Centurion Apartment REIT

Investing in Apartments for Income and Stability

FOR INVESTOR USE ONLY

Last updated: May 2019
IMPORTANT INFORMATION: This communication is for information purposes only and is not, and under no circumstances is to be construed as, an invitation to make an investment in Centurion Apartment Real Estate Investment Trust (“REIT”). Investing in Centurion Apartment REIT Units involves risks. There is currently no secondary market through which Centurion Apartment REIT Units may be sold and there can be no assurance that any such market will develop. A return on an investment in Centurion Apartment REIT Units 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, working capital requirements and future capital requirements. In addition, the market value of Centurion Apartment 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.

PAST PERFORMANCE MAY NOT BE REPEATED. Investing in Centurion Apartment REIT Units can involve significant risks and the value of an investment may go down as well as up. There is no guarantee of performance. An investment in Centurion Apartment REIT is not intended as a complete investment program and should only be made after consultation with independent investment and tax advisors. Only investors who do not require immediate liquidity of their investment should consider a potential purchase of Units. The risks involved in this type of investment may be greater than those normally associated with other types of investments. Please refer to the Centurion Apartment REIT Offering Memorandum for a further discussion of the risks of investing in Centurion Apartment REIT.

Centurion Asset Management Inc.
25 Sheppard Avenue West, Suite 710
Toronto, ON M2N 6S6
www.centurion.ca

Contact Information
1-888-737-7348
invest@centurion.ca
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Based in Toronto, Centurion Asset Management Inc. is a respected alternative asset manager that offers a growing portfolio of private investment products including multi-residential apartments, student housing, mortgage financing, and corporate financing.

Centurion owns and manages over $2 billion in total assets.

GROWING PORTFOLIO OF PRIVATE INVESTMENT PRODUCTS:

- **Centurion Apartment Real Estate Investment Trust** – 57 quality multi-residential and student housing rental properties across Canada and United States

- **Centurion Real Estate Opportunities Trust** – diversified portfolio of mortgages and opportunistic real estate developments

- **Centurion Financial Trust** – private debt investments, including but not limited to mortgages, opportunistic real estate developments, and corporate debt

Centurion is a respected alternative investment manager committed to helping Canadian investors grow and protect their wealth.
Management – Focused, Experienced, Disciplined

FOCUSED
- Fully integrated asset and property management company
- Private investments

EXPERIENCED
- Established in 2003 by founder and current president
- 20+ years in financial markets and residential real estate
- Supported by solid senior management and majority independent boards – brought on top talent

DISCIPLINED
- Structured investment/operations due-diligence process to manage risk, maximize income, and add value
- Controlled approach to capital expenditures and capital raising
Important considerations for many investors:

- Steady monthly distributions
- Moderate growth
- Tax-advantaged income\(^1\)
- Capital preservation
Solution: Real Estate Investments

- **Income**: Provides the foundation for monthly income
- **Investment growth**: A hard asset that appreciates over time
- **Lower volatility**: Not impacted by as many short-term market forces as other asset classes
- **Capital preservation**: For several usages a fundamental staple with downside protection
- **Inflation hedge**: Real estate has a history of protecting against the destruction of wealth caused by inflation
Types of Real Estate

Real Estate Sub-sectors

• Commercial
• Industrial
• Retail

• Services
• Apartments
• Residential Single Family Homes / Condominiums

Investing in Apartments for Income and Stability

A timely opportunity to invest in one of the safest sectors within the real estate market – income producing apartment properties in Canada and United States.
## Private vs Publicly Traded REITs

### Private REIT
- Not traded on a public stock exchange (generally offer 30-day liquidity)
- Value is based on the value of underlying real estate or equity / lending rate (not a "market-traded" price)
- No additional reporting costs related to a public listing
- Rational pricing with lower volatility\(^2\)
- Tend to be far less correlated to major equity markets\(^4\)

<table>
<thead>
<tr>
<th>2008: Non Listed Property Ownership(^{**})</th>
<th>+3.7%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non Listed Apartment Property(^{**})</td>
<td>+6.4%</td>
</tr>
</tbody>
</table>

### Publicly Traded REIT
- Trade on a public stock exchange (provide daily liquidity)
- Trading daily also means investors can potentially push price up or down, reflecting current market sentiment, regardless of actual market value of the asset
- Increased reporting costs due to requirements of public listing
- History of more volatile pricing
- Tend to be more highly correlated to equity markets.

Example during 2008 financial crisis:
- S&P/TSX Capped REIT Index TR\(^{*}\): -38.3%
- S&P/TSX\(^{*}\): -33.0%

\(^{*}\) Source: Bloomberg
\(^{**}\) Source IPD (2008 Edition); Note: Non listed property ownership is similar to a Private REIT
Comparing Asset Class Performance

Publicly-traded REITs tend to exhibit Stock Market volatility & may be correlated.

Growth of $10,000 invested: past 16-year period as at February 20, 2018

REITs are not guaranteed, their values can change frequently and past performance is no guarantee of future results.

Calendar Return %  

<table>
<thead>
<tr>
<th>Year</th>
<th>S&amp;P/TSX Composite Index TR</th>
<th>S&amp;P/TSX Capped REIT Index TR</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>-33.0%</td>
<td>-38.3%</td>
</tr>
<tr>
<td>2009</td>
<td>35.1%</td>
<td>55.3%</td>
</tr>
<tr>
<td>2010</td>
<td>17.6%</td>
<td>22.6%</td>
</tr>
<tr>
<td>2011</td>
<td>-8.7%</td>
<td>21.7%</td>
</tr>
<tr>
<td>2012</td>
<td>7.2%</td>
<td>17.0%</td>
</tr>
<tr>
<td>2013</td>
<td>13.0%</td>
<td>-5.5%</td>
</tr>
<tr>
<td>2014</td>
<td>10.6%</td>
<td>10.4%</td>
</tr>
<tr>
<td>2015</td>
<td>-8.3%</td>
<td>-4.6%</td>
</tr>
<tr>
<td>2016</td>
<td>21.1%</td>
<td>17.6%</td>
</tr>
<tr>
<td>2017</td>
<td>9.1%</td>
<td>9.8%</td>
</tr>
</tbody>
</table>
Comparing Asset Class Performance

Private Apartment Property Index exhibits steady growth

Growth of $100,000 invested: past 33-year period as at December 31, 2018 (annual update)

“Consistently positive growth over the past 33 years”

“Positive calendar year Total Returns every year over past 33 years”

REITs are not guaranteed, their values can change frequently and past performance is no guarantee of future results. Above MSCI / IPD Index only available with annual data points versus indices shown with quarterly data. It is an unleveraged index. PAST PERFORMANCE MAY NOT BE REPEATED.
Centurion Apartment Real Estate Investment Trust (the “REIT”) is an income-producing, diversified real estate investment trust. It provides the opportunity for investors to invest in a diversified portfolio of rental apartments and student housing properties in Canada and United States and participate in the profits derived from them.

The REIT has stable, rational pricing with lower volatility and low correlation to the public equity markets.
Investment Objectives

- To provide investors with stable cash distributions, payable monthly, where reasonably possible, tax deferred, with the opportunity for long-term growth, and a focus on preservation of capital

- To offer a diversified investment portfolio of income-producing multi-residential apartments, student housing properties, and mortgage investments in Canada and United States

- To maximize unit value through the active management of the portfolio and through acquisition of additional properties

- To leverage on the strategic relationships within Centurion Asset Management Inc.’s network to increase investment opportunities and manage risk
Investment Strategy

Centurion Apartment REIT always looks for opportunities using a strict due diligence process to ensure investments are responsible and beneficial for its valued investors. We concentrate on communities with low vacancy levels and growing population demographics.

Three primary strategies:

1. Purchase undervalued properties with untapped potential, low vacancy, and stable tenant base. Investing in the properties, performing upgrades to reduce operating costs, and maximize income.

2. Investing in newer, stabilized buildings in desirable neighbourhoods that do not require upgrades allows the REIT to realize maximum income quickly.

3. Centurion Apartment REIT leverages on its strategic relationship with Centurion Real Estate Opportunities Trust to proactively create a pipeline of new investment opportunities. Having the Centurion network involved throughout the development process of new multi-residential and student housing properties ensures these potential acquisitions of Centurion Apartment REIT are familiar, having performed due diligence throughout the build and stabilization phases.
Investing for Income and Stability

Apartment Investing

- Steady, predictable cash flows with low vacancy rates
- Favourable market for rentals, with great demographics; Centurion properties are generally in the “need to rent” category with high demand

Student Housing

- Consistent with our philosophy of seizing upon strategic opportunities
- Steady, predictable cash flows with low vacancy rates
- Dominant player in a large, relatively untapped market being the largest (non-university) owner of student housing in Canada
- Only private REIT in Canada engaged in the student residence business
Value Opportunity

- Rents significantly under market
- Building was poorly run and under maintained
- Purchase Price:
  - $2.115 million (March 2006)

Upgrade Program

- Renovation & repositioning program
  (Lighting retro-fits, new windows, elevator cab upgrades, improved security, common area renovations and in-suite upgrades) 4 month period, investment cost of $350,000

  Income:
  Increased from $160,000 per annum to $250,000 (+56%)

Refinanced:
Refinanced after 4 months at $3.2 million

Value at December 31, 2013:
$5.03 million

Property Background

- Centurion funded the 2nd mortgage on this property with the option to purchase.
- The developer approached Centurion to exercise our purchase option.
- After due diligence, Centurion Apartment REIT exercised the purchase option.
Geographically Diverse Portfolio

- 57 Properties
- 47 Multi-Residential Apartments
- 10 Student Communities
- 7,027 Rental Units
- 20 Cities
## Portfolio Composition

### 20 cities / 57 properties / 7,027 rental units

<table>
<thead>
<tr>
<th>City</th>
<th>Apartment</th>
<th>Student Housing</th>
<th>Apartment</th>
<th>Student Housing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acton</td>
<td>1</td>
<td></td>
<td>33</td>
<td></td>
</tr>
<tr>
<td>Athens, Georgia, USA</td>
<td>1</td>
<td></td>
<td>204</td>
<td></td>
</tr>
<tr>
<td>Barrie</td>
<td>2</td>
<td></td>
<td>43</td>
<td></td>
</tr>
<tr>
<td>Brighton</td>
<td>2</td>
<td></td>
<td>59</td>
<td></td>
</tr>
<tr>
<td>Cambridge</td>
<td>5</td>
<td></td>
<td>679</td>
<td></td>
</tr>
<tr>
<td>Dartmouth</td>
<td>1</td>
<td></td>
<td>114</td>
<td></td>
</tr>
<tr>
<td>Edmonton</td>
<td>1</td>
<td></td>
<td>126</td>
<td></td>
</tr>
<tr>
<td>Gravenhurst</td>
<td>1</td>
<td></td>
<td>39</td>
<td></td>
</tr>
<tr>
<td>Guelph</td>
<td>1</td>
<td></td>
<td>66</td>
<td></td>
</tr>
<tr>
<td>Huntsville</td>
<td>1</td>
<td></td>
<td>25</td>
<td></td>
</tr>
<tr>
<td>Kitchener</td>
<td>8</td>
<td></td>
<td>742</td>
<td></td>
</tr>
<tr>
<td>London</td>
<td></td>
<td>4</td>
<td></td>
<td>950</td>
</tr>
<tr>
<td>Mississauga</td>
<td>3</td>
<td></td>
<td>269</td>
<td></td>
</tr>
<tr>
<td>Montreal</td>
<td></td>
<td>1</td>
<td></td>
<td>440</td>
</tr>
<tr>
<td>Oshawa</td>
<td>2</td>
<td></td>
<td>71</td>
<td></td>
</tr>
<tr>
<td>Regina</td>
<td>4</td>
<td></td>
<td>395</td>
<td></td>
</tr>
<tr>
<td>Toronto</td>
<td>12</td>
<td></td>
<td>1,156</td>
<td></td>
</tr>
<tr>
<td>Waterloo</td>
<td></td>
<td>5</td>
<td></td>
<td>1,356</td>
</tr>
<tr>
<td>Whitby, Texas, USA</td>
<td>1</td>
<td></td>
<td>36</td>
<td></td>
</tr>
<tr>
<td>Waller</td>
<td>1</td>
<td></td>
<td>224</td>
<td></td>
</tr>
</tbody>
</table>

**Total**

- 20 cities
- 47 properties
- 10 properties
- 4,281 units
- 2,746 units

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RESPECT  INTEGRITY  SIMPLICITY  EXCELLENCE
Portfolio Summary (% of Assets)

- Apartments: 54%
- Student Residences: 16%
- Investment in Centurion REOT: 26%
- Direct Mortgage and Equity Accounted Investments: 4%
Performance: Centurion Apartment REIT

GROWTH OF $100,000 INVESTED IN CENTURION APARTMENT REIT (Class A Units)
(since inception, August 31, 2009)

March 31, 2019
$318,654

Calendar Returns

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Centurion Apartment REIT</td>
<td>2.7%</td>
<td>8.5%</td>
<td>10.2%</td>
<td>20.0%</td>
<td>11.0%</td>
<td>9.2%</td>
<td>10.2%</td>
<td>9.8%</td>
<td>17.2%</td>
<td>23.4%</td>
<td>1.3%</td>
</tr>
</tbody>
</table>

Compound Trailing Returns

<table>
<thead>
<tr>
<th>Period</th>
<th>1-Year</th>
<th>2-Year</th>
<th>3-Year</th>
<th>4-Year</th>
<th>5-Year</th>
<th>Since Inception</th>
</tr>
</thead>
<tbody>
<tr>
<td>Centurion Apartment REIT</td>
<td>21.5%</td>
<td>20.1%</td>
<td>16.5%</td>
<td>14.7%</td>
<td>13.7%</td>
<td>12.7%</td>
</tr>
</tbody>
</table>

(1) For partial year August 31, 2009 to December 31, 2009
(2) As at March 31, 2019

REIT returns are not guaranteed, their values can change frequently and past performance is no guarantee of future results.
PAST PERFORMANCE MAY NOT BE REPEATED.
Centurion Properties - Apartments

North Service Rd, Mississauga
Milligan Park Apartments, Barrie
Huntington Apartments, Dartmouth
Biggin Court, Toronto
Windermere Village Apartments, Edmonton
Orchard View Apartments, Oshawa
Dundas Court, Toronto
Woodside Ave Apartments, Cambridge
Atwood Suites, Guelph

RESPECT | INTEGRITY | SIMPLICITY | EXCELLENCE

centurion.ca
Centurion Properties – Student Housing

RESPECT  INTEGRITY  SIMPLICITY  EXCELLENCE

205 Oxford St, London
75 Ann St, London
1430 Rue City Councilor, Montreal
83 St. George St, London
1 Beaufort St, London

167 King St N, Waterloo
168 King St N, Waterloo
173 King St N, Waterloo
160 Rue City Councilor, Montreal

centurion.ca
Summary

Investment Solution
- A trust that provides qualified investors with a diversified portfolio of income-producing, multi-residential apartments and student housing properties

Benefits for Investors
- Generates monthly income
- Potential for growth
- Focus on capital preservation
- Tax efficient\textsuperscript{1}
- Diversifies investor’s portfolio
- Re-investment options

Centurion Strength

People
- Experienced and dedicated team

Processes
- Relative value-oriented strategy
- A majority independent Board of Trustees provide oversight

Performance
- Track record of strong total returns since 2006

Portfolio
- Helps to diversify portfolios overweight in equities with its low correlation\textsuperscript{4} to major asset classes and lower volatility\textsuperscript{3}
Executives and Board of Trustees

Depth of experience and expertise
The Board of Trustees is responsible for the general control and direction of Centurion Apartment REIT.

Greg Romundt
President, CEO, and Trustee

Robert Orr
CFO/CCO and Trustee

Ross Amos
Chairman of the Board
Independent Trustee

John Mills
Independent Trustee
Appendices
Investment Solutions
- Centurion Apartment Real Estate Investment Trust
- Centurion Real Estate Opportunities Trust
- Centurion Financial Trust

Centurion Asset Management Inc.’s investment products portfolio is governed by three separate independent Board of Trustees, the majority of whom are independent of management.

Financing Solutions
- Mortgages, senior secured term loans, asset backed loans, bridge loans, subordinated loans, mezzanine loans, royalties, and syndicated loans

Property/Management Services
- Multi-residential apartments
- Student Residences through the Centurion Brand: The MARQ
Centurion Apartment Real Estate Investment Trust

- An income-producing, diversified real estate investment trust that allows investors to invest in a diversified portfolio of rental apartments and student housing properties in Canada and United States
- Owns more than 7,000 multi-family rental apartments and student housing beds (approx. 61% apartments and 39% student housing)

Open for investment to qualified investors only via an Offering Memorandum.

Highlights:
- Monthly distributions
- Growth potential
- Preservation of capital
- Low correlation to equity markets equals lower volatility
- Tax-advantaged income
- Accepts investments via registered plans like RRSP’s, RRIF’s and TFSA’s
Centurion Real Estate Opportunities Trust

An income and capital growth-oriented investment trust that allows qualified investors to invest in a diversified portfolio of mortgages and opportunistic real estate developments and investments.

The targeted investment portfolio will include:
- Mortgage investments
- Loans for multi-residential apartments, student housing, and commercial developments
- Developer and builder pre-construction loans
- Mezzanine and subordinated debt financing
- Other growth-orientated real estate opportunities

Open for investment to qualified investors only via an Offering Memorandum.

Highlights:
- Monthly distributions
- Growth potential
- Preservation of capital
- Accepts investments via registered plans like RRSP's, RRIF's and TFSA's
Centurion Portfolio

Centurion Financial Trust

An income and capital growth-oriented investment trust that allows qualified investors to invest in a diversified portfolio of private debt investments, including but not limited to mortgages, opportunistic real estate developments, and corporate debt.

Target business profile:
- Established businesses located in Canada or the United States
- EBITDA greater than $2 million
- Strong management team committed to the business
- Clearly defined business strategy
- Operating in stable markets
- Seeking financing solution involving minimal intervention

Open for investment to qualified investors only via an Offering Memorandum.

Highlights:
- Monthly distributions
- Growth potential
- Preservation of capital
- Accepts investments via registered plans like RRSP's, RRIF's and TFSA's
Centurion Mortgage Lending and Financing

Centurion Mortgage Capital Corporation is a non-bank lender that’s in a very unique position to offer customized end-to-end financial solutions for developers, builders, real estate partners and investors.

**Mortgage Lending and Joint Venture / Equity Participations**

- Provided to developers of multi-family rental apartments and student housing
- Focused participation particularly on projects where the REIT has a potential interest in acquiring the completed project
Multi-Residential Apartments and Student Housing

At Centurion, we endeavour to provide our residents with exceptional service and quality apartments. Our goal is to enhance our residents’ living experience by proactively attending to their needs, and remaining focused on value in improving the apartments they call home.

At The MARQ, we've created, and are committed to being a place that students can be proud to call home throughout their university experience. We commit to providing safe, clean apartments students can be proud of.

Highlights:

- Manages 47 multi-residential apartments with 4,281 rental units
- Locations across Canada and United States

Centurion Portfolio

Highlights:

- Manages 10 student housing properties with 2,746 beds
- Locations in London, Montreal, and Waterloo
- Canada's largest REIT owner of student housing
Biographies of Trustees

Greg Romundt  HBA
President and CEO
Trustee of Centurion Apartment REIT, Centurion REOT, and Centurion Financial Trust

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

Robert Orr
Chief Financial Officer / Chief Compliance Officer
Trustee of Centurion Apartment REIT and Centurion REOT

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

**Ross Amos MBA, ICD.D**
Chairman of the Board
Independent Trustee

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

**John Mills MBA, ICD.D**
Independent Trustee

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

<table>
<thead>
<tr>
<th><strong>Centurion Apartment REIT:</strong></th>
<th>An unincorporated open-end investment trust created by declaration of a trust made as of August 31, 2009. For the purposes of the Income Tax Act it is a mutual fund trust</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Legal Advisors:</strong></td>
<td>Cassels Brock and Blackwell LLP</td>
</tr>
<tr>
<td><strong>Auditor:</strong></td>
<td>KPMG LLP (Canada)</td>
</tr>
<tr>
<td><strong>Registrar and Transfer Agent:</strong></td>
<td>The Investment Administration Solution Inc.</td>
</tr>
<tr>
<td><strong>Legal Entity:</strong></td>
<td>Centurion Apartment Real Estate Investment Trust</td>
</tr>
<tr>
<td><strong>Property Manager:</strong></td>
<td>Centurion Property Associates¹⁴</td>
</tr>
</tbody>
</table>

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[¹⁴] Note: Property Manager information marked with an exponent indicates a source or footnote.
Notes

1. “Tax Advantaged Income” means that due to the general ability of real estate owners (like Centurion Apartment REIT) to deduct capital cost allowances against income, that current taxes can often be reduced and/or deferred whereas with an interest bearing instrument such as a bond or deposit no such offset from capital cost allowances are available. In 2009, 2010, 2011, and 2012 100% of Centurion Apartment REIT’s distributions were treated as return of capital (Box 42 on a T3 Form) for tax purposes. In 2013, 90.25% of the distributions were treated as return of capital and 9.75% as capital gains. In 2014, 83.7% of the distributions were treated as return of capital, 1.87% as capital gains and 14.43% as other income. There is no guarantee that this will be the case in the future.

2. “Rational pricing with lower volatility” means that property values are based on a methodical process involving a number of highly skilled professionals that must opine on and thus impact upon value including a) knowledgeable and professional buyers and sellers b) third party appraisers and c) financial institutions (that will be restricted in loan to value ratios and debt service ratios and other financial covenants). Valuation methods would follow standard valuation guidelines used in the industry and third party appraisers would be accredited professionals. Further, buyers and sellers are not casual participants in the marketplace and are risking substantial capital in a transaction given that the average equity required for a purchase would be substantially larger than that required to buy a few shares of stock in a publicly listed company. Whereas regular stock market investors need to have no specific skills, industry knowledge, infrastructure, substantial capital, substantial capital at risk in a single investment and relationships that would otherwise serve to exclude them from the marketplace, direct property investors must have these at a minimum. The participation of knowledgeable buyers, and the limitations imposed by lenders for debt service and leverage further act to constrain valuation parameters which constraints may not apply on a traded stock. This rational pricing means that in the absence of changes in property net operating income (which ceteris paribus tend to move with inflation) or capitalization rates, that valuations tend to move slowly over time in comparison to how stocks can move constantly and with great volatility over the course of the day (or any other investment horizon). As such, rational pricing would tend to be associated with lower volatility.

3. Source: Centurion Apartment REIT analysis of the REALPac/IPD Canada Property Investors Digest: Long Term Series total unleveraged returns between 1985 and 2010 comparing Retail, Office, Industrial and Residential properties on an unlevered basis. The Residential sector experienced the highest compounded returns, the highest average annual simple returns, had the lowest standard deviation of annual simple returns of all these sectors and was the only sector to never have had a negative year on a total return basis. PAST PERFORMANCE MAY NOT BE REPEATED.

4. Source: This is the opinion of Centurion Apartment REIT and is based in part on a comparison of the historical returns and volatility of the REALPac/IPD Canada Annual Property Index versus the S&P/TSX Capped REIT Index TR, portions of which are reproduced herein. It is Centurion Apartment REIT’s opinion that a private apartment REIT is less exposed to stock market movements than a listed REIT, but this isn’t guaranteed. Being private may introduce other risks. Please refer to the Offering Memorandum “Risk Factors”


6. Source: Bloomberg as at February 20, 2018

7. Source: REALPac/IPD Canada Annual Property Index as at Dec. 31, 2014. This index is referenced as it is the longest direct property data series that Centurion Apartment REIT has found that is commonly used by institutional real estate investors. Centurion Asset Management Inc. believes that it the best available series to demonstrate the long term cash flow, capital growth and volatility characteristics of apartments as an asset class. It is an unleveraged index. PAST PERFORMANCE MAY NOT BE REPEATED.

8. Source: Centurion Apartment REIT Consolidated Financial Statements for the period ended December 31, 2013 at IFRS Fair Value.

10. For partial year August 31, 2009 to December 31, 2009
11. For partial year March 7, 2006 to December 31, 2006
12. This chart is shown only to demonstrate the Manager’s track record and experience with managing apartments. The chart is a composite of the performance of CAPLP from its launch both before and after its rollover into Centurion Apartment REIT. CAPLP was formed on 7 March 2006. The REIT was formed on 31 August 2009. CAPLP rolled over into the REIT on 30 June 2010. It is important to note that there are a number of material differences between CAPLP and the REIT which include, but are not limited to: 1) CAPLP used higher degrees of leverage than the REIT intends to use which will, in general have the effect of lowering overall returns but also risk in the REIT relative to CAPLP; 2) CAPLP had a different business and operating strategy than the REIT. CAPLP was designed primarily as a capital growth vehicle and didn’t distribute cash flow whereas the REIT is designed to be an income vehicle with modest long term growth; 3) CAPLP bought properties that generally needed higher degrees of capital investment than properties the REIT will likely buy and thus CAPLP may have had outsized opportunities for gains relative to opportunities the REIT may pursue in the future; 4) Because the REIT is designed as an income generating vehicle, the REIT will not generally be as aggressive in repositioning properties on as large a scale as may have been done in CAPLP; and 5) the Manager is targeting a more conservative risk profile with the REIT than it had done with a capital growth oriented vehicle like CAPLP and thus anticipates that the returns of the REIT will be lower than have been achieved by CAPLP. These differences and others will mean that the performance and risk characteristics of CAPLP and the REIT will be different and potentially materially different. Potential investors should not look upon the performance of CAPLP as indicative of potential performance of the REIT. CAPLP is closed to new investment. PAST PERFORMANCE MAY NOT BE REPEATED.
13. “Rental Units” means, in the case of apartments, apartment suites, irrespective of the number of bedrooms in a suite. In the case of student housing properties, a Rental Unit is a bedroom. Thus a 25 suite student apartment building with 4 bedrooms per suite would show in the table as 100 Rental Units. This table also only shows Rental Units that are undiluted by joint ventures. Thus 100 Rental Units where the REIT has a 50% stake will show as 100 Rental Units and not as 50 Rental Units. Detailed tables breaking down the portfolio are available in the Offering Memorandum.
14. On January 1, 2015, Centurion Apartment REIT internalized its property and asset management teams. See centurion.ca for further details.