



September 1, 2023

Centurion Asset Management Inc. (the “Asset Manager”) and the Board of Trustees of Centurion Apartment Real Estate Investment Trust (the “REIT”) are pleased to announce that they have reached an agreement to update the Asset Management Agreement of the REIT, effective September 1, 2023 (the “Updated Asset Management Agreement”).

Since the inception of the REIT, the asset and property management agreements have been regularly updated to be cost competitive and ensure continued alignment between the Asset Manager and investors. The last such revision was January 1st, 2015.

The current term of the Asset Management Agreement would have ended on December 31st, 2024, less than 18 months away. The market standard for REIT asset management arrangements has changed since our last major revision more than 8.5 years ago, and the Asset Manager and the Board of Trustees believe that this is the time to refresh the Asset Management Agreement to reflect current investment management trends ahead of the expiry of the current term.

In connection with the Updated Asset Management Agreement, the Asset Manager will:

- No longer charge transaction fees for either acquisitions or mortgage or equity joint venture originations. The REIT will now earn the borrower-paid mortgage and equity joint venture fees that were previously retained by the Asset Manager;
- Re-designate its non-diluting Class M REIT Units as Class A REIT Units and agree there will be no further entitlements in respect of the Class M REIT Units, eliminating any further unitholder equity dilution from the Class M REIT Units and simplifying the fee structure in a way that is better understood by investors; and
- Assume the cost of all asset management staff, leaving in place all REIT property management staff.

Instead, the REIT will be charged a 1.0% per annum asset management fee based on Net Asset Value and bear a carry of 15% based on the units producing a return in excess of a 7.25% hurdle, subject to a full catch-up and high water mark.

The initial term of the Updated Asset Management Agreement is five years and will be renewed automatically annually thereafter unless cancelled. The contract will be terminable by the REIT (i) for cause, (ii) for poor performance by the Asset Manager at the end of the initial term, subject to a cure period and unitholder approval, or (iii) for other strategic purposes after seven years, subject to unitholder approval and a 36-month make-whole payment. The Asset Manager may terminate the contract at any time after the initial term on 180 days’ notice.

A special committee of independent Trustees negotiated the revisions to the Asset Management Agreement on behalf of the REIT and retained Davies Ward Phillips & Vineberg LLP and Raymond James Ltd. as independent legal and financial advisors, respectively, to assist in these negotiations. The independent Trustees, following receipt of independent legal and financial advice and considering numerous factors, including the risks and benefits of the changes to the Asset Management Agreement, determined that the changes are in the best interests of the REIT and the Unitholders and approved the entering into of the Updated Asset Management Agreement by the REIT.

The Asset Manager was separately advised by Sera Global and Cassels Brock & Blackwell LLP.

The Offering Memorandum for the REIT has been updated to reflect the changes and posted to the website of the Asset Manager and to Sedar.

With assets of over \$6.7 billion, the Asset Manager and the Board of Trustees believe that these modifications to the Asset Management Agreement will provide the REIT with an up-to-date, market-leading, cost-competitive structure that also increases alignment between the Asset Manager and Unitholders. The changes are also expected to drive continued strong performance and are conducive to continuing to grow the REIT by attracting and retaining investor capital and management talent.