgage investment, which comprises principal, accrued interest, the related provision for mortgage investment loss and costs incurred, if any, are reclassified to foreclosed properties at fair value. At each reporting date, foreclosed properties are measured at fair value, with changes in fair value included in the consolidated statement of net income and comprehensive income in the period they arise.

The Trust uses management's best estimate to determine the fair value of the foreclosed properties; which may involve frequent inspections, engaging realtors to assess market conditions based on previous property transactions, costs consultants to estimate completion costs on development or construction projects, or retaining professional appraisers to provide independent valuations. Contractual interest on the mortgage investment is discontinued from the date of transfer from the mortgage investments to foreclosed properties. Any net income or loss generated from foreclosed properties is recorded as net operating gain (loss) from foreclosed properties and recorded separately from fair value adjustments on foreclosed properties.

i) Foreign Currency Forward Contracts

The Trust may enter into foreign currency forward contracts to economically hedge the foreign currency risk exposure of its mortgage and other investments that are denominated in foreign currencies. The value of foreign currency forward contracts entered into by the Trust is recorded as the difference between the value of the contract on the reporting period and the value on the date the contract originated. Any resulting gain or loss is recognized in the statement of net income and comprehensive income unless the foreign currency contract is effective as a hedging instrument and designated as such under IFRS. The Trust has elected to not account for the foreign currency contracts as an accounting hedge.

j) Revenue Recognition

Revenue from investment properties includes rents from tenants under leases and ancillary income (such as utilities, parking, and laundry) paid by the tenants under the terms of their existing leases. Revenue recognition under a lease commences when a tenant has a right to use the leased asset, and revenue is recognized when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the REIT expects to be entitled in exchange for those goods or services. The REIT has not transferred substantially all of the risks and benefits of ownership of its income producing properties and, therefore, accounts for leases with its tenants as operating leases.

Rental income is accounted for on a straight-line basis over the lease terms. Ancillary income is considered non-lease components and is within the scope of IFRS 15 – Revenue from Contracts with Customers. The performance obligation for property management and ancillary services is satisfied over time.

k) Provisions

Provisions are recognized when the Trust has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognized for future operating losses.

The amount of a provision is based on management's best estimate of the expenditure that is required to settle the obligation at the end of the reporting year. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance expense.

l) Borrowing Costs and Interest on Mortgages Payable

Mortgage expenses include mortgage interest, which is expensed at the effective interest rate and transaction costs incurred in connection with the revolving credit facilities which are amortized.

m) Employee Benefits

Short-term employee benefit obligations, including vacation and bonus payments, are measured on an undiscounted basis and are expensed as the related service is provided. Liabilities are recognized for the amounts expected to be paid within 12 months as the Trust has an obligation to pay this amount as a result of a past service provided by the employee, and the obligation can be estimated reliably. Short-term employee benefits are recorded in Accounts payable and accrued liabilities.

The Trust maintains a deferred trust unit plan for some of its employees. This plan is considered cash settled and the fair value of the amount payable is recognized as an expense with a corresponding increase in liabilities, over the vesting period of the units issued. The liability is remeasured at each reporting date and settlement date. Any changes in the fair value of the liability are recognized in the consolidated statement of financial position.

n) Distribution Reinvestment and Unit Purchase Plan (“DRIP”)

The Trust has instituted a Dividend Reinvestment Plan (“DRIP”) in accordance with Article 5.8 of the Declaration of Trust which provides that the Trustees may in their sole discretion establish a distribution reinvestment plan at any time providing for the voluntary reinvestment of distributions by some or all the Trust Unitholders as the Trustees determine. Currently, Unitholders receive a 2% discount on Units purchased through DRIP. No commissions, service charges or brokerage fees are payable by participants in connection with the DRIP.

o) Net Assets Attributable to Unitholders

In accordance with *IAS 32 - Financial Instruments: Presentation* (“IAS 32”), puttable instruments are generally classified as financial liabilities. The Trust’s units are puttable instruments, meeting the definition of financial liabilities in IAS 32. There are exception tests within IAS 32 that could result in a classification as equity; however, the Trust’s units do not meet these exception requirements. Therefore, the Trust has no instrument that qualifies for equity classification on its Statement of Financial Position pursuant to IFRS. The classification of all units as financial liabilities with the presentation as net assets attributable to Unitholders does not alter the underlying economic interest of the Unitholders in the net assets and net operating results attributable to Unitholders.

The Trust’s units are carried on the Statement of Financial Position at net asset value. Although puttable instruments classified as financial liabilities are generally required to be remeasured to fair value at each reporting year, the alternative presentation as net assets attributable to Unitholders reflects that, in total, the interests of the Unitholders are limited to the net assets of the Trust.

p) Income Taxes

The Trust qualifies as a Mutual Fund Trust for Canadian income tax purposes. In accordance with the terms of the Declaration of Trust, the Trust intends to distribute its income for income tax purposes each year to such an extent that it will not be liable for income taxes under Part I of the Income Tax Act (Canada). The Trust is eligible to claim a tax deduction for distributions paid and, intends to continue to meet the requirements under the Income Tax Act (Canada). Accordingly, no provision for income taxes payable has been made. Income tax obligations relating to distributions of the Trust are the obligations of the Unitholders.

The Trust's U.S. investment properties and certain equity accounted investments that are held by U.S. subsidiaries are taxable legal entities. The Trust uses the liability method of accounting for U.S. income taxes. Under the liability method of tax allocation, current income tax assets and liabilities are based on the amount expected to be paid to tax authorities, net of recoveries, based on the tax rates and laws enacted or substantively enacted as at the consolidated balance sheet dates.

Deferred income tax assets and liabilities are determined based on differences between the financial reporting and tax bases of assets and liabilities and are measured using substantively enacted tax rates and laws that will be in effect when the differences are expected to reverse. Deferred income tax assets are recognized for all deductible temporary differences, carryforward of unused tax credits and unused tax losses to the extent that it is probable that deductions, tax credits and tax losses can be utilized. The carrying amounts of deferred income tax assets are reviewed as at each consolidated balance sheet date and reduced to the extent it is no longer probable that the income tax asset will be recovered.

In accordance with IAS 12, Income Taxes (“IAS 12”), the Trust measures deferred income tax assets and liabilities on its U.S. investment properties based on the rebuttable presumption that the carrying amount of the investment property is recovered through sale, as opposed to presuming that the economic benefits of the investment property will be substantially consumed through use over time. This presumption is rebutted if the investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the income producing

property over time rather than through sale.

q) Changes in Accounting Policies

The Trust has adopted IFRS 16 - Leases effective January 1st, 2019, using the modified retrospective approach.

IFRS 16, Leases

The Trust recognized the initial effect of applying IFRS 16 as an adjustment to the consolidated statement of financial position at January 1, 2019, (the date of initial application).

There was no impact on retained earnings at the date of the initial application. Comparative information has not been restated and continues to be reported in accordance with the standards and accounting policies in effect prior to January 1, 2019.

For leases previously classified as operating leases, lease liabilities were measured at the present value of the remaining lease payments, discounted using the Trust's weighted-average incremental borrowing rate at January 1, 2019, of 5%. All lease assets were measured at the amount equal to the lease liabilities.

Leased assets, not meeting the definition of investment property, are measured at cost less any accumulated amortization.

Practical expedients applied:

In applying IFRS 16 for the first time, the Trust has used the following practical expedient permitted by the standard:

- Relied on its assessment of whether leases are onerous immediately before the date of initial application
- Excluded initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- Applied short term leases exemptions to leases with lease terms that end within 12 months at the date of initial application.

IFRIC Interpretation 23, *Uncertainty over Income Tax Treatments* ("IFRIC 23")

IFRIC 23 addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 and does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. IFRIC 23 specifically addresses the following:

- Whether an entity considers uncertain tax treatments collectively;
- The assumptions an entity makes about the examination of tax treatments by taxation authorities;
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and
- How an entity considers the effect of changes in facts and circumstances.

An entity applies IFRIC 23 for annual reporting periods beginning on or after January 1, 2019. The requirements are applied by recognizing the cumulative effect of initially applying them in retained earnings, or in other appropriate components of equity, at the start of the reporting period in which an entity first applies them, without adjusting comparative information. Full retrospective application is permitted, if an entity can do so without using hindsight.

The REIT adopted the interpretation on January 1, 2019. IFRIC 23 did not have a material impact on the REIT's consolidated financial statements.

r) Future Accounting Policy Changes

Business Combinations (“IFRS 3”)

The IASB published an amendment to the requirements of IFRS 3 concerning whether a transaction meets the definition of a business combination. The amendments narrowed and clarified the definition of a business and provide additional illustrative examples, including those relevant to the real estate industry. A significant change in the amendment is the option for an entity to assess whether substantially all of the fair value of the gross assets acquired is concentrated in a single asset or group of similar assets. If such a concentration exists, the transaction is not viewed as an acquisition of a business and no further assessment of the business combination guidance is required. This will be relevant where the value of the acquired entity is concentrated in one property or a group of similar properties. The amendment is effective for periods beginning on or after January 1, 2020, with earlier application permitted. There will be no impact on transition as the amendments are effective for business combinations for which the acquisition date is on or after the transition date.

4. Investment Properties

Investment properties are measured at fair value as at the consolidated statement of financial position dates. Any changes in the fair value are included in the consolidated statement of net income and comprehensive income. Fair value is supported by independent external valuations or detailed internal valuations using market-based assumptions, each in accordance with recognized valuation techniques. The techniques used comprise the capitalized net operating income method and include estimating, among other things (all considered Level 3 inputs), future stabilized net operating income, capitalization rates, discount rates and other future cash flows applicable to investment properties. Fair values for investment properties are classified as Level 3 in the fair value hierarchy.

The Trust investment properties consist of the following:

	December 31, 2019	December 31, 2018
Balance, beginning of year	\$ 1,109,421	\$ 896,712
Property acquisitions	450,088	64,860
Increase in property valuation	247,709	157,639
Foreign currency translation	(4,549)	—
Transfer to investment properties held for sale	(14,500)	(9,790)
Balance, end of year	\$ 1,788,169	\$ 1,109,421

	December 31, 2019	December 31, 2018
Increase in property valuation	\$ 247,709	\$ 157,639
Less: Acquisition costs	(13,288)	(1,546)
Less: Property improvements	(23,993)	(28,618)
Less: Other Changes	(5,708)	—
Fair value adjustment on investment properties	\$ 204,720	\$ 127,475

The following valuation techniques were considered in determining the fair value:

1. Consideration of recent prices of similar properties within similar market areas;
2. The direct capitalization method, which is based on the conversion of current and future normalized earnings potential directly into an expression of market value. The Normalized Net Operating Income (“NNOI”) for the year is divided by an overall capitalization rate (inverse of an earnings multiplier) to arrive at the estimate of fair value.

As each reporting date, the Trust assembles the property specific data used in the valuation model based on the process outlined in the valuation framework, reviews the valuation framework to determine whether any changes or updates are required, inputs the capitalization rates, set-offs and normalization assumptions provided by the valuers, and delivers the completed valuation framework to the external appraiser for review.

The external appraiser determine the capitalization rates that should be used in valuing the properties, provide charts of comparable sales and supporting relevant market information, determining the appropriate industry standard. Set off amounts and normalization assumptions used in the calculation of NOI, and supplying a fair value report for the Trust to reflect in the consolidated financial statements.

Capitalization Rate Sensitivity Analysis

As at December 31, 2019, the Trust conducted a valuation of its investment properties on an individual basis, with no portfolio effect considered, to determine the estimated fair value of its investment properties.

Capitalization rates used to generate estimated fair values for the investment properties ranged from 3.25% to 5.75% at December 31, 2019 (December 31, 2018 – 3.50% to 6.00%) with a weighted average capitalization rate across the total portfolio of 4.33% (December 31, 2018 – 4.55%).

The table below presents the sensitivity of the fair valuation of investment properties to the changes in capitalization rate (inclusive of investment property held for sale).

Capitalization rate sensitivity increase (decrease)	Weighted average capitalization rate	Fair value of proportionate investment property	Fair value variance	% change
(0.75)%	3.58%	\$ 2,163,005	\$ 374,836	21.0%
(0.50)%	3.83%	\$ 2,021,740	\$ 233,571	13.1%
(0.25)%	4.08%	\$ 1,897,795	\$ 109,626	6.1%
—%	4.33%	\$ 1,788,169	—	—%
0.25%	4.58%	\$ 1,690,517	\$ (97,652)	5.5%
0.50%	4.83%	\$ 1,602,978	\$ (185,191)	10.4%
0.75%	5.08%	\$ 1,524,058	\$ (264,111)	14.8%

Acquisitions

During the year ended December 31, 2019, the Trust completed the following investment property asset acquisitions, which contributed to the operating results effective from the acquisition date.

Acquisition Date	Rental Units	% Holding	Purchase Price	Mortgage Funding	Mortgage Interest Rate	Mortgage Maturity Date
April 25, 2019	204	75%	\$ 36,494	\$ 23,014	2.35%	May 3, 2022
May 31, 2019	134	50%	33,000	22,505	2.48%	December 1, 2028
June 26, 2019	136	100%	40,267	10,267	2.40%	September 1, 2029
June 28, 2019	416	50%	46,700	31,479	2.37%	December 1, 2028
July 15, 2019	82	100%	13,850	6,700	3.29%	October 1st, 2021
July 15, 2019	176	45%	17,600	11,749	2.39%	December 1, 2028
August 7, 2019	95	100%	32,700	21,031	2.13%	September 1st, 2029
August 26, 2019	90	100%	31,300	20,374	2.13%	September 1st, 2029
September 24, 2019	146	100%	56,000	35,164	2.52%	December 1st, 2029
November 27, 2019	208	45%	21,152	14,710	2.51%	December 1st, 2029
December 9, 2019	63	100%	21,025	—	—%	
December 13, 2019	238	100%	100,000	—	—%	
			\$ 450,088	\$ 196,993		

During the year ended December 31, 2018, the Trust completed the following investment property asset acquisitions, which contributed to the operating results effective from the acquisition date.

Acquisition Date	Rental Units	% Holding	Total Purchase Price	Mortgage Funding	Mortgage Interest Rate	Mortgage Maturity Date
November 21, 2018	75	100%	\$ 11,927	\$ 6,597	4.35%	February 1, 2028
November 21, 2018	64	100%	11,503	5,149	2.57%	January 1, 2019
November 21, 2018	48	100%	9,291	7,380	2.95%	January 5, 2021
November 30, 2018	224	85%	32,140	22,417	4.99%	November 30, 2030
			\$ 64,861	\$ 41,543		

Investment in Joint Arrangements

Included within investment properties are the following joint operations, which are governed by co-ownership arrangements:

	December 31, 2019	December 31, 2018
75 Ann & 1 Beaufort Co-ownership	75%	75%
1 Columbia	50%	50%
Harbourview Estates LP	60%	60%
Pandora	50%	—
The Residence of Seasons LP	50%	—
Bridgewater Apartments	45%	—
Bridgewater Apartments II	45%	—

The Trust's share of assets, liabilities, revenues, expenses and net income and cash flows from investments in joint operations that are reflected in the consolidated financial statements are as follows:

For the period ended	December 31, 2019	December 31, 2018
Non-current assets	\$ 195,574	\$ 111,032
Current assets	(13,206)	(17,515)
Total assets	\$ 182,368	\$ 93,517
Non-current liabilities	\$ 115,426	\$ 77,060
Current liabilities	(2,626)	1,296
Total liabilities	\$ 112,800	\$ 78,356
Revenues	\$ 10,251	\$ 6,306
Expenses	6,146	(4,193)
Fair value adjustment on investment properties	13,625	432
Net income	\$ 30,022	\$ 2,545

Investment Properties Held for Sale

Investment properties are reclassified to assets held for sale when the criteria set out in IFRS 5, Non-current Assets Held for Sale and Discontinued Operations, are met. The conditions of held for sale are met : (a) if management is committed to a plan to achieve the sale, (b) the asset is available for immediate sale (c) there is an active program to find a buyer, (d) the asset is being actively marketed at a reasonable price, (e) the sale is anticipated to be completed within one year from the date of classification, and (f) it is unlikely there will be changes to the plan.

The Trust is currently actively trying to sell one investment property located in Toronto, Ontario comprising of 23 suites. The sale of these investment property is in line with the Trust's long-term investment strategy. The investment property was reported at fair value therefore there is no financial impact due to the change in classification (refer to note 27 for disposition subsequent to December 31, 2019).

Dispositions

During the year ended December 31, 2019, the Trust completed the following investment property dispositions which were classified as held for sale as at December 31, 2018.

Disposition Date	Rental Units	% Holding	Disposition Proceeds	Original Purchase	Cumulative Fair Value	Fees on disposition	Gain (Loss) on Sale
September 30, 2019	46	100%	\$ 6,185	\$ 4,972	\$ 1,167	\$ 148	\$ (102)
September 30, 2019	28	100%	3,765	3,026	710	93	(64)
			\$ 9,950	\$ 7,998	\$ 1,877	\$ 241	\$ (166)

During the year ended December 31, 2018, the Trust did not complete any investment property dispositions.

5. Equity Accounted Investments

Investment properties held within equity accounted investments are measured at fair value as at the consolidated statement of financial position dates. Any changes in the fair value are included in the consolidated statement of comprehensive income. Fair value is supported by independent external valuations or detailed internal valuations using market-based assumptions, each in accordance with recognized valuation techniques. The techniques used comprise the capitalized net operating income method and include estimating, among other things, future stabilized net operating income, capitalization rates, discount rates and other future cash flows applicable to investment properties. Fair values for investment properties are classified as Level 3 in the fair value hierarchy.

The carrying value of equity accounted investments consists of the following:

Entity	Ownership	December 31, 2018	Net Contributions/ (Distributions)	Income inclusive of Fair Value Adjustment	Foreign Currency Translation	Disposition	December 31, 2019
The Residences of Seasons LP (1)	50%	\$ 19,554	\$ 349	\$ (1,471)	\$ —	\$ (18,432)	\$ —
ME Living Phase 1 LP (2)	75%	15,744	—	1,888	—	—	17,632
Bridgewater Trails Apartments LP (1)	45%	8,154	—	(334)	—	(7,820)	—
No. 21 Apartments LP	50%	5,040	—	2,125	—	—	7,165
Bridgewater Trails 2 Apartments LP (1)	45%	6,334	—	1,902	—	(8,236)	—
4Square LP	70%	10,953	3,668	4,506	—	—	19,127
CCA CBD Minneapolis LLC	47%	12,336	—	1,752	(617)	—	13,471
Trillium Mountain Ridge Inc	50%	7,360	—	617	—	—	7,977
CCA Crossroad Kansas City LLC	35%	1,793	6,129	1,621	(256)	—	9,287
Sage Apartments LP	50%	7,107	3,603	1,414	—	—	12,124
ACRON ARG Lake Carolyn Residential LLC	75%	23,656	—	5,096	(1,180)	—	27,572
9 Dawes LP	21%	2,778	—	1,894	—	—	4,672
Lee-Tamiami LLC	75%	10,278	3,193	3,973	(634)	—	16,810
Centurion Rise (520 Ellesmere) LP	75%	—	8,955	—	—	—	8,955
ACRON ARG Belterra Austin LLC	71%	—	15,565	—	(198)	—	15,367
The View at Charlesworth LP	50%	—	2,050	—	—	—	2,050
Warehouse District Flats LLC	80%	—	8,420	—	(108)	—	8,312
		\$ 131,087	\$ 51,932	\$ 24,983	\$ (2,993)	\$ (34,488)	\$ 170,521

⁽¹⁾The Trust has elected to measure investments in associates and joint ventures at FVTPL.

⁽²⁾The Trust disposed of its equity position in "The Residences of Seasons LP", "Bridgewater Trails Apartments LP" and "Bridgewater Trails 2 Apartments LP" during 2019.

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Entity	Ownership	December 31, 2017	Net Contributions/ (Distributions)	Income and Fair Value adjustment	Currency Translation Adjustment	Disposition	December 31, 2018
The Residences of Seasons LP	50%	\$ 19,309	\$ —	\$ 245	\$ —	\$ —	\$ 19,554
ME Living Phase 1 LP (2)	50%	14,092	(91)	1,743	—	—	15,744
Bridgewater Trails Apartments LP	45%	5,704	508	1,942	—	—	8,154
No. 21 Apartments LP	50%	3,704	7	1,329	—	—	5,040
Harbour View Estates LP	50%	—	—	160	—	(160)	—
Bridgewater Trails 2 Apartments LP	45%	4,457	6	1,871	—	—	6,334
4Square LP	83%	5,009	5,961	(17)	—	—	10,953
CCA CBD Minneapolis LLC	47%	—	11,017	761	558	—	12,336
Trillium Mountain Ridge Inc	50%	8,750	(2,069)	679	—	—	7,360
CCA Crossroad Kansas City LLC	62%	—	1,400	353	40	—	1,793
Sage Apartments LP	40%	—	7,107	—	—	—	7,107
ACRON ARG Lake Carolyn Residential LLC	48%	—	20,939	1,617	1,100	—	23,656
9 Dawes LP	21%	—	2,778	—	—	—	2,778
Lee-Tamiami LLC	75%	—	10,004	—	274	—	10,278
		\$ 61,025	\$ 57,567	\$ 10,683	\$ 1,972	\$ (160)	\$ 131,087

⁽¹⁾The Trust has elected to measure investments in associates and joint ventures at FVTPL.

As at December 31, 2019, the Trust has additional commitments for equity accounted investments of \$17,762 (December 31, 2018: \$23,000).

The following is the summarized financial information of the above investments:

As at December 31, 2019	ME Living Phase 1 LP (1)	ACRON ARG Lake Carolyn Residential LLC	Lee-Tamiami LLC	4Square LP	Other	Total
Non-current assets	\$ 92,748	\$ 84,502	\$ 49,137	\$ 46,320	\$ 135,070	\$ 407,777
Current assets	2,495	223	99	837	68,994	\$ 72,648
Total assets	\$ 95,243	\$ 84,725	\$ 49,236	\$ 47,157	\$ 204,064	\$ 480,425
Non-current liabilities	\$ (59,052)	\$ (68,609)	\$ (30,409)	\$ (6,986)	\$ (22,002)	\$ (187,058)
Current liabilities	\$ (21,456)	(5,003)	(4,921)	(25,282)	(17,624)	\$ (74,286)
Total liabilities	\$ (80,508)	\$ (73,612)	\$ (35,330)	\$ (32,268)	\$ (39,626)	\$ (261,344)
Total revenue	\$ —	\$ 48	\$ —	\$ —	2,650	2,698
Total expenses	—	(490)	—	(17)	(2,466)	(2,973)
Total fair value gains	2,518	6,794	5,297	6,446	26,970	48,025
Net income	\$ 2,518	\$ 6,352	\$ 5,297	\$ 6,429	\$ 27,154	\$ 47,750

⁽¹⁾ Certain equity accounted investments include economic interests above their ownership interests.

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As at December 31, 2018	ME Living Phase 1 LP (1)	ACRON ARG Lake Carolyn Residential LLC	The Residences of Seasons LP	Other	Total
Non-current assets	\$ 71,555	\$ 49,802	\$ 46,821	\$ 100,063	\$ 268,241
Current assets	2,563	—	45,669	70,338	118,570
Total assets	\$ 74,118	\$ 49,802	\$ 92,490	\$ 170,401	\$ 386,811
Non-current liabilities	(42,787)	—	(53,065)	(58,404)	(154,256)
Current liabilities	(16,489)	—	(1,029)	(8,041)	(25,559)
Total liabilities	\$ (59,276)	\$ —	\$ (54,094)	\$ (66,445)	\$ (179,815)
Total revenue	—	—	4,151	2,123	6,274
Total expenses	—	—	(3,033)	(1,940)	(4,973)
Total fair value gains	3,486	5,720	489	15,044	24,739
Net income	\$ 3,486	\$ 5,720	\$ 1,607	\$ 15,227	\$ 26,040

⁽¹⁾ Certain equity accounted investments include economic interests above their ownership interests.

During the year ended December 31, 2019, the Trust completed the following acquisitions from Centurion Real Estate Opportunities Trust:

Entity	Disposition Date	% of Holding	Disposition Proceeds	Net Contributions	Prior Years Cumulative Fair Value	Loss Recognized in 2019
The Residence of Seasons LP	June 28, 2019	50%	18,432	10,567	9,336	(1,471)
Bridgewater Trails Apartments LP	July 15, 2019	45%	7,820	4,249	3,905	(334)
Bridgewater Trails II Apartments LP	November 27, 2019	45%	8,236	4,129	2,205	1,902

6. Mortgage Investments

Mortgages investments represent amounts under loan arrangements. The weighted average effective interest rate on mortgage investments maturing between 2020 and 2023 is 9.34% (December 31, 2018: 9.22%). Interest income for the year ended December 31, 2019:

For the year ended	Note	December 31, 2019	December 31, 2018
Interest income from mortgage investments	\$	38,328	\$ 26,874
Interest income from participating loan interests	7	11,546	\$ 11,027
Total interest income	\$	49,874	\$ 37,901
Allowance for expected credit losses (ECL)	\$	(479)	\$ 1,057

As at December 31, 2019, mortgage investments and syndicated mortgage investment liabilities are as follows:

As at December 31, 2019	Gross Mortgage Investments	Syndicated Mortgage Investments	Net Mortgage Investments
Non-current mortgage investments	\$ 68,073	\$ —	\$ 68,073
Current mortgage investments	388,294	(28,520)	359,774
	456,367	(28,520)	427,847
Allowance for ECL	(1,642)	—	(1,642)
Total mortgage investments	\$ 454,725	\$ (28,520)	\$ 426,205

As at December 31, 2018	Gross Mortgage Investments	Syndicated Mortgage Investments	Net Mortgage Investments
Non-Current mortgage investments	\$ 97,379	\$ (6,027)	\$ 91,352
Current mortgage investments	245,497	(12,065)	233,432
	342,876	(18,092)	324,784
Allowance for ECL	(1,163)	—	(1,163)
Total mortgage investments	\$ 341,713	\$ (18,092)	\$ 323,621

As at December 31, 2019, the Trust holds mortgage investments that contain participation agreements with third-party lenders, whereby the Trust retains residual interests subordinate to the interests syndicated to these third-party lenders. All interest and fee income earned by the Trust recognized is included in the consolidated statement of net income and comprehensive income.

Interest paid to syndicate participants for the year ended December 31, 2019, was \$1,369 (December 31, 2018: \$287). As at December 31, 2019, the Trust has additional mortgage investment commitments of approximately \$180,329 (December 31, 2018: \$158,800).

As at December 31, 2019, continuity of mortgage investments, including the allowance for ECL, is allocated between the internal credit risk stages as follows:

	Stage 1	Stage 2	Stage 3	Total
Gross mortgage investments, beginning of the year	\$ 305,979	\$ 33,280	\$ 3,617	\$ 342,876
Funding / remeasurement	258,696	62	—	258,758
Repayment	(135,741)	(4,936)	(4,589)	(145,266)
Transfers to (from)	(27,628)	(3,781)	31,409	—
Gross mortgage investments, end of the year	\$ 401,306	\$ 24,625	\$ 30,437	\$ 456,368
Allowance for ECL, beginning of the period	\$ 475	\$ 608	\$ 80	\$ 1,163
Funding / remeasurement	374	188	158	720
Repayment	(101)	(125)	(14)	(240)
Transfers to (from)	(45)	(390)	435	—
Allowance for ECL, end of the year	\$ 703	\$ 281	\$ 659	\$ 1,643
Total mortgage investments	\$ 400,603	\$ 24,344	\$ 29,778	\$ 454,725

As at December 31, 2018, mortgage investments, including the allowance for ECL, is allocated between the internal credit risk stages as follows:

	Stage 1	Stage 2	Stage 3	Total
Gross mortgage investments, beginning of the year	\$ 315,279	\$ —	\$ —	\$ 315,279
Adjustment to IFRS 9	(150,706)	26,481	18,525	(105,700)
Funding / remeasurement	239,046	803	(18,442)	221,407
Repayment	(83,106)	(5,004)	—	(88,110)
Transfers to (from)	(14,535)	11,000	3,535	—
Gross mortgage investments, end of the year	\$ 305,978	\$ 33,280	\$ 3,618	\$ 342,876
Allowance for ECL, beginning of the period	\$ 2,221	\$ —	\$ —	\$ 2,221
Adjustment to IFRS 9	(1,898)	373	1,525	—
Funding / remeasurement	222	251	(1,450)	(977)
Repayment	(60)	(21)	—	(81)
Transfers to (from)	(10)	5	5	—
Allowance for ECL, end of the year	\$ 475	\$ 608	\$ 80	\$ 1,163
Total mortgage investments	\$ 305,503	\$ 32,672	\$ 3,538	\$ 341,713

Future repayments for gross mortgage investments excluding the allowance for ECL are as follows:

		December 31, 2019
Within 1 year	\$	388,294
1 to 2 years		33,233
2 to 3 years		32,824
3 to 4 years		2,016
Thereafter		—
Total repayments	\$	456,367

The nature of the underlying assets for the Trust's mortgage investments as at December 31, 2019, is as follows:

	December 31, 2019	December 31, 2018
Low-Rise Residential	38%	42%
Land	23%	13%
Commercial/Mixed Use	16%	19%
High-Rise Condominium	12%	19%
Multi Family Apartments	4%	6%
Industrial	4%	—
Student Housing	3%	1%
	100%	100%

For the year ended December 31, 2019, the Trust's prior year comparative segregation of the nature of the underlying assets was revised to better reflect management's view of the relevance of the above sub-categories to the mortgage investments to which they relate. As at December 31, 2019, the Trust's mortgage investments are comprised of an 82% interest (December 31, 2018: 71%) in first mortgages and an 18% interest (December 31, 2018: 29%) in second mortgages.

7. Participating Loan Interests

During the year ended December 31, 2019, interest income was \$11,546 (December 31, 2018: \$11,027) and fair value gain recognized was \$776 (December 31, 2018: fair value gain of \$4,943). The fair value of the underlying real estate assets was determined using a detailed valuation framework, and the techniques considered in this framework are as follows:

The following valuation techniques were considered in determining the fair value:

1. Consideration of recent prices of similar properties within similar market areas;
2. The direct capitalized method, which is based on the conversion of future normalized earnings directly into an expression of market value.

As a result, the fair value of participating loan interests is based on Level 3 of the fair value hierarchy.

	December 31, 2019	December 31, 2018
Balance, beginning of the year (1)	\$ 137,123	\$ 25,794
Transfers from Mortgage investments due to IFRS 9 Transition	—	105,700
Adjusted balance under IFRS 9, beginning of year	137,123	131,494
Advances	17,600	17,589
Interest income	11,546	11,027
Fair value gains	776	4,943
Realized fair value gain on disposition	(8,879)	—
Repayment of principal	(27,225)	(25,928)
Repayment of interest	(3,391)	(2,002)
Balance, end of year	\$ 127,550	\$ 137,123

⁽¹⁾ Presented under IAS 39 as at January 1, 2018

As at December 31, 2019, the Trust has additional contractual commitments of approximately \$22,086 for participating loan interests (December 31, 2018: \$17,900).

During the year ended December 31, 2019, the Trust acquired the underlying investment property secured by the participated loan interest from REOT:

Property	Disposition Date	% of Holding	Disposition Proceeds	Original Purchase Price	Prior Years Cumulative Fair Value Gains	Gain Recognized in 2019
Pandora	May 31, 2019	50%	13,366	4,487	8,452	427

8. Foreclosed Property

When the Trust receives title to real estate properties from foreclosure activities management will engage resources for short-term construction or redevelopment activity to support the best future disposition value. As at December 31, 2019, there is one foreclosed property (December 31, 2018: one foreclosed property), which is recorded at a fair value of \$20,435 (December 31, 2018: \$17,000). The fair value has been categorized as a level 3 fair value, based on a direct comparison approach.

The changes in the foreclosed properties held for sale during the year ended December 31, 2019, and December 31, 2018, are as follows:

For the year ended	December 31, 2019	December 31, 2018
Balance beginning of year	\$ 17,000	\$ —
Foreclosed property reclassified from mortgage investments	—	18,998
Fair value loss	134	(2,053)
Capital improvements	3,301	55
Balance, end of year	\$ 20,435	\$ 17,000

9. Receivable and other assets

Receivable and other assets consist of the following:

	Note	December 31, 2019	December 31, 2018
Net rent receivables		\$ 624	\$ 383
Prepaid CMHC premiums, net		10,622	5,078
Other current assets		6,781	4,973
Acquisition deposits		12,332	—
Property and equipment		3,181	358
Leased assets	10	3,261	—
Prepaid expenses		1,687	476
Foreign currency forward contracts		4,095	2,315
		\$ 42,583	\$ 13,583

Prepaid CMHC premiums, net represents CMHC premiums on mortgages payable net of accumulated amortization of \$697 (December 31, 2018: \$456).

As at December 31, 2019, The Trust holds foreign currency forward contracts of \$4,095 (December 31, 2018: \$2,315) measured at fair value (based on level 2 inputs).

Net rent receivables consist of the following:

	December 31, 2019	December 31, 2018
Rent receivables	\$ 801	\$ 510
Less: Allowance for expected credit loss	(177)	(127)
Net rent receivables	\$ 624	\$ 383

The following is an aging analysis of receivables:

	December 31, 2019	December 31, 2018
Current	\$ 626	\$ 361
31-60 days	56	50
61-90 days	45	30
Over 90 days	74	69
Allowance for expected credit loss	(177)	(127)
	\$ 624	\$ 383

10. Leases

Lease terms range from 1 to 10 years. After the inception of the lease, the Trust reassesses expectations about the exercise of renewal or termination options only when a significant event or change in circumstances occurs that is within the Trust's control.

As at December 31, 2019, lease liabilities reflected the Trust's weighted-average incremental borrowing rate of 5%. The Trust has not recognized any operating income or operating expenses from leased assets in the net rental income. The Trust's low-value and short-term leases are not material. The Trust has leases for office space for which the Trust is a lessee as presented below:

	December 31, 2019
Balance, January 1, 2019	\$ —
Additions	3,463
Depreciation	(202)
Balance, end of year	\$ 3,261

Certain right-of-use assets related to buildings meet the definition of investments property under IAS 40, *Investment property*; therefore, the fair value model is applied to those assets. Interest expense on the lease liability and the depreciation expense or fair gain (loss) on the right-of-use asset, depending on the balance sheet classification of the asset, is recognized separately.

	December 31, 2019
Lease expense recognized in general and administrative expenses	\$ 645
Depreciation of leased assets	202
Interest on lease liabilities	99
Total expenses associated with leased assets	\$ 946

	December 31, 2019
Cash payments for the interest on lease liabilities	\$ 99
Cash payments for leases not included in the measurement of lease liabilities	645
Cash outflows from operating activities	744
Cash payments for the principal portion of lease liabilities in financing activities	269
Total cash outflows for leases	\$ 1,013

	December 31, 2019
Maturity analysis - contractual undiscounted cash flows	
Less than one year	\$ 760
One to five years	2,000
More than 5 years	2,011
Total	\$ 4,771
Total lease liability	\$ 3,883
Current	580
Non-Current	\$ 3,303

11. Restricted Cash / Unit Subscriptions in Trust

As at December 31, 2019, restricted cash consists of cash not available for use of \$13,617 (December 31, 2018: \$7,600). This restricted cash represents Unitholder subscriptions held in trust until the trade settlement date. These amounts will be returned to investors if the proposed Unitholder subscriptions do not successfully proceed. All restricted cash as at December 31, 2019, is current in nature.

12. Mortgages Payable and Credit Facilities

Mortgages payable and credit facilities consist of the following:

	December 31, 2019	December 31, 2018
Current	\$ 45,478	\$ 67,513
Non-current	692,200	458,876
	\$ 737,678	\$ 526,389

Mortgages payable and credit facilities are secured by respective investment properties and are summarized as follows:

	December 31, 2019	December 31, 2018
First mortgages on investment properties, bearing interest between 1.33% and 4.99% (December 31, 2018: 1.33% and 5.37%), with a weighted average interest rate of 3.02% (December 31, 2018: 3.19%), and a weighted average maturity of 6.82 years (December 31, 2018: 3.3 years), secured by related investment properties	\$ 611,833	\$ 436,835
Second mortgage on investment properties, bearing interest of 4.03% (December 31, 2018 between: 3.18% and 3.30%) and weighted average maturity of 4.84 years (December 31, 2018: 5.8 years), secured by related investment properties	947	874
Line of credit facilities, bearing interest rate of 4.62% (December 31, 2018: 4.20% and 4.40%) secured by assets of REIT and/or its subsidiaries	—	18,641
REIT proportion of mortgages held through joint arrangement, bearing interest between 0% and 5.45% (December 31, 2018: 2.81% and 4.99%), with a weighted average interest rate of 2.73% (December 31, 2018: 3.70%) and a weighted average maturity of 7.46 years (December 31, 2018: 6.6 years), secured by related investment properties in the joint venture	131,915	73,787
	\$ 744,695	\$ 530,137
Less: Unamortized portion of financing fees	(7,017)	(3,748)
	\$ 737,678	\$ 526,389

Substantially all the Trust's assets have been pledged as security under the related mortgages and other security agreements. Overall, the weighted average mortgage interest rate at December 31, 2019, was 2.97% (December 31, 2018: 3.27%).

Mortgages payable at December 31, 2019, are due as follows:

	Principal Repayments	Balance due at Maturity	Total
Year ended December 31, 2020	\$ 18,788	\$ 26,690	\$ 45,478
Year ended December 31, 2021	16,249	88,904	105,153
Year ended December 31, 2022	15,288	44,542	59,830
Year ended December 31, 2023	38,477	16,938	55,415
Year ended December 31, 2024	12,575	100,973	113,548
Thereafter	47,839	317,432	365,271
	\$ 149,216	\$ 595,479	\$ 744,695
Less: Unamortized portion of financing fees			(7,017)
			\$ 737,678

13. Accounts Payable and Other Liabilities

Accounts payable and other liabilities consist of the following:

	Note	December 31, 2019	December 31, 2018
Accrued expenses		\$ 10,022	\$ 7,342
Prepaid rent		2,349	1,468
Tenant deposits		7,007	5,018
Accounts payable		1,586	1,693
Lease liability	10	3,883	—
Deferred trust units		1,069	440
		\$ 25,916	\$ 15,961

14. Classification of Units

In accordance with the Declaration of Trust ("DOT"), the Trust may issue an unlimited number of units of various classes, with each unit representing an equal undivided interest in any distributions from the Trust, and in the net assets in the event of termination or wind-up of the Trust.

Authorized

i. Unlimited number of Class A Trust Units

Class A Trust Units are participating, with one vote per unit, no par value.

ii. Unlimited number of Class F Trust Units

Class F Trust Units are participating, with one vote per unit, no par value.

iii. Unlimited number of Class I Trust Units

Class I Trust Units are participating, with one vote per unit, no par value.

iv. Unlimited number of Class M Trust Units

Class M Trust Units are participating, reserved for Centurion Asset Management Inc. and represent a beneficial interest set as the ratio of the number of investor units, such that the amount of Class M Units will equal the number of investor units divided by 0.95 less the number of investor units. Apart from certain voting restrictions, Class M unitholders are entitled to vote to that percentage of all Unitholder votes equal to the Class M unit percentage interest. At any time, the holder of a Class M unit may convert into either Class A and or Class R units.

v. Unlimited number of Special Voting Units of the Trust and Exchangeable LP Units

Special Voting Units are non-participating, with one vote per share, issued on a one-for-one basis to holders of Exchangeable Securities of the original CAP LP II Partnership (the "Partnership") which rolled into the Trust. The Exchangeable Securities of the Partnership are participating along with the Class A, F, I and M Trust Units, non-voting and exchangeable by the holder into an equivalent number of Class A Trust Units.

Each Unitholder shall be entitled to require the Trust to redeem Class A, F, I, M or Exchangeable LP units on the "Redemption Date" of any month on demand. Unitholders whose units are redeemed will be entitled to receive a redemption price per unit ("Redemption Price") determined by a market formula at fair value and the redemption price will be satisfied by way of cash payment. The Trust units tendered for redemption in any calendar month in which the total amount payable by the Trust exceeds \$50,000 (the "Monthly Limit"), may be redeemed for cash by a distribution in specie of debt securities on a pro-rata basis.

Issued (in thousands of units)

	December 31, 2019	December 31, 2018
Class A Trust Units		
Units as at January 1,	50,483	44,079
New units issued	9,609	6,856
Distribution reinvestment plan	1,383	1,370
Redemption of units	(2,267)	(1,868)
Transfers	—	46
	59,208	50,483
Class F Trust Units		
Units as at January 1,	15,871	8,638
New units issued	12,966	6,905
Distribution reinvestment plan	687	476
Redemption of units	(724)	(337)
Transfers	—	189
	28,800	15,871
Exchangeable LP units		
Units as at January 1,	478	131
New units issued	—	344
Distribution reinvestment plan	3	3
Redemption of units	—	—
	481	478
Class M Trust Units	50	50
Class I Trust Units		
Units as at January 1,	644	79
New units issued	2,377	—
New units issued	9	565
Distribution reinvestment plan	—	—
	3,030	644

15. Revenue Recognition

Revenue from investment properties is comprised of the following:

	December 31, 2019	December 31, 2018
Rental income	\$ 86,660	\$ 65,167
Ancillary income	3,477	2,706
Expense recoveries	355	350
	\$ 90,492	\$ 68,223

16. Finance Costs

	December 31, 2019	December 31, 2018
Interest on mortgages payable and credit	\$ 20,135	\$ 15,743
Amortization of financing fees	973	700
Amortization on CMHC Insurance	243	183
	\$ 21,351	\$ 16,626

17. General and Administrative Expenses

	December 31, 2019	December 31, 2018
Salaries and wages	\$ 10,755	\$ 9,178
Communications & IT	1,750	1,147
Office expenses	2,318	1,782
Fund administration costs	724	617
Professional fees	1,394	1,202
Advertising	1,137	931
Amortization of property and equipment	964	150
	\$ 19,042	\$ 15,007

18. Commitments

The Trust is committed to asset management services under an asset management agreement with Centurion Asset Management Inc. ("CAMI"), a company controlled by the President and Trustee, for a ten-year term ending December 31, 2024, with a renewal term for an additional ten years unless terminated by either of the parties. Under the agreement, the Trust is required to pay an acquisition fee equal to 1.0% of the gross purchase price of each investment property acquired.

19. Contingencies

The Trust is involved in certain litigation arising out of the ordinary course of investing in loans and other real estate projects. Although such matters cannot be predicted with certainty, management believes the claims are without merit and does not consider the Trust's exposure to such litigation to have a material impact on these consolidated financial statements.

20. Related Party Transactions

A related party of the Trust holds 50,000 Class M Trust units. The distributions in cash for the year ended December 31, 2019, for these units were \$4,243 (\$3,075 for the year ended December 31, 2018).

REIT incurred expenses payable to Centurion Asset Management GP Inc. ("CAMGPI") related to payroll expenses of \$5,739 for the year ended December 31, 2019 (\$5,266 for the year ended December 31, 2018) and administrative expenses of \$1,488 for the year ended December 31, 2019 (\$273 for the year ended December 31, 2018).

During the year, REIT was charged acquisition fees under an agreement described in Note 18 of \$3,032 (2018: \$693).

Key management consists of the Board of Trustees and executive management team of the Trust. Compensation paid to non-executive Trustees during the year was \$269 (December 31, 2018: \$246). Compensation paid to the executive management during the year was \$707 (December 31, 2018: \$794).

21. Income Taxes

a) Canadian Status

The REIT is a "mutual fund trust" pursuant to the Act. Under current tax legislation, a mutual fund trust that is not a Specified Investment Flow-Through ("SIFT") Trust pursuant to the Act is entitled to deduct distributions of taxable income such that it is not liable to pay income taxes provided that its taxable income is fully distributed to Unitholders. The REIT intends to continue to qualify as a mutual fund trust that is not a SIFT Trust and to make distributions not less than the amount necessary to ensure that the REIT will not be liable to pay income taxes.

b) U.S. Status

Certain of the REIT's operations or a portion thereof are conducted through its taxable U.S. subsidiaries, which are subject to U.S. federal and state corporate income taxes.

c) Income Tax Expense

		December 31, 2019		December 31, 2018
Current income tax expense	\$	366	\$	—
Deferred income tax expense		4,108		—
Income tax expense	\$	4,474	\$	—

d) The Major Components of Deferred Income Tax Liabilities

		December 31, 2019		December 31, 2018
Investment properties	\$	(434)	\$	—
Equity accounted investments		4,542		—
Total net deferred income tax liabilities	\$	4,108	\$	—

22. Fair Value Measurement

Fair value is the price that market participants would be willing to pay for an asset or liability in an orderly transaction under current market conditions at the measurement date.

The fair values of the Trust's assets and liabilities were determined as follows:

- The carrying amounts of cash, restricted cash, unit subscriptions in trust, accounts receivables, accounts payable and other liabilities, other assets and tenant deposits approximate their fair values based on the short-term maturities of these financial instruments.
- Management determines fair value based on its assessment of the current lending market for mortgage investment assets and syndicated mortgage investment liabilities of the same or similar terms since there are no quoted prices in an active market for these investments. The fair value of the mortgage investments as at December 31, 2019, is \$454,725 (December 31, 2018: \$341,713), based on rates received on a similar investment.
- Fair values of mortgages payable and credit facilities are estimated by discounting the future cash flows associated with the debt at market interest rates. The fair value at December 31, 2019, is \$732,228 (December 31, 2018: \$512,647).
- Management determines the fair value of participating loan interests, as detailed in Note 8, using either the direct capitalization approach or the direct comparison approach.
- The fair value of the foreign currency futures contracts was determined using Level 2 inputs which include spot and futures foreign exchange rates.

The table below analyzes assets and liabilities carried at fair value in the consolidated statement of financial position, by the levels in the fair value hierarchy, which are defined as follows:

December 31, 2019	Level 1	Level 2	Level 3	Total
Assets				
Investment properties	\$ —	\$ —	\$ 1,788,169	\$ 1,788,169
Participating loan interests	—	—	127,550	127,550
Foreclosed properties	—	—	20,435	20,435
Futures currency contracts	—	4,095	—	4,095
Measured at fair value through profit and loss	\$ —	\$ 4,095	\$ 1,936,154	\$ 1,940,249
December 31, 2018	Level 1	Level 2	Level 3	Total
Assets				
Investment properties	\$ —	\$ —	\$ 1,109,421	\$ 1,109,421
Participating loan interests	—	—	137,123	137,123
Foreclosed properties	—	—	17,000	17,000
Futures currency contracts	—	2,315	—	2,315
Measured at fair value through profit and loss	\$ —	\$ 2,315	\$ 1,263,544	\$ 1,265,859

23. Capital Management

The Trust defines capital as net assets attributable to Unitholders, debt (including mortgages), and lines of credit. The Trust's objectives in managing capital are to ensure adequate operating funds are available to maintain consistent and sustainable Unitholder distributions, to fund leasing costs and capital expenditure requirements, and to provide for resources needed to acquire new investment properties and fund real estate or mortgage investments as identified.

Various debt and earnings distribution ratios are used to ensure capital adequacy and monitor capital requirements. The primary ratios used for assessing capital management are the interest coverage ratio and net debt-to-gross carrying value. Other indicators include weighted average interest rate, average term to maturity of debt, and variable debt as a portion of total debt.

These indicators assist the Trust in assessing that the debt level maintained is sufficient to provide adequate cash flows for Unitholder distributions and capital expenditures, and for evaluating the need to raise funds for further expansion.

Various mortgages have debt covenant requirements that are monitored by the Trust to ensure there are no defaults. These include loan-to-value ratios, cash flow coverage ratios, interest coverage ratios, and debt service coverage ratios.

The carrying value of the units is impacted by earnings and Unitholder distributions. The Trust endeavors to make annual distributions. Amounts retained in more than the distributions are used to fund new investments and working capital requirements. Management monitors distributions through various ratios to ensure adequate resources are available. These include the proportion of distributions paid in cash, DRIP participation ratio, and total distributions as a percent of distributable income and distributable income per unit.

The Trust's credit facilities (see Note 12) require compliance with certain financial covenants, throughout the year. The Trust complied with all covenants in both DOT and all existing debt facilities.

The Declaration of Trust provides for a maximum total indebtedness level of up to 75% of Gross Book Value (GBV). GBV means the book value of the assets. Indebtedness includes obligations incurred in connection with acquisitions. The following table highlights the Trust's existing leverage ratio, excluding any syndicated assets or liabilities, in accordance with the Declaration of Trust:

	December 31, 2019	December 31, 2018
Total unrestricted assets	\$ 2,660,518	\$ 1,777,931
Mortgages payable and credit facilities	737,678	526,389
Ratio of Debt to GBV	27.73%	29.61%

The following schedule details the components of the Trust's capital structure:

	December 31, 2019	December 31, 2018
Mortgages payable and credit facilities	\$ 737,678	\$ 526,389
Net assets attributable to Unitholders	1,892,816	1,235,581
Total Capital Structure	\$ 2,630,494	\$ 1,761,970

24. Financial Instruments

a) Risk Management

The main risks that arise from the Trust's financial instruments are liquidity, interest, credit and currency risk. The Trust's approach to managing these risks is summarized below.

Management's risk management policies are typically performed as a part of the overall management of the Trust's operations. Management is aware of risks related to these objectives through direct personal involvement with employees and outside parties. In the normal course of its business, the Trust is exposed to several risks that can affect its operating performance. Management's close involvement in operations helps to identify risks and variations from expectations. As a part of the overall operation of the Trust, management considers the avoidance of undue concentrations of risk.

These risks include, and the actions taken to manage them, are as follows:

i) Liquidity Risk

Liquidity risk is the risk that the Trust may not be able to meet its financial obligations as they fall due. The Trust's principal liquidity needs arise from working capital, debt servicing and repayment obligations, planned funding of maintenance, mortgage funding commitments, leasing costs and distributions to Unitholders, and possible property acquisition funding requirements. The Trust manages its liquidity risk by ensuring its projected financial obligations can be met through its cash flow from operations, credit facility, new capital issuances and projected repayments under the existing mortgage investment portfolio.

There is a risk that lenders will not refinance maturing debt on terms and conditions acceptable to the Trust. Management's strategy is to mitigate the Trust's exposure to excessive amounts of debt maturing in any one year. The features and quality of the underlying assets being financed and the debt market parameters existing at the time will affect the success of debt refinancing.

Management prepares cash forecasts and budgets on an ongoing basis to manage liquidity risks, ensure efficient use of resources and monitor the ongoing timing of liquidity events.

The success of new capital issuances is subject to the capital markets being receptive to a unit issue with financial terms favorable to the Trust. At December 31, 2019, the Trust had cash of \$70,555 (December 31, 2018: \$36,306) and credit facilities as follows:

	December 31, 2019	December 31, 2018
Credit facilities agreed	\$180,000	\$95,750
Available for use	\$158,500	\$95,750
Available as undrawn	\$158,500	\$65,906

As at December 31, 2019, the Trust has contractual obligations totaling \$297,968 (December 31, 2018: \$246,800) due in less than one year, which includes all liabilities noted within the statement of financial position and the unfunded mortgage commitment (Notes 5, 6 and 7). For purposes of contractual obligations, no interest on the credit facility has been included as it is not practical to forecast the outstanding balance on the credit facility.

ii) Interest Rate Risk

The Trust's objective of managing interest rate risk is to minimize the volatility of earnings. Management establishes floor rates for all variable rate mortgage investments to limit their exposure to interest rate risk. Management monitors the Trust's variable rate credit on an ongoing basis and assesses the impact of any changes in these credit rates on earnings, management routinely assesses the suitability of the Trust's current credit facilities and terms. As at December 31, 2019, the Trust had mortgage investments and participating loans of \$225,094 and a credit facility with a balance of \$nil that bore interest at variable rates.

The Trust is subject to the risks associated with mortgage financing, including the risk that the interest rate on floating debt may rise before the long-term fixed-rate debt is arranged and that the mortgages and credit facilities will not be able to be refinanced on terms similar to those of the existing indebtedness.

	-1%			+1%	
	Carrying Amount	Income	Equity	Income	Equity
Financial assets					
Variable rate mortgage investments due to mature in a year	\$ 225,094	\$ (2,251)	(2,251)	\$ 2,251	2,251
Financial liabilities					
Variable rate debt due to mature in a year	\$ —	\$ —	—	\$ —	—

iii) Credit Risk

Tenant credit risk arises from the possibility that tenants and mortgage borrowers may default on their rent and mortgage obligations respectively to the Trust. The risk of credit loss is mitigated by leasing and credit policies. The Trust monitors its collection experience every month and ensures that a stringent policy is adopted to provide for all past due amounts that are doubtful of being collected. All residential accounts receivable balances written off are recognized in the consolidated statement of comprehensive income and subsequent recoveries of amounts previously written off are credited in the consolidated statement of comprehensive income.

Investment credit risk is the possibility that a borrower under one of the mortgages comprising the investment portfolio, may be unable to honor their debt commitment as a result of a negative change in the borrower's financial position or market conditions that could result in a loss to the Trust.

Any instability in the real estate sector or an adverse change in economic conditions in Canada could result in declines in the value of investment property securing the Corporation's investments. The Trust's maximum exposure to credit risk is represented by the mortgage investment and profit participation.

iv) Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Trust is exposed to currency risk from a mortgage investment that is denominated in US Dollars ("USD"). The Trust uses foreign currency futures contracts to economically hedge the variability of future earnings and cash flows caused by movements in foreign exchange rates. Under the terms of the foreign currency futures contracts, the Trust buys or sells a currency against another currency at a set price on a future date.

As at December 31, 2019, the Trust has a portion of its assets denominated in USD and has entered into futures contracts to sell USD and reduce its exposure to foreign currency risk. As at December 31, 2019, the Trust has USD futures contracts with an aggregate notional value of \$61,328 USD (December 31, 2018: \$54,646 USD) at a futures contract rate of \$0.76 and a maturity of February 2020 (Note 22).

The following schedule outlines the Trust's net exposure to USD:

For the year ended	December 31, 2019	December 31, 2018
Cash	\$ 3,513	\$ 14,700
Other Current Assets	668	—
Mortgage investments	6,196	6,224
Equity accounted investments	69,924	35,232
Investment properties	55,104	28,370
Total assets held in USD	135,405	84,526
Other Current Liabilities	(1,218)	(315)
Mortgages payable	(37,825)	(19,179)
Net assets held in USD	96,362	65,032
USD futures contracts (notional value)	(61,328)	(54,646)
Net exposure	\$ 35,034	\$ 10,386

25. Supplemental Cash Flow Information

The following table summarizes the movement in mortgages payable and credit facilities during the year:

	December 31, 2019	December 31, 2018
Long-Term Debt		
Balance, beginning of year	\$ 507,748	\$ 413,069
Refinanced	276,086	126,827
New and Assumed mortgages upon acquisition	—	41,543
Mortgage repayments	(16,297)	(73,351)
Mortgages discharged	(26,590)	—
Capitalized Financing Fees	(4,242)	(1,635)
Amortization of financing fees	973	700
Other	—	595
Balance, end of year	737,678	507,748
Credit Facilities		
Balance, beginning of year	\$ 18,641	\$ 55,731
Credit Facility advances/(repayments)	(18,641)	(37,090)
Net, Credit Facilities	—	18,641
Balance, end of year	\$ 737,678	\$ 526,389

26. Segmented Information

Management of the Trust monitors and operates its rental real estate properties and its mortgage investment operations separately. The Trust applies accounting policies consistently to both segments. The results for these segments are as follows:

For the year ended December 31, 2019	Investment properties	Mortgage investments	Total
Revenue / interest income on mortgage	\$ 90,492	\$ 49,874	\$ 140,366
Interest paid on syndicated mortgage investments	—	(1,369)	(1,369)
Operating costs	(28,702)	—	(28,702)
	61,790	48,505	110,295
Fair value gains on investment properties	204,720	—	204,720
Fair value gains on participating loan interests	—	776	776
Writedown on foreclosed properties	—	(134)	(134)
Income from equity accounted investments	—	24,983	24,983
Other income	939	288	1,227
General and administrative expenses	(15,148)	(3,894)	(19,042)
Allowance for expected credit losses	—	(479)	(479)
Income from operations	\$ 252,301	\$ 70,045	\$ 322,346
For the year ended December 31, 2018	Investment properties	Mortgage investments	Total
Revenue / interest income on mortgage	\$ 68,223	\$ 37,901	\$ 106,124
Interest paid on syndicated mortgage investments	—	(287)	(287)
Operating costs	(22,441)	—	(22,441)
	45,782	37,614	83,396
Fair value gains on investment properties	127,474	—	127,474
Fair value gains on participating loan interests	—	4,943	4,943
Writedown on foreclosed properties	—	(2,053)	(2,053)
Income from equity accounted investments	—	10,683	10,683
Other income	206	162	368
General and administrative expenses	(11,430)	(3,577)	(15,007)
Allowance for expected credit losses	—	1,057	1,057
Income from operations	\$ 162,032	\$ 48,829	\$ 210,861

27. Subsequent Events

Subsequent to the reporting date, the Trust completed the following transactions:

- a) Cash distributions declared and paid totaled approximately \$11,361.
- b) On February 27, 2020 the Trust disposed of a property located in Toronto, Ontario for \$14,500.
- c) The Trust acquired a portfolio of 6 apartment properties for \$205,000 located in Edmonton, Alberta, 1 apartment property located in Victoria, British Columbia for \$30,525, a 50% interest in an apartment property for \$36,300 located in Regina, Saskatchewan and an 85% interest in a garden style apartment property located in Baytown, Texas for \$25,861 USD.
- d) Subsequent to December 31, 2019 the COVID-19 outbreak was declared a pandemic by the World Health Organization. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on our business is not known at this time. These impacts could include a significant adverse impact on the Trust's financial results, including revenues, cash flows, equity raising, working capital and the impairment of investments in the future.