

OFFERING MEMORANDUM

CENTURION APARTMENT REAL ESTATE INVESTMENT TRUST

DATE: March 1, 2010

THE ISSUER:

Name: Centurion Apartment Real Estate Investment Trust (“**Centurion Apartment REIT**”)

Head Office: Address: 95 Murial Street, Suite 306, Richmond Hill, Ontario L4B 3G2
Phone No.: (905) 695-5079
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Fax No.: (905) 698-5081

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 trust units (“**Units**”)

Price per security: \$10.00 per Unit

Minimum/Maximum offering: **There is no minimum. You may be the only purchaser.**
The maximum offering is 3,000,000 Units (\$30,000,000).

Funds available under the offering may not be sufficient to accomplish our proposed objectives.

Minimum Subscription Amount: 500 Units (\$5,000)

Payment terms: Certified Cheque or Bank Draft

Proposed closing date: Periodically, with the initial closing date expected to be on or about March 31, 2010 and the final closing date expected to be no later than December 31, 2010.

Selling Agent: Yes – See 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

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 may be sold either directly by Centurion Apartment REIT or 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. This offering memorandum references certain disclosure 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.

FORWARD – LOOKING STATEMENTS

Certain statements contained in this offering memorandum (and the provisions of the Confidential Offering Memorandum incorporated by reference herein) may constitute 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, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Management believes 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 the provisions of the Confidential 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.

SUBSCRIPTION PROCEDURE AND CHECKLIST

Applicable Canadian securities laws prescribe 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 relied upon. A summary of the documentation requirements is set forth below:

IMPORTANT: The following items in the attached Subscription Agreement must be completed and executed (please initial above each applicable line to confirm completion):

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 made payable to Centurion Apartment Real Estate Investment Trust for the Total Subscription Price indicated on page 1 of the Subscription Agreement.

Purchasers Resident in Any Province or Territory of Canada other than Ontario

_____ 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, D or E if Schedule A is completed.

_____ 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, D or E if Schedule B is completed. If you are resident in Saskatchewan, you must also complete Exhibit A to Schedule B.

_____ If relying on the “Offering Memorandum” exemption, complete and execute Schedule D – Eligible Investor Status Certificate and Exhibit A attached thereto. You do **not** need to complete Schedule A, B, C or E if Schedule D is completed unless Schedule D specifically provides that you must complete one of Schedule A or Schedule B.

Purchasers Resident in Ontario

_____ 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, D or E if Schedule A is completed.

_____ If not an “accredited investor” and relying on the “Founder, Control Person and Family” exemption, complete and execute Schedule E – Founder, Control Person and Family Status Certificate. You do **not** need to complete Schedule A, B, C or D if Schedule E is completed.

_____ If not an “accredited investor” and 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, D or E if Schedule C is completed.

A completed and originally executed copy of this 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⁾
A.	Amount to be raised by this Offering	\$30,000,000.00
B.	Selling commission and fees	\$Nil ⁽²⁾
C.	Estimated costs of the Offering (e.g., legal, accounting, audit, etc.)	\$1,500,000.00
D.	Available funds: D = A - (B + C)	\$28,500,000 ⁽²⁾
E.	Additional sources of funding required	\$0
F.	Working capital deficiency	\$0
G.	Total: H = (D + E) - F	\$28,500,000 ⁽²⁾

Notes:

- (1) There is no minimum Offering. There can be no assurance that Centurion Apartment REIT will complete the maximum Offering.
- (2) Centurion Apartment REIT may sell Units directly or may sell the Units through a securities dealer. In the event that Centurion Apartment REIT sells Units through a securities dealer, it is expected that Centurion Apartment REIT will pay compensation to the securities dealers up to a maximum of 5% of the subscription proceeds. Accordingly, Centurion Apartment REIT could pay as much as \$1,500,000 in up front selling commissions and fees. Centurion Apartment REIT will also pay trailing commissions to securities dealers in respect of Units held in the client accounts of such securities dealers. The trailing commission will depend on the purchase method through which the Units are purchased. To the extent that Centurion Apartment REIT does not sell Units directly and 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⁾
Repayment of existing financings	\$7,000,000 ⁽²⁾
Capital improvements, working capital, mortgage principal repayments	\$2,000,000 ⁽²⁾
Future property acquisitions	\$19,500,000 ⁽²⁾⁽³⁾
Total	\$28,500,000.00

Notes:

- (1) There is no minimum Offering. There can be no assurance that Centurion Apartment REIT will complete the maximum Offering.
- (2) Until the Rollover of CAP I LP into CAP II LP has met the Trigger Event Conditions set by the trustees of Centurion Apartment REIT, Centurion Apartment REIT will use the available funds to subscribe for 10% convertible debentures of CAP I LP. The debentures will convert into equity of CAP I LP when the trustees of Centurion Apartment REIT deem that the Trigger Event has occurred at which point the rollover of CAP I LP into CAP II LP

will occur. See “Use of Proceeds” on page 46 of the Confidential Offering Memorandum. CAP I LP and CAP II LP are controlled and partially owned by the Asset Manager or affiliates thereof, and its principal, Mr. Greg Romundt.

- (3) If insufficient funds are raised as at the Final Closing, Centurion Apartment REIT will reduce the amount of future property acquisitions and may initiate one or more additional offerings or extend the Offering. In addition, to the extent that Centurion Apartment REIT does not sell Units directly and 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”.

1.3 Reallocation

Centurion Apartment REIT intends to spend the available funds as stated. It will reallocate available funds only for sound business reasons.

ITEM 2 BUSINESS OF CENTURION APARTMENT REIT

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*” on page 18; and
- (b) “*Centurion Apartment REIT Operating Structure*” on page 33.

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*” on page 18 of the Confidential Offering Memorandum attached hereto as Appendix I.

For information concerning the objectives of Centurion Apartment REIT, see “Objectives of Centurion Apartment REIT” on page 32 of the Confidential Offering Memorandum attached hereto as Appendix I.

For information concerning the properties of Centurion Apartment REIT, see “*Properties*” on page 19 of the Confidential Offering Memorandum attached hereto as Appendix I.

For information concerning the multi-unit residential real estate market and its affect on Centurion Apartment REIT, see “Multi-Unit Residential Real Estate Market” on page 23 of the Confidential Offering Memorandum attached hereto as Appendix I.

For information concerning the management of Centurion Apartment REIT, see “Management of Centurion Apartment REIT” on page 24 of the Confidential Offering Memorandum attached hereto as Appendix I.

For information concerning the investment guidelines and operating policies of Centurion Apartment REIT, see “Investment Guidelines and Operating Policies” on page 34 of the Confidential Offering Memorandum attached hereto as 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 Properties LP (CAP I LP)*” on page 19 of the Confidential Offering Memorandum attached hereto as Appendix I.

2.4 Long Term Objectives

For long-term objectives of Centurion Apartment REIT, see “*Objectives of Centurion Apartment REIT*” on page 32 of the Confidential Offering Memorandum attached hereto as Appendix I. In order for Centurion Apartment REIT to accomplish its long-term objectives, the following must occur:

- (a) 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 complete the acquisition of the Rolled Properties pursuant to the Rollover Agreement; and
- (b) the Asset Manager and the Property Manager must prudently manage the affairs of Centurion Apartment REIT and the Properties on an ongoing basis.

For a summary of management and investment strategies of the Asset Manager, see “*Management and Investment Strategy*” on page 31 of the Confidential Offering Memorandum attached hereto as Appendix I.

For a summary of the responsibilities of the Property Manager, see “*Management of the Properties*” on page 39 of the Confidential Offering Memorandum attached hereto as Appendix I.

Centurion Apartment REIT may also accomplish its long-term objectives through the acquisition of additional properties and the prudent management of such additional properties by the Property Manager.

2.5 Short Term Objectives and How We Intend to Achieve Them

Centurion Apartment REIT’s objective over the next 12 months is to complete the Offering and raise sufficient funds to complete the acquisition of the Rolled Properties pursuant to the Rollover Agreement.

What We Must Do and How We Will Do It	Target Completion Date or, if not known, number of Months to Complete	Cost to Complete
Completion of Offering and Raising Sufficient Capital to Acquire the Rolled Properties	No later than December 31, 2010 ⁽¹⁾	\$1,500,000.00
Acquisition of Rolled Properties	No later than December 31, 2010 ⁽¹⁾	Nil

Note:

- (1) December 31, 2010 is a target date. In the event that the Offering is not completed in a sufficient amount to satisfy the Trigger Event Conditions by December 31, 2010, Centurion Apartment REIT will continue to hold the 10% convertible debentures of CAP I LP acquired with the proceeds of this Offering and will consider extending the Offering or commence new offerings of Units in order to satisfy the Trigger Event Conditions.

2.6 Insufficient Funds

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

2.7 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” on page 61;
- (b) “Declaration of Trust and Description of Units” on page 40;
- (c) “Management of Centurion Apartment REIT” on page 24; and
- (d) “Management of the Properties” on page 39.

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, the Asset Manager or the Property Manager does not receive any remuneration from Centurion Apartment REIT for serving as a Trustee or executive officer. 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.

Name Municipality and 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, type and percentage of Securities of Centurion Apartment REIT held after completion of the Offering and the Trigger Event ⁽¹⁾
Gregory G. Romundt Toronto, Ontario	President Trustee	Nil	422,194 Units (8.94%)
Adrian Wong Richmond Hill, Ontario	Trustee	Nil	50 Units (0%)
Ross Amos Mississauga, Ontario	Trustee	Nil	6,613 Units (0.14%)
Martin Bernholtz Toronto, Ontario	Trustee	Nil	25,150 Units (0.53%)
John Mills Oakville, Ontario	Trustee	Nil	10,964 Units (0.23%)

Note:

- (1) Assuming full amount of this Offering of \$30,000,000 is subscribed for

3.2 Management Experience

For information concerning management experience, see “*Management of Centurion Apartment REIT – Trustees and Officers*” on page 26 of the Confidential Offering Memorandum attached hereto as Appendix I.

3.3 Penalties, Sanctions and Bankruptcies

As at the date of date hereof, no Trustee, executive officer or control person, or within the ten years prior to the date of this prospectus has been a director, executive officer or control persons 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 persons 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.

In October, 2003 Betacom Corporation was placed in receivership. John Mills was a director of Betacom Corporation at that time.

3.4 Loans

Centurion Apartment REIT does not currently have any debentures or loans due to or from its directors, management, promoters or its principal securityholders. Centurion Apartment REIT currently owns and will own 10% convertible debentures of CAP I LP until such time as the Trigger Event Conditions are satisfied resulting in the conversion of the debentures into equity of CAP I LP. See “Use of Proceeds” on page 46 of the Confidential Offering Memorandum attached hereto as Appendix I.

ITEM 4 CAPITAL STRUCTURE

4.1 Share Capital

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

Description of Security	Number Authorized to be Issued	Price per Security	Number Outstanding as at March 1, 2010	Number Outstanding Assuming Maximum Offering ⁽¹⁾⁽²⁾
Units	Unlimited	\$10.00	334,236	3,334,236

Notes:

- (1) There is no minimum Offering. There can be no assurance that Centurion Apartment REIT will complete the maximum Offering.
- (2) This does not include the number of additional Units that will exist when CAP I LP rolls over into Centurion Apartment REIT pursuant to the Rollover Agreement. The current number of Units that will be issued pursuant to the rollover is 1,386,641 Units assuming the conversion ratio of 2.2078 Units per CAP I LP Units. **[NTD: Consider]**

For information concerning the material terms of the Class A Units and the Class B Units, see “*Declaration of Trust and Description of Units – Units*” on page 40 of the Confidential Offering Memorandum attached hereto as Appendix I.

4.2 Long Term Debt

Centurion Apartment REIT does not have any long term debt as of the date hereof.

For information regarding the loans and indebtedness that will be indirectly assumed by Centurion Apartment REIT following the occurrence of the Trigger Event, see “*Properties – Financing*” on page 22 of the Confidential Offering Memorandum attached hereto as Appendix I. Also see *Appendix F – Mortgage Indebtedness* of the Confidential Offering Memorandum attached hereto as Appendix I.

Such loans and indebtedness are summarized as at December 31, 2009 with disclosures of subsequent material changes to March 1, 2010. The actual amount of the loans and indebtedness that will be indirectly assumed by Centurion Apartment REIT following the occurrence of the Trigger Event may vary from that set forth in *Appendix F – Mortgage Indebtedness* of the Confidential Information Memorandum attached hereto as Appendix I based upon principal repayments and any refinancing(s) which occur prior to the occurrence of the Trigger Event. 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.

For information concerning the investment guidelines and operating policies of Centurion Apartment REIT, see “Investment Guidelines and Operating Policies” on page 34 of the Confidential Offering Memorandum attached hereto as 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.

Date of Issuance	Type of Security Issued	Number of Securities Issued	Price Per Security	Total Funds Received
December 4, 2009	Units	114,932	\$9.50 - \$10.00	\$1,123,000
December 31, 2009	Units	103,004	\$10.00	\$1,030,040
February 26, 2010	Units	116,300	\$10.00	\$1,163,000

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 – Units*” on page 40 of the Confidential Offering Memorandum, attached hereto as 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” on page 2; and

“Canadian Federal Income Tax Considerations” on page 49.

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” on page 47 of the Confidential Offering Memorandum attached as Appendix I hereto. **Applicable securities laws in certain jurisdiction 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 that the REIT is not permitted to pay a commission, notwithstanding the purchase option selected by the purchaser**

ITEM 8 RISK FACTORS

See “Risk Factors” on page 52 of the Confidential Offering Memorandum attached as Appendix I hereto.

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” on page 44 of the Confidential Offering Memorandum attached hereto as 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 4 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

Securities legislation in certain of the provinces and territories of Canada provides purchasers or requires purchasers to be provided with a remedy for rescission or damages where an offering memorandum and any amendment to it (for the purposes of this Item 11, an “**Offering Memorandum**”) contain a Misrepresentation. As used herein, “**Misrepresentation**” means: (a) in the case of all jurisdictions except Québec, an untrue statement of a material fact, or an omission to state a material fact that is required to be stated, or that is necessary to make a statement not misleading in the light of the circumstances in which it was made; and (b) in the case of Québec, any misleading information on a material fact as well as any omission of a material fact. These remedies, or notice with respect thereto, must be exercised, or delivered, as the case may be, by the purchaser within the time limit prescribed by the applicable securities legislation.

Each purchaser should refer to provisions of the applicable securities legislation for the particulars of these rights or consult with a legal advisor.

Rights for Purchasers in British Columbia, Alberta, Quebec, Prince Edward Island, Northwest Territories and Nunavut

Notwithstanding that the securities laws of British Columbia, Alberta, Saskatchewan, Quebec, Prince Edward Island, Northwest Territories and Nunavut do not provide or require Centurion Apartment REIT to provide to purchasers resident in these jurisdictions any rights of action in circumstances where the Offering Memorandum or an amendment hereto contains a Misrepresentation, Centurion Apartment REIT hereby grants to such purchasers the contractual rights of action as are set forth below.

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.

- (a) Two Day Cancellation Right – You can cancel your agreement to purchase these securities. To do so, you must send a notice to us by midnight on the second business day after you sign the agreement to buy the securities.

(b) Contractual Rights of Action in the Event of a Misrepresentation – If there is a Misrepresentation in this Offering Memorandum, you have a contractual right to sue Centurion Apartment REIT:

- i. to cancel your agreement to buy these securities, or
- ii. for damages.

This contractual right to sue is available to you whether or not you relied on the Misrepresentation. However, in an action for damages, the amount you may recover will not exceed the price that you paid for your securities and will not include any part of the damages that Centurion Apartment REIT proves does not represent the depreciation in value of the securities resulting from the Misrepresentation. Centurion Apartment REIT has a defence if it proves that you knew of the Misrepresentation when you purchased the securities.

If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement within 180 days after you signed the agreement to purchase the securities. You must commence your action for damages within the earlier of 180 days after learning of the Misrepresentation and 3 years after you signed the agreement to purchase the securities.

Rights for Purchasers in Saskatchewan

The *Securities Act, 1988* (Saskatchewan) will provide statutory rights to purchasers of Units in Saskatchewan as described in the *Securities Act, 1988* (Saskatchewan) upon their coming into force. Such Act provides that, subject to certain limitations, in the event that this Offering Memorandum and any amendment to this Offering Memorandum contains a Misrepresentation, a purchaser who purchases Units under this Offering Memorandum or an amendment to this Offering Memorandum, has a right of action for damages against Centurion Apartment REIT, every promoter of Centurion Apartment REIT, every person who signed this Offering Memorandum or the amendment to this Offering Memorandum and every person who or company that sells securities on behalf of Centurion Apartment REIT under this Offering Memorandum or amendment to this Offering Memorandum.

Alternatively, where the purchaser purchased Units, the purchaser may elect to exercise a right of rescission against Centurion Apartment REIT.

The *Securities Act, 1988* (Saskatchewan) also provides that, subject to certain limitations, where any advertising or sales literature (as such terms are defined in *The Securities Act, 1988* (Saskatchewan)) disseminated in connection with the Offering contains a Misrepresentation, a purchaser who purchases Units referred to in that advertising or sales literature has a right of action against Centurion Apartment REIT, every promoter of Centurion Apartment REIT and every person who or company that sells Units under the Offering with respect to which the advertising or sales literature was disseminated.

In addition, subject to certain limitations, where an individual makes a verbal statement to a prospective purchaser that contains a Misrepresentation relating to the Units of Centurion Apartment REIT and the verbal statement is made either before or contemporaneously with the purchase of Units of Centurion Apartment REIT, the purchaser has a right of action for damages against the individual who made the verbal statement.

No action shall be commenced to enforce the foregoing rights:

- (a) in the case of an action for rescission, more than 180 days after the date 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, more than the earlier of (i) one year after the purchaser 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.

Rights for Purchasers in Manitoba

The Securities Act (Manitoba) provides purchasers of securities under a private placement who receive this Offering Memorandum with certain statutory rights in the event there is a Misrepresentation in this Offering Memorandum. In such event, Purchasers would have a statutory right to sue:

- (a) to cancel the agreement to buy Units; or
- (b) for damages against Centurion Apartment REIT, every person who is a Trustee at the date of the Offering Memorandum, and every person or company who signed the Offering Memorandum.

The statutory right to sue is available to a purchaser whether or not the purchaser relied on the Misrepresentation. If a purchaser chooses to rescind a purchase, the purchaser cannot then sue for damages. In addition, in an action for damages, a person will not be liable for all or any portion of damages that the person proves do not represent the depreciation in value of the securities as a result of the Misrepresentation. Furthermore, the amount recoverable in an action for damages will not exceed the price at which the securities were offered. There are various defences available to the persons that a purchaser has a right to sue. For example, a person has a defence if the purchaser knew of the Misrepresentation when the purchaser purchased the securities. If a purchaser intends to rely on the rights described above in paragraph (a) or (b) above, the purchaser must do so within strict time limitations. A purchaser must commence an action to cancel the agreement within 180 days after the transaction or commence action for damages within the earlier of (i) 180 days after the purchaser first had knowledge of the facts giving rise to the cause of action; or (ii) two years after the day of the transaction.

Rights for Purchasers in New Brunswick

In the event that this Offering Memorandum, together with any amendments hereto used in connection herewith, delivered to a purchaser of Units resident in New Brunswick, or in any other information provided pursuant to the Offering, contains a Misrepresentation and it was a Misrepresentation at the time of purchase of Units by such purchaser, the purchaser will be deemed to have relied upon the Misrepresentation and will, as provided below, have a right of action for damages against Centurion Apartment REIT for damages; or, while still the owner of the Units purchased by that purchaser, for rescission against Centurion Apartment REIT, in which case, if the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages against Centurion Apartment REIT, provided that:

- (b) the right of action for rescission or damages must be exercisable by the purchaser not later than,
 - i. in the case of an action for rescission, 180 days after the (late of the transaction that gave rise to the cause of action; or
 - ii. to cancel your agreement to buy these securities, or in the case of any action, other than an action for rescission, the earlier of (A) one year after the plaintiff 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;
- (c) the defendant will not be liable if it proves that the purchaser purchased the Units with knowledge of the Misrepresentation;

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

Rights for Purchasers in Nova Scotia

In the event that this Offering Memorandum, together with any amendments hereto used in connection herewith, delivered to a purchaser of Units resident in Nova Scotia, or in any advertising and sales literature provided with respect to the Offering, contains a Misrepresentation and it was a Misrepresentation at the time of purchase of Units by such purchaser, the purchaser will be deemed to have relied upon the Misrepresentation and will, as provided below, have a right of action for damages against Centurion Apartment REIT, the Trustees and any person executing the certificate to this Offering Memorandum or any amendment hereto for damages; or, while still the owner of the Units purchased by that purchaser, for rescission against Centurion Apartment REIT, in which case, if the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages against Centurion Apartment REIT, the Trustees or any person executing the certificate to this Offering, provided that:

- (a) the right of action for rescission or damages must be exercisable by the purchaser not later than,
 - i. 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
 - ii. in the case of any action, other than an action for rescission, the earlier of, (A) 180 days after the plaintiff first had knowledge of the facts giving rise to the cause of action, or (B) three years after the date of the transaction that gave rise to the cause of action;
- (b) the defendant will not be liable if it proves that the purchaser purchased the Units with knowledge of the Misrepresentation;
- (c) in the case of an action for damages, the defendant will not be liable for all or any portion of the damages that it proves does not represent the depreciation in value of the Units 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 Units were sold to the purchaser.

Rights for Purchasers in Newfoundland and Labrador

In the event that this Offering Memorandum, together with any amendments hereto used in connection herewith, delivered to a purchaser of Units resident in Newfoundland contains a Misrepresentation and it was a Misrepresentation at the time of purchase of Units by such purchaser, the purchaser will be deemed to have relied upon the Misrepresentation and will, as provided below, have a contractual right of action for damages against Centurion Apartment REIT, every Trustee at the date of the Offering Memorandum, and every person who signed the Offering Memorandum, for damages; or, while still the owner of the Units purchased by that purchaser, for rescission against Centurion Apartment REIT, in which case, if the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages against Centurion Apartment REIT, provided that:

- (a) the right of action for rescission or damages must be exercisable by the purchaser not later than,
 - i. 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

- ii. in the case of any action, other than an action for rescission, the earlier of, (A) 180 days after the plaintiff first had knowledge of the facts giving rise to the cause of action, or (B) three years after the date of the transaction that gave rise to the cause of action;
- (b) the defendant will not be liable if it proves that the purchaser purchased the Units with knowledge of the Misrepresentation;
- (c) in the case of an action for damages, the defendant will not be liable for all or any portion of the damages that it proves does not represent the depreciation in value of the Units 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 Units were sold to the purchaser.

Rights for Purchasers in Ontario

For information concerning the rights for purchasers in Ontario, see “Purchasers’ Rights of Action” on page 59 of the Confidential Offering Memorandum, attached as Appendix I hereto.

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:

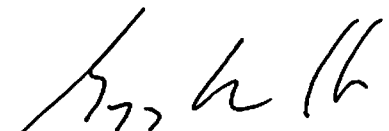
Appendix H: Audited financial statements of Centurion Apartment REIT for the period from inception on August 31, 2009 (inception) to December 31, 2009, with auditor’s report thereon.

Audited Financial statements of Centurion Apartment Properties Limited Partnership (CAPLP) for the year ended December 31, 2009, with audited comparative information for the year ended December 31, 2008.

ITEM 13 DATE AND CERTIFICATE

March 1, 2010

This offering memorandum does not contain a Misrepresentation.**CENTURION APARTMENT REAL ESTATE INVESTMENT TRUST**

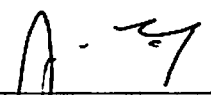
Per: 

GREGORY G. ROMUNDT
President and Chief Executive Officer

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

Per: 

GREGORY G. ROMUNDT
TRUSTEE

Per: 

ADRIAN WONG
TRUSTEE

APPENDIX I
CONFIDENTIAL OFFERING MEMORANDUM

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This Confidential Offering Memorandum constitutes an offering of the securities described herein only in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, 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

REAL ESTATE INVESTMENT TRUST

\$30,000,000

3,000,000 Class “A” 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 multiunit residential properties located in Canada; and (ii) maximize REIT Unit value through the ongoing management of Centurion Apartment REIT’s assets and through the future acquisition of additional multiunit residential properties. See “Objectives of Centurion Apartment REIT”.

Price: \$10.00 per REIT Unit

The expenses of the Offering, estimated to be \$1,500,000, will be deducted from the Offering proceeds and the balance will be utilized to pay down in place mezzanine financing, to invest in income producing multi-residential properties in Canada to be identified by Centurion Apartment REIT and for general Trust purposes. Closings of sales of REIT Units will occur in stages (each a “**Closing**”) as REIT Units are subscribed for until December 31, 2010 (the “**Final Closing**”), at which time it is expected that 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 March 31, 2010.

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

Each Person purchasing REIT Units pursuant to this Offering (the “**Subscriber**”) must be an “accredited investor” as 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 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. 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, 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

The REIT has received an opinion from Cassels, Brock and Blackwell LLP, counsel to Centurion Apartment REIT, that provided Centurion Apartment REIT is a mutual fund trust for the purposes of the *Income Tax Act*, (Canada), as amended (the “**Tax Act**”), the REIT Units will be qualified investments under the Tax Act and the regulations thereunder for trusts governed by registered retirement savings plans, registered retirement income funds, registered disability savings plans, registered education savings plans and deferred profit sharing plans.

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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-end 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 (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 properties consist of 1,179 multi-unit residential apartment suites in the Province of Ontario. 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 will be carried out by Centurion Apartment REIT Management Incorporated, (the "**Asset Manager**") and the Properties will be managed by Centurion Property Associates Incorporated (the "**Property Manager**") under the direction of the Asset Manager. See "Management of Centurion Apartment REIT" and "Management of the Properties".

The Offering

Issue:	3,000,000 Class "A" Units ("REIT Units")
Price:	\$10.00 per Unit
Minimum Amount:	500 REIT Units (\$5,000)
Eligible Subscribers for Units:	Any person resident in Ontario that is an "accredited investor" within the meaning of NI 45-106 and any person resident outside Ontario that is an "eligible investor" within the meaning of NI 45-106
Closings	Closings of sales of REIT Units will occur in stages (each a " Closing ") as REIT Units are subscribed for until December 31, 2010 (the " Final Closing "), at which time it is expected that no other REIT Units will be offered pursuant to this Offering.

Subsequent Closings will occur at the discretion of the discretion of the Asset Manager as additional REIT Units are subscribed for.

Distributable Income: Distributable income for the 12 month period is forecasted to be or \$0.80 per REIT Unit on a fully paid basis. See “Selected Financial Information” and “Financial Forecast”.

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 estimated to be \$28,500,000. Of this amount, approximately \$7,000,000 will be used to pay down existing financing, approximately \$2,000,000 will be used for capital improvements, working capital and to pay mortgage principal amortization and approximately \$19,500,000 will be used for future property acquisitions. Centurion Apartment REIT will make future property acquisitions only if such acquisitions are accretive to Centurion Apartment REIT. Pursuant to the the Rollover Agreement between CAP 1 LP and the REIT, the REIT will initially subscribe for 10% debentures of CAP 1 LP until such time as the Trigger Event Conditions have been met.

Purchase Options: Subscribers may subscribe directly or through a registered dealer using one of three purchase options: (1) a deferred sales charge option, (2) a low load option and (3) a front load option. Direct subscriptions may only be on the deferred sales charge option. See “Purchase Options”

Management of Centurion Apartment REIT

The investment policies and operations of Centurion Apartment REIT will be 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 judgement. 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 of a board of five (5) or fewer trustees and four (4) trustees of a board of nine (9) or ten (10) trustees and five (5) trustees on a board of eleven (11), provided that a majority of the trustees are Independent Trustees. The balance 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 Apartment REIT Management Incorporated (the “**Asset Manager**”) is a corporation governed by the laws of the Province of Ontario. The Asset Manager is responsible for managing Centurion Apartment REIT and providing advice with respect to Centurion Apartment REIT’s real property investment portfolio, subject to the control and direction of the Trustees.

The Asset Manager will manage the day-to-day operations of Centurion Apartment REIT and receive fees pursuant to the Asset Management Agreement for an initial term of five (5) years. Among other duties, the Asset Manager will be responsible for: identifying multi-unit residential property investment opportunities 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 “Management of Centurion Apartment REIT” and “The Asset Manager”.

Management of the Properties

The Property Manager is a corporation governed by the laws of the Province of Ontario. The Property Manager will manage the Properties, or supervise third-party property managers where the Asset Manager believes it is in the best interest of Centurion Apartment REIT to retain property managers other than the Property Manager with respect to certain of the Properties, and receive fees pursuant to the Property Management Agreement for an initial term of five (5) years. See “Management of the Properties”.

Management and Investment Strategy

The personnel of 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. These skills will permit Centurion Apartment REIT to capitalize upon many multi-unit residential real estate opportunities which may be unavailable to other real estate investors who lack the requisite diversity of real estate experience.

The Asset Manager 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. The Asset Manager will focus on smaller markets where currently the cost of new construction for this housing category is not justified. These properties are also not usually owned by institutional investors and therefore offer a better opportunity to be improved upon both on the revenue side and from reduced expenses. The Asset Manager will also use the strength of the portfolio to obtain more competitive financing and pricing on commodities and contracted expense items. See “Management and Investment Strategy.”

The Asset Manager believes that multi-unit residential properties offer an attractive investment opportunity with both stability of yield, inflation protection and growth potential. 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 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. 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.

The Asset Manager will continue to concentrate on smaller 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. The types of communities that are sought do not have market rental rates that justify competition from new building and/or condo development, nor do they have the critical mass required by large real estate companies to enter the market and increase competition for acquisitions. 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 the opportunity for value added

properties exist. The Asset Manager may acquire properties in major metropolitan cities when it believes that the acquisition will be accretive to Centurion Apartment REIT and/or provide further opportunities for diversification.

Properties

Effective August 31, 2009 Centurion Apartment REIT entered into the Rollover Agreement with CAP 1 LP that will confer certain benefits of the Existing Properties to Centurion Apartment REIT. The Existing Properties consist of 22 multi-unit residential apartment buildings and one (1) 10% interest in a 360 unit residential apartment building containing an aggregate of 1,179 suites. The Rollover Agreement will become effective when the Trustees determine that the combination of Centurion Apartment REIT and CAP 1 LP meet the Trigger Event Conditions, the intent of which is to ensure, among other things, that prior to commencing distributions to CAP 1 LP Unitholders, on top of distributions being paid to Unitholders of Centurion Apartment REIT, that the combined debt to equity ratios, liquidity availability, and cash flows of the two entities are sufficient so as not to diminish the capability of Centurion Apartment REIT to meet its distributions or otherwise materially change the risk profile of Centurion Apartment REIT (the “**Trigger Event**”).

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 currently 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 Properties are typical of multi-unit residential apartment buildings constructed between the 1960s and 1990s. 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, complete property investigations were conducted, including with respect to financial, title, construction, environmental and operational matters.

During the due diligence period, the Asset Manager will use its own experience to inspect the properties under consideration. When required, the Asset Manager will call upon various trades-people to inspect and report on systems that they specialize in. The Asset Manager will suggest and supervise upgrades and investments in the buildings will be justified by being potentially accretive to the portfolio and will be undertaken with price and efficiency taken into consideration. The experience of the Asset Manager will be 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, the Asset Manager will hire qualified firms to address the building envelope 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 the maximum amount of mortgage loans in which Centurion Apartment REIT may invest. 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 of the 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". Centurion Apartment REIT currently has no material debts. Immediately following the triggering of the Rollover Agreement between CAP I LP and CAP II LP, the Asset Manager anticipates that the average interest rate on outstanding indebtedness will be approximately 5.0%.

For details of Centurion Apartment REIT's anticipated Mortgage Indebtedness immediately following the Final Closing and the Trigger Event having occurred, see Appendix "F"

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. It is Centurion Apartment REIT's current intention to distribute 100% of the Distributable Income.

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."

Selected Financial Information

Financial Forecasts

The 2010/2011 financial forecasts reflect assumptions regarding Centurion Apartment REIT's intended course of action in respect of property acquisitions given Centurion Apartment REIT's judgment as to the most probable set of economic conditions. Some of the assumptions used in the preparation of the financial forecast, although considered reasonable by Centurion Apartment REIT at the time of preparation, may prove to be incorrect. See "Appendix G - Selected Financial Information," "Notes to Selected Financial Information" and "Risk Factors".

Canadian Federal Income Tax Considerations

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 were 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" "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 liquidity and potential price fluctuation of the REIT Units, real property ownership, mortgage refinancing, availability of cash flow, government regulation and environmental matters, Unitholder liability, dependence on key personnel, potential conflicts of interest, changes in legislation, investment eligibility, tax related risks and dilution arising from the issue of additional 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”.

Representations of Subscribers

Each Subscriber of REIT Units will represent to Centurion Apartment REIT, the underwriters 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 that such subscriber is an “eligible investor” as defined in NI 45-106 if they are resident outside of Ontario. See “Representations of Subscribers”.

Resale Restrictions

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 provide purchasers of REIT Units pursuant 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 contains 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 committees 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 buy-outs or similar payments).

“Adjusted Unitholders’ Equity” means, at any time, the aggregate of: (i) the amount of Unitholders’ equity; and (ii) the amount of accumulated depreciation and amortization recorded on the books and records of each of Centurion Apartment REIT and its Subsidiaries in respect of its properties, in each case calculated in accordance with GAAP.

“Asset Manager” means Centurion Apartment REIT 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 August 31, 2009 between the Asset Manager and Centurion Apartment REIT.

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

“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.

“CARMI” means Centurion Apartment REIT 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.

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

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

“Class A REIT Unit” means a REIT Unit that is not a Class B REIT Unit.

“Class B REIT Unit” means a REIT Unit that is not a Class A 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 are to be transferred, assigned, conveyed and set over to the Trust pursuant to the Rollover Agreement.

“COT” means Centurion Operating 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”)

“DSC” means Deferred Sales Charge

“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.

“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

“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.

“Final Closing” means December 31, 2010

“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 to be the general partner of Centurion Apartment Properties II LP and upon the Rollover Agreement taking effect, 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.

“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 judgement.

“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.

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

“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.

“Notes” means the Series 1 Notes, Series 2 Notes and Series 3 Notes and other trust notes issued pursuant to the Note Indenture.

“Offering” means the offering of 3,000,000 REIT Units pursuant to this Offering Memorandum and any prior 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, Recent Property Acquisitions, Properties Under Contract and properties that may be acquired in the future.

“Properties Under Contract” means properties that Centurion Apartment REIT has agreed to acquire as at the date of this Offering Memorandum pursuant to any Purchase Agreements, as listed in Appendix “D” 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.

“Property Management Agreement” means the agreement dated August 31, 2009 between the Property Manager and Centurion Apartment REIT.

“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.

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

“Recent Property Acquisitions” means properties acquired by Centurion Apartment REIT using mezzanine financing, as listed in Appendix “C” hereto that were not part of the Rolled Properties.

“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).

“Rolled Properties” means the 22 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 1,179 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

“Series 1 Notes” means the interest-bearing Series 1 unsecured subordinated promissory notes of COT to be issued to Centurion Apartment REIT at Closing pursuant to the Note Indenture

“Series 2 Notes” means the interest-bearing Series 2 unsecured subordinated promissory notes of COT that may be issued pursuant to the Note Indenture exclusively to Unitholders

“Series 3 Notes” means the interest-bearing Series 3 unsecured subordinated promissory notes of COT that may be issued pursuant to the Note Indenture exclusively to holders of Series 1 Notes, solely in full or in partial payment of the redemption or conversion price of the Series 1 Notes

“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 Unitholders 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.

“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.

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

“Trigger Event” means either the August 31, 2014 or the day on which the Trustees determine, based on the financial position of the Trust, that the arrangements provided for in the Rollover Agreement should become effective. The Rollover of the CAP I LP into CAP II LP will commence following the Trigger Event. The properties belonging to CAP I LP will not become part of the portfolio of Centurion Apartment REIT until the trustees determine that the Trigger Event Conditions have been met.

“Trigger Event Conditions” means the conditions that the trustees determine need to be met prior to declaring that the Trigger Event has occurred. These conditions and financial tests will be those which the trustees, in their sole discretion believe to be appropriate and may include (but are not limited to) a sufficiently low debt to gross book value of the combined entity, sufficient liquidity availability of the combined entity and whether the combined entity has sufficient distribution capacity to commence cash distributions to CAP I LP unit holders on top of distributions already being made to Centurion Apartment REIT Unitholders.

“Trustees” means the trustees of Centurion Apartment REIT.

“Units” means, collectively, the REIT Units and the Special Voting Units.

“Unitholder” means a holder of one or more Units.

CENTURION APARTMENT REIT

Centurion Apartment Real Estate Investment Trust (**“Centurion Apartment REIT”**) is an unincorporated open-end 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 (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 Asset Manager and the Properties are managed by the Property Manager under the direction of the Asset Manager. See **“Management of Centurion Apartment REIT”** and **“Management of the Properties”**.

Effective August 31, 2009 CAP I LP and Centurion Apartment REIT entered into the Rollover Agreement conferring certain benefits of the Existing Properties to Centurion Apartment REIT. The Properties consist of the 22 multi-unit residential apartment buildings and a 10% interest in a 360 unit multi resident apartment building located in the Province of Ontario, containing an aggregate of 1,179 suites.

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 Recent Property Acquisitions 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: 95 Mural Street, Suite 306, Richmond Hill, Ontario, L4B 3G2.

History of Centurion Apartment Properties LP (CAP I LP)

Gregory Romundt, the principal of Centurion Property Associates Inc, began acquiring the first properties that ultimately became CAP I LP in 2003. From 2003 to 2006, six properties in six cities in Ontario comprising 188 apartment suites were purchased. CAP I LP was formed in March 2006 and started with one property (the seventh acquisition) and issued its first equity at \$10/unit. On 1 June 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. At August 31, 2009 there were 628,965 CAP I LP Units outstanding, representing approximately 1,348,205 REIT units upon Rollover and Exchange. The rollover of CAP I LP into Centurion Apartment REIT, in the opinion of the Asset Manager, represents the next phase of growth for the portfolio.

PROPERTIES

Summary

The Existing Properties, Recent Property Acquisitions 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 purchase price attributable to each of the Properties is below its respective replacement cost. The following tables summarize certain aspects of the Properties:

Property Address	Bachelor	One Bedroom	Two Bedroom	Three or More Bedroom	Other	Total	Average Rent
362 Shanty Bay Road, Barrie, ON		4	11			15	838
1459 Trafalgar St, London, ON		28	19			47	577
60 Prince Edward St, Brighton, ON		3	27			30	659
387,391,395,399,423 & 425 East 42nd St, Hamilton, ON			24	12		36	870
21 & 31 Jean Ave, Kitchener, ON		20	12			32	743
122 Elizabeth St, Brighton, ON			26	2		28	625
277 Anderson Avenue, Oshawa			47			47	748
55 William Street, Milverton, Ontario		7	13	2		22	653
215 Belsyde Avenue East, Fergus		3	16			19	769
624 Main Street East, Hamilton, Ontario	6	9	6		2	23	487
36 and 70 Orchardview Blvd., Oshawa		5	19			24	1,014
255 Dunlop Street, Barrie			2	26		28	977
356-360 Hoffman Street, Kitchener, Ontario		36	60			96	782
15, 19 and 25 Hugo Crescent, Kitchener, Ontario		7	46			53	764
167 Morgan Avenue, Kitchener, Ontario	2	10	20	15		47	791
118 St. Joseph Drive, Hamilton	17	9	4			30	583
196 Churchill Road	3	7	23			33	829

Property Address	Bachelor	One Bedroom	Two Bedroom	Three or More Bedroom	Other	Total	Average Rent
South, Halton Hills, Ontario							
707 – 711 Dundas Street West, Whitby			24	12		36	897
165 Old Muskoka Road, Gravenhurst, Ontario		5	33	1		39	744
2-4 Yonge Street, Huntsville, Ontario		6	13	6		25	769
135 Atherley Road, Orillia, Ontario		3	45			48	815
185, 187, 191 Lisgar Avenue, Tillsonburg, Ontario		22	38	1		61	607
262,266,270,274,278,282 ,310,320 Kingswood Dr., Kitchener		92	268			360	816
Total	28	276	796	77	2	1,179	769

Acquisition of the Properties

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 22 multi-unit residential apartment buildings and a 10% interest in a 360 unit multi-unit residential apartment building, containing an aggregate of 1,179 suites. 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. These benefits will only be shared after the Trigger Event Conditions as determined by the trustees of Centurion Apartment REIT, have been met. Prior to the Trigger Event, the Rollover price of CAP I LP units into CAP II LP will accrue at such a rate so as not to disadvantage CAP I LP unitholders relative to Centurion Apartment REIT unitholders as Centurion Apartment REIT unitholders are receiving a cash distribution and CAP I LP unitholders are receiving an equity accrual. Under the Rollover Agreement, all the properties owned by CAP I LP and CAP II LP will be managed and operated by the Asset Manager and Property Manager. As per the Exchange Agreement, Centurion Apartment REIT will issue to CAP I LP unitholders one Special Voting Unit (as described in the Declaration of Trust) for every one unit of CAP II LP when CAP I LP is rolled into CAP II LP.

See Appendix “A” for a list of 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.

Recent Property Acquisitions

There are no properties in the portfolio other than the Existing Properties as of the date of this Offering. See Appendix “C” for a list of the Recent Property Acquisitions as at the date of this Offering Memorandum.

Properties Under Contract

See Appendix “D” for a list of Properties Under Contract (if any).

Description of the Properties

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

Financing

See Appendix “F” for a summary of the mortgages that are expected to be in place on the Properties immediately following the Final Closing after giving effect to the redemption by Centurion Apartment REIT of part of the net proceeds of the Offering to discharge certain mortgages and Mezzanine Loans.

Acquisition and Operating Facility

Centurion Apartment REIT intends to arrange an Acquisition and Operating Facility (the “**Acquisition and Operating Facility**”) to fund working capital and mortgage principal repayments. The Acquisition and Operating Facility will be a revolving credit facility 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 Facility, 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 Facility. The Acquisition and Operating Facility 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.

MULTI-UNIT RESIDENTIAL REAL ESTATE MARKET

The real estate industry is divided into two segments: (i) residential – where people live, and (ii) commercial. Centurion Apartment REIT’s focus is on multi-residential properties where large numbers of individuals live in either apartment buildings, townhouses or land lease communities. However, 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 are still 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. Often these properties are overlooked because of their mixed use, but because of that they are often available at attractive prices.

With the portfolio consisting primarily of multi-residential real estate, Centurion Apartment REIT’s portfolio consists primarily of a large number of individual tenants.

The aforementioned characteristics tend to mitigate cyclical swings in the real estate market, but the market is not immune to supply and demand imbalances. This is another reason that Centurion Apartment REIT prefers to acquire properties in areas that have a lower cost per unit than in metropolitan areas driven by tighter markets that justify new construction to compete for tenant market share. Income generating properties are often traded based upon their net incomes. Therefore, a lower income producing asset will often be bought at a lower price. The advantage is that when these buildings are purchased at a fraction of the cost of building new properties, there is less likely to be new competitive construction. If there is new construction, it is an indicator that there is a market for more expensive units which translates into rental rate increases in Centurion Apartment REIT’s buildings within that community. Based on the growing population in the Province of Ontario, and the lack of new construction of multi-residential buildings in these secondary and tertiary markets, tenant demand for these properties has increased over the years. According to Canada Mortgage and Housing Corporation (“**CMHC**”) reports released in October 2009, the vacancy rate in Ontario was 3.5%, while presently the vacancy rate across the Centurion Apartment REIT portfolio is around 4.0%. While CMHC does not track and report statistics for all the smaller markets that Centurion Apartment REIT invests in, the Asset Manager does monitor CMHC statistical data and forecasts as a benchmark tool when developing its investment objectives for Centurion Apartment REIT. As the population in Ontario continues to grow and the declining relative costs of renting versus owning increases overall rental demand, the Asset Manager expects a demand for multi-residential buildings as a result of new immigrants seeking long-term rental properties and an aging population moving from both rural and overpopulated urban centers. 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 the buildings held by Centurion Apartment REIT.

The Asset Manager believes that its smaller market strategy provides REIT Unitholders with accretive property acquisitions in a value-added approach. The smaller market focus has the Asset Manager focusing on communities that show consistent low vacancy levels and strong population demographics that align with the class of properties that are acquired by Centurion Apartment REIT. Many properties that the Asset Manager is identifying as potential acquisitions are under-managed in terms of rental revenues, operating expenses and capital improvements. Previous or existing private owners may have had less leverage with vendors and utility companies for paring expenses and/or bulk purchasing, which typically results in an under-managed building below market rental rates from an income perspective. Many of these properties rely upon the cash flow of the building's operations to fund necessary capital improvements and expenditures. This under-management becomes a difficult loop to break without a larger, more stable base of income-producing properties and a strong infrastructure to improve an under performing building. Centurion Apartment REIT provides this critical mass for economies of scale and the supportive infrastructure to drive added value from its properties.

The Asset Manager views these smaller market buildings as accretive opportunities to bring these niche markets into a stable and expanding Centurion Apartment REIT portfolio with the resulting benefit of collective competitive advantage for the Asset Manager to improve REIT Unitholder returns. Centurion Apartment REIT Unitholders will benefit from the Asset Manager purchasing these buildings at higher cap rates than traditionally would be seen in larger urban centres.

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. The Asset Manager manages the day-to-day operations of the Centurion Apartment REIT. See "The Asset Manager". The Property Manager manages the Properties and supervises third-party property managers where the Asset Manager believes it is in the best interest of Centurion Apartment REIT to retain property managers other than the Property Manager with respect to 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) trustee 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 so 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 five (5) Trustees, three (3) of whom are independent.

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 requires 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 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

Name and Municipality of Residence	Office	Principal Occupation
Gregory G Romundt ⁽³⁾	Toronto	President
Adrian Wong ⁽³⁾	Richmond Hill	Trustee
Ross Amos ⁽¹⁾⁽²⁾	Mississauga	Trustee
Martin Bernholtz ⁽¹⁾⁽²⁾	Toronto	Trustee
John Mills ⁽¹⁾⁽²⁾	Oakville	Trustee

(1) Member of Audit Committee

(2) Independent Trustees

(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:

Greg Romundt is the founder and President of the Asset Manager, the Property Manager and Centurion Apartment REIT. 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 firms positions in emerging markets. He graduated from the Richard Ivey School of Business at the University of Western Ontario with an HBA in 1991.

Adrian Wong

Bringing over 16 years of experience to his role, Adrian Wong is Centurion Property Associates Project Manager. He has overall responsibility for daily project management and field operations, tendering of projects and regular inspections with all site Property Managers. He is directly involved in the coordination of trades, scheduling and cost control and leads the value analysis of potential projects. Adrian's extensive knowledge of construction technology and innovative approach often lead to significant cost savings and time for the client. Prior to joining Centurion, Adrian was a Quantity Surveyor and Construction Manager in a general contracting firm in Toronto where he led teams that completed a number of large-scale projects for Property Management companies such as Brookfield, and Cadillac Fairview. He also worked as the lead Project Co-ordinator for a disaster relief and restoration company in Bolton with clients such as Aviva and Royal Sun Alliance.

Adrian earned his Construction Estimator Certification in 2002 and is a member of the OIQS.

Ross Amos, MBA, ICD.D

Since 2000, Mr. Amos has been President of Everest Canadian Properties Company, a subsidiary of a California based Real estate investment Bank. In addition, since 2002 he has been an independent trustee of Contrans Income fund and a member of its audit committee, compensation committee and the nominating and

governance committee. Since 2006 he has also been a trustee of Drive Products income fund where he chairs the compensation nominating and governance committee and is a member of the audit committee. Both companies are listed on the Toronto Stock exchange. He has also served as a Director on a number of privately owned companies, both in Canada and the United States. From 1996 to 2000 Mr. Amos was President of the General partner company for 65 hotel limited partnerships, reporting to the Advisory Board of Limited Partners who had previously invested in Journey's End hotels. 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 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.

Martin Bernholtz

Mr Martin Bernholtz, BBA, CA became a Chartered Accountant in 1983 and has held the position of Chief Financial Officer of Kerbel Group Inc. an integrated real estate developer and property owner since 1988. He has served as a Director and Officer of public, private, not for profit and condominium corporations over the last 25 years. Mr Bernholtz previously spent six years with Laventhol & Horwath in the Litigation Support and Business Valuation area's. Mr Bernholtz graduated with a Bachelor of Business Administration degree from York University in 1981.

John Mills

Mr. 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 is a director of a number of private and public corporations including the advisory board for Burger King Corporation (N.A.), Park Lawn Company Limited, Centurion Apartment REIT and is chairman of Lone Star Texas Grill.

Audit Committee

The Declaration of Trust requires the creation of an Audit Committee, consisting of at least three (3) Trustees, the majority of whom shall be Independent Trustees. On Final Closing, the Trustees will appoint an Audit Committee consisting of three (3) 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 of 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 the Property Manager will not receive any remuneration from Centurion Apartment REIT for serving as a Trustee or senior officer.

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. The Asset Manager will manage the day-to-day operations of Centurion Apartment REIT pursuant to the Asset Management Agreement for an initial term of five (5) years. 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.

All of the directors and senior officers of the Asset Manager have been involved in a broad range of real estate activities over the past five years. The name and municipality of residence, office held with the Asset Manager and principal occupation of each director and senior officer of the Asset Manager areas follows:

Name and Municipality of Residence Office Principal Occupation

Greg Romundt, Toronto President of the Asset Manager and of the Property Manager

Adrian Wong, Richmond Hill, Operations Manager of the Property Manager

Asset Manager's Duties

Among other duties, the Asset Manager will be responsible for: identifying multi-unit residential property investment opportunities that meet the investment 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 in connection with the income and capital gains of Centurion Apartment REIT 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.

Asset Manager's Fees

In consideration for the services to be provided by the Asset Manager to Centurion Apartment REIT, the Asset Manager will be entitled to an asset management fee, payable monthly, equal to 1.5% of the Net Asset Value of the REIT calculated and paid on the last Business Day of each month with respect to the prior monthly period.

In lieu of performance incentive fees typically associated with a real estate asset management agreement that typically range between 20% and 50% of profits, the Asset Manager will be entitled to a 5% interest in Centurion Apartment REIT's cash distributions and a 5% equity interest in the net assets of Centurion Apartment REIT, with no requirement for the Asset Manager to contribute additional capital beyond an initial subscription of 5% of Centurion Apartment REIT unit sales up to the first \$10 million of subscriptions. As such, the Asset Managers interests are strongly aligned with the interest of all Unitholders. The Asset Manager will subscribe for 5% of any proceeds raised under this Offering up to the first \$10 million raised from outside investors.

The Asset Manager is also entitled to recover its reasonable costs and expenses (including legal and audit costs but excluding personnel costs of the asset manager. Direct property employees and call centre staff and certain other staff are the cost and expense of 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.

If and to the extent that the Asst 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 favourable to Centurion Apartment REIT as those then generally charged for comparable services and activities.

Under the Asset Management Agreement, the Asset Manager is responsible for employment expenses of its

personnel, rent and other office expenses of the Asset Manager, and the expenses of the Trustees and officers of Centurion Apartment REIT who are directors, officers or employees of the Asset Manager or of an affiliate of the Asset Manager (except expenses incurred in attending meetings of the Trustees).

In addition to the fees and expenses to be paid to the Asset Manager, Centurion Apartment REIT is responsible for all of Centurion Apartment REIT's expenses (other than expenses assumed by the Asset Manager), including, but not limited to the following:

- (a) interest and other costs of borrowed money;
- (b) fees and expenses of lawyers, accountants, auditors, appraisers and other agents or consultants employed by or on behalf of the Trust or the Trustees;
- (c) fees and expenses of the Trustees;
- (d) any fees and expenses payable by the Trust under the Asset Management Agreement;
- (e) fees and expenses connected with the acquisition, disposition and ownership of real property interests or mortgage loans or other property;
- (f) insurance as considered necessary by the Trustees;
- (g) expenses in connection with payments of distributions of Units of the Trust;
- (h) expenses in connection with communications to Unitholders and the other bookkeeping and clerical work necessary in maintaining relations with Unitholders;
- (i) expenses of changing or terminating the Trust;
- (j) fees and charges of stock exchanges, transfer agents, registrars, indenture trustees and other trustees and custodians;
- (k) all fees, expenses, taxes and other costs incurred in connection with the issuance, distribution, transfer and qualification for distribution to public or private investors as the case may be, of Units and other required governmental filings;
- (l) all costs and expenses in connection with the incorporation or establishment, organization and maintenance of corporations and other entities formed to hold real property or other property of the Trust;
- (m) all reasonable costs and expenses in connection with marketing and building the brand of the Trust; and
- (n) All other costs and expenses that the Trustee's, acting reasonably, determine to be the costs and expenses of the Trust.

Management and Investment Strategy

The personnel of 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. These skills will permit Centurion Apartment REIT to capitalize upon many multi-unit residential 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.** The Asset Manager 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.** The Asset Manager 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 customers and enhance the value of the portfolio.
- **Quality On-Site Building Staff.** The Asset Manager 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.** The Asset Manager 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 Debt Management.** The Asset Manager will work diligently to seek out financing opportunities to optimize Centurion Apartment REIT's leveraged returns. The Asset Manager believes that staggered maturities and terms, at leverage 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. The Asset Manager will make use of operating lines for capital expenditures and acquisitions to improve the returns of Centurion Apartment REIT.
- **Enhancement of Centurion Apartment REIT's Portfolio.** The Asset Manager is always evaluating opportunities to maximize Centurion Apartment REIT's portfolio. The Asset Manager may evaluate/assess whether using its call centre, condominium conversion, utility retrofits, submetering 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. The Asset Manager 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.** The Asset Manager will deliver concise and current information to existing Unitholders with respect to the activities within Centurion Apartment REIT's portfolio.

The Asset Manager 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, the Asset Manager will continue to concentrate on communities that have relatively low vacancy levels, and strong population demographics that align with the class of multiresidential properties that are acquired by Centurion Apartment REIT. The types of communities that are sought do not generally have market rental rates that justify competition from new building and/or condo development, nor do they have the critical mass required by large real estate companies to enter the market and increase competition for acquisitions. However, the Asset Manager will also pursue opportunities in major metropolitan areas when it believes that the acquisitions are accretive to Centurion Apartment REIT and/or provide further opportunities for diversification. See "Multi-unit Residential Real Estate Market". The Asset Manager intends to create mass for Centurion Apartment REIT's portfolio through acquisition and consolidation of Canadian markets where the opportunity for value added properties exist.

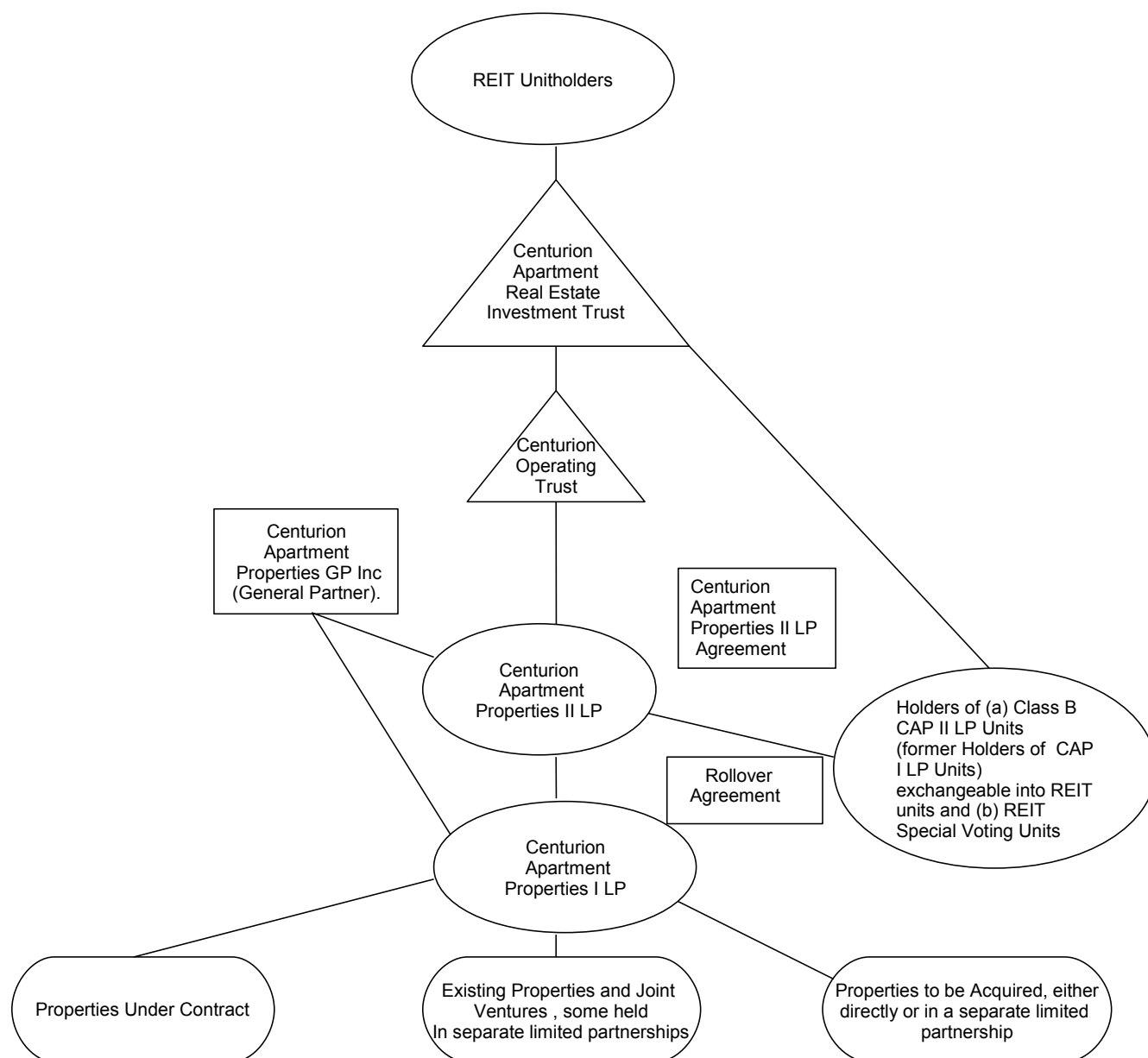
OBJECTIVES OF CENTURION APARTMENT REIT

On Final Closing, the following objectives for Centurion Apartment REIT will be approved by the Trustees and may thereafter be amended or replaced by the Trustees from time to time. In setting the objectives of Centurion Apartment REIT, the Trustees will be subject to the investment guidelines and operating policies set out in the Declaration of Trust. See "Investment Guidelines and Operating Policies".

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 located in Canada; 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.

CENTURION APARTMENT REIT OPERATING STRUCTURE

The following sets forth the principal operating structure of Centurion Apartment REIT upon completion of the Rollover Agreement:



Centurion Apartment REIT owns all of the units of the Centurion Operating Trust, an unincorporated open-ended trust governed by the laws of the Province of Ontario, (the “**Operating Trust**”), which in turn owns all of the units of Centurion Apartment Properties II LP and Centurion Apartment Properties I LP. Centurion Apartment REIT and the Operating Trust generally provide guarantees of indebtedness of subsidiary entities. The guarantee is intended to ensure that lenders are treated equally in the event of significant default by various subsidiary entities.

As of the date hereof, the Trustees and senior officers of Centurion Apartment REIT own, directly or indirectly, or exercise control or direction over, 210,577 CAP I LP Units, that if exchanged into Centurion Apartment REIT units at March 1, 2010 would amount to 464,920 REIT units.

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;
- (b) notwithstanding anything herein contained to the contrary, no investment shall be made that would result in:
 - (i) REIT Units of Centurion Apartment REIT being disqualified for investment by registered retirement savings plans, registered retirement income funds, registered education savings plans or deferred profit-sharing plans; 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 Declaration of Trust has 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 (iii) 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 "**acquired issuer**"), the investment is made for the purpose of subsequently effecting the merger or combination of the business and assets of Centurion Apartment REIT and the acquired issuer or for otherwise ensuring that Centurion Apartment REIT will control the business and operations of the acquired issuer;
- (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 Declaration of Trust) 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 75% of the market value of the real property which is the security thereof; and
 - (iv) the aggregate value of the investments of Centurion Apartment REIT in Debt Instruments, after giving effect to the proposed investment, will not exceed 15% of the Adjusted Unitholders' Equity of Centurion Apartment REIT,

- (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 arms 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
 - (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;
- (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).
- (m) For the purpose of the foregoing restrictions, the assets, liabilities and transactions of a Person wholly or partially owned by the Centurion Apartment REIT will be deemed to be those of Centurion Apartment REIT on a proportionate consolidated basis. In addition, any references in the foregoing to an investment in real property will be deemed to include an investment in a joint venture arrangement that holds real property.

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) 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. CAP I LP has engaged CAMI by the terms of the CAP I LP Asset Management Agreement, which agreement shall remain in full force and effect until such time as CAP II LP constitutes the sole limited partner of CAP I LP (or until otherwise terminated by the Trustees in accordance with the terms of the CAP I LP Asset Management Agreement). As at the date hereof, the Trust has engaged CARMI by the terms of the Trust Asset Management Agreement, which agreement shall remain in full force and effect until terminated by the Trustees or CARMI in accordance with its terms. Certain of the shareholders of CAMI and CARMI are the same persons. It is intended that the fees payable by CAP I LP and the Trust under the Asset Management Agreements shall not be duplicative and the Trustees shall take such steps to ensure that the terms of each Asset Management Agreement are honoured in accordance with the foregoing provisions of this Section,

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.

MANAGEMENT OF THE PROPERTIES

Property Manager

The Property Manager is a corporation governed by the laws of the Province of Ontario. Additional properties which may be acquired from time to time by Centurion Apartment REIT may, at Centurion Apartment REIT's option, be managed by the Property Manager or by such other manager as Centurion Apartment REIT, in its discretion, may determine.

All of the directors and senior officers of the Property Manager have been involved in a broad range of real estate activities over at least the past five years. Senior management of the Property Manager includes Greg Romundt. See "Management of Centurion Apartment REIT".

Property Management Agreement

Pursuant to the Property Management Agreement, the Property Manager will have general responsibility for the overall management and operation of the Properties.

The initial term of the Property Management Agreement is five years. Renewals for additional five-year terms are automatic unless the Property Management Agreement is terminated. The Property Management Agreement may also be terminated by Centurion Apartment REIT in the event of a material breach by the Property Manager thereunder or upon any event of insolvency occurring with respect to the Property Manager. The Property Management Agreement may be terminated by the Property Manager upon 60 days prior notice to Centurion Apartment REIT in the event of a material breach by Centurion Apartment REIT of its obligations or in an event of default occurring with respect to Centurion Apartment REIT.

The Property Management Agreement will provide for payment of an annual property management fee to the Property Manager during the initial five year term in an amount equal to 5% of the Adjusted Gross Revenues of the Properties and such other properties of Centurion Apartment REIT as may from time to time be managed by the Property Manager, which will be calculated and payable monthly. During any renewal term, the annual property management fees to the Property Manager will be at competitive market rates to be established annually by negotiation between the Independent Trustees and the Property Manager. The fees payable to the Property Manager shall constitute payments for all services rendered by the Property Manager.

Pursuant to the Property Management Agreement, the Property Manager will be responsible for employment expenses of its personnel, rent and other office expenses, and miscellaneous administrative expenses relating to its functions under the Property Management Agreement, other than the costs of onsite offices and personnel dedicated to any one or more of the Properties (such as on-site superintendents, call centre staff and other support staff employed by Centurion Apartment REIT).

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 two classes described as “Class A REIT Units” and “Class B REIT Units.” The number of Class A Units which Centurion Apartment REIT may issue is unlimited. The number of Class B Units which Centurion Apartment REIT may issue is unlimited but is set as the ratio of the number of Class A REIT Units, such that the amount of Class B REIT Units will equal the number of Class A Units divided by 0.95 less the number of A units as in the formula below:

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

where:

B = number of Class B REIT Units

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

Class A 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 B Units shall be issued unless the number of Class A Units has increased from the last highest number of issued Class A REIT Units.

There are at the date hereof, 334,236 Class A REIT Units outstanding. Upon the Final Closing of this Offering (assuming the full offering is prescribed for), there will be 3,334,236 REIT Units outstanding and 1,348,205 Special Voting Units outstanding. 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. 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.

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 a order for the Asset Manager to match them against an incoming subscription for zero fee. All direct subscribers will be conclusively deemed to have subscribed under the DSC 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**") 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.

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, within 180 days after the end 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:

- ensuring 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;
- providing additional protection, in the opinion of the Trustees, for the Unitholders;
- removing any conflicts or inconsistencies in this 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;
- making amendments which, in the opinion of the Trustees, are necessary or desirable to remove conflicts or inconsistencies between the disclosure in the Circular and this Trust Indenture;
- making 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;
- enabling 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
- 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, 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.

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. It is Centurion Apartment REIT's current intention to distribute 100% of pro forma Distributable Income.

In addition, the Trustees may declare to be payable and make distributions, from time to time, out of income of 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 30 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 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.

USE OF PROCEEDS

The net proceeds to Centurion Apartment REIT of the Offering, after deducting expenses in respect of the Offering, are estimated to be \$28,500,000. Of this amount, approximately \$7,000,000 will be used to pay down existing financing, approximately \$2,000,000 will be used for capital improvements, working capital and for mortgage principal repayment and approximately \$19,500,000 will be used for future property acquisitions. Centurion Apartment REIT will make future property acquisitions only if such acquisitions are accretive to Centurion Apartment REIT. Until the Rollover of CAP I LP into CAP II LP has met the Trigger Event Conditions set by the trustees, Centurion Apartment REIT will use the proceeds of this offering to subscribe for the convertible 10% debentures of CAP I LP. These debentures will convert into equity when the trustees deem that the Trigger Event has occurred at which point the rollover of CAP I LP into CAP II LP will trigger.

Centurion Apartment REIT's Existing Properties have been internally appraised by the Asset Manager to have a current value of \$88.7 million with the interest of Centurion Apartment REIT pursuant to the Rollover Agreement having a current value of \$65.2 million (excluding the proportion of the portfolio owned in joint ventures). The value is \$75,230 per suite for all apartment suites. The average capitalization rate on the appraised value of the Properties is 6.75%.

The following table summarizes certain aspects of the use of the proceeds of the Offering to Centurion Apartment REIT:

	Use of Proceeds (in thousands \$)
Repayment of existing financing (via subscription of CAP I LP debentures)	7,000
Capital Improvements, working capital, mortgage principal repayments	2,000
Future property acquisitions ¹	19,500
Expenses related to this Offering	<u>1,500</u>
Total	30,000

PURCHASE OPTIONS

Centurion Apartment REIT has created three different purchase options for Subscribers to purchase REIT Units.

- 1) **Deferred Sales Charge ("DSC") Option** – Seller receives an upfront commission of 5% and an ongoing trailer of .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 1st Year – 6.0%
 - If Redeemed in 2nd Year – 5.5%
 - If Redeemed in 3rd Year – 5.0%
 - If Redeemed in 4th Year – 4.0%
 - If Redeemed in 5th Year – 3.0%
 - Afterwards 0.0%
- 2) **Low Load Option** – Seller receives an upfront commission of 3% and an ongoing trailer of 0.75% per annum starting in year two 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%

¹ If Insufficient funds are raised at the Final Closing of this Offering, Centurion Apartment REIT will reduce the amount of future property acquisitions and may initiate another Offering or extend the Offering until the full amount of the Offering has been subscribed for.

- 3) **Front End Load Option** – Seller negotiates a commission (if any) which the Subscriber pays directly and Seller receives a trailer of 1.00% per annum starting in year one. There is a short term trading fee of 3.0% if redeemed in the first 6 months.

Unitholders may not switch their method of holding units unless the Trustees believe in their discretion that it doesn't materially adversely impact the REIT and the Unitholder has been adequately informed.

Subscribers may elect to purchase Units either direct from Centurion Apartment REIT or through a registered dealer. Direct Subscribers may only purchase REIT Units under the DSC Option.

CLOSING OF OFFERING

Closings of sales of REIT Units will occur in stages (each a "Closing") as REIT Units are subscribed for until December 31, 2010 (the "Final Closing"), 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 March 31, 2010.

Subsequent Closings will occur as additional REIT Units are subscribed for. If insufficient funds are raised by the Final Closing to Centurion Apartment REIT may initiate another Offering or extend the Offering until the full amount of the Offering has been subscribed for.

SELECTED FINANCIAL INFORMATION

Financial Forecast

The forecast statement of income (the "**Forecast**") in Appendix "G" has been prepared by the Asset Manager for prospective investors to use in the evaluation of potential investments in Centurion Apartment REIT and may not be appropriate for any other purpose.

The forecast is based upon the portfolio of CAP I LP that, after the Trigger Event, will become part of the portfolio of Centurion Apartment REIT. The Forecast is for the 12 month period April 1, 2010 to March 31, 2011 was prepared by the Asset Manager using assumptions based on circumstances at March 1, 2010, the date of the Forecast, that reflect the planned course of action of Centurion Apartment REIT for the Forecast period given the Asset Manager's judgment as to the most probable set of economic conditions. The Forecast makes a number of important assumptions that have a significant impact on the Forecast.

The Forecast will be compared with the reported results for the Forecast periods and any significant differences will be disclosed in Centurion Apartment REIT's annual report or quarterly interim reports as appropriate. The actual results achieved during the Forecast period will vary from the Forecast results and variations may be material.

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 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. 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. On October 31, 2003, the Department of Finance released, for public consultation, draft proposed amendments (the "October 31 Proposals") to the Tax Act that would require, for taxation years commencing after 2004, that there be a reasonable expectation of cumulative profit from a business or property for a taxpayer to realize a loss from such business or property, and that make it clear that profit in this sense does not include capital gains. In response to concerns raised during the consultation period for the October 31 Proposals, the Minister of Finance (Canada), in the February 23, 2005 Budget, announced that the Department of Finance was developing a more model legislative initiative and that an alternative proposal would be released for comment at an early opportunity.

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.

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. Centurion Apartment REIT has advised Cassels Brock and Blackwell LLP that Centurion Apartment REIT qualifies and expects to continue to qualify as a mutual fund trust under the provisions of the Tax Act. **In the event that Centurion Apartment REIT were 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 (such as the current year), it will be subject to a special tax at the rate of 36% 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.

If certain Tax Proposals released on September 16, 2004 are enacted as proposed, the Trust would cease to qualify as a mutual fund trust for purposes of the Tax Act if, at any time, the fair market value of all REIT Units held by non-residents or partnerships which are not “Canadian partnerships” for the purpose of the Tax Act is more than 50% of the fair market value of all issued and outstanding REIT Units unless no more than 10% (based on fair market value) of the Trust’s property is at any time “taxable Canadian property” within the meaning of the Tax Act and certain other types of specified property. On December 6, 2004, the Minister of Finance (Canada) suspended implementation of these Tax Proposals pending further discussion with the private sector.

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 entity (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 the 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 the 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 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) may be liable to pay an additional refundable tax on taxable capital gains.

Eligibility for Investment

Provided that Centurion Apartment REIT qualifies as a "mutual fund trust" for purposes of the Tax Act at a particular time, the REIT Units will be qualified investments for trusts governed by registered retirement savings plans, registered retirement income funds, registered disability savings plans, registered education savings plans and deferred profit sharing plans at such time.

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.

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 were 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.

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 Asset Manager 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 favourable 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.

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 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 and competition 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.

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 and competition 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 release 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 Distributable Income

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, 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 GAAP. Distributable income is presented herein because management of Centurion Apartment REIT believes this non-GAAP 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 GAAP, subject to certain adjustments as set out in the constating documents of Centurion Apartment REIT.

Government Regulation

Centurion Apartment REIT currently has an interest in properties located in the Province of Ontario. The *Tenant Protection Act, 1997* (Ontario) (the “TPA”), which came into force on June 17, 1998, provides restrictions upon the ability of a landlord to increase rents above a prescribed guideline, which is established annually. In order to increase rents above the maximum guideline increase of 2.1% per annum for 2010, a landlord must make an application based on an extraordinary increase in the cost for municipal or utility levies and charges and/or capital expenditures incurred with respect to a residential complex or suite therein. As a result, Centurion Apartment REIT may, in the future, incur capital expenditures which may not be fully recoverable from tenants. The TPA also permits tenants to bring proceedings to reduce rent due to reductions or discontinuances in services or facilities or due to a reduction in the applicable municipal taxes. The TPA provides tenants of residential rental properties with a high level of security of tenure and prescribes certain procedures, including mandatory notice periods, which must be followed by a landlord in order to terminate a residential tenancy. As certain proceedings may need to be brought before the Ontario Rental Housing Tribunal, it may take several months to terminate a residential lease, even where the tenant’s rent is in arrears. The applicable legislation may be subject to further regulations or may be amended, repealed or enforced, or new legislation may be enacted, in a manner which will materially adversely affect the ability of Centurion Apartment REIT to maintain the historical level of earnings of its properties.

The Government of Ontario has drafted and finalized new residential tenancy legislation which it has characterized as “effective tenant protection.” The Residential Tenancies Act, 2006 (“RTA”) received Royal Assent June 22, 2006. The RTA is now law. It has replaced the TPA.

The nature of high rise apartment construction and operation is such that refurbishment and structural repairs are required periodically, in addition to regular on going maintenance. In addition, legislation relating to, among other things, environmental and fire safety standards is continuously 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.

Environmental Matters

Environmental and ecological legislation and policies have become increasingly important, and generally restrictive, in recent years. 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 Asset Manager will rely upon and/or determine whether an update is necessary.

Unitholder Liability

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 contract 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.

In December 2004, a new statute, the *Trust Beneficiaries' Liability Act* (Ontario), was enacted to create a statutory limitation on the liability of unitholders of trusts such as Centurion Apartment REIT. The legislation provides that a unitholder, such as a REIT Unitholder, will not, as a beneficiary, be liable for any act, default, obligation or liability of the trust or any of its trustees after the legislation comes into force. However, this legislation does not address potential liabilities arising before the date of the legislation came into force. In addition, this legislation has not been judicially considered and it is possible that reliance on the legislation by a REIT Unitholder could be successfully challenged on jurisdictional or other grounds.

Dependence on Key Personnel

The management of Centurion Apartment REIT 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 material adverse effect on Centurion Apartment REIT.

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, senior officers of the Asset Manager and senior officers of the Property Manager 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 Centurion Apartment REIT Declaration of Trust contains "conflicts of interest" provisions requiring Trustees

to disclose material interests in material contracts and transactions and to refrain from voting thereon.

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 the 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, 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.

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.

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 Facility is at floating interest rates, and accordingly, changes in short-term borrowing will effect Centurion Apartment REIT’s costs of borrowing.

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 in which it is resident, for its own account and not as agent for the benefit of another person;
- (d) it is an “accredited investor” as defined in NI 45-106 if resident in the Province of Ontario or that it is an “eligible investor” as defined in NI 45-106 if it is not; 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.

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 was received, that such Subscriber:

- (a) has been notified by the Centurion Apartment REIT:
 - (i) 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;
 - (ii) that such personal information may be delivered to the Ontario Securities Commission (the “OSC”) in accordance with NI 45-106;

- (iii) that such personal information is collected indirectly by the OSC under the authority granted to it under the securities legislation of Ontario;
 - (iv) that such personal information is collected for the purposes of the administration and enforcement of the securities legislation of Ontario; and
 - (v) 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
- (b) 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.

Purchasers' Rights of Action

Securities legislation in Ontario provides purchasers of REIT Units pursuant to this Offering Memorandum with a remedy for damages or rescission, or in both, in addition to any other rights they may have at law, where the offering memorandum and any amendment to it contains a "Misrepresentation". Where used herein, "Misrepresentation" means 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.

Section 130.1 of the *Securities Act* (Ontario) provides that every purchaser of securities pursuant to an 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; and
- (d) in no case shall the amount recoverable exceed the price at which the securities were offered.

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

- (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 is being 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.

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 Property Management Agreement;
- the Asset Management Agreement;
- the Exchange Agreement;
- the Rollover Agreement; and
- the CAP II LP Limited Partnership Agreement

Auditor, Transfer Agent and Registrar

The auditor of Centurion Apartment REIT is BDO Dunwoody LLP. Centurion Apartment REIT Management Inc. will act as the transfer agent and registrar of the REIT Units. Centurion Apartment REIT Management Inc. is at the date hereof, in negotiations with and intends to hire a third party transfer agent and registrar for the REIT Units.

APPENDIX “A” - EXISTING PROPERTIES

Address

362 Shanty Bay Road, Barrie, ON ^(R)
1459 Trafalgar St, London, ON ^(R)
60 Prince Edward St, Brighton, ON ^(R)
387,391,395,399,423 & 425 East 42nd St, Hamilton, ON ^(R)
21 & 31 Jean Ave, Kitchener, ON ^(R)
122 Elizabeth St, Brighton, ON ^(R)
277 Anderson Avenue, Oshawa ^(R)
55 William Street, Milverton, Ontario ^(R)
215 Belsyde Avenue East, Fergus ^(R)
624 Main Street East, Hamilton, Ontario ^(R)
36 and 70 Orchardview Blvd., Oshawa ^(R)
255 Dunlop Street, Barrie ^(R)
356-360 Hoffman Street, Kitchener, Ontario ^(R)
15, 19 and 25 Hugo Crescent, Kitchener, Ontario ^(R)
167 Morgan Avenue, Kitchener, Ontario ^(R)
118 St. Joseph Drive, Hamilton ^(R)
196 Churchill Road South, Halton Hills, Ontario ^(R)
707 – 711 Dundas Street West, Whitby ^(R)
165 Old Muskoka Road, Gravenhurst, Ontario ^(R)
2-4 Yonge Street, Huntsville, Ontario ^(R)
135 Atherley Road, Orillia, Ontario ^(R)
185, 187, 191 Lisgar Avenue, Tillsonburg, Ontario ^(R)
262,266,270,274,278,282,310,320 Kingswood Dr., Kitchener ^{(R)(J)}

See Appendix “E” for descriptions of the Properties

(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”

APPENDIX “B” - JOINT VENTURE PROPERTIES

(Properties Which are Partially Owned by Centurion Apartment REIT)

<u>Address</u>	<u>Centurion Apartment REIT Ownership Percentage</u>	<u>Joint Venture Partner(s)</u>
262,266,270,274,278,282,310,320 Kingswood Dr., Kitchener ^(R)	10%	80% C.A. Bancorp 10% outside investors

(R) Rolled Properties that are part of the Rollover Agreement of April 1, 2009

APPENDIX “C” - RECENT PROPERTY ACQUISITIONS

None

APPENDIX "D" - PROPERTIES UNDER CONTRACT

There were no Properties Under Contract for purchase at the date of this Offering except those Properties listed in Appendix A and Appendix B which are part of the Rollover Agreement between CAP I LP and CAP II LP and Centurion Apartment REIT.

Some non strategic property holdings have been identified for sale. They include:

One property is under unconditional contract for sale:

215 Belsyde Avenue East, Fergus which has been sold for \$1,387,500 and is expected to close on 11 March 2010.

One property is under conditional contract for sale:

624 Main Street East, Hamilton has been conditionally sold for \$750,000

APPENDIX “E” - DESCRIPTION OF THE PROPERTIES

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Acton & Fergus



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, 23 two bdrm)



Fergus Apartments

Location: Fergus, Ontario

Address: 215 Belsyde Avenue East

Type of Building: Walk-up apartments

Number of Suites: 19 (3 one bdrm, 16 two bdrm)

Barrie



Kemptville Village

Location: Barrie, Ontario

Address: 362 Shanty Bay Road

Type of Building: Townhouses

Number of Suites: 15 (4 one bdrm, 11 two bdrm)



Milligan Park Apartments

Location: Barrie, Ontario

Address: 255 Dunlop Street West

Type of Building: Townhouses (2 two bdrm, 26 three bdrm)

Number of Suites: 28

Brighton



Brookside Apartments

Location: Brighton, Ontario

Address: 60 Prince Edward Street

Type of Building: Walk-up apartments

Number of Suites: 30 (3 one bdrm, 27 two bdrm)



MacIntosh Court Apartments

Location: Brighton, Ontario

Address: 122 Elizabeth Street

Type of Building: Walk-up apartments

Number of Suites: 28 (26 two bdrm, two three bdrm)

Gravenhurst & Hamilton



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, 1 three bdrm)



East Mount Village Townhouses

Location: Hamilton, Ontario

Address: 387,391,395,399,423 & 425 East 42nd Street

Type of Building: Townhouse

Number of Suites: 36 (24 two bdrm, 12 three bdrm)

Hamilton (cont'd)



Gladstone Apartments

Location: Hamilton, Ontario

Address: 624 Main Street East

Type of Building: Walk-up apartments

Number of Suites: 23 (6 bachelor, 9 one bdrm, 6 two bdrm, 2 other)



St. Joseph's Apartments

Location: Hamilton, Ontario

Address: 118 St. Joseph's Drive

Type of Building: Walk-up apartments

Number of Suites: 30 (17 bachelor, 9 one bdrm, 4 two bdrm)

Huntsville & Kitchener



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, 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, 12 two bdrm)

Kitchener (cont'd)



Hoffman Apartments

Location: Kitchener, Ontario

Address: 356-360 Hoffman Street

Type of Building: Walk-up apartments

Number of Suites: 96 (36 one bdrm, 60 two bdrm)



Hugo Apartments

Location: Kitchener, Ontario

Address: 15-19-25 Hugo Crescent

Type of Building: Walk-up apartments

Number of Suites: 53 (7 one bdrm, 46 two bdrm)

Kitchener (cont'd)



Kingswood Estates⁽¹⁾

Location: Kitchener, Ontario

Address: 262-320 Kingswood Drive

Type of Building: Walk-up apartments

Number of Suites: 360 (92 one bdrm, 268 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, 15 three bdrm)

(1) Centurion Apartment REIT owns 10% of this property

London & Milverton



Trafalgar Manor

Location: London, Ontario

Address: 1459 Trafalgar St

Type of Building: Walk-up apartments

Number of Suites: 47 (28 one bdrm, 19 two bdrm)



William Street Apartments

Location: Milverton, Ontario

Address: 55 William Street

Type of Building: Walk-up apartments

Number of Suites: 22 (7 one bdrm, 13 two bdrm, 2 three bdrm)

Orillia & Tillsonburg



Atherley Apartments

Location: Orillia, Ontario

Address: 135 Atherley Road

Type of Building: Walk-up apartments

Number of Suites: 48 (3 one bdrm, 45 two bdrm)



Lisgar Court Apartments

Location: Tillsonburg, Ontario

Address: 185, 187, 191 Lisgar Avenue

Type of Building: Walk-up apartments

Number of Suites: 61 (22 one bdrm, 38 two bdrm, 1 three bdrm)

Oshawa



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, 19 two bdrm)



Park Place Apartments

Location: Oshawa, Ontario

Address: 277 Anderson Avenue

Type of Building: Apartments (elevator)

Number of Suites: 47 (47 two bdrm)

Whitby



Dundas Court

Location: Whitby, Ontario

Address: 707-711 Dundas Street

Type of Building: Townhouses

Number of Suites: 36 (24 two bdrm, 12 three bdrm)

APPENDIX “F” - MORTGAGE INDEBTEDNESS

Please refer to audited Financials of CAPLP for Mortgage Indebtedness as at 31 December 2009. Changes since this date are summarized as below:

Funded Mortgages

Property	City	Amount (in 000's)	Rate	Maturity
707 & 711 Dundas Street East	Whitby	\$2,498	4.20%	3-Feb-12
135 Atherley Road	Orillia	\$3,530	4.20%	3-Feb-12
TOTAL		\$6,028		

The Following table summarizes the mortgages of CAP I LP that are currently in place that the Asset Manager has obtained commitments to refinance into longer term mortgages but which have not closed yet. The Asset Manager anticipates that renewal interest rates will be approximately 5.00% and is targeting maturities between two to five years.

Mortgages to be Refinanced

Property	City	Amount (in 000's)	Rate	Maturity
55 William St	Milverton	\$1,067	TBD	TBD
196 Churchill St S	Acton	\$2,093	TBD	TBD
185, 187, 191 Lisgar Ave	Tillsonburg	\$2,340	TBD	TBD
TOTAL		\$5,500		

APPENDIX "G" - SELECTED FINANCIAL INFORMATION

CAP I LP

Pro Forma Statement of Operations for 2010/11 Fiscal Year

Income		Notes
Rents	\$7,899,652	(1)
Vacancy	-\$315,986	(2)
Laundry	\$112,243	
Parking	\$18,937	
Cable Revenue Share	\$17,674	
Other Income	\$36,473	
Utilities Pass Throughs	\$85,000	(3)
Total Income (TI)	\$7,853,993	
Expenses		
Taxes	-\$1,160,000	(4)
Insurance	-\$84,101	
Property Management	-\$391,326	(5)
Superintendent Staff Costs	-\$400,000	(6)
Utilities	-\$1,220,000	(7)
R & M	-\$598,500	(8)
Total Expenses	-\$3,853,927	
NOI (Net Operating Income)	\$4,000,066	
Asset Management	-\$202,231	(9)
G&A	-\$250,000	(10)
Interest Expense	-\$2,223,100	(11)
Distributable Income	\$1,324,735	

Notes to Pro Forma Statement of Operations for 2010 Fiscal Year

- (1) Assumes in place rents, adjusted for guideline increases plus rent increases that may exceed guideline due to suite turnover
No new acquisitions are assumed in this forecast, although it is reasonable that if this Offering is successful that acquisitions may add to the size of the portfolio and substantially alter this Forecast. It is also possible that certain dispositions may occur that may decrease the size of the portfolio and substantially alter this Forecast
- (2) Assumes 4% of Rents
- (3) Charge back of utilities through submetering arrangements
- (4) In place taxes, adjusted for confirmed condominium conversions where tax savings are expected.
- (5) Based on existing in place agreements
- (6) Existing costs of on site staffing. No material changes expected
- (7) Based on last 12 months operations
- (8) Based on \$700/unit/year
- (9) Existing Net Asset Value x 1.5%
- (10) Existing General & Administrative costs. No material change expected
- (11) Interest expense based on expected outstandings in Appendix "G" at existing average rate of 5.17%

The above Pro Forma Statement of Operations is based on a number of assumptions that in the opinion of the Asset Manager reflect the planned course of action for the Forecast period given the Asset Managers judgement as to the most probable set of economic conditions. The actual results achieved during the Forecast period will vary from the Forecast results and variations may be material.

APPENDIX “H” - AUDITED FINANCIALS

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**Centurion Apartment Real
Estate Investment Trust**

**Consolidated Financial Statements
For the period ended December 31, 2009**

**Centurion Apartment Real
Estate Investment Trust**

**Consolidated Financial Statements
For the period ended December 31, 2009**

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Statement of Unitholders' Equity	4
Statement of Operations	5
Statement of Cash Flows	6
Summary of Significant Accounting Policies	7-8
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Auditors' Report

To the Unitholders of
Centurion Apartment Real Estate Investment Trust

We have audited the consolidated balance sheet of Centurion Apartment Real Estate Investment Trust as at December 31, 2009 and the consolidated statements of unitholders' equity, operations and cash flows for the period then ended. These consolidated financial statements are the responsibility of the Trust's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Trust as at December 31, 2009 and the results of its operations and its cash flows for the period then ended in accordance with Canadian generally accepted accounting principles.

BDO Canada LLP

Chartered Accountants, Licensed Public Accountants

Toronto, Ontario
January 22, 2010

Centurion Apartment Real Estate Investment Trust
Consolidated Balance Sheet

December 31, 2009

Assets

Cash	\$ 102,945
Accrued interest receivable (Note 1)	8,860
Debenture notes receivable (Note 1)	<u>2,051,000</u>
	\$ 2,162,805

Liabilities and Unitholders' Equity

Accounts payable and accrued liabilities	\$ 15,050
Trust Unit distributions payable	14,659
Due to related parties (Note 2)	<u>75,461</u>
	105,170
Unitholders' equity (Note 3)	<u>2,057,635</u>
	\$ 2,162,805

On behalf of the Unitholders:

Centurion Apartment Real Estate Investment Trust

Consolidated Statement of Unitholders' Equity

For the period August 31, 2009 to December 31, 2009

	Class A Trust Units	Class B Trust Units	Special Voting Trust Units	Total
Capital contributions	\$ 2,155,040	\$ -	\$ -	\$ 2,155,040
Issue costs	(83,548)	-	-	(83,548)
Distribution reinvestment plan	(1,580)	-	-	(1,580)
Distributions	(17,905)	-	-	(17,905)
Net income for the period	5,628	-	-	5,628
Balance, end of period	\$ 2,057,635	\$ -	\$ -	\$ 2,057,635

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Centurion Apartment Real Estate Investment Trust
Consolidated Statement of Operations

For the period August 31, 2009 to December 31, 2009

Revenue	
Interest income	\$ 8,860
Expenses	
Accounting fees	2,500
Filing fees	600
Bank charges	132
	<u>3,232</u>
Net income for the period	\$ 5,628

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Centurion Apartment Real Estate Investment Trust

Consolidated Statement of Cash Flows

For the period August 31, 2009 to December 31, 2009

Cash was provided by (used in)

Operating activities

Net income for the period	\$ 5,628
Adjustments to reconcile net income to net cash provided by operating activities	
Changes in non-cash operating account balances	
Accrued interest receivable	(8,860)
Accounts payable and accrued liabilities	<u>15,050</u>
	<u>11,818</u>

Investing activities

Debenture notes receivable	<u>(2,051,000)</u>
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Financing activities

Due to related parties	75,461
Capital contributed by Unitholders	2,155,040
Issue costs	(83,548)
Distributions to Unitholders	<u>(4,826)</u>
	<u>2,142,127</u>

Change in cash and cash, end of period	\$ 102,945
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The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Centurion Apartment Real Estate Investment Trust

Summary of Significant Accounting Policies

December 31, 2009

Nature of Business

Centurion Apartment Real Estate Investment Trust (the "REIT") is a limited purpose unincorporated open-end private investment trust pursuant to the Declaration of Trust dated August 31, 2009 and is governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein.

The REIT was formed for the purposes of acquiring an investment in a diversified portfolio of income-producing multi-unit residential properties in Canada.

Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles. These consolidated financial statements reflect the assets, liabilities, income and expenses of the REIT, including its wholly-owned subsidiaries, Centurion Operating Trust and Centurion Apartment Properties II Limited Partnership. Significant inter-entity balances and transactions have been eliminated on consolidation.

Use of Estimates

The preparation of these financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

Revenue Recognition

Interest revenue is recognized on an accrual basis when earned.

Financial Instruments

Unless otherwise noted, it is management's opinion that the Trust is not exposed to significant interest rate, currency or credit risks arising from its financial instruments. In management's opinion, the carrying amount of the Trust's financial instruments approximate fair value unless otherwise noted.

The fair value of amounts due to and due from related parties could not be determined as there is no comparable market data available.

All the Trust's cash is held by one financial institution.

Centurion Apartment Real Estate Investment Trust

Summary of Significant Accounting Policies

December 31, 2009

New Accounting Pronouncements

Recent accounting pronouncements that have been issued but are not yet effective, and have a potential implication for the REIT, are as follows:

Business Combinations

CICA Handbook Section 1582, Business Combinations replaces Section 1581 and will be applicable to business combinations for which the acquisition date is on or after the REIT's fiscal year beginning January 1, 2011. Early adoption is permitted. This section improves the relevance, reliability and comparability of the information that a reporting entity provides in its financial statements about a business combination and its effects. The REIT is currently assessing the impact of the new standard.

Consolidated Financial Statements

CICA Handbook Section 1601, Consolidated Financial Statements. The new section will be applicable to financial statements relating to the Company's fiscal year beginning on or after January 1, 2011. Early adoption is permitted. This section establishes standards for the preparation of consolidated financial statements. The REIT is currently assessing the impact of the new standard.

Non-Controlling Interests

Section 1602, Non-Controlling Interests. This new section will be effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. Early adoption is permitted. This section establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. The REIT is currently assessing the impact of the new standard. Sections 1601 and 1602 replaced Section 1600, the previous consolidated financial statements section.

Centurion Apartment Real Estate Investment Trust

Notes to Consolidated Financial Statements

December 31, 2009

1. Debenture Notes Receivable

The REIT has entered into a rollover agreement whereby the REIT will acquire certain rental properties from the Centurion Apartment Properties I Limited Partnership ("CAP I LP") on the earlier of August 31, 2014 or the day on which the trustees of the Trust determine, based on the financial position of the Trust (the "Trigger Date"). CAP I LP is a related party to the REIT as the president of the REIT is a significant shareholder in CAP I LP. The purchase price of the rental properties is \$21.4353 per CAP I LP unit plus an annual rate of return equal to that represented by the annual distributions made by the REIT to the holders of Class A Trust Units from August 31, 2009 to the Trigger Date.

The debenture notes receivable represent amounts due from CAP I LP, bearing interest at 10% annually relating to notes issued on November 3, 2009, December 3, 2009, and December 31, 2009 for \$34,000, \$1,050,000 and \$967,000 respectively. The notes will form a portion of the consideration used to consummate the above-noted anticipated property acquisition transaction on the Trigger Date.

These debenture notes represents a concentration of credit risk to the REIT since they are held by one entity.

2. Due to Related Parties

The amounts are payable to Centurion Property Associates Inc. and Centurion Apartment REIT Management Inc. and are non-interest bearing and due on demand. These entities are owned or managed by the president of the REIT.

3. Unitholders' Equity

Authorized

- Unlimited number of Class A Trust Units
- Unlimited number of Class B Trust Units
- Unlimited number of Special Voting Units

Issued

- 218,294 Class A Trust Units

The REIT provides unitholders with a distribution reinvestment plan whereby upon subscription unitholders may elect to have their distributions paid out in monthly installments of cash, automatically reinvested in additional units or a combination of cash and units.

Centurion Apartment Real Estate Investment Trust

Notes to Consolidated Financial Statements

December 31, 2009

4. Commitments

- (a) The REIT is committed to asset management services under an asset management agreement with Centurion Apartment REIT Management Inc. for a 5 year term ending August 31, 2014 with a renewal term for an additional 5 years unless terminated by either of the parties. Under the agreement, the REIT is required to:
 - (i) pay an acquisition fee equal to 1.0% of the purchase price of each property acquired by the REIT either directly or through a single purpose entity, consisting of Centurion Apartment Properties I Limited Partnership and Centurion Apartment Properties II Limited Partnership.
 - (ii) pay a management fee of 1.5% of the net asset value of the regular units of the REIT.

In addition, Centurion Apartment REIT Management Inc. is entitled to a 5% interest in the distributions and equity of the REIT through the purchase of Class B REIT Units. This transaction is set to take place upon receipt of the first \$10,000,000 in Class A Trust Unit subscriptions as set out in the Declaration of Trust.

During 2009, the asset management fee was waived by the asset manager.

- (b) The REIT is committed to property management services under a property management agreement with Centurion Property Associates Inc. for a 5 year term ending August 31, 2014 with a renewal term for an additional 5 years unless terminated by either of the parties. Under the agreement, the REIT is required to:
 - (i) pay a management fee of 5% of the gross income from its properties for the Initial Term and for each renewal term.
 - (ii) reimburse the property manager for all expenses that were incurred in respect of the management of the properties.

5. Subsequent Event

Subsequent to year end, the REIT issued an additional 11,000 Class A Trust Units for \$110,000 cash proceeds.

CENTURION APARTMENT PROPERTIES L.P.
NON-CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2009

CENTURION APARTMENT PROPERTIES L.P.

INDEX TO NON-CONSOLIDATED FINANCIAL STATEMENTS

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2 & 3	Balance Sheet
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5	Statement of Earnings
6	Statement of Cash Flow
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AUDITOR'S REPORT

To The Shareholders,

I have audited the non-consolidated balance sheet of Centurion Apartment Properties L.P. as at December 31, 2009 and the non-consolidated statements of earnings, partners' accumulated deficiency and cash flow for the year then ended. These financial statements are the responsibility of the limited partnership management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the limited partnership, as well as evaluating the overall financial statement presentation.

In my opinion these non-consolidated financial statements present fairly, in all material respects, the financial position of the limited partnership as at December 31, 2009 and the results of its operations and the changes in its cash flow for the year then ended in accordance with Canadian generally accepted accounting principles.

TORONTO, CANADA
February 26, 2010

NEAL TEMPLE C.A.
PROFESSIONAL CORPORATION
Authorized to practice public accounting
by the Institute of Chartered Accountant
of Ontario

CENTURION APARTMENT PROPERTIES L.P.
NON-CONSOLIDATED BALANCE SHEET
AS AT DECEMBER 31, 2009

	December 31 2009	December 31 2008
ASSETS		
CURRENT		
Bank	\$ 1,693,920	\$ 556,583
Accounts receivable (Note 7)	211,520	176,812
Prepaid expenses and deposits	<u>455,824</u>	<u>608,636</u>
	<u>2,361,264</u>	<u>1,342,031</u>
PROPERTY AND EQUIPMENT (Note 3)		
Land	10,365,207	10,365,207
Buildings	48,803,756	47,905,387
Appliances and equipment	650,670	593,823
Computer equipment	4,440	4,440
Condo conversion fees (Note 8)	<u>376,005</u>	<u>273,567</u>
Total at cost	60,200,078	59,142,424
Accumulated depreciation (Note 19)	<u>(6,028,531)</u>	<u>(3,058,363)</u>
	<u>54,171,547</u>	<u>56,084,061</u>
ORGANIZATIONAL COSTS	<u>267,932</u>	<u>78,484</u>
	<u>\$56,800,743</u>	<u>\$57,504,576</u>

CENTURION APARTMENT PROPERTIES L.P.
NON-CONSOLIDATED BALANCE SHEET
AS AT DECEMBER 31, 2009

	December 31 2009	December 31 2008
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 1,188,173	916,141
Tenant deposits	603,044	590,807
Current portion of mortgages payable	16,278,487	36,035,954
Loans payable	18,720	-
Debenture payable (Note 23)	<u>2,051,000</u>	<u>-</u>
	<u>20,139,424</u>	<u>37,542,902</u>
LONG TERM LIABILITIES		
Mortgages payable (Notes 10 & 16)	48,220,938	47,586,680
Less: current portion	<u>(16,278,487)</u>	<u>36,035,954</u>
	<u>31,942,451</u>	<u>11,550,726</u>
	<u>52,081,875</u>	49,093,628
PARTNERS' EQUITY		
PARTNERS' CAPITAL CONTRIBUTIONS	11,817,705	11,837,245
DEFICIENCY	<u>(7,098,837)</u>	<u>(3,426,297)</u>
	<u>4,718,868</u>	<u>8,410,948</u>
	<u>\$56,800,743</u>	<u>\$57,504,576</u>

CENTURION APARTMENT PROPERTIES L.P.

NON-CONSOLIDATED STATEMENT OF PARTNERS' ACCUMULATED DEFICIENCY

	For the year ended December 31 2009	December 31 2008
EQUITY (DEFICIENCY) - BEGINNING OF YEAR	\$(3,426,297)	\$ 173,296
PRIOR YEAR ADJUSTMENT OF LAND AND BUILDINGS	-	(657,008)
PRIOR YEAR ADJUSTMENT OF AMORTIZATION	-	(1,072,842)
PRIOR YEAR ADJUSTMENT OF MORTGAGE INTEREST	<u>-</u>	<u>(60,859)</u>
	(3,426,297)	(1,617,413)
NET LOSS FOR YEAR	<u>(3,672,540)</u>	<u>(1,808,884)</u>
ACCUMULATED DEFICIENCY - END OF YEAR	<u>\$(7,098,837)</u>	<u>\$ (3,426,297)</u>

CENTURION APARTMENT PROPERTIES L.P.
NON-CONSOLIDATED STATEMENT OF EARNINGS

	For the year ended	
	December 31 2009	December 31 2008
REVENUE		
Rental income	\$ 7,228,959	\$ 7,010,815
Expense recoveries	37,785	68,944
Interest income	-	3,925
Other income	172,363	191,109
Profit on sale of properties	<u>-</u>	<u>13,364</u>
	<u>7,439,107</u>	<u>7,288,157</u>
EXPENSES		
Advertising and promotion	114,754	101,330
Amortization of deferred finance costs (Note 3)	239,224	149,993
Automobile and travel	749	2,088
Bank charges and interest	19,343	15,497
Bad debts	12,358	(4,695)
Collection charges	53,175	65,047
Depreciation (Note 3)	2,970,169	1,985,520
Equipment rental	15,626	13,178
Insurance	84,560	117,007
Interest on mortgages and debenture	3,413,778	2,675,406
Management fees	588,133	432,548
Office and general	3,956	11,285
Property taxes	1,189,306	1,133,209
Professional fees	37,414	25,515
Repairs and maintenance	632,571	747,363
Telephone	58,782	58,369
Utilities	1,240,007	1,184,526
Wages and benefits	<u>437,742</u>	<u>383,855</u>
	<u>11,111,647</u>	<u>9,097,041</u>
NET LOSS FOR YEAR	<u>\$ (3,672,540)</u>	<u>\$ (1,808,884)</u>

CENTURION APARTMENT PROPERTIES L.P.

NON-CONSOLIDATED STATEMENT OF CASH FLOW

	For the year ended December 31 2009	December 31 2008
OPERATING ACTIVITIES		
Net loss for year	\$(3,672,540)	(1,808,884)
Add : non cash outlay		
- depreciation	2,970,169	1,985,520
- amortization of deferred finance costs	<u>239,224</u>	<u>149,993</u>
	(463,147)	326,629
Change to accounts receivable	(34,708)	317,509
Change to prepaid expenses and deposits	152,812	(38,441)
Change to condo conversion fees	(102,438)	(148,983)
Change to accounts payable and accrued liabilities	272,032	127,505
Change to tenant deposits	<u>12,237</u>	<u>64,334</u>
CASH PROVIDED (FOR) BY OPERATING ACTIVITIES	<u>(163,212)</u>	<u>648,553</u>
FINANCING ACTIVITIES		
Issue of units to partners	(19,540)	5,036,173
Change in mortgages payable	841,189	1,957,507
Change in loans payable	18,720	-
Change in debentures payable	2,051,000	-
Change to bank indebtedness	<u>-</u>	<u>(3,973)</u>
	<u>2,891,369</u>	<u>6,989,707</u>
INVESTING ACTIVITIES		
Additions to property and equipment	(955,217)	(6,930,390)
Deferred finance costs	(446,155)	(150,426)
Organizational costs	<u>(189,448)</u>	<u>(861)</u>
	(1,590,820)	(7,081,677)
INCREASE IN BANK DURING YEAR	1,137,337	556,583
BANK BEGINNING OF YEAR	<u>556,583</u>	<u>-</u>
BANK END OF YEAR	\$ <u>1,693,920</u>	\$ <u>556,583</u>
INTEREST ON MORTGAGES AND DEBENTURE	\$ <u>3,413,778</u>	\$ <u>2,675,406</u>
INCOME TAX PAID	\$ <u>-</u>	\$ <u>-</u>

CENTURION APARTMENT PROPERTIES L.P.

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2009

1. DESCRIPTION OF PARTNERSHIP

Centurion Apartment Properties L.P. was formed on February 3, 2006 under the laws of Ontario. The partnership owns apartment buildings and revenue is derived from the rental of these properties.

2. BASIS OF PRESENTATION

The financial statements of Centurion Apartment Properties L.P. include the accounts of the Limited Partnership and its wholly owned apartment buildings at 362 Shanty Bay Rd, Barrie; 1459 Trafalgar St, London; 60 Prince Edward St, Brighton; 387-425 East 42nd St, Hamilton; 21 & 31 Jean Ave, Kitchener; 122 Elizabeth St, Brighton; 277 Anderson Ave, Oshawa; 55 William St, Milverton; 215 Belsyde Ave East, Fergus; 624 Main St East, Hamilton; 36 & 70 Orchard View Blvd, Oshawa; 255 Dunlop St West, Barrie; 356 & 360 Hoffman St, Kitchener; 15, 19 & 25 Hugo Cres, Kitchener; 167 Morgan Ave, Kitchener; 118 St. Joseph Dr, Kitchener; 196 Churchill St South, Acton; 707 & 711 Dundas St, Whitby; 165 Old Muskoka Rd, Gravenhurst; 2 & 4 Yonge St, Huntsville; 135 Atherley Rd, Orillia; 185, 187 & 191 Lisgar Ave, Tilsonburg as well as a 10% interest in apartment buildings at 262, 266, 270, 274, 278, 282, 310 & 320 Kingswood Dr, Kitchener. All apartment buildings are located in Ontario.

Centurion Apartment Properties L.P. is unincorporated and its financial statements do not include the assets, liabilities, revenue and expenses of its partners.

Current and future income taxes relate to the corporate subsidiaries of Centurion Apartment Properties L.P. The limited partnership is not subject to income or capital taxes, because the income, if any, is taxed in the hands of the individual partners.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Property and Equipment and Depreciation

Property and equipment are carried at acquisition cost less accumulated depreciation. The limited partnership provides for depreciation of the assets at the following annual rates:

Buildings	- 4% declining balance basis
Building improvements	- 3 year straight line basis
Building structural improvements	- 12 year straight line basis
Appliances and equipment	- 20% declining balance basis
Computer equipment	- 30% declining balance basis

No depreciation is provided on the land.

CENTURION APARTMENT PROPERTIES L.P.
NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2009

Property renovation costs

Property renovation costs including roofing, carpets and tiles, structural concrete and painting, that management considers to be incurred in the enhancement of the existing properties have been capitalized and are included in buildings cost.

Deferred finance costs

Deferred finance costs are carried at cost less accumulated amortization. The deferred finance costs are amortized over 5 years on a straight line basis.

4. NATURE OF FINANCIAL STATEMENTS

Financial statements are based on representations that often require estimates to be made in anticipation of future transactions and events and include measurements that may by their nature be approximations.

5. FINANCIAL INSTRUMENTS

The fair value of the bank, accounts receivable and accounts payable, tenant deposits and loans, debentures and mortgages payable are approximately equal to their carrying value due to their short-term maturity dates.

6. REVENUE RECOGNITION

The limited partnership recognizes revenue when it is realized or realizable and earned. The limited partnership considers revenue realized or realizable and earned in the month for which the rentals are due and collectibility is reasonably assured.

7. ACCOUNTS RECEIVABLE

The limited partnership regularly conducts a review of its accounts receivable to determine whether any accounts require an allowance for doubtful debts.

The maximum credit risk exposure to the limited partnership at year end was \$211,520.

CENTURION APARTMENT PROPERTIES L.P.

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2009

8.CONDO CONVERSION FEES

The limited partnership is in the process of converting its apartment properties into condominium units. Condo conversion fees include legal, survey and planning fees and are recorded at cost. These fees have not been amortized.

9.INTEREST RATE RISK

Mortgages payable totalling \$12,526,059 have floating interest rates and the limited partnership is accordingly subject to interest rate risk on these mortgages.

10.MORTGAGES PAYABLE

Property	Balance	Details
362 Shanty Bay Rd, Barrie	\$ 787,705	First mortgage bearing interest at 5.21%. Repayable June 2013.
362 Shanty Bay Rd, Barrie	203,075	Second mortgage bearing interest at 6%. Repayable June 2013.
362 Shanty Bay Rd, Barrie	199,369	Third mortgage bearing interest at 12%. Repayable September 2010.
1459 Trafalgar St, London	1,578,588	First mortgage bearing interest at 5.33%. Repayable October 2011.
1459 Trafalgar St, London	328,959	Second mortgage bearing interest at 12%. Repayable September 2010.
60 Prince Edward St, Brighton	978,516	First mortgage bearing interest at 5.417%. Repayable June 2014.
60 Prince Edward St, Brighton	282,000	Second mortgage bearing interest at 6%. Repayable June 2014.
60 Prince Edward St, Brighton	159,494	Third mortgage bearing interest at 12%. Repayable September 2010.

CENTURION APARTMENT PROPERTIES L.P.

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2009

Property	Balance	Details
387-425 East 42nd St, Hamilton	1,650,759	First mortgage bearing interest at 5.2% and 4.33%. Repayable September 2014.
387-425 East 42nd St, Hamilton	356,363	Second mortgage bearing interest at 13%. Repayable April 2010.
387-425 East 42nd St, Hamilton	685,119	Third mortgage bearing interest at 12%. Repayable July 2010.
21 & 31 Jean Ave, Kitchener	1,203,947	First mortgage bearing interest at 4.45%. Repayable July 2015.
21 & 31 Jean Ave, Kitchener	360,000	Second mortgage bearing interest at 5%. Repayable July 2010.
122 Elizabeth St, Brighton	808,433	First mortgage bearing interest at 4.42%. Repayable June 2015.
122 Elizabeth St, Brighton	203,637	Second mortgage bearing interest at 13%. Repayable April 2010.
122 Elizabeth St, Brighton	379,144	Third mortgage bearing interest at 12%. Repayable July 2010.
277 Anderson Ave, Oshawa	2,439,000	First mortgage bearing interest at 5%. Repayable April 2011.
55 William St, Milverton	1,056,760	First mortgage bearing interest at Royal Bank prime plus 4%. Repayable November 2009.
215 Belsyde Ave East, Fergus	1,130,040	First mortgage bearing interest at Royal Bank prime plus 4%. Repayable December 2009
624 Main St East, Hamilton	541,111	First mortgage bearing interest at 5.52%. Repayable November 2011.

CENTURION APARTMENT PROPERTIES L.P.**NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS****AS AT DECEMBER 31, 2009**

Property	Balance	Details
36 & 70 Orchard View, Oshawa	1,631,000	First mortgage bearing interest at 5%. Repayable April 2011.
36 & 70 Orchard View, Oshawa	223,000	Second mortgage bearing interest at 5%. Repayable June 2012.
255 Dunlop St West, Barrie	1,564,769	First mortgage bearing interest at 6.18%. Repayable August 2012.
255 Dunlop St West, Barrie	276,000	Second mortgage bearing interest at 5%. Repayable August 2012.
255 Dunlop St West, Barrie	676,355	Third mortgage bearing interest at 12%. Repayable July 2010.
356 & 360 Hoffman St, Kitchener	4,445,000	First mortgage bearing interest at 5%. Repayable April 2011.
15, 19 & 25 Hugo Cres, Kitchener	2,429,000	First mortgage bearing interest at 5%. Repayable April 2011.
167 Morgan Ave, Kitchener	2,163,000	First mortgage bearing interest at 5%. Repayable April 2011.
118 St. Joseph Dr, Kitchener	598,113	First mortgage bearing interest at 5%. Repayable October 2011.
196 Churchill St South, Acton	2,053,600	First mortgage bearing interest at Royal Bank prime plus 4%. Repayable November 2009.
707 & 711 Dundas St West, Whitby	2,484,082	First mortgage bearing interest at Royal Bank prime plus 4%. Repayable November 2009.
165 Old Muskoka Rd, Gravenhurst	2,173,143	First mortgage bearing interest at 5%. Repayable October 2011.
2 & 4 Yonge St, Huntsville	1,046,697	First mortgage bearing interest at 5%. Repayable October 2011.

CENTURION APARTMENT PROPERTIES L.P.

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2009

Property	Balance	Details
135 Atherley Rd, Orillia	3,505,075 .	First mortgage bearing interest at Royal Bank prime plus 4%. Repayable December 2009.
185, 187 & 191 Lisgar Ave, Tilsonburg	2,296,502	First mortgage bearing interest at Royal Bank prime plus 4%. Repayable December 2009.
262 - 282 Kingswood Dr, Kitchener	10,751,963	First mortgage bearing interest at 4.47%. Repayable March 2016.
310 & 320 Kingswood Dr, Kitchener	3,343,193	First mortgage bearing interest at 5.1%. Repayable April 2014.
262 - 282, 310 & 320 Kingswood Dr, Kitchener	1,435,206	Second mortgage bearing interest at 9.25%. Repayable June 2011.
262 - 282, 310 & 320 Kingswood Dr, Kitchener	2,400,000	Third mortgage bearing interest at 12%. Repayable June 2011.
C.A.B. Realty Finance	<u>4,337,450</u>	Subordinate blanket mortgage over all properties of the Limited Partnership (excluding the Kingswood Dr properties) bearing interest at 10%. Repayable May 2012.
Total	<u>65,165,167</u>	
Less portion of Kingswood Dr properties not owned by the Limited Partnership	<u>(16,137,325)</u>	
	49,027,842	
Deferred finance costs (Note 3 & Note 20)	<u>(806,904)</u>	
Total	<u>\$48,220,938</u>	

CENTURION APARTMENT PROPERTIES L.P.
NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2009

11.CONCENTRATION OF CREDIT RISK

Financial instruments which potentially subject the limited partnership to credit risk consist of accounts receivable and accounts payable. The company has no reason to believe credit loss will arise from any of the above financial instruments. The maximum amount of loss which may possibly be realized is the carrying value of the financial instruments.

12.FINANCIAL INSTRUMENTS RISK

The limited partnership's financial instruments comprise bank, accounts receivable, accounts payable, tenants deposits and loans, debentures and mortgages payable. The main risks arising from the limited partnership's financial instruments are liquidity risk and credit risk.

13.CAPITAL DISCLOSURES

The limited partnership's objectives in managing capital are to safeguard the entity's ability to continue as a going concern so that it can provide returns to its partners and to provide an adequate return to its partners by pricing rentals with the level of risk commensurate with existing market conditions. In order to maintain this capital structure the limited partnership may adjust its rental pricing structure.

14.RELATED PARTY TRANSACTIONS

Included in loans payable is an amount of \$2,360 owing to a related company - Centurion Property Associates Inc. The companies are related due to common management.

Management fees of \$587,350 (2008 - \$432,548) and call centre support fees of \$66,107 (2008 - \$59,568) were paid to Centurion Property Associates Inc.

15.GOING CONCERN BASIS

These financial statements have been prepared on a going concern basis, whereby the limited partnership will be able to realize its assets and discharge its liabilities in the normal future course of business.

CENTURION APARTMENT PROPERTIES L.P.
NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2009

16. LONG TERM DEBT

The annual amount of principal payments required to meet retirement provisions over the next 5 years are

2010	\$	16,278,487
2011	\$	19,565,526
2012	\$	6,531,945
2013	\$	1,124,774
2014	\$	2,972,873

17. CONTINGENT LIABILITY

A tenant in Gravenhurst has made a claim for damages arising from a dog bite. Management believes that the claim is without merit and that the limited partnership is fully insured against such a claim. The potential amount of the claim is unknown.

18. BUSINESS RISK

The limited partnership is engaged primarily in the business of owning and renting apartment buildings. Due to the volatile nature of the real estate market the values of the limited partnerships' property and equipment may decrease in value over time, resulting in a reduction in the market value of the partners' equity in the limited partnership.

19. ACCUMULATED DEPRECIATION

	<u>2009</u>	<u>2008</u>
Buildings	\$ 5,770,005	\$ 2,899,308
Appliances and equipment	255,909	157,219
Computer equipment	<u>2,617</u>	<u>1,836</u>
	<u>\$ 6,028,531</u>	<u>\$ 3,058,363</u>

CENTURION APARTMENT PROPERTIES L.P.
NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2009

20. DEFERRED FINANCE COSTS (Note 10, Page 12)

	<u>2009</u>	<u>2008</u>
Costs	\$ 1,196,122	\$ 749,967
Accumulated amortization	<u>(389,218)</u>	<u>(149,994)</u>
	<u>\$ 806,904</u>	<u>\$ 599,973</u>

21. SUBSEQUENT EVENTS

- a) Subsequent to the year end, the limited partnership entered into an agreement to sell its property located in Fergus for \$1,387,500. The sale is expected to close in March 2010.
- b) Subsequent to the year end, the limited partnership repaid \$5,955,511 mortgages payable on its properties located in Whitby and Orillia and received \$4,718,000 new mortgage financing for these properties.

22. ACCOUNT CLASSIFICATION

Certain of the prior year amounts have been reclassified in order to comply with the current year's presentation.

23. DEBENTURE PAYABLE

The debenture is payable to Centurion Apartment Properties Limited Partnership II and is repayable at the earlier of November 3, 2014 or the date at which a reorganization transaction will occur between the limited partnership, Centurion Apartment REIT and Centurion Apartment Properties Limited Partnership II. The interest rate is 10% per annum, payable monthly.

This is a forced conversion debenture. When the trustees of Centurion Apartment REIT determine that a trigger event has occurred, the debenture will be cancelled at that time. Prior to the trigger event, unit holders of Centurion Apartment Properties L.P. will receive units of Centurion Apartment Properties Limited Partnership II, which are exchangeable for units of Centurion Apartment REIT on a one-for-one basis, based upon a value of \$21.4353 per unit. The debenture agreement does not allude to any security.



**CENTURION APARTMENT
REAL ESTATE INVESTMENT TRUST**