

OFFERING MEMORANDUM

CENTURION APARTMENT REAL ESTATE INVESTMENT TRUST

DATE May 1, 2017

THE ISSUER

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

Head Office: Address: 25 Sheppard Avenue West, Suite 710, Toronto, ON M2N 6S6
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Currently listed or quoted? **No - These securities do not trade on any exchange or market.**

Reporting Issuer? No

SEDAR Filer? No

THE OFFERING

Securities Offered: Class A, Class F, and Class I trust units of Centurion Apartment REIT (collectively the “**Units**”).

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

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

Minimum Subscription Amount: \$25,000

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

Proposed closing date: Periodically, with the initial closing date expected to be on or about June 1, 2017.

Selling Agent: Yes - See Item 7.
Centurion Apartment REIT is a connected issuer, and may be considered to be a related issuer, of Centurion Asset Management Inc. (the “Asset Manager”), its asset manager and an exempt market dealer, investment fund manager, and restricted portfolio manager in certain jurisdictions, in connection with the distribution of the REIT’s securities hereunder, which may result in potential conflicts of interest. Centurion Apartment REIT is a connected issuer of the Asset Manager due to the factors described in this Offering Memorandum under “Relationship between Centurion Apartment REIT, The Asset Manager and Affiliates of The Asset Manager” as a result of the fact that the President of Centurion Apartment REIT and the Asset Manager are the same and Mr. Gregory Romundt and his family beneficially own all of the shares of the Asset Manager and its affiliates, including the Mortgage Manager and the Mortgage Servicer, each of which provides services to Centurion Apartment REIT. Centurion Apartment REIT may be considered to be a related issuer of the Asset Manager by virtue of the Asset Manager’s right to appoint a prescribed number of nominees to the board of trustees of Centurion Apartment REIT. Centurion Apartment REIT owns 60%

of a private mutual fund trust, Centurion Real Estate Opportunities Trust, which also has engaged Centurion Asset Management Inc. to be its asset manager. See "Trustees" and "Relationship between Centurion Apartment REIT, The Asset Manager and Affiliates of The Asset Manager" and Item 7.

RESALE RESTRICTIONS

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

PURCHASER'S RIGHTS

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

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

HOW TO READ THIS OFFERING MEMORANDUM

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

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

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

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

FORWARD-LOOKING STATEMENTS

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

NON-IFRS MEASURES

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

SUBSCRIPTION PROCEDURE AND CHECKLIST

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

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

All Purchasers

_____ Complete and execute all applicable lines on pages 1, 2 and 3 of the Subscription Agreement.

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

Accredited Investor Exemption – All provinces and territories of Canada

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

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

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

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

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

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

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

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

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OFFERING MEMORANDUM

GLOSSARY

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

ITEM 1 USE OF AVAILABLE FUNDS

1.1 Net Proceeds

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

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

Notes:

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

1.2 Use of Available Funds

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

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

Notes:

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

1.3 Reallocation

Centurion Apartment REIT intends to spend the available funds as stated. It will reallocate available funds only for sound business reasons. The Units are redeemable in accordance with the provisions of the Declaration of Trust. In the event that Centurion Apartment REIT is required to redeem Units, the available funds may be used to satisfy such redemptions.

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

2.2 Our Business

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

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

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

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

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

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

2.3 Development of our Business

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

2.4 Long Term Objectives

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

2.5 Short Term Objectives and How We Intend to Achieve Them

Centurion Apartment REIT's objectives over the next twelve months are to raise sufficient funds to complete the acquisition of additional properties, make property capital improvements, build its pipeline of future property acquisitions, provide an investment warehousing facility for Centurion Real Estate Opportunities Trust and Centurion Financial Trust and leverage its mortgage lending capabilities to increase investment opportunities.

In order for management to position the portfolio where it currently sees the best opportunities and to manage risks, it is the intention of Centurion Apartment REIT to seek formal changes to its investment guidelines at the next Annual General Meeting in September 2017 to remove the 20% limit on mortgage investments and change the geographical constraint from Canada only to include the United States as well.

2.6 Insufficient Funds

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

2.7 Competition

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

2.8 Material Agreements

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

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

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

3.1 Compensation and Securities Held

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

Name and Municipality of Residence	Positions Held	Compensation Paid by Centurion Apartment REIT or a Related Party in the Most Recently Completed Financial Year and the Compensation Anticipated to be Paid in the Current Financial Year	Number and Type of Securities of Centurion Apartment REIT Units Held ⁽¹⁾⁽³⁾	
			Class 'A' ⁽²⁾	Class 'M'
Gregory Gunter Romundt Toronto, Ontario	President Trustee	2016 - \$ 1 (4) 2017 - \$1 (4)	-	50,000
Robert Kennedy Orr Toronto, Ontario	VP Finance	2016 - \$285,000 (5) 2017 - \$229,500 (5)	-	
Gordon Ross Amos Mississauga, Ontario	Trustee (Chairman)	2016 - \$36,000 2017 - \$36,000 (Anticipated)	7,106.758	
Martin Charles Bernholtz Toronto, Ontario	Trustee	2016 - \$36,000 2017 - \$36,000 (Anticipated)	29,928.007	
John Frank Mills Oakville, Ontario	Trustee	2016 - \$36,000 2017 - \$36,000 (Anticipated)	12,422.389	
Total			48,457.154	50,000

Notes:

- (1) Percentages are percent of the Class of securities
- (2) Includes Class “A” and Exchangeable “B” Units of Centurion Apartment Properties II LP
- (3) As at March 31, 2017
- (4) Mr. Romundt receives a salary of \$1 and is not eligible for a bonus from the Trust. However, he and his family beneficially own all of the shares of the Asset Manager and its affiliates, the Mortgage Manager and the Mortgage Servicer and is compensated by them.
- (5) As of January 1, 2016 this person works as employees of either or both of Centurion Apartment REIT and/or Centurion Real Estate Opportunities Trust and/or other Trusts and their subsidiaries and his compensation in any particular period maybe allocated between these trusts and companies depending on numerous factors including, but not limited to how he splits his time between the trusts and companies. The compensation numbers presented herein are not weighted by these factors and are presented gross, as if this person will spend all of his time working solely for the trust which is unlikely. This employee is also eligible for performance based bonuses, the final amount of which has not yet been determined for 2017.

3.2 Management Experience

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

3.3 Penalties, Sanctions and Bankruptcies

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

- (a) was subject to:
 - i. a cease trade (including any management cease trade order which applied to directors or executive officers of a company, whether or not the person is named in the order);
 - ii. an order similar to a cease trade order; or
 - iii. an order that denied the relevant company access to any exemption under securities legislation;

that was in effect for a period of more than 30 consecutive days (an “**Order**”); or

- (b) was subject to an Order that was issued after the director, executive officer or control person ceased to be a director, executive officer or control person and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or control person.

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

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

3.4 Loans

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

ITEM 4 CAPITAL STRUCTURE

4.1 Share Capital

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

Description of Security	Number Authorized to be Issued	Number Outstanding as at March 31, 2017
Class 'A' Units (1)	Unlimited	39,903,647
Class 'M' Units (2)	Unlimited	50,000
Class 'F' Units	Unlimited	7,365,895

Notes:

- (1) This includes the number of CAP II LP Exchangeable "B" Units issued and outstanding which are exchangeable into REIT Class "A" Units on a one for one basis as per the Exchange Agreement of 31 August 2009.
- (2) The Class "M" Units are not being offered as part of this Offering. This table assumes that no conversion of Class "M" Units into Class "A" Units is made.

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

4.2 Long Term Debt

For information regarding the loans and indebtedness of Centurion Apartment REIT see *Appendix "F" – Audited Financial Statements* of the Confidential Offering Memorandum attached hereto to Appendix I. Such loans and indebtedness are summarized as at December 31, 2016. The actual amount of the loans and indebtedness of Centurion Apartment REIT may vary from that set forth in *Appendix "F"* of the Confidential Offering Memorandum attached hereto as Appendix I based upon principal repayments and any refinancing(s) which may occur. In addition, to the extent that additional properties are acquired, Centurion Apartment REIT expects to partially finance such acquisitions through mortgage loans and/or other long-term indebtedness. Any acquisitions and the incurring of long-term indebtedness will comply with investment guidelines and operating policies of Centurion Apartment REIT as set forth in the Declaration of Trust.

Mortgages payable at March 31, 2017 are due as follows:

	Principal Repayments	Balance due at Maturity	Total
Year ended March 31, 2018	\$45,432,384	\$62,141,461	\$107,573,845
Year ended March 31, 2019	9,665,265	60,613,149	\$70,278,414
Year ended March 31, 2020	8,177,303	21,492,940	\$29,670,243
Year ended March 31, 2021	7,172,751	84,272,985	\$91,445,736
Year ended March 31, 2022	4,437,236	21,608,661	\$26,045,897
Thereafter	15,749,922	96,801,389	\$112,551,311
	<u>\$90,634,861</u>	<u>\$346,930,585</u>	<u>\$437,565,446</u>
Less: Marked to market adjustment			220,499
Less: Unamortized portion of financing fees			(1,849,630)
			<u>\$435,936,315</u>

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

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

4.3 Prior Sales

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

Date of Issuance	Type of Security Issued	Number of Securities Issued	Price Per Security ⁽¹⁾	Total Funds Received
April 30, 2016	Units	1,508,223	\$12.2620	\$ 18,493,834
May 31, 2016	Units	184,390	\$12.4540	\$ 2,296,395
June 30, 2016	Units	14,855	\$12.4540	\$ 185,000
July 31, 2016	Units	12,044	\$12.4540	\$ 150,000
August 31, 2016	Units	60,455	\$12.4540	\$ 752,906
September 30, 2016	Units	-	\$12.4540	-
October 1, 2016	Units	362,145	\$12.4540	\$ 4,510,156
November 1, 2016	Units	2,462,825	\$12.4540	\$ 30,672,027
December 1, 2016	Units	90,507	\$12.5890	\$ 1,139,387
January 1, 2017	Units	-	\$12.5890	-
February 1, 2017	Units	2,809,781	\$12.5890	\$ 35,372,336
March 1, 2017	Units	390,675	\$12.5890	4,918,211
Total		7,895,901		\$ 98,490,251.16

Notes:

⁽¹⁾ Average Price per Unit

The Asset Manager will periodically update this table and post to its website here:

<http://www.centurion.ca/Historic-Unit-Prices-Centurion-Apartment-REIT>

ITEM 5 SECURITIES OFFERED

5.1 Terms of Securities

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

5.2 Subscription Procedure

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

Where Units are being issued in reliance on the Offering Memorandum Exemption, the consideration will be held in trust pending the closing of the Offering (and in any event until midnight on the date that is two business days following the date your completed and signed subscription documentation and funds are received by Centurion Apartment REIT), which will occur on a date determined by Centurion Apartment REIT. In the event that a closing does not occur in respect of a subscription, Centurion Apartment REIT will return the subscription funds to the subscriber, without interest or deduction.

ITEM 6 INCOME TAX CONSEQUENCES AND RRSP ELIGIBILITY

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

“*Eligibility for Investment*”; and

“*Canadian Federal Income Tax Considerations*”.

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

ITEM 7 COMPENSATION PAID TO SELLERS AND FINDERS

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

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

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

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

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

Centurion Apartment REIT owns 60% of a private mutual fund trust, Centurion Real Estate Opportunities Trust, which also has engaged Centurion Asset Management Inc. to be its Asset Manager.

ITEM 8 RISK FACTORS

See “*Risk Factors*” in Appendix I.

ITEM 9 REPORTING OBLIGATIONS

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

ITEM 10 RESALE RESTRICTIONS

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

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

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

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

ITEM 11 PURCHASERS’ RIGHTS

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

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

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

TWO DAY CANCELLATION RIGHT

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

Ontario

Section 130.1 of the *Securities Act* (Ontario) provides that every purchaser of securities pursuant to an offering memorandum (such as this Offering Memorandum) shall have a statutory right of action for damages or rescission against the issuer and any selling security holder in the event that the offering memorandum contains a Misrepresentation. A purchaser who purchases securities offered by the offering memorandum during the period of distribution has, without regard to whether the purchaser relied upon the Misrepresentation, a right of action for damages or, alternatively, while still the owner of the securities, for rescission against the issuer and any selling security holder provided that:

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

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

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

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

- (a) a Canadian financial institution or a Schedule III bank (each as defined in NI 45-106);

- (b) the Business Development Bank of Canada incorporated under the Business Development Bank of Canada Act (Canada); or
- (c) a subsidiary of any person referred to in paragraphs (a) and (b), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by directors of that subsidiary.

Saskatchewan

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The Saskatchewan Act also provides a purchaser who has received an amended offering memorandum delivered in accordance with subsection 80.1(3) of the Saskatchewan Act has a right to withdraw from the

agreement to purchase the securities by delivering a notice to the person who or company that is selling the securities, indicating the purchaser's intention not to be bound by the purchase agreement, provided such notice is delivered by the purchaser within two business days of receiving the amended offering memorandum.

New Brunswick

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

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

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

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

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

Nova Scotia

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

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

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

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

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

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

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

Manitoba

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

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

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

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

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

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

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

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

Newfoundland and Labrador

The right of action for damages or rescission described herein is conferred by section 130.1 of the *Securities Act* (Newfoundland and Labrador). Section 130.1 of the *Securities Act* (Newfoundland and Labrador) provides, in relevant part, that in the event that an offering memorandum (such as this Offering Memorandum), contains a Misrepresentation, without regard to whether the purchaser relied upon the Misrepresentation, the purchaser has, subject to certain limitations and defences, a statutory right of action for damages against the issuer and, subject to certain additional defences, every director of the issuer at the date of the offering memorandum and every person who signed the offering memorandum or, alternatively, may elect instead to exercise a statutory right of rescission against the issuer, in which case the purchaser shall have no right of action for damages against the issuer, directors of the issuer or persons who have signed the offering memorandum, provided that, among other limitations:

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

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

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

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

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

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

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

British Columbia

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

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

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

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

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

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

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

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

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

Prince Edward Island, Yukon, Nunavut and the Northwest Territories

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

Québec

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

Alberta

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

- (a) if the purchaser elects to exercise its right of rescission, it shall cease to have a right of action for damages against the person or company referred to above;
- (b) no person or company referred to above will be liable if it proves that the purchaser had knowledge of the Misrepresentation;
- (c) no person or company (other than the issuer) referred to above will be liable if it proves that the offering memorandum was sent to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its being sent, the person or company promptly gave reasonable notice to the issuer that it was sent without the knowledge and consent of the person or company;
- (d) no person or company (other than the issuer) referred to above will be liable if it proves that the person or company, on becoming aware of the Misrepresentation in the offering memorandum, withdrew the person's or company's consent to the offering memorandum and gave reasonable notice to the issuer of the withdrawal and the reason for it;
- (e) no person or company (other than the issuer) referred to above will be liable if, with respect to any part of the offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, the person or company proves that the person or company did not have any reasonable grounds to believe and did not believe that:
 - (i) there had been a Misrepresentation; or
 - (ii) the relevant part of the offering memorandum
 - (iii) did not fairly represent the report, opinion or statement of the expert, or
 - (iv) was not a fair copy of, or an extract from, the report, opinion or statement of the expert;
- (f) the person or company (other than the issuer) will not be liable if with respect to any part of the offering memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company
 - (i) did not conduct an investigation sufficient to provide reasonable grounds for a belief that there had been no Misrepresentation, or

- (ii) believed there had been a Misrepresentation;
- (g) in no case shall the amount recoverable exceed the price at which the securities were offered under the offering memorandum;
- (h) the defendant will not be liable for all or any part of the damages that the defendant proves do not represent the depreciation in value of the security as a result of the Misrepresentation;

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

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

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

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

General

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

ITEM 12 FINANCIAL STATEMENTS

The following financial statements are included as Appendices hereto:

Appendix "F": Audited financial statements of Centurion Apartment REIT for the year ended December 31, 2016.

ITEM 13 DATE AND CERTIFICATE

May 1, 2017

This Offering Memorandum does not contain a Misrepresentation.**CENTURION APARTMENT REAL ESTATE INVESTMENT TRUST**

(Signed) Gregory G. Romundt

Per: _____
GREGORY G. ROMUNDT
President and Chief Executive Officer**CENTURION ASSET MANAGEMENT INC.**

(Signed) Gregory G. Romundt

Per: _____
GREGORY G. ROMUNDT
President and Chief Executive Officer

(Signed) Robert Orr

Per: _____
ROBERT ORR
Chief Financial Officer and
Chief Compliance Officer**ON BEHALF OF THE BOARD OF TRUSTEES OF
CENTURION APARTMENT REAL ESTATE INVESTMENT TRUST**

(Signed) Gregory G. Romundt

Per: _____
GREGORY G. ROMUNDT
TRUSTEE

(Signed) Martin Bernholtz

Per: _____
MARTIN BERNHOLTZ
TRUSTEE

(Signed) Ross Amos

Per: _____
ROSS AMOS
TRUSTEE

(Signed) John Mills

Per: _____
JOHN MILLS
TRUSTEE

(Signed) Robert Orr

Per: _____
ROBERT ORR
TRUSTEE

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

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

Centurion Apartment REIT is a connected issuer, and may be considered to be a related issuer, of Centurion Asset Management Inc. (the “Asset Manager”), its asset manager and an exempt market dealer, investment fund manager and restricted portfolio manager in certain jurisdictions, in connection with the distribution of the REIT’s securities hereunder, which may result in potential conflicts of interest. Centurion Apartment REIT is a connected issuer of the Asset Manager due to the factors described in this Offering Memorandum under “Relationship Between Centurion Apartment REIT, The Asset Manager and Affiliates of The Asset Manager” as a result of the fact that the President of Centurion Apartment REIT and the Asset Manager are the same and Mr. Gregory Romundt and his family beneficially own all of the shares of the Asset Manager and its affiliates. Centurion Apartment REIT may be considered to be a related issuer of the Asset Manager by virtue of the Asset Manager’s right to appoint a prescribed number of nominees to the board of trustees of Centurion Apartment REIT. Centurion Apartment REIT owns 60% of a private mutual fund trust, Centurion Real Estate Opportunities Trust, as at March 31, 2017, which also has engaged Centurion Asset Management Inc. to be its asset manager. See “Trustees” and “Relationship Between Centurion Apartment REIT, The Asset Manager and Affiliates of The Asset Manager”.



CENTURION APARTMENT

REAL ESTATE INVESTMENT TRUST

Continuous Offering

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

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

The objectives of Centurion Apartment REIT are to: (i) provide registered holders of REIT Units (the “**Unitholders**”) with stable and growing cash distributions, payable monthly and, to the extent reasonably possible, tax deferred, from investments in a diversified

portfolio of income-producing multi-unit residential properties located in Canada; and (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".

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

The expenses of the Offering will be deducted from the Offering proceeds and the balance will be utilized to invest in income producing multi-residential properties in Canada, mortgage investments and for general Trust purposes. Closings of sales of REIT Units will occur at the discretion of the Asset Manager. (It is estimated that the first closing (the "**First Closing**") will occur on or before June 1, 2017.

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

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

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

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

ELIGIBILITY FOR INVESTMENT

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

Notwithstanding that REIT Units may be qualified investments for a trust governed by a TFSA, RRSP or RRIF, the holder of a TFSA or the annuitant of an RRSP or RRIF (each, an "**Annuitant**"), as the case may be, will be subject to a penalty tax if the REIT Units are a "prohibited investment" (as defined in the Tax Act). The REIT Units will not be a prohibited investment if the holder of the TFSA or the Annuitant, as the case may be, (i) deals at arm's length with the Centurion Apartment REIT for the purposes of the Tax Act, and (ii) does not have a "significant interest" (as defined in the Tax Act) in the Centurion Apartment REIT. In addition, the REIT Units will not be a "prohibited investment" if the REIT Units are "excluded property" (as defined in the Tax Act) for trusts governed by a TFSA, RRSP, and RRIF. Pursuant to proposals to amend the Tax Act released on March 22, 2017, the rules in respect of "prohibited investment" are also proposed to apply to (i) RDSP's and the holders thereof, and (ii) RESP's and the subscribers thereof. Prospective investors who intend to hold their REIT Units in a TFSA, RRSP, RRIF, RDSP or RESP should consult with their own tax advisors regarding the application of the foregoing having regard to their particular circumstances.

SUMMARY

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

Description of Centurion Apartment REIT

Centurion Apartment Real Estate Investment Trust (Centurion Apartment REIT) is an unincorporated open-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 Rollover of CAP I LP into the REIT was completed on June 30, 2010.

As at the date hereof, the properties consist of 6,329 multi-unit residential rental units in 51 buildings in the Provinces of Ontario, Quebec, Nova Scotia, Saskatchewan and Alberta. See “Properties” and “Use of Proceeds”. The trustees of Centurion Apartment REIT (the “**Trustees**”) are responsible for the general control and direction of Centurion Apartment REIT. The day-to-day management of Centurion Apartment REIT is carried out by the Management of the REIT.

The Offering

Issue:	Class “A”, Class “F” and “Class I” Units (“REIT Units”)
Price:	The price per REIT Unit will be determined by the Trustees of Centurion Apartment REIT from time to time and set forth in the subscription agreement(s) entered into between the Subscriber(s) and Centurion Apartment REIT.
Minimum Amount:	\$25,000
Eligible Subscribers for Units:	Investors who are eligible to purchase Investor REIT Units on an exempt basis under, and subject to compliance with, applicable securities laws.
Closings:	The Investor Units will be offered for sale on a continuous basis commencing on the date of the certificate attached to this Offering Memorandum and ending at the discretion of the Trustees. Closings will occur on dates established by the Trust. All subscriptions are subject to rejection or acceptance in full or in part and the right is reserved to discontinue or resume the Offering at any time without notice by the Trust.
Distributions:	The Declaration of Trust provides that the Trust may distribute to Unitholders such percentage of the Distributable Income for the calendar month then ended as the Trustees determine in their discretion for the period. Distributions for the next twelve month period following the date of this Confidential Offering Memorandum are anticipated to be \$0.8200 per Class “A” REIT Unit and \$0.9300 per Class “F” and Class “I” REIT Units on a fully paid basis.
Attributes of Units:	The REIT Units represent the beneficial ownership interest of the holders thereof in Centurion Apartment REIT. Each REIT Unit carries one (1) vote at meetings of Unitholders and a holder thereof is entitled to distributions as described above. See “Declaration of Trust and Description of Units”.

Use of Proceeds:

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

Purchase Options:

Subscribers may subscribe directly or through a registered dealer using one of four purchase options:

Class “A” REIT Units:

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

Class “F” REIT Units:

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

Class “I” Units:

- (5) an Institutional account 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 are subject to the control and direction of the Trustees, a majority of whom must be resident Canadians and a majority of whom must be independent trustees (as defined in Multilateral Instrument 52-110 – *Audit Committees* (the “**MI 52-110**”). Pursuant to MI 52-110, an “**Independent Trustee**” is one who has no direct or indirect material relationship with Centurion Apartment REIT which could, in the view of the Board of Trustees, reasonably interfere with a trustee’s independent judgment. The Declaration of Trust provides for a minimum of five (5) and a maximum of eleven (11) trustees. During the term of the Asset Management Agreement and any renewal thereof, the Asset Manager is entitled to appoint two (2) trustees on a board of five (5) or fewer trustees and four (4) trustees on a board of nine (9) or ten (10) trustees and five (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 Asset Management Inc. (the Asset Manager) is a corporation governed by the laws of the Province of Ontario. The Asset Manager is responsible for sourcing and conducting due diligence on acquisitions and dispositions of investments for the REIT and to provide advice and guidance to REIT management. The Asset Manager receives an acquisition fee pursuant to the Asset Management Agreement which has a term expiring on December 31, 2027 unless terminated or extended.

REIT Management

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

Management of the Properties

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

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

Management and Investment Strategy

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

The REIT Management intends to enhance the value of Centurion Apartment REIT’s properties through a number of distinct and well executed strategies, including: a commitment to customer satisfaction; maintenance and repair programs; quality on-site building staff; detailed financial reporting; strategic debt management; enhancement of Centurion Apartment REIT’s portfolio; and timely communications and disclosure. The REIT Management will also use the strength of the portfolio to obtain more competitive financing and pricing on commodities and contracted expense items.

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

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

Properties

Effective August 31, 2009 Centurion Apartment REIT entered into the Rollover Agreement with CAP 1 LP that conferred certain benefits of the Existing Properties to Centurion Apartment REIT. As at March 31, 2017, the Existing Properties consist of 51 multi-unit residential apartment buildings including four joint ventures containing an aggregate of 6,329 rental units.

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

Capital Improvements and Expenditures

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

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

Investment Guidelines and Operating Policies

The Declaration of Trust contains investment guidelines and operating policies. The investment guidelines include, among other things, criteria with respect to the types of properties which Centurion Apartment REIT can acquire and 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".

Distribution Policy

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

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

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

Canadian Federal Income Tax Considerations

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

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

consequences described below would, in some aspects, be materially and adversely different.

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

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

Risk Factors

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

Tax Related Risks

There can be no assurance that income tax laws and the treatment of mutual fund trusts will not be changed in a manner which adversely affects Centurion Apartment REIT or the Unitholders. If Centurion Apartment REIT ceases to qualify as a mutual fund trust, the Canadian federal tax considerations described under "*Canadian Federal Income Tax Considerations*" and "*Eligibility for Investment*" would be materially and adversely different, and Centurion Apartment REIT, its subsidiaries and the REIT Unitholders may be reassessed for additional taxes from time to time. Such reassessments together with associated interest and penalties could adversely affect Centurion Apartment REIT. See "Risk Factors" and "Tax Related Risks". Investors should consult their own tax advisors with respect to the tax consequences of investing in the Units.

Representations of Subscribers

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

Resale Restrictions

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

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

Purchasers’ Rights of Action

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

GLOSSARY

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

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

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

“**Apartments**” means Rental Suites

“**Apartment Suites**” means Rental Suites

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

“COT” means Centurion Operating Trust

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

“CREOT” means Centurion Real Estate Opportunities Trust

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

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

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

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

“DSC” means Deferred Sales Charge

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

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

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

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

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

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

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

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

“IFRS” means International Financial Reporting Standards

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

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

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

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

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

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

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

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

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

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

“Note Indenture” means the trust indenture entered into between COT and the Note Trustee for the issuance of the Notes by COT.

“Note Trustee” means the trustee under the Note Indenture, including any successor trustee thereunder.

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

“Offering Memorandum” means this confidential offering memorandum.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

“**Special Voting Unit**” means a unit of Centurion Apartment REIT issued only in connection with the Rollover Agreement.

“**Standard Apartment Building**” means an apartment building not primarily targeted towards students.

“**Student Residence**” means an apartment building primarily targeted towards students. It can be either on campus or off campus.

“**Subscriber**” means a Person purchasing REIT Units pursuant to this Offering.

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

“**Suites**” means Rental Suites.

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

“**Trustees**” means the trustees of Centurion Apartment REIT.

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

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

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

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

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

CENTURION APARTMENT REIT

Centurion Apartment Real Estate Investment Trust (Centurion Apartment REIT) is an unincorporated open-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 REIT Management. See “Management of Centurion Apartment REIT” and “Management of the Properties”.

Future acquisitions will be subject to specific investment guidelines and the operation of Centurion Apartment REIT will be subject to specific operating policies. See “Investment Guidelines and Operating Policies”. Centurion Apartment REIT holds all of its interests in the Existing Properties and will hold all of its interest in the Properties Under Contract in the name of Centurion Apartment Properties GP Inc. in the name of nominee corporations, on behalf of the REIT, all of the shares of which nominee corporations are owned, directly or indirectly, by Centurion Apartment REIT. The head office of Centurion Apartment REIT is located at: 25 Sheppard Avenue West, Suite 710, Toronto, ON M2N 6S6.

History of Centurion Apartment REIT Prior to REIT Conversion

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

History of Centurion Apartment REIT Since REIT Conversion

Since the REIT conversion in 2009, Centurion Apartment REIT has grown to assets of over \$1 billion as at March 31, 2017. The property portfolio has more than 51 buildings and 6,329 units located in Ontario, Quebec, Nova Scotia and Alberta. Purpose-built student housing, considered a niche market, represents ten buildings within the property portfolio.

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

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

The Asset Manager believed that there was sufficient scope to create a fund to focus on these and other similar opportunities. To maximize the number of opportunities upon which it could execute potential Property Purchase Options and Property Offer Options, the Board of Trustees of Centurion Apartment REIT decided to set up a new fund, the Centurion Real Estate Opportunities Trust

(“CREOT”) to which it would contribute a portion of Centurion Apartment REIT’s mortgage investments portfolio in return for equity in CREOT. Centurion Apartment REIT and CREOT would be strategic partners in providing developers an end-to-end solution for debt and equity financing and ultimately a potential exit in a sale of the stabilized development to Centurion Apartment REIT (See “Strategic Relationship with Centurion Real Estate Opportunities Trust”). CREOT was established by declaration of trust on August 13, 2014 and on September 12, 2014 Centurion Apartment REIT contributed a mortgage portfolio of \$58,927,228 in return for 5,897,722.80 Class “R” Units of CREOT at \$10.00 per Class R Unit. Centurion Apartment REIT and CREOT signed the Warehouse Agreement (See “Warehouse Agreement”) and the Asset Transfer Agreement as part of the transaction.

Internalization of the Property and Asset Management Teams

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

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

PROPERTIES

Summary

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

Existing Properties

Effective August 31, 2009 CAP I LP and Centurion Apartment REIT entered into the Rollover Agreement conferring certain benefits of the Rolled Properties to Centurion Apartment REIT as well as conferring certain benefits of CAP II LP and Centurion Apartment REIT to CAP I LP. The “Existing Properties” consist of 51 properties of which 48 are wholly owned multi-unit residential apartment buildings and 3 are joint ventures in multi-unit residential apartment buildings containing an aggregate of suites comprising rental units. Of the 51 properties, 41 are standard apartment buildings and 10 are student residences. See “Appendix “A” – Existing Properties”. Under the Rollover Agreement, CAP I LP and CAP II LP agree to share in the profits (or losses) associated with properties owned or to be owned by the other, in proportion to their respective interest in Centurion Apartment REIT, as evidenced by the number of REIT Units owned by each. All the properties owned by Centurion Apartment REIT will be managed and operated by the Asset Manager and Property Manager or a sub manager reporting to the Property Manager in certain circumstances. As per the Exchange Agreement, Centurion Apartment REIT issued to CAP I LP Unitholders one Special Voting Unit (as described in the Declaration of Trust) for every one unit of CAP II LP when CAP I LP was rolled into CAP II LP. See Appendix “A” for a list of the Existing Properties and Appendix “D” for summary information about the Existing Properties.

Joint Venture Properties

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

Properties Under Contract

See Appendix “C” for a list of Properties Under Contract (if any) as at the date hereof. As at April 30, 2017, there were no properties under contract.

Description of the Properties

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

Financing

See attached audited consolidated financial statements in Appendix “F” for a summary of the mortgages that are in place on the Properties as at December 31, 2016.

Acquisition and Operating Facilities

On a consolidated basis, Centurion Apartment REIT has Acquisition and Operating Facilities (the “**Acquisition and Operating Facilities**”) of \$70,750,000 to fund working capital, acquisitions and mortgage principal repayments. The Acquisition and Operating Facilities are revolving credit facilities and amounts drawn thereunder will not, after giving effect to the incurring of such indebtedness, cause the total amount of indebtedness of Centurion Apartment REIT and the amount then advanced under the Acquisition and Operating Facilities, to exceed 75% of the Gross Book Value, unless a majority of the Trustees, in their discretion, determine that the maximum amount of indebtedness will be based on the appraised value of the real properties of Centurion Apartment REIT. Periodic equity financing will be used to pay down the Acquisition and Operating Facilities. The Acquisition and Operating Facilities will also facilitate acquisitions by Centurion Apartment REIT by enabling it to enter into negotiations for the purchase of properties without the need for an equity financing condition.

Centurion Real Estate Opportunities Trust, which is consolidated as part of the Trust, has a credit facility totaling \$25,000,000 with a Canadian Chartered bank.

SELECTED HISTORICAL INFORMATION

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

REIT Unit Posted Prices

Posted Class A REIT Unit Prices									
	2009	2010	2011	2012	2013	2014	2015	2016	2017
January		\$10.000	\$10.027	\$10.161	\$11.295	\$11.660	\$11.860	\$12.262	\$12.589
February		\$10.000	\$10.042	\$10.185	\$11.295	\$11.660	\$11.860	\$12.262	\$12.589
March		\$10.000	\$10.065	\$10.185	\$11.295	\$11.660	\$11.860	\$12.262	\$12.589
April		\$10.000	\$10.082	\$10.185	\$11.660	\$11.660	\$11.950	\$12.262	\$12.589
May		\$10.000	\$10.095	\$11.150	\$11.660	\$11.660	\$11.950	\$12.454	\$12.690
June		\$10.000	\$10.110	\$11.150	\$11.660	\$11.660	\$11.950	\$12.454	
July		\$10.000	\$10.117	\$11.222	\$11.660	\$11.660	\$11.990	\$12.454	
August		\$10.000	\$10.129	\$11.222	\$11.660	\$11.780	\$11.990	\$12.454	
September		\$10.000	\$10.145	\$11.222	\$11.660	\$11.780	\$11.990	\$12.454	
October	\$10.000	\$10.000	\$10.152	\$11.222	\$11.660	\$11.860	\$11.990	\$12.454	
November	\$10.000	\$10.000	\$10.155	\$11.295	\$11.660	\$11.860	\$12.262	\$12.454	
December	\$10.000	\$10.000	\$10.161	\$11.295	\$11.660	\$11.860	\$12.262	\$12.589	

Distributions per REIT Unit

Distributions Per Class A REIT Unit									
	2009	2010	2011	2012	2013	2014	2015	2016	2017
January		\$0.066667	\$0.066847	\$0.067740	\$0.068330	\$0.068330	\$0.068330	\$0.068330	\$0.068330
February		\$0.066667	\$0.066947	\$0.067900	\$0.068330	\$0.068330	\$0.068330	\$0.068330	\$0.068330
March		\$0.066667	\$0.067100	\$0.067900	\$0.068330	\$0.068330	\$0.068330	\$0.068330	\$0.068330
April		\$0.066667	\$0.067213	\$0.067900	\$0.068330	\$0.068330	\$0.068330	\$0.068330	\$0.068330
May		\$0.066667	\$0.067300	\$0.068330	\$0.068330	\$0.068330	\$0.068330	\$0.068330	\$0.068330
June		\$0.066667	\$0.067400	\$0.068330	\$0.068330	\$0.068330	\$0.068330	\$0.068330	
July		\$0.066667	\$0.067447	\$0.068330	\$0.068330	\$0.068330	\$0.068330	\$0.068330	
August		\$0.066667	\$0.067527	\$0.068330	\$0.068330	\$0.068330	\$0.068330	\$0.068330	
September		\$0.066667	\$0.067633	\$0.068330	\$0.068330	\$0.068330	\$0.068330	\$0.068330	
October	\$0.066667	\$0.066667	\$0.067680	\$0.068330	\$0.068330	\$0.068330	\$0.068330	\$0.068330	
November	\$0.066667	\$0.066667	\$0.067700	\$0.068330	\$0.068330	\$0.068330	\$0.068330	\$0.068330	
December	\$0.066667	\$0.066667	\$0.067740	\$0.068330	\$0.068330	\$0.068330	\$0.068330	\$0.068330	
Total	\$0.200001	\$0.800004	\$0.808534	\$0.818080	\$0.819960	\$0.819960	\$0.819960	\$0.819960	\$0.341650

Tax Treatment of Distributions

Box on T3	Description	2009	2010	2011	2012	2013	2014	2015	2016
42	Return of Capital	100.00%	100.00%	100.00%	100.00%	90.25%	83.70%	83.31%	84.43%
21	Capital Gains	-	-	-	-	9.75%	1.87%	1.15%	
26	Other Income						14.43%	15.54%	15.57%

In 2016, Other Income increased as a portion of total returns to 15.57%. This was driven by the increase in interest income earned by the REIT on its mortgage and development portfolio. Given the strategic importance of continuing to build a future pipeline for accretive growth, and additional investing in mortgages, management expects that this income will increase for the next while as the REIT continues to deploy into similar opportunities until these turn into actual property acquisitions upon project stabilization. Once these opportunities become property rather than mortgage investments, we expect that the proportion of returns for tax purposes classified as Other Income will decline.

Equity Capital Raised

	2009	2010 *	2011	2012	2013	2014	2015	2016	2017
January		\$0.00	\$2.01	\$4.49	\$5.21	\$6.85	\$6.84	\$0.00	\$0.00
February		\$1.16	\$1.33	\$6.20	\$7.29	\$7.34	\$7.70	\$0.001	\$35.37
March		\$0.93	\$2.27	\$9.22	\$8.49	\$21.44	\$8.49	\$0.00	\$4.92
April		\$0.71	\$2.53	\$0.37	\$5.54	\$7.04	\$13.99	\$18.49	\$0.00
May		\$0.57	\$3.19	\$0.53	\$12.54	\$0.00	\$7.69	\$2.30	\$0.00
June		\$15.90	\$3.54	\$8.79	\$8.74	\$0.00	\$6.24	\$0.19	\$0.00
July		\$1.05	\$3.04	\$6.95	\$43.44	\$0.00	\$8.37	\$0.15	\$0.00
August		\$0.61	\$2.99	\$7.22	\$8.48	\$0.00	\$6.54	\$0.75	\$0.00
September		\$1.65	\$3.00	\$6.39	\$6.73	\$19.76	\$0.00	\$0.00	\$0.00
October		\$2.38	\$4.49	\$9.39	\$8.19	\$8.10	\$6.49	\$4.50	\$0.00
November		\$1.62	\$4.70	\$6.97	\$20.75	\$6.91	\$5.16	\$30.67	\$0.00
December	\$2.16	\$1.95	\$6.43	\$5.41	\$4.67	\$6.70	\$0.52	\$1.14	\$0.00
Total	\$2.16	\$28.54	\$39.51	\$71.92	\$140.08	\$84.14	\$78.03	\$58.19	\$40.29

Property Portfolio Evolution

	Dec/10	Dec/11	Dec/12	Dec/13	Dec/14	Dec/15	Dec/16
Standard Apartments	1,112	1,478	2,411	2,758	2,877	3,003	3,375
Student Residences	-	440	1,389	1,980	2,376	2,376	2,746
Total	1,112	1,918	3,800	4,738	5,253	5,379	6,121

Assets, Liabilities and Equity

Assets, Liabilities & Equity (\$)	Dec/09	Dec/10	Dec/11	Dec/12	Dec/13	Dec/14	Dec/15	Dec/16
Assets								
Investment Properties		\$56,811,413	\$121,250,438	\$289,540,146	\$447,129,371	\$528,582,993	\$666,463,327	\$768,793,900
Mortgages & Participating Interests					\$39,019,164	\$96,382,410	\$137,231,707	\$266,947,883
Cash	\$102,945	\$1,747,352	\$1,781,765	\$5,286,107	\$12,453,742	\$3,980,735	\$19,602,591	\$1,053,088
Other Current Assets	\$2,059,860	\$340,774	\$2,348,272	\$5,470,766	\$3,732,697	\$8,526,269	\$13,591,176	\$8,183,255
Total Assets	\$2,162,805	\$58,899,539	\$125,380,475	\$300,297,019	\$502,334,974	\$637,472,407	\$836,888,801	\$1,044,978,126
Liabilities & Equity								
Mortgage Liabilities	\$0	\$34,928,219	\$59,737,460	\$154,536,186	\$212,439,344	\$257,597,251	\$319,423,433	\$420,912,633
Other Liabilities	\$105,170	\$2,513,653	\$5,302,032	\$5,854,941	\$10,548,335	\$10,706,294	\$12,891,433	\$12,515,995
Equity*	\$2,057,635	\$21,457,667	\$60,340,983	\$139,905,892	\$279,347,295	\$369,168,862	\$504,573,935	\$611,549,498
Total Liabilities & Equity	\$2,162,805	\$58,899,539	\$125,380,475	\$300,297,019	\$502,334,974	\$637,472,407	\$836,888,801	\$1,044,978,126
Debt/Equity Mix (Percent)								
	Dec/09	Dec/10	Dec/11	Dec/12	Dec/13	Dec/14	Dec/15	Dec/16
Mortgage Liabilities	0%	59%	48%	51%	42%	40%	38%	40%
Other Liabilities	5%	4%	4%	2%	2%	2%	2%	1%
Equity*	95%	36%	48%	47%	56%	58%	60%	59%
Total Liabilities & Equity	100%	100%	100%	100%	100%	100%	100%	100%

* Including Exchangeable Units

Notes: 2009 is GAAP basis, and 2010 onwards are IFRS Basis

MARKETS IN WHICH CENTURION APARTMENT REIT INVESTS

Centurion Apartment REIT invests primarily in the following areas:

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

Asset Allocation Summary

	Amount	% of Investment Portfolio
Multi-Unit Residential Real Estate	\$536,461,863	58.74%
Student Housing	\$232,332,037	25.44%
Mortgage Investments	\$50,642,085	5.54%
Strategic Relationship with Centurion Real Estate Opportunities Trust	\$93,893,646	10.28%
Total	\$913,329,631	100.00%

Fair Valuation for December 31, 2016

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

Multi-Unit Residential Real Estate Market

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

Province	Rental Universe*	% of Total	Vacancy Rate
Newfoundland and Labrador	5,504	0.3%	2.2%
Prince Edward Island	6,035	0.3%	4.7%
Nova Scotia	49,799	2.7%	3.4%
New Brunswick	30,766	1.7%	6.9%
Quebec	698,485	37.7%	3.0%
Ontario	663,400	35.8%	2.5%
Manitoba	60,746	3.3%	1.6%
Saskatchewan	33,049	1.8%	2.2%
Alberta	129,072	7.0%	2.0%
British Columbia	174,160	9.4%	2.8%
Totals	1,851,016	100.0%	2.8%

* Privately initiated rental row/apartment structures of three units and over, for centres of 10,000 population and over (CMHC – October 2012)

While Centurion's current portfolio is concentrated primarily in Ontario and Quebec, these two provinces represent just shy of 74% of the total rental stock in Canada. Ontario alone represents just under 36% of the rental stock, and presents vacancy rates that are lower than the national average with anticipated growth of household formation that is higher than the national average. The following chart outlines, for the period indicated therein, the annual growth rate in households in Canada, according to Statistics Canada.

Province	Households 2006	Households 2011	Average Annual Growth Rate
Newfoundland and Labrador	197,245	208,842	1.1%
Prince Edward Island	53,084	56,462	1.2%
Nova Scotia	376,829	390,279	0.7%
New Brunswick	295,871	314,007	1.2%
Quebec	3,188,713	3,395,343	1.2%
Ontario	4,554,251	4,887,508	1.4%
Manitoba	448,766	466,138	0.7%
Saskatchewan	387,160	409,645	1.1%
Alberta	1,256,192	1,390,275	1.9%
British Columbia	1,642,715	1,764,637	1.4%
Totals	12,400,826	100.0%	1.3%

Census-based estimates of dwellings occupied by usual residents (Statistics Canada – February 2012)

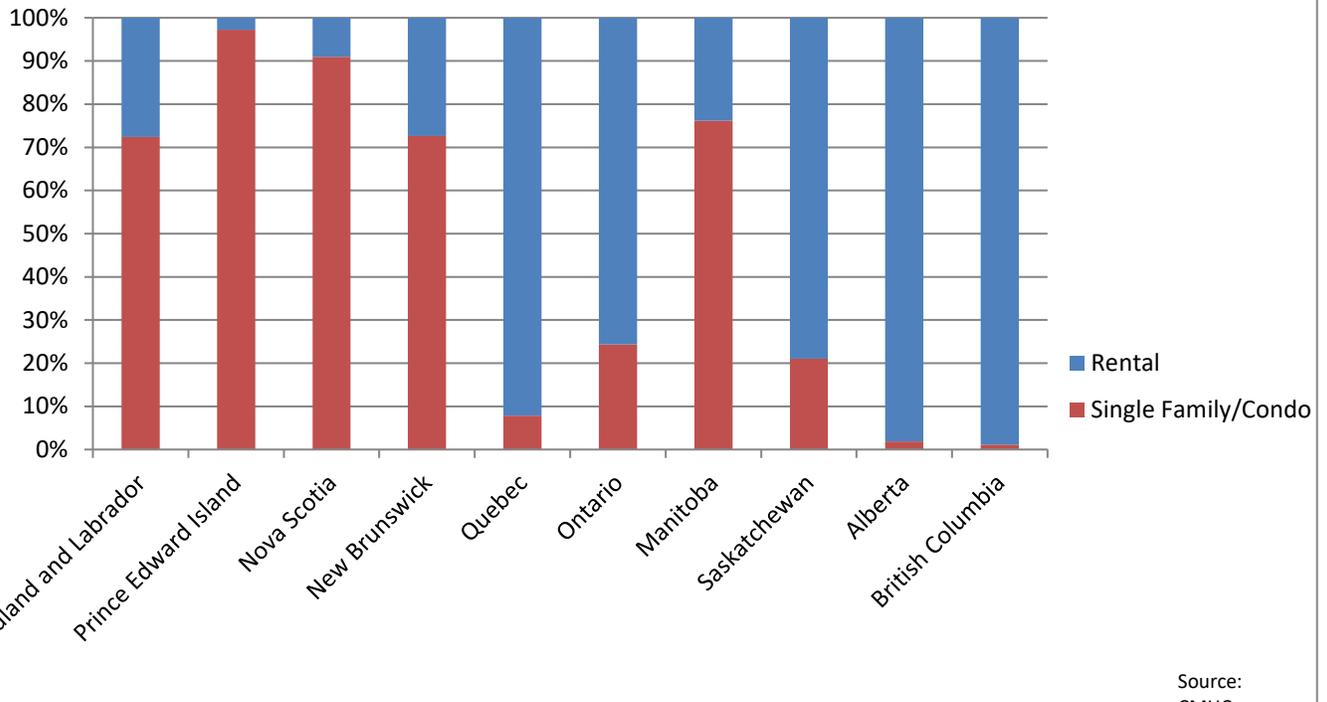
The following chart outlines, for the period indicated therein, the percentage of household dwelling ownership in Canada, which in the inverse presents the propensity for rental households, where Ontario and Quebec have the lowest household dwelling ownership rates in the country.

Province	Household Ownership 1996	Household Ownership 2001	Household Ownership 2006
Newfoundland and Labrador	77.1%	78.2%	78.7%
Prince Edward Island	72.1%	73.1%	74.1%
Nova Scotia	70.4%	70.8%	72.0%
New Brunswick	73.8%	74.5%	75.5%
Quebec	56.5%	57.9%	60.1%
Ontario	64.3%	67.8%	71.0%
Manitoba	66.4%	67.8%	68.9%
Saskatchewan	68.8%	70.8%	71.8%
Alberta	67.8%	70.4%	73.1%
British Columbia	65.2%	66.3%	69.7%
Average	68.2%	69.8%	71.5%

Ownership rates are computed as owners divided by total of all tenure types (CMHC, adapted from Statistics Canada – May 2008)

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

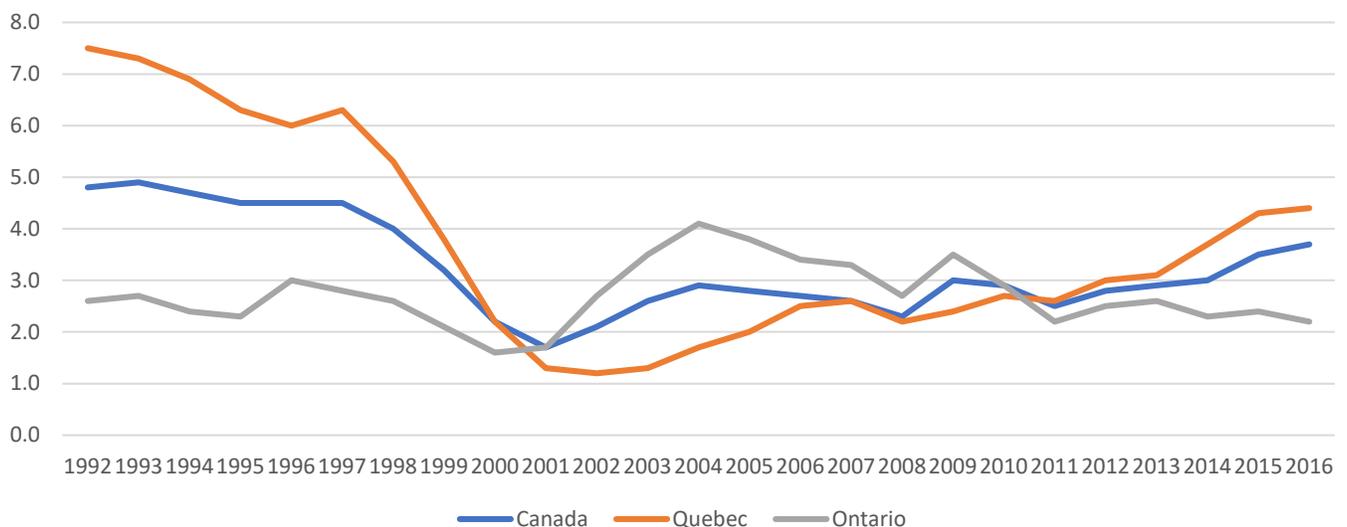
Proportion of New Construction by Type - 2015



Source:
CMHC

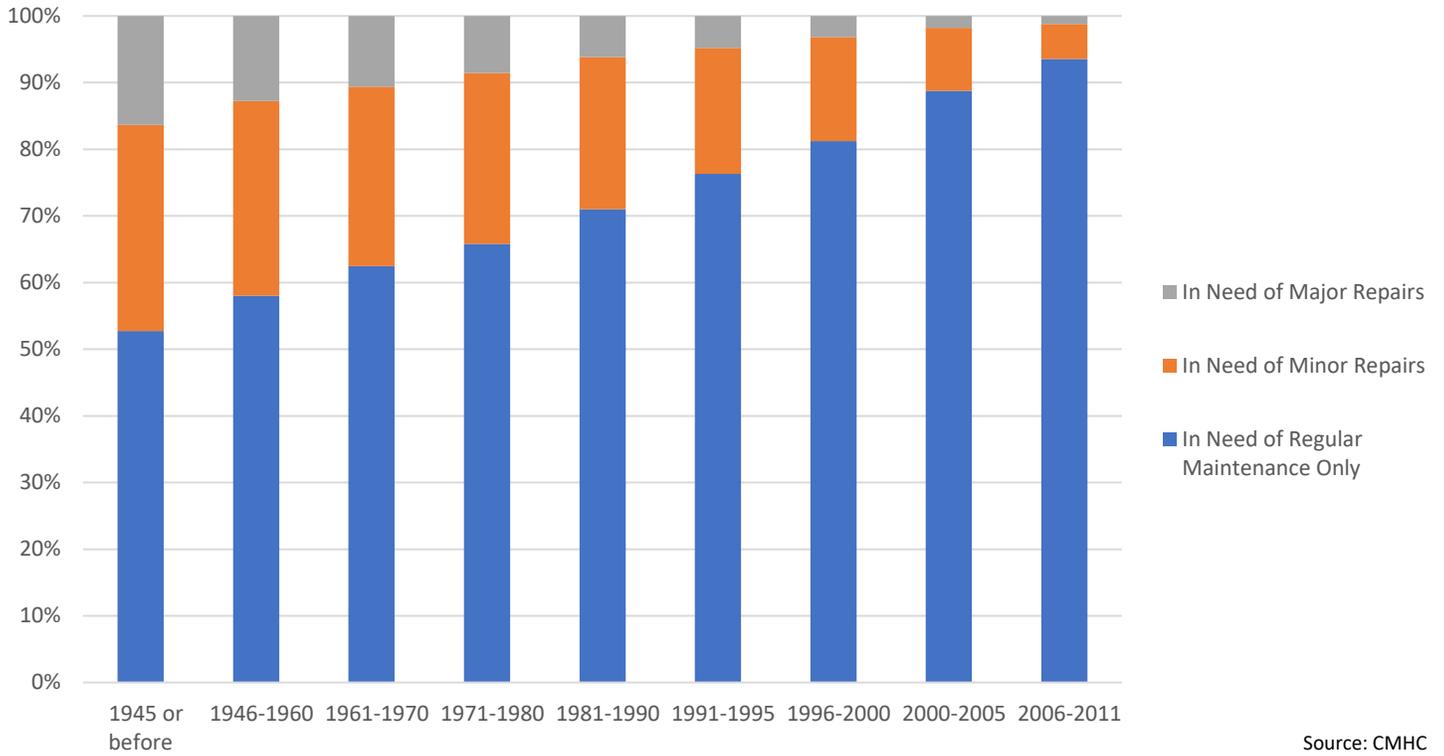
According to Canada Mortgage and Housing Corporation (“CMHC”), the vacancy rates in Canadian apartments were 3.4% in October 2016, 3.5% in 2015, 3.0% in 2014, 2.9% in 2013, 2.8% in 2012, 2.5% in 2011, 2.9% in 2010 and 3.0% in 2009. While CMHC does not track and report statistics for all the smaller markets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

Rental Vacancy Rates 1992-2016

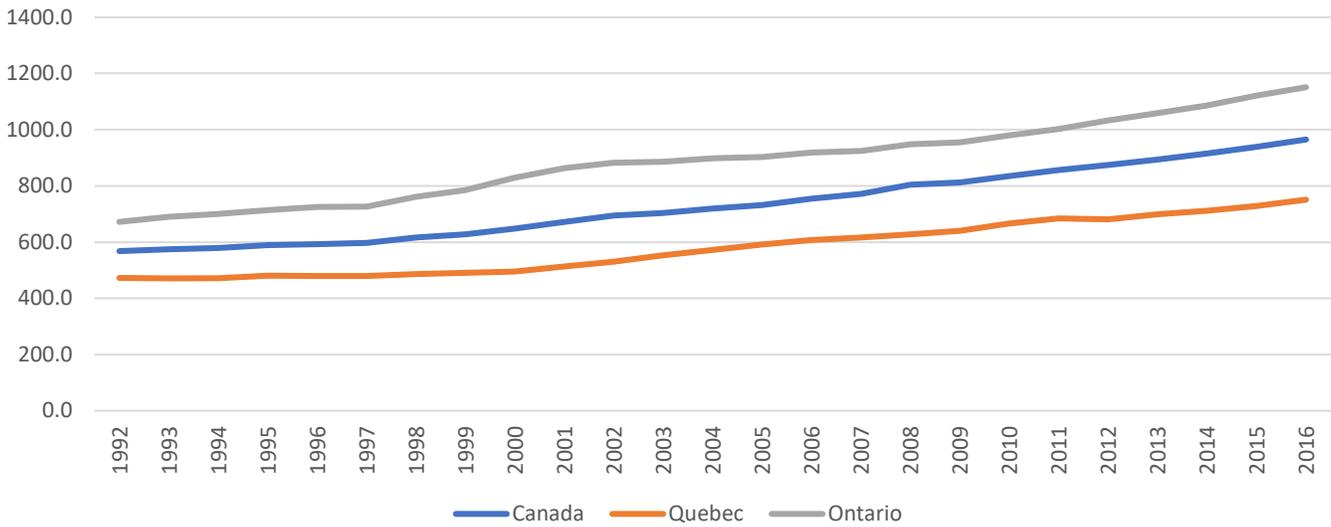


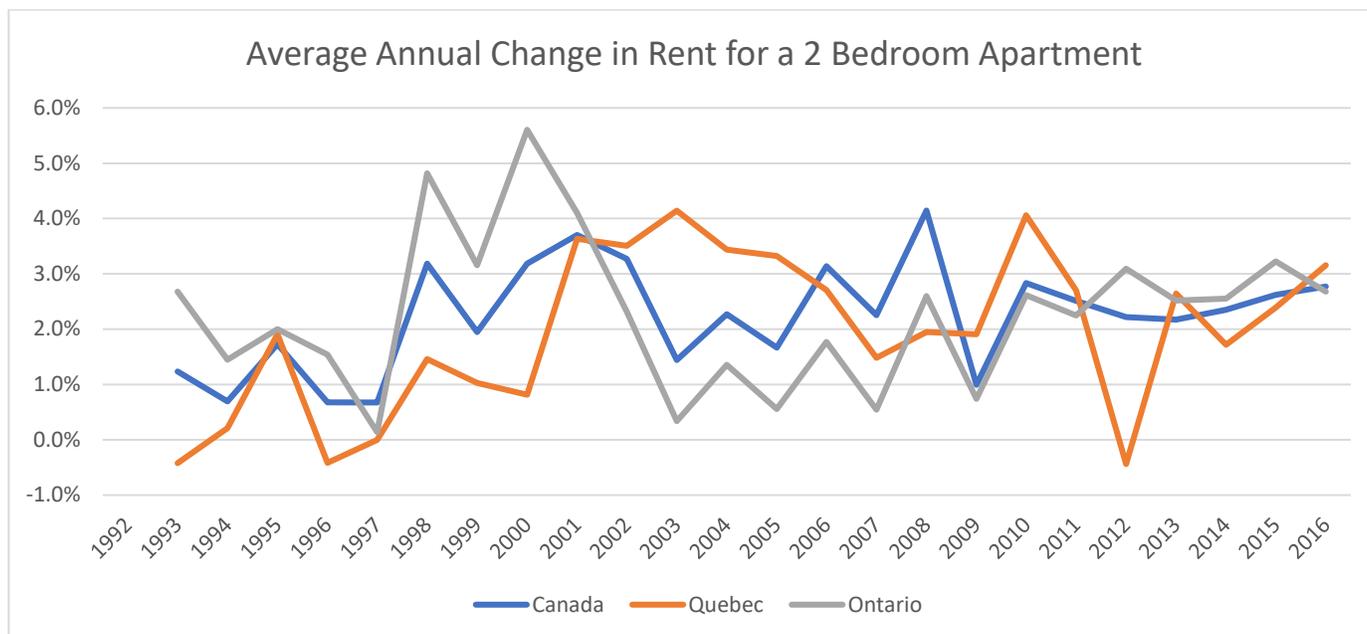
Source: CMHC

Dwelling Condition by Tenure & Period of Construction - Rented



Average Rent for a 2 Bedroom Apartment





Source: CMHC

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

Management believes there are limited opportunities for new acquisitions in Canada due to the current market conditions. However, Management believes that there are significant opportunities for portfolio growth in the United States. The market in the United States is significantly larger than Canada and one that trades more actively. Management will be seeking a change to the investment guidelines for the expansion into the United States on an opportunistic basis.

The Student Housing Market

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

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

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

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

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

Provincial University and College Enrolment	University*	College**	Total Enrolment
Newfoundland and Labrador	18,920	9,549	28,469
Prince Edward Island	4,550	3,081	7,631
Nova Scotia	45,280	11,811	57,091
New Brunswick	21,800	8,217	30,017
Quebec	285,220	214,761	499,981
Ontario	512,377	276,948	789,325
Manitoba	43,800	18,390	62,190
Saskatchewan	35,730	20,541	56,271
Alberta	124,880	60,246	185,126
British Columbia	154,682	93,165	247,847
Total	1,247,239	716,709	1,963,948

* (Association of University and Colleges of Canada – 2013)

** (Statistics Canada – 2011)

According to the Association of University and Colleges of Canada, for 2013 there are over 1.2 million students enrolled in 92 universities across Canada with enrollment greater than 10,000; this includes 962,842 full-time students. Currently, Centurion Apartment REIT serves markets where approximately 18% of these full-time students attend University at eight of these institutions. With increasing enrollment anticipated at most Canadian post-secondary institutions, including colleges, it is the opinion of the Asset Manager that the student housing market in Canada is under-serviced and demand will remain high for quality properties in premium locations that are within walking distance of the schools.

Enrolment by University – 2012	Province	Total Full-time Students
<i>University of Waterloo *</i>	<i>Ontario</i>	<i>31,900</i>
<i>McGill University *</i>	<i>Québec</i>	<i>28,790</i>
<i>Western University *</i>	<i>Ontario</i>	<i>27,850</i>
<i>Concordia University *</i>	<i>Québec</i>	<i>24,900</i>
<i>Wilfrid Laurier University *</i>	<i>Ontario</i>	<i>15,960</i>
<i>King's University College (Western University) *</i>	<i>Ontario</i>	<i>3,310</i>
<i>Huron University College *</i>	<i>Ontario</i>	<i>1,270</i>
<i>Brescia University College *</i>	<i>Ontario</i>	<i>1,130</i>
University of Toronto	Ontario	73,600
York University	Ontario	45,000
The University of British Columbia	British Columbia	42,440
University of Alberta	Alberta	36,600
University of Ottawa	Ontario	35,200
Université de Montréal	Québec	33,610
Université Laval	Québec	30,500
University of Calgary	Alberta	29,860
McMaster University	Ontario	25,800
University of Guelph	Ontario	24,400
Université du Québec à Montréal	Québec	24,090
University of Manitoba	Manitoba	23,900
Carleton University	Ontario	22,300
Ryerson University	Ontario	22,000
Queen's University at Kingston (Queen's University)	Ontario	20,800
University of Saskatchewan	Saskatchewan	18,370
Simon Fraser University	British Columbia	17,030
Dalhousie University	Nova Scotia	16,190
University of Victoria	British Columbia	15,800
Brock University	Ontario	15,700
Memorial University of Newfoundland	Newfoundland/Labrador	15,190
Université de Sherbrooke	Québec	14,700
University of Windsor	Ontario	13,700
University of Regina	Saskatchewan	10,150
Other Universities (60 Universities)	Canada	200,802
Total Enrolment		962,842

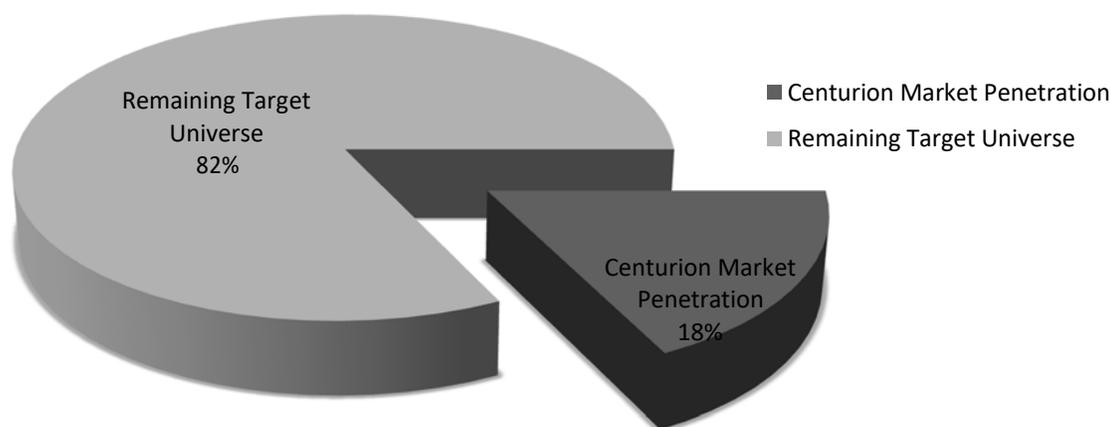
* Centurion presence with 7 Properties and a total of 2,756 beds.

Centurion Apartment REIT made its first purchases of dedicated student residence in December of 2011 and as of the date hereof, has interests (wholly owned and joint ventures) in 7 student housing properties totaling 1,980 beds. Please refer to Appendix “D” for more information on the properties. Due to the specialized nature of managing student properties, the Asset Manager is leveraging its extensive property management experience and has developed and implemented a unique student property management platform and brand which is responsible for day-to-day management and oversight.

Provincial University Enrolment	Full Time Undergraduate	Full Time Graduate	Total Full Time Students
Newfoundland and Labrador	13,040	2,150	15,190
Prince Edward Island	3,670	290	3,960
Nova Scotia	33,880	4,230	38,110
New Brunswick	17,750	1,360	19,110
Quebec	151,920	43,320	195,240
Ontario	377,540	53,440	430,980
Manitoba	31,310	3,130	34,440
Saskatchewan	27,150	3,470	30,620
Alberta	72,990	12,810	85,800
British Columbia	88,570	20,822	109,392
Total	817,820	145,022	962,842

(Association of University and Colleges of Canada – 2013)

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



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

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

Mortgage Investments

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

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

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

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

Management believes that, in order to adapt to market conditions, a shift in strategy is required in order to seek returns and manage risk. There are significant opportunities in this area of our business. One strategy shift relates to these mortgage lending activities. The REIT has operated under a constraint of having a 20% limit on these types of investments. Management will be seeking to remove this constraint at the Annual General Meeting in September 2017.

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

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

Construction loans for purpose built rental apartments and student housing buildings

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

Multi-Family Residential, Investment Properties and Commercial Mortgages

Mortgage lending in the income producing investment property market is dominated by a few large Institutional Lenders. These institutions tend to be more conservative and focus only on the highest quality of income producing properties owned by large real estate investors. As a result, Centurion Apartment REIT is able to find attractive lending opportunities providing first and second mortgage financing on other income producing properties and owners, including attractive lending opportunities on purpose built multifamily rental and student housing.

Developer and Builder Pre-Construction Loans

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

Mezzanine and Subordinated Debt Financing

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

Residential Mortgages

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

Strategic Relationship with Centurion Real Estate Opportunities Trust

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

For Developers and other clients:

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

For CREOT:

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

For Centurion Apartment REIT:

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

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

Warehouse Agreements

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

For such time as Centurion Apartment REIT is the beneficial owner of the Warehoused Mortgages and Warehoused Other Investments it is entitled to all related economic benefits. Until such time as the CREOT has acquired such Warehoused Mortgages and Warehoused Other Investments from the REIT, CREOT has no rights to such Warehoused Mortgages or Warehoused Other Investments, but is fully-exposed to the related downside risks by virtue of Centurion Apartment REIT’s unrestricted option to immediately sell any Warehoused Mortgages and/or Warehoused Other Investments that have been noted in default or that have otherwise experienced a negative credit or other event, as set out in the Warehouse Agreement.

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

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

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

As consideration for Centurion Apartment REIT providing the warehouse facility and entering into the Warehouse Agreement, during the term of the Warehouse Agreement, CREOT has granted Centurion Apartment REIT the exclusive first right to purchase from CREOT and exercise any Property Purchase Option granted to CREOT in connection with the acquisition of any Mortgage Assets and/or other investments. During the Term, such right shall apply to all Mortgage Assets and/or other investments for which CREOT is the beneficial owner regardless of whether or not such Mortgage Assets and/or other investments are warehoused with Centurion Apartment REIT in accordance with the Warehouse Agreement. The purchase price paid by Centurion Apartment REIT for any Property Purchase Option shall be the fair market value of such Property Purchase Option determined at the time Centurion Apartment

REIT exercises its right to purchase the Property Purchase Option, acting reasonably and in good faith. Any disputes with respect to the determination of the fair market value of the Property Purchase Option are to be resolved through negotiation between Centurion Apartment REIT and CREOT, failing which either party may request that an independent firm of licensed real estate appraisers resolve the dispute. Centurion Apartment REIT has the option to redeem the number of Class R Units equal to the fair market value of the Property Purchase Option in order to satisfy the purchase price therefor.

As further consideration for Centurion Apartment REIT providing the warehouse facility and entering into the Warehouse Agreement, during the term of the Warehouse Agreement, CREOT has agreed to assign at no cost to Centurion Apartment REIT the exclusive first right to exercise any Property Offer Option granted to CREOT, provided such Property Offer Option is transferable to the Centurion Apartment REIT. During the term, such right shall apply to all Mortgage Assets held by CREOT regardless of whether such Mortgage Assets and/or other investments are warehoused with Centurion Apartment REIT in accordance with the Warehouse Agreement. Centurion Apartment REIT and REOT have acknowledged in the Warehouse Agreement that the fair market value of each Property Offer Option is expected to be nominal and that unless Centurion Apartment REIT and CREOT, each acting reasonably and in good faith, determine otherwise, the purchase price for each Property Offer Option shall be \$0.

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

Centurion Apartment REIT has also entered into a Warehouse Agreement with Centurion Financial Trust whereby it potentially agrees to fund (purchase) and warehouse certain investments by (or on behalf of) Centurion Financial Trust.

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

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

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

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

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

Other Asset Classes and Markets

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

The REIT publishes on its website significant information about the Residential Real Estate Market including links to CMHC Rental Market Statistics which potential investors may wish to refer to here: <http://www.centurionapartmentreit.com/resources>

MANAGEMENT OF CENTURION APARTMENT REIT

General

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

Trustees

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

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

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

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

Conflict of Interest Restrictions and Provisions

The Declaration of Trust contains “conflict of interest” provisions that serve to protect Unitholders without creating undue limitation on Centurion Apartment REIT. Given that the Trustees and senior officers of Centurion Apartment REIT are engaged in a wide range of real estate and other activities, the Declaration of Trust contains provisions that require if a Trustee or an officer of the Trust is a party to a Material Contract or transaction or proposed material contract or transaction with the Trust or its subsidiaries, or is a director or officer or employee of, or otherwise has a material interest in, any person who is a party to a Material Contract or transaction or proposed material contract or transaction with the Trust or its subsidiaries, such Trustee or officer of the Trust, as the case may be, shall disclose in writing to the Trustees or request to have entered in the minutes of meetings of Trustees or a committee of the Trustees, as the case may be, the nature and extent of such interest.

Independent Trustee Matters

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

Trustees and Officers

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

List of Trustees and Officers

Name and Municipality of Residence	Office	Principal Occupation
Gregory Gunter Romundt ⁽³⁾	Toronto	President, Trustee
Robert Kennedy Orr ⁽³⁾	Toronto	VP Finance (CFO)
Gordon Ross Amos ⁽¹⁾⁽²⁾	Mississauga	Trustee (Chairman)
Martin Charles Bernholtz ⁽¹⁾⁽²⁾	Toronto	Trustee
John Frank Mills ⁽¹⁾⁽²⁾	Oakville	Trustee

(1) Member of Audit Committee

(2) Independent Trustee

(3) Centurion Appointee

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

Gregory Gunter Romundt

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

Robert Kennedy Orr

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

Gordon Ross Amos, MBA, ICD.D

Since 2000, Mr. Ross Amos has been President of Everest Canadian Properties Company, a subsidiary of a California based real estate investment bank. In addition, since 2002 he has been an independent Director/Trustee of Contrans Group Inc. (formerly Contrans Income Fund) and a member of its audit committee, compensation committee and the nominating and governance committee. From 2006 to 2010 he was an independent Trustee of Drive Products Income Fund where he chaired 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 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.

Martin Charles 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 areas. Mr. Bernholtz graduated with a Bachelor of Business Administration degree from York University in 1981.

John Frank Mills

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

Audit Committee

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

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

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

The Auditors are entitled to receive notice of every meeting of the Audit Committee and, at the expense of the Trust, to attend and be heard thereat and, if so requested by a member of the Audit Committee, shall attend any meeting of the Audit Committee held during the term of office of the Auditors. Questions arising at any meeting of the Audit Committee shall be decided by a majority of the votes cast. Decisions may be taken by written consent signed by all 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 its affiliated companies will not receive any remuneration from Centurion Apartment REIT for serving as a Trustee or senior officer. The Independent Trustees of the REIT are paid Trustee fees of \$36,000 each per annum.

The REIT Management

The REIT management is responsible for the day-to-day operations of the REIT.

The Asset Manager

The Asset Manager is a corporation governed by the laws of the Province of Ontario and is engaged for the purpose of managing the day-to-day operations of Centurion Apartment REIT. It is registered as an exempt market dealer, investment fund manager, and a restricted portfolio manager in certain jurisdictions in Canada. The Asset Manager manages the day-to-day operations of Centurion Apartment REIT pursuant to the Asset Management Agreement for a term expiring on December 31, 2027. The Asset Management Agreement will automatically renew for a further five-year term unless terminated by Centurion Apartment REIT or the Asset Manager. The Asset Management Agreement may be terminated at any time by Centurion Apartment REIT in the event of a material default by the Asset Manager thereunder; a material default by any of the non-Independent Trustees, or in the event of insolvency occurring with respect to the Asset Manager. The Asset Management Agreement may be terminated by the Asset Manager on 60 days'

notice to Centurion Apartment REIT as a result of a material breach by Centurion Apartment REIT, or an event of insolvency with respect to Centurion Apartment REIT.

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

Name and Municipality of Residence and Principal Occupation

Gregory G. Romundt, Toronto, President

Asset Manager's Duties

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

Asset Manager's Fees

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

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

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

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

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

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

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

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

Centurion Apartment REIT owns 60% of a private mutual fund trust, Centurion Real Estate Opportunities Trust as at March 31, 2017.

Property Manager

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

Mortgage Manager

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

Mortgage Servicer

The Mortgage Servicer is a Corporation governed by the laws of the Province of Ontario. It is registered as a mortgage administrator with the Financial Services Commission of Ontario (License #12390). The Mortgage Servicer is an affiliate of the Asset Manager. The role of the Mortgage Servicer is to, where required, collect mortgage payments and conduct any enforcement activities where a licensed third party mortgage administrator isn’t already providing such services. The Mortgage Servicer does not charge a fee to Centurion Apartment REIT for any of these services. Where there are third parties servicing mortgages of Centurion Apartment REIT that charge fees, these fees will be paid by Centurion Apartment REIT and the Mortgage Servicer will not charge any markup on these fees if so incurred. Senior management of the Mortgage Servicer includes Gregory Romundt and Stephen Stewart. See “Management of Centurion Apartment REIT”.

Management and Investment Strategy

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

- **Customer Satisfaction.** The REIT Management strives to keep all customers satisfied and as long-term tenants by creating an environment that is clean and comfortable. By developing a sense of community within the properties through various programs, it will reduce turnover and vacancy which will create demand for people wanting to live in Centurion Apartment REIT’s buildings. Through the reduction in costs associated with turnover and through higher demand allowing increasing rents, net income will grow accordingly.
- **Maintenance and Repair Programs.** The REIT Management is fundamentally driven by efficiencies and cost effective programs that are accretive to Centurion Apartment REIT’s short-term and long-term value. Through the portfolio’s conversion to a real estate investment trust, the Asset Manager has positioned Centurion Apartment REIT to take full advantage of efficiency programs and capital investments that will attract tenants and enhance the value of the portfolio.
- **Quality On-Site Building Staff.** The REIT Management believes that success of a property from both financial and customer satisfaction standpoints starts with the attitudes and work ethic from the on-site building staff. From being the first point of contact, to the ongoing attention to the customer’s needs, the building staff represents Centurion Apartment REIT. As well as being attentive and dedicated, the Property Manager will seek on-site staff that is skilled in many areas in order to reduce the requirement for outside trades to be required for ordinary day-to-day repairs and maintenance.
- **Detailed Financial Reporting.** The REIT Management utilizes sophisticated financial tools to maximize Centurion Apartment REIT’s income and measure the effectiveness of cost control and efficiency programs. The Property Manager and

the Asset Manager disclose financial reporting to those involved who have a direct impact on the financial success and control of those particular incomes and expenses.

- **Strategic Mortgage Liability Management.** The REIT Management will work diligently to seek out financing opportunities to optimize Centurion Apartment REIT's leveraged returns. The REIT Management 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 REIT Manager will make use of operating lines for capital expenditures and acquisitions to improve the returns of Centurion Apartment REIT.
- **Strategic Mortgage Investments.** The REIT Management, in conjunction with the Asset Manager will evaluate mortgage investment opportunities which provide the potential for a combination of yield, capital growth, a potential acquisition pipeline or be of strategic value to Centurion Apartment REIT.

Strategic Partnerships, Joint Ventures, Divestitures and Relationships. The REIT Management will explore strategic partnerships, joint ventures, divestitures and relationships that meet Centurion Apartment REIT's investment objectives. As of the date hereof, the REIT has a strategic relationship with Centurion Real Estate Opportunities Trust. (See "Strategic Relationship with Centurion Real Estate Opportunities Trust" and "History of Centurion Apartment REIT Since REIT Conversion").

- **Enhancement of Centurion Apartment REIT's Portfolio.** The REIT Management is always evaluating opportunities to maximize Centurion Apartment REIT's portfolio. The REIT Management may evaluate/assess whether using its call center, condominium conversion, utility retrofits, sub-metering and strategic upgrades, among other things as part of this strategy. Properties that are "mature" and are no longer adding value to Centurion Apartment REIT may be sold or repositioned if there is a market for an enhanced property. The REIT Management will continue to diversify the portfolio by purchasing properties in thriving communities that will continue to strengthen and insulate Centurion Apartment REIT from concerns that may arise in any one community.
- **Communications.** The REIT Management will deliver concise and current information to existing Unitholders with respect to the activities within Centurion Apartment REIT's portfolio.

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

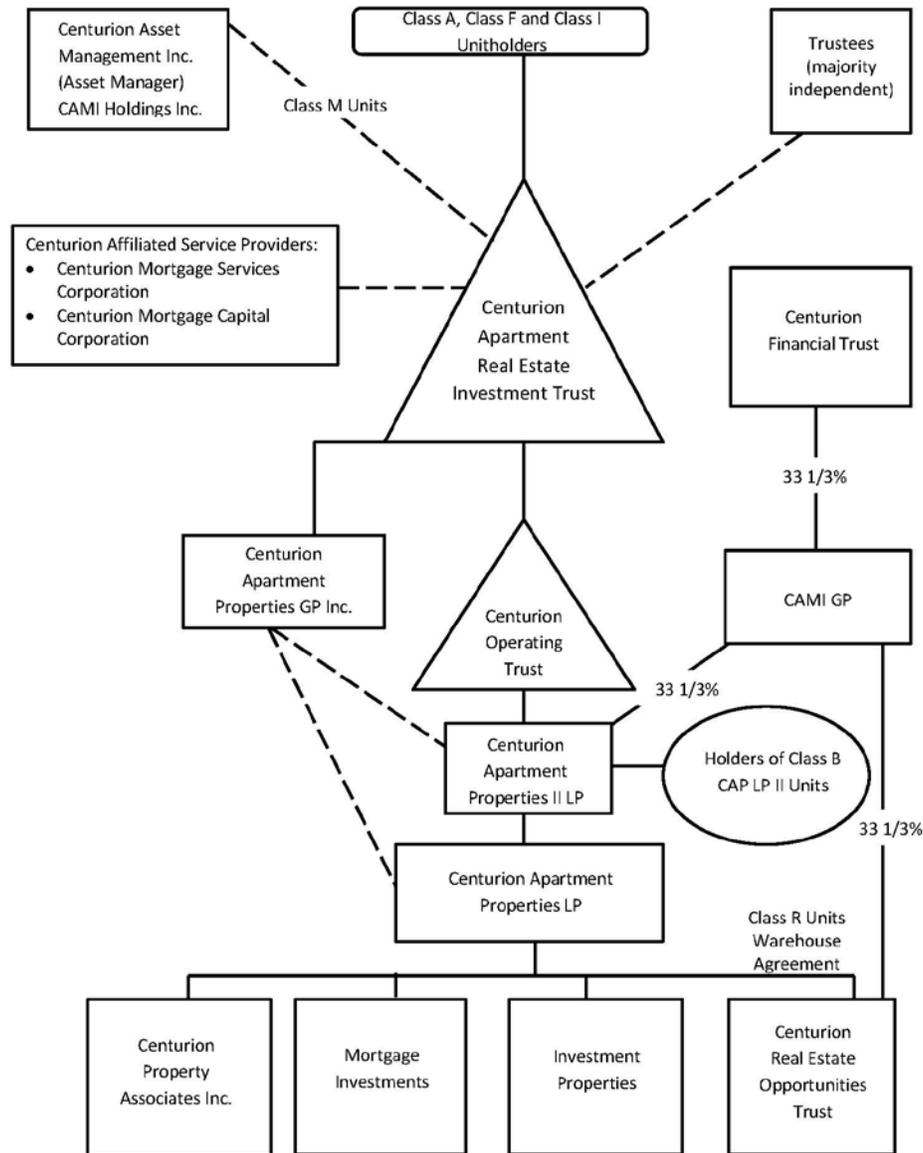
Given current market conditions, the REIT Management will continue to concentrate on communities that have relatively low vacancy levels, and strong population demographics that align with the class of multi-unit residential properties that are acquired by Centurion Apartment REIT. See "Multi-unit Residential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

OBJECTIVES OF CENTURION APARTMENT REIT

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

CENTURION APARTMENT REIT OPERATING STRUCTURE

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



The Trust's operating structure was revised due to internalization. Centurion Properties Associates Inc. was purchased by Centurion Apartment Properties LP. In addition, a new entity was formed, Centurion Asset Management GP Inc., "CAMI GP", which is owned 50% by Centurion Apartment Properties II LP in order to allocate costs from the Asset Manager to the Trust.

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) Units of Centurion Apartment REIT being disqualified for any class of Deferred Income Plan; or
 - (ii) Centurion Apartment REIT ceasing to qualify as a “mutual fund trust” for purposes of the Tax Act;
- (c) no single asset (except as provided for in the Declaration of Trust) shall be acquired if the cost of such acquisition (net of the amount of debt secured by such asset) will exceed 15% of Gross Book Value, provided that where such asset is the securities of or an interest in an entity, the foregoing tests shall be applied individually to each asset of such entity;
- (d) investments may be made in a joint venture arrangement only if:
 - (i) the arrangement is in connection with a Focus Activity;
 - (ii) the arrangement is with others (“**joint venturers**”) either directly or through the ownership of securities of or an interest in an entity (“**joint venture entity**”);
 - (iii) the interest in the joint venture entity is an interest of not less than 10% and is not subject to any restriction on transfer other than a right of first refusal or right of first offer, if any, in favour of the joint venturers;
 - (iv) Centurion Apartment REIT or an entity controlled by it has a right of first offer or a right of first refusal to buy the interests of the joint venturers in the joint venture entity;
 - (v) Centurion Apartment REIT has the ability to provide input in the management decisions of the joint venture entity; and
 - (vi) without limitation, any joint venture arrangement with a Related Party for the purposes of the related party provisions of the Trust Indenture have been entered into in accordance with such provisions;
- (e) unless otherwise permitted in this Section and except for temporary investments held in cash, deposits with a Canadian or U.S. chartered bank or trust company registered under the laws of a province of Canada, short-term government debt securities or in money market instruments of, or guaranteed by, a schedule I Canadian chartered bank maturing prior to one year from the date of issue, Centurion Apartment REIT, directly or indirectly, may not hold securities other than (i) currency, commodity or interest rate futures contracts for hedging purposes to the extent that such hedging activity complies with the Canadian Securities Administrator’s National Instrument 81-102 or any successor instrument or rule; (ii) securities of a joint venture entity, or any entity formed and operated solely for the purpose of carrying on ancillary activities to any real estate owned, directly or indirectly, by Centurion Apartment REIT, or an entity wholly-owned, directly or indirectly, by Centurion Apartment REIT formed and operated solely for the purpose of holding a particular real property or real properties; and (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 investment or acquisition is of strategic interest to Centurion Apartment REIT as determined by the Trustees in their discretion;
- (h) no investments will be made in rights to or interests in mineral or other natural resources, including oil or gas, except as incidental to an investment in real property;

- (i) investments may be made in a mortgage, mortgage bonds, notes (except as provided for in the Trust Indenture) or debentures (“Debt Instruments”) (including participating or convertible) only if:
 - (i) the real property which is security thereof is real property;
 - (ii) the security therefore includes a mortgage registered on title to the real property which is security thereof;
 - (iii) the amount of the investment (not including any mortgage insurance fees incurred in connection therewith) does not exceed 85% of the market value of the real property which is the security thereof; and
 - (iv) the aggregate value of the investments of Centurion Apartment REIT in Debt Instruments, after giving effect to the proposed investment, will not exceed 20% of the total assets 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 arm’s length to Centurion Apartment REIT provided that:
 - (i) the purpose of the mortgage is to finance the redevelopment of a property that when complete, would be within the Investment Restrictions of Centurion Apartment REIT;
 - (ii) Centurion Apartment REIT has a right of first refusal to purchase the property at less than or equal to its fair market value as determined by an independent third party appraiser;
 - (iii) the mortgage bears interest at a commercial rate of interest;
 - (iv) the amount of the mortgage loan is not in excess of 90% of the selling price of the property securing the mortgage;
 - (v) the mortgage has a maturity not exceeding five years;
 - (vi) the mortgage is approved by the Trustees; and
 - (vii) the aggregate value of these mortgages, after giving effect to the proposed investment, will not exceed 15% of Gross Book Value of Centurion Apartment REIT calculated at the time of such investment; and
- (l) no investment shall be made in raw land (except for the acquisition of properties adjacent to Existing Properties of Centurion Apartment REIT for the purpose of renovation or expansion of existing facilities where the total cost of all such investments does not exceed 5% of Gross Book Value); and notwithstanding any other provisions hereof, investments may be made which do not comply with the provisions of this Section, provided (i) the aggregate cost thereof (which, in the case of an amount invested to acquire real property, is the purchase price less the amount of any indebtedness assumed or incurred in connection with the acquisition and secured by a mortgage on such property) does not exceed 15% of the Adjusted Unitholders’ Equity of Centurion Apartment REIT and (ii) the making of such investment would not contravene subsection b).

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

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

Operating Policies

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

- (a) Centurion Apartment REIT may engage in construction or development of real property in order to maintain its real properties in good repair or to enhance the income-producing potential of properties that are capital property of Centurion Apartment REIT;
- (b) title to each real property shall be held by and registered in the name of the Trustees or, to the extent permitted by applicable law, in the name of Centurion Apartment REIT or in the name of a corporation or other entity owned, directly or indirectly, by Centurion Apartment REIT or jointly-owned, directly or indirectly, by Centurion Apartment REIT, with joint venturers or a corporation which is a nominee of Centurion Apartment REIT which holds as its only property registered title to such real property pursuant to a nominee agreement with Centurion Apartment REIT;
- (c) no indebtedness shall be incurred or assumed if, after giving effect to the incurring or assumption thereof of the indebtedness, the total indebtedness as a percentage of Gross Book Value would be more than 75% for indebtedness, including amounts drawn under an acquisition facility;
- (d) except for any indebtedness existing at Closing, no new indebtedness (otherwise than by the assumption of existing indebtedness) will be incurred or renewed or refinanced or secured by a mortgage on any of the real property of the Trust unless, at the date of the proposed incurring of the indebtedness, the aggregate of: (i) the amount of all indebtedness secured by such real property, and (ii) the amount of additional indebtedness proposed to be incurred, does not exceed 75% of the market value of such real property, on or after that date which is 12 months from the acquisition date thereof, in either case not including mortgage insurance fees incurred in connection with the incurrence or assumption of such indebtedness, which amount shall be added to the amount of the permitted indebtedness;
- (e) except for guarantees existing on the date of this "**Trust Indenture**", the Trust shall not, directly or indirectly, guarantee any indebtedness or liabilities of any kind of a third party, except indebtedness, liabilities or other obligations of: (i) any subsidiary of the Trust or other entity wholly-owned by the Trust, or (ii) any other entity jointly owned by the Trust with joint venturers and operated solely for the purpose of holding a particular property or properties where such indebtedness, liabilities or other obligation, if granted, incurred or assumed by the Trust directly, would not cause the Trust to otherwise contravene the restrictions set out in Section 4.1 of the Declaration of Trust and, where such indebtedness, liabilities or other obligation is granted, incurred or assumed by a joint venture entity, subject to a joint venturer being required to give up its interest in a property owned by the joint venture entity as a result of another joint venturer's failure to honour its proportionate share of the obligations relating to such property, and, except with the prior approval of the Trustees and subject always to (b) under Section 4.1, the liability of the Trust is limited strictly to the proportion of the indebtedness, liabilities or other obligation equal to the Trust's proportionate ownership interest in the joint venture entity, or (iii) with the prior approval of the Trustees and subject always to (b) under Section 4.1, the indebtedness, liabilities or other obligations of joint venturers in circumstances where any such guarantee may also be given in respect of the associated joint venture entity. In addition, the Trust will not directly or indirectly guarantee any indebtedness, liabilities or other obligations of any Person if doing so would contravene (b) under Section 4.1;
- (f) except for the "**Contributed Assets**" acquired pursuant to the Rollover Agreement, an engineering survey or physical review by an experienced third party consultant will be obtained for each real property intended to be acquired with respect to the physical condition thereof;
- (g) at all times insurance coverage will be obtained and maintained in respect of potential liabilities of the Trust and the accidental loss of value of the assets of the Trust from risks, in amounts and with such insurers, in each case as the Trustees consider appropriate, taking into account all relevant factors including the practices of owners of comparable properties;
- (h) except for the Contributed Assets acquired pursuant to the Rollover Agreement, a Phase I environmental audit shall be conducted for each real property to be acquired and, if the Phase I environmental audit report recommends that further environmental audits be conducted, such further environmental audits shall be conducted, in each case by an independent and experienced environmental consultant;
- (i) at least 8.5% of gross consolidated annual rental revenues generated from properties where the associated mortgage financing is insured by the Canadian Mortgage and Housing Corporation ("**insured properties**") as determined pursuant to GAAP shall be expended annually on sustaining capital expenditures, repairs and maintenance, all determined on a portfolio basis for all insured properties. For this purpose, capital expenditures and repairs and maintenance include all onsite labour costs and other expenses and items associated with such capital expenditures, repairs and maintenance; and
- (j) the Trust may engage asset managers under terms and conditions acceptable to the Trustees. As at the date hereof, the Trust has engaged the Asset Manager by the terms of the Asset Management Agreement, which agreement shall remain in full force and effect until terminated by the Trustees or the Asset Manager in accordance with its terms.

For the purposes of the foregoing investment guidelines and operating policies, the assets, indebtedness, liabilities and transactions of a corporation, partnership or other entity wholly or partially owned by the Trust will be deemed to be those of the Trust on a proportionate, consolidated basis. In addition, any references in the foregoing investment guidelines and operating policies to

investment in real property will be deemed to include an investment in a joint venture arrangement. In addition, the term “**indebtedness**” means (without duplication):

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

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

Amendments to Investment Guidelines and Operating Policies

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

DECLARATION OF TRUST AND DESCRIPTION OF UNITS

General

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

Units

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

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

where:

B = number of Class M REIT Units

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

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

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

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

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

Purchase of Units

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

Redemption of REIT Units

Pursuant to the Declaration of Trust, each REIT Unitholder shall be entitled to require Centurion Apartment REIT to redeem at any time all or any part of the REIT Units registered in the name of the REIT Unitholder. The monthly redemption date (“**Redemption Date**”) will be the 15th day of each and every month. If the 15th day of the month is not a Business Day, the Redemption Date for that month will be the next succeeding Business Day.

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

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

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

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

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

Redemption Price for such Unit(s) has been paid in full. Additionally, the Trustees shall be entitled in their sole discretion to extend the time for payment of any Unit Redemption Prices, if in the reasonable opinion of the Trustees such payment would be materially prejudicial to the interests of the remaining Unitholders in the Fund. The Trustees in their sole discretion may waive the Monthly Limit for any given Redemption Date.

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

Redemption Date	Opening Balance (\$)	Redemptions Requested (Units)	Redemptions Requested (\$)	Redemptions Paid (\$)	Closing Balance (\$)
2009					
No Redemptions in 2009					
2010					
January	-	-	\$ -	\$ -	\$ -
February	-	-	\$ -	\$ -	\$ -
March	-	-	\$ -	\$ -	\$ -
April	-	-	\$ -	\$ -	\$ -
May	-	20.000	\$ 200.00	\$ 200.00	\$ -
June	-	-	\$ -	\$ -	\$ -
July	-	150.000	\$ 1,455.00	\$ 1,455.00	\$ -
August	-	358.000	\$ 3,472.60	\$ 3,472.60	\$ -
September	-	5,142.000	\$ 50,027.40	\$ 50,027.40	\$ -
October	-	4,003.000	\$ 38,859.10	\$ 38,859.10	\$ -
November	-	4,696.000	\$ 46,960.00	\$ 46,960.00	\$ -
December	-	37,734.920	\$ 372,104.60	\$ 372,104.60	\$ -
Total	-	52,103.920	\$ 513,078.70	\$ 513,078.70	\$ -
2011					
January	-	500.000	\$ 4,719.66	\$ 4,719.66	\$ -
February	-	3,465.909	\$ 33,592.46	\$ 33,592.46	\$ -
March	-	67,773.218	\$ 681,629.76	\$ 681,629.76	\$ -
April	-	66,324.168	\$ 668,678.39	\$ 668,678.39	\$ -
May	-	79,337.650	\$ 800,913.60	\$ 800,913.60	\$ -
June	-	101,537.767	\$ 1,023,662.39	\$ 1,023,662.39	\$ -
July	-	75,006.616	\$ 758,841.93	\$ 758,841.93	\$ -
August	-	76,224.969	\$ 771,807.71	\$ 771,807.71	\$ -
September	-	86,635.650	\$ 878,918.68	\$ 878,918.68	\$ -
October	-	121,565.187	\$ 1,233,579.77	\$ 1,233,579.77	\$ -
November	-	117,751.269	\$ 1,195,764.14	\$ 1,195,764.14	\$ -
December	-	145,310.037	\$ 1,475,945.28	\$ 1,475,945.28	\$ -
Total	-	941,432.440	\$ 9,528,053.77	\$ 9,528,053.77	\$ -
2012					
January	-	5,389.177	\$ 54,563.44	\$ 54,563.44	\$ -
February	-	31,781.100	\$ 321,582.50	\$ 321,582.50	\$ -
March	-	17,929.327	\$ 179,860.20	\$ 179,860.20	\$ -
April	-	35,231.003	\$ 356,437.23	\$ 356,437.23	\$ -
May	-	49,338.124	\$ 549,474.47	\$ 549,474.47	\$ -
June	-	38,511.339	\$ 428,507.02	\$ 428,507.02	\$ -
July	-	13,681.090	\$ 148,430.77	\$ 148,430.77	\$ -
August	-	25,072.266	\$ 277,019.01	\$ 277,019.01	\$ -
September	-	17,420.164	\$ 186,629.15	\$ 186,629.15	\$ -
October	-	24,377.099	\$ 264,404.87	\$ 264,404.87	\$ -
November	-	5,090.741	\$ 57,499.92	\$ 57,499.92	\$ -
December	-	49,691.443	\$ 549,354.94	\$ 549,354.94	\$ -
Total	-	313,512.873	\$ 3,373,763.52	\$ 3,373,763.52	\$ -
2013					
January	-	30,333.791	\$ 335,110.42	\$ 335,110.42	\$ -
February	-	50,349.396	\$ 554,783.62	\$ 554,783.62	\$ -
March	-	9,585.203	\$ 105,466.63	\$ 105,466.63	\$ -
April	-	7,358.116	\$ 84,975.32	\$ 84,975.32	\$ -
May	-	78,083.617	\$ 888,106.00	\$ 888,106.00	\$ -
June	-	101,488.992	\$ 1,178,675.82	\$ 1,178,675.82	\$ -
July	-	157,515.030	\$ 1,774,543.40	\$ 1,774,543.40	\$ -
August	-	95,302.559	\$ 1,087,344.71	\$ 1,087,344.71	\$ -
September	-	18,248.641	\$ 207,480.12	\$ 207,480.12	\$ -
October	-	55,292.747	\$ 624,816.63	\$ 624,816.63	\$ -
November	-	29,075.122	\$ 327,322.12	\$ 327,322.12	\$ -
December	-	43,804.796	\$ 494,267.01	\$ 494,267.01	\$ -
Total	-	676,438.010	\$ 7,662,891.80	\$ 7,662,891.80	\$ -

Redemption Date	Opening Balance (\$)	Redemptions Requested (Units)	Redemptions Requested (\$)	Redemptions Paid (\$)	Closing Balance (\$)
2014					
January	-	37,491.274	\$ 421,448.88	\$ 421,448.88	\$ -
February	-	48,803.558	\$ 562,982.88	\$ 562,982.88	\$ -
March	-	48,646.916	\$ 553,780.65	\$ 553,780.65	\$ -
April	-	98,501.508	\$ 1,143,203.90	\$ 1,143,203.90	\$ -
May	-	89,112.622	\$ 1,010,996.45	\$ 1,010,996.45	\$ -
June	-	89,873.875	\$ 1,025,824.01	\$ 1,025,824.01	\$ -
July	-	86,788.166	\$ 1,011,620.58	\$ 1,011,620.58	\$ -
August	-	58,318.034	\$ 676,503.95	\$ 676,503.95	\$ -
September	-	44,758.019	\$ 520,581.01	\$ 520,581.01	\$ -
October	-	50,818.854	\$ 589,307.62	\$ 589,307.62	\$ -
November	-	80,938.585	\$ 944,112.59	\$ 944,112.59	\$ -
December	-	59,032.778	\$ 691,850.22	\$ 691,850.22	\$ -
Total	-	793,084.189	\$ 9,152,212.74	\$ 9,152,212.74	\$ -
2015					
January	-	54,144.534	\$ 635,981.14	\$ 635,981.14	\$ -
February	-	44,099.113	\$ 511,047.26	\$ 511,047.26	\$ -
March	-	77,447.496	\$ 903,750.52	\$ 903,750.52	\$ -
April	-	74,440.960	\$ 881,332.61	\$ 881,332.61	\$ -
May	-	50,038.407	\$ 594,162.23	\$ 594,162.23	\$ -
June	-	42,700.514	\$ 500,336.61	\$ 500,336.61	\$ -
July	-	75,911.651	\$ 895,378.94	\$ 895,378.94	\$ -
August	-	31,337.809	\$ 371,317.12	\$ 371,317.12	\$ -
September	-	-	\$ -	\$ -	\$ -
October	-	39,484.518	\$ 468,917.06	\$ 468,917.06	\$ -
November	-	103,996.391	\$ 1,250,063.50	\$ 1,250,063.50	\$ -
December	-	73,642.233	\$ 898,710.59	\$ 898,710.59	\$ -
Total	-	667,243.626	\$ 7,910,997.58	\$ 7,910,997.58	\$ -
2016					
January	-	72,440.448	\$ 879,928.78	\$ 879,928.78	\$ -
February	-	76,335.425	\$ 925,439.69	\$ 925,439.69	\$ -
March	-	39,506.683	\$ 475,280.82	\$ 475,280.82	\$ -
April	-	55,204.76	\$ 676,920.75	\$ 676,920.75	\$ -
May	-	135,312.08	\$ 1,685,176.72	\$ 1,685,176.72	\$ -
June	-	95,126.96	\$ 1,184,711.10	\$ 1,184,711.10	\$ -
July	-	131,305.05	\$ 1,635,273.01	\$ 1,635,273.01	\$ -
August	-	77,270.14	\$ 962,322.36	\$ 962,322.36	\$ -
September	-	69,204.69	\$ 861,875.17	\$ 861,875.17	\$ -
October	-	277,803.84	\$ 3,459,769.02	\$ 3,459,769.02	\$ -
November	-	474,441.30	\$ 5,908,691.95	\$ 5,908,691.95	\$ -
December	-	112,537.24	\$ 1,416,731.30	\$ 1,416,731.30	\$ -
Total	-	1,616,488.606	\$ 20,072,120.67	\$ 20,072,120.67	\$ -
2017					
January	-	134,106.38	\$ 1,688,265.21	\$ 1,688,265.21	\$ -
February	-	72,510.07	\$ 912,829.29	\$ 912,829.29	\$ -
March	-	111,820.91	\$ 1,401,710.83	\$ 1,401,710.83	\$ -
Total	-	318,437.360	\$ 4,002,805.330	\$ 4,002,805.330	\$ -

Take-Over Bids

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

Meetings of Unitholders

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

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

Issuance of Units

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

Limitation on Non-Resident Ownership

Notwithstanding any provision of this Offering Memorandum or the Declaration of Trust to the contrary, at no time may more than 49% of the REIT Units or the Special Voting Units then outstanding be held by or for the benefit of Persons who are not resident in Canada for the purposes of the Tax Act ("**Non-Resident Beneficiaries**"). The Trustees may require declarations as to the jurisdictions in which beneficial owners of REIT Units or Special Voting Units, as the case may be, are resident or declarations from holders of REIT Units or Special Voting Units, as the case may be, as to whether such REIT Units or Special Voting Units, as the case may be, are held for the benefit of Non-Resident Beneficiaries. If the Trustees become aware that more than 49% of the REIT Units or the Special Voting Units then outstanding are, or may be, held by or for the benefit of Non-Resident Beneficiaries or that such a situation is imminent, the Trustees may make a public announcement thereof and shall not accept a subscription for such REIT Units or Special Voting Units, as the case may be, from or issue or register a transfer of such REIT Units or Special Voting Units, as the case may be, to a Person unless the Person provides a declaration that the Person is not a non-resident for the purposes of the Tax Act and does not hold his REIT Units or Special Voting Units, as the case may be, for a Non-Resident Beneficiary. If, notwithstanding the foregoing, the Trustees determine that more than 49% of the REIT Units or the Special Voting Units then outstanding are held by or for the benefit of Non-Resident Beneficiaries, the Trustees may send a notice to non-resident holders of REIT Units or Special Voting Units, as the case may be, and holders of REIT Units or Special Voting Units, as the case may be, for Non-Resident Beneficiaries chosen in inverse order to the order of acquisition or registration or in such other manner as the Trustees may consider equitable and practicable, requiring them to sell or redeem their REIT Units or Special Voting Units, as the case may be, or a portion thereof within a specified period of not more than 60 days.

Information and Reports

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

Amendments to Declaration of Trust

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

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

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

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

- the termination of the Trust;
- any combination, merger, amalgamation or arrangement of the Trust, "COT", CAP I LP or CAP II LP, as the case may be, or any sale of all or substantially all of the assets of the Trust, COT, CAP I LP or CAP II LP, as the case may be, or the liquidation or dissolution of the Trust, COT, CAP I LP, CAP II LP, as the case may be, (other than as part of an internal reorganization of the assets of the Trust, COT, CAP I LP or CAP II LP, as the case may be, as approved by the Trustees);
- these provisions of Declaration of Trust
- the provisions of the COT Indenture concerning the computation of net income;

- an exchange, reclassification or cancellation of all or part of the Trust Units or Special Voting Units other than as specifically provided for in the Declaration of Trust with respect to Special Voting Units;
- the addition, change or removal of the rights, privileges, restrictions or conditions attached to the Trust Units or Special Voting Units and, including, without limiting the generality of the foregoing:
- the removal or change of rights to distributions;
- the addition or removal of or change to conversion privileges, options, voting, transfer or pre-emptive rights; or
- the reduction or removal of a distribution preference or liquidation preference;
- the creation of new rights or privileges attaching to certain of the Trust Units or Special Voting Units; or
- the constraint on the issue, transfer or ownership of Trust Units or Special Voting Units or the change or removal of such constraint, except as otherwise provided herein;

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

Term of Centurion Apartment REIT

Unless Centurion Apartment REIT is sooner terminated as otherwise provided by the Declaration of Trust, Centurion Apartment REIT shall continue in full force and effect so long as any property of Centurion Apartment REIT is held by the Trustees, and the Trustees shall have all the powers and discretions expressed and implied, conferred upon them by law or by the Declaration of Trust. Notwithstanding the foregoing, Centurion Apartment REIT will terminate on the date which is 21 years after the date of the death of the last survivor of the issue alive at the date of the Declaration of Trust. The Centurion Apartment REIT may be terminated by the vote of at least two-thirds of the votes cast at a meeting of the Unitholders called for that purpose.

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

VALUATION POLICY

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

Investment Property Valuation

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

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

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

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

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

Quarterly by the valuers:

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

Annually by the valuers:

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

Annually by the auditors:

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

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

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

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

Mortgage Investment (Mortgage Assets) Valuation

Mortgage investments are classified as loans and receivables for accounting purposes. Such investments are recognized initially at cost plus any directly attributable transaction costs. Subsequent to initial recognition, the mortgage investments are measured at amortized cost using the effective interest method, less any impairment losses.

The investments are assessed at each reporting date or Valuation Date to determine whether there is objective evidence of impairment. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of an asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of investments measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in the statement of comprehensive income and reflected in an allowance account against the investments. Interest on the impaired asset continues to be recognized through the unwinding of the allowance if it is considered collectable. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the consolidated statement of comprehensive income.

There is no quoted price in an active market for the mortgage investments. Management determines fair value based on its assessment of the current lending market for mortgage investments of same or similar terms. This includes the analysis of market interest rates and credit spreads for similar loans. The Trust will consider, but not be limited in considering, payment history, value of underlying property securing the loan or mortgage, overall economic conditions, status of construction or property development and other applicable conditions. Typically, the fair value of these mortgage investments approximate their carrying values given the short term nature of the loans.

For investments with participating loan interests, the participating loan interest will be valued at the fair market value based on specific valuation methodologies and models developed by the REIT Management and Asset Manager, which incorporate both internal and external data.

Development Equity Investments Valuation

Development equity investments will be carried at book value less any impairments plus the anticipated increase, if any, to fair market value upon completion multiplied by the percentage of completion plus or minus adjustments (i.e. Development Equity Valuation = book value – impairments + (fair market value increase upon completion x percentage completion) +/- adjustments). Adjustments can be, but are not limited to discounts for the time value of money, leasing costs, stabilization costs and discretionary risk adjustments.

Other Investment Valuation

Other Investments will be carried at fair value.

Calculation of REIT Unit Fair Market Value and Posted Prices

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

The REIT currently conducts monthly closings for new subscriptions and redemptions of REIT Units at the posted FMV. The Investment Property Portfolio is valued on a quarterly basis. The FMV may change in between quarters, at quarter ends or not at all unless there are material changes or considerations that would impact the posted REIT Unit FMV including but not limited to changes in capitalization rates or acquisitions and dispositions of Investment Properties.

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

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

¹ Excluding Exchangeable Units

The Adjustment Factors include, but are not limited to:

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

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

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

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

DISTRIBUTION POLICY

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

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

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

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

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

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

Effective May 1, 2015 and going forward, for all unitholders subscribing to the REIT, the closing date for new subscriptions became the first business day of the month and no longer the last business day of the month. Subscribers are considered unitholders as of the first business day of the month and not the last business day of the month, provided that their completed subscription documents have been received on or before this date.

For example, an investor that submitted their completed subscription forms on May 25, 2015, became a unitholder of Centurion on June 1, 2015 with their first distribution being paid on July 15, 2015. A unitholder must be invested for a full calendar month before receiving a distribution. An investor that submitted their completed subscription forms on June 2, 2015 would have missed the cut-off of June 1, 2015 and became a unitholder as of July 1, 2015 with their funds held in a segregated subscription trust account until the next closing.

This change was made to reduce dilution to existing unitholders. Under the old methodology, new investors would be receiving a distribution for only being invested a single day. This original structure assumed that subscriptions would flow in at a steady pace over the course of the month. It became clear over time that this assumption was incorrect and that the majority of subscriptions flowed in on the final few days of the closing month. Since these funds were held in escrow and not invested, Centurion Real Estate Opportunities Trust had no opportunity to earn the first month's distribution given to new unitholders by being invested. As such, the first month's distribution under the old methodology was a transfer of returns paid for by existing unitholders to new unitholders.

The change was proposed to the Board of Trustees and passed to take effect May 1, 2015. The last closing under the old methodology was April 30, 2015. The Board of Trustees believe that the new methodology is a more balanced and fair approach than the old methodology.

All other aspects of Centurion's subscription and distribution policies remain unchanged. Please note distributions are paid out on the 15th of each month, except when the 15th falls on a weekend or legal holiday, in which case distributions are paid out on the first business day following the 15th of the month. Unitholders are entitled to a distribution in a given month if they are unitholders on the last business day of that month.

Distribution Rates per REIT Unit

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

Distribution Reinvestment Plan (DRIP)

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

PURCHASE OPTIONS

Centurion Apartment REIT has created four different purchase options for Subscribers to purchase REIT Units. Subscribers may purchase through a registered dealer. Subscribers through Centurion Asset Management Inc. may only purchase REIT Units under the DSC option.

Class "A" Units

1) **Deferred Sales Charge ("DSC") Option** – Seller receives an upfront commission of 5% and an ongoing trailer of 0.50% per annum starting in year one for as long as the Subscriber remains invested. If the Subscriber redeems their REIT Units prior to the fifth anniversary of their purchase, the following Deferred Sales Charges will apply to the redemption by the Subscriber of their REIT Units:

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

2) **Low Load Option** – Seller receives an upfront commission of 3% and an ongoing trailer of 0.75% per annum starting in year one for as long as the Subscriber remains invested. There is a short term trading fee if the Subscriber redeems their REIT Units early.

If redeemed in 1 st 18 months	– 3.5%
If Redeemed in 2 nd 18 Months	– 3.0%

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

Class "F" Units

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

Class "I" Units

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

CLOSING OF OFFERING

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

It is estimated that the first closing (the “**First Closing**”) will occur on or before June 1, 2017.

Subsequent Closings will occur as additional REIT Units are subscribed for.

CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

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

The summary is of a general nature only and is based upon the facts set out in this Offering Memorandum, the current provisions of the Tax Act, the regulations thereunder (the “**Regulations**”), counsel's understanding of the published administrative practices of the Canada Revenue Agency and the specific proposals to amend the Tax Act and Regulations (“**Tax Proposals**”) announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof and representations as to factual matters made in a certificate signed by a trustee of Centurion Apartment REIT. This summary is not exhaustive of all possible Canadian federal income tax consequences and, except for the Tax Proposals, does not take into account or anticipate any changes in law, whether by legislative, regulatory, administrative or judicial action, nor does it take into account provincial tax legislation or considerations. This summary assumes that the Tax Proposals will be enacted as proposed, but no assurance can be given that this will be the case. Modification or amendment of the Tax Act and the Regulations or the Tax Proposals could significantly alter the tax status of Centurion Apartment REIT or the tax consequences of investing in Units. This summary does not describe income tax considerations relating to the deductibility of interest on money borrowed to acquire REIT Units. 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. **In the event that Centurion Apartment REIT was not to qualify as a mutual fund trust, the**

Canadian federal income tax consequences described below would, in some aspects, be materially and adversely different.

If the Centurion Apartment REIT has a Unitholder that is a “**designated beneficiary**” within the meaning of the Tax Act at any time in a taxation year in which it does not qualify as a mutual fund trust for the purposes of the Tax Act throughout the year (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.

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 Centurion Apartment REIT are not listed or traded on a stock exchange or other public market, Centurion Apartment REIT will not be subject to the SIFT Rules. If investments in Centurion Apartment REIT become publicly listed or traded, there can be no assurances that the Centurion Apartment REIT will not be subject to the SIFT Rules at that time.

Taxation of Centurion Apartment REIT

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

Taxation of REIT Unitholders

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

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 was required to liquidate its real property investments, the proceeds to Centurion Apartment REIT might be significantly less than the aggregate value of its properties on a going-concern basis.

Centurion Apartment REIT will be subject to the risks associated with debt financing, including the risk that existing mortgage indebtedness secured by the Properties will not be able to be refinanced or that the terms of such refinancing will not be as favourable as the terms of existing indebtedness.

Development Risks

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

Future Property Acquisitions

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

Revenue Producing Properties

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

No Guarantees or Insurance on Mortgage Investments

A Mortgage borrower's obligations to the Centurion Apartment REIT or any other person are not guaranteed by the Government of Canada, the government of any province or any agency thereof nor are they insured under the National Housing Act (Canada). In the event that additional security is given by the borrower or a third party or that a private guarantor guarantees the Mortgage borrower's obligations, there is no assurance that such additional security or guarantee will be available or sufficient to make Centurion Apartment REIT whole if and when resort is to be had thereto.

Risks Related to Mortgage Extensions and Mortgage Defaults

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

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

Foreclosure or Power of Sale and Related Costs on Mortgage Investments

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

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

Litigation Risks

Centurion Apartment REIT may, from time to time, become involved in legal proceedings in the course of its business. The costs of litigation and settlement can be substantial and there is no assurance that such costs will be recovered in whole or at all. During litigation involving a borrower in respect of a Mortgage, Centurion Apartment REIT may not be receiving payments of interest on a Mortgage that is the subject of litigation, thereby impacting cash flows. The unfavorable resolution of any legal proceedings could have an adverse effect on the Centurion Apartment REIT and its financial position and results of operations that could be material.

Competition for Real Property Investments

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

Competition for Tenants

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

Interest Rates

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

Debt Financing

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

General Economic Conditions

Centurion Apartment REIT is affected by general economic conditions, local real estate markets, competition from other available rental premises, including new developments, and various other factors. The competition for tenants also comes from opportunities for

individual home ownership, including condominiums, which can be particularly attractive when home mortgage loans are available at relatively low interest rates. The existence of competing developers, managers and owners for Centurion Apartment REIT's tenants could have an adverse effect on Centurion Apartment REIT's ability to lease suites in its properties and on the rents charged, increased leasing and marketing costs and increased refurbishing costs necessary to lease and re-lease suites, all of which could adversely affect Centurion Apartment REIT's revenues and, consequently, its ability to meet its obligations. In addition, any increase in the supply of available space in the markets in which Centurion Apartment REIT operates or may operate could have an adverse effect on Centurion Apartment REIT.

General Uninsured Losses

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

Availability of Cash for Distributions

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

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

Government Regulation

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

Multi-unit residential rental properties are subject to rent control legislation in most provinces in Canada. Each province in which the Trust operates maintains distinct regulations with respect to tenants' and landlords' rights and obligations. The legislation in various degrees provides restrictions on the ability of a landlord to increase rents above an annually prescribed guideline or require the landlord to give tenants sufficient notice prior to an increase in rent or restricts the frequency of rent increases permitted during the year. The annual rent increase guidelines as per applicable legislation attempts to link the annual rent increases to some measure of changes in the cost of living index over the previous year. The legislation also, in most cases, provides for a mechanism to ensure rents can be increased above the guideline increases for extraordinary costs. As a result of rent controls, the Trust may incur property capital investments in the future that will not be fully recoverable from rents charged to the tenants.

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

Environmental Matters

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

Unitholder Liability

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

Dependence on Key Personnel

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

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

Failure or Unavailability of Computer and Data Processing Systems and Software

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

Potential Conflicts of Interest

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

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

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

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

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

Centurion Apartment REIT is a connected issuer, and may be considered to be a related issuer, of Centurion Asset Management Inc. (the "Asset Manager"), its asset manager and an exempt market dealer, investment fund manager, and restricted portfolio manager in certain jurisdictions, in connection with the distribution of the REIT's securities hereunder, which may result in potential conflicts of interest. Centurion Apartment REIT is a connected issuer of the Asset Manager due to the factors described in this Offering Memorandum under "Relationship between Centurion Apartment REIT, The Asset Manager and Affiliates of The Asset Manager" as a result of the fact that the President of Centurion Apartment REIT and the Asset Manager are the same and Mr. Gregory Romundt and his family beneficially own all of the shares of the Asset Manager, the Mortgage Manager and the Mortgage Servicer. Centurion Apartment REIT may be considered to be a related issuer of the Asset Manager by virtue of the Asset Manager's right to appoint a prescribed number of nominees to the board of trustees of Centurion Apartment REIT. Centurion Apartment REIT owns 85.4% of a private mutual fund trust, Centurion Real Estate Opportunities Trust, which also has engaged Centurion Asset Management Inc. to be its asset manager. See "Trustees" and "Relationship Between Centurion Apartment REIT, The Asset Manager and Affiliates of The Asset Manager".

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

Allocation of Investment Opportunities

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

Tax Related Risks

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

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

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

Critical Estimates, Assumptions and Judgements

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

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

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

Risks Relating to Unfunded Commitments

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

Lack of Independent Experts Representing Unitholders

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

Joint Arrangements

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

Dilution

The number of REIT Units Centurion Apartment REIT is authorized to issue is unlimited. The Centurion Apartment REIT Trustees have the discretion to issue additional REIT Units in other circumstances, pursuant to Centurion Apartment REIT's various incentive plans. Any issuance of additional REIT Units may have a dilutive effect on the holders of REIT Units.

Restrictions on Potential Growth and Reliance on Credit Facilities

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

Potential Inability to Fund Investments

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

Liquidity of REIT Units and Redemption Risk

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

Foreign Investment and Currency Exposure

Management has disclosed that they will be seeking to change the geographical constraint from Canada only to include the United States as well. As such, in the future, the Trust may hold assets denominated in U.S. dollars, the FMV of the Trust, when measured in Canadian dollars, will, to the extent this has not been hedged against, be affected by changes in the value of the U.S. dollar relative to the Canadian dollar. The Trust may not be fully hedged or hedged at all and it is not intended that the distributions and income statements on the assets of the Trust will be hedged and accordingly no assurance can be given that the Trust will not be adversely impacted by changes in foreign exchange rates or other factors. The use of hedges, if used, involves special risks, including the possible default by the other party to the transaction, illiquidity and, to the extent the Asset Manager's assessment of certain market movements is incorrect, the risk that the use of hedges could result in losses greater than if the hedging had not been used. Hedging arrangements may have the effect of limiting or reducing the total returns to the Trust if the Asset Manager's expectations concerning future events or market conditions outweigh the benefits of the arrangements in such circumstances.

Nature of REIT Units

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

CERTAIN SECURITIES LAWS MATTERS

Representations of Subscribers

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

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

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

Resale Restrictions

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

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

Purchasers' Rights of Action

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

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

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

TWO DAY CANCELLATION RIGHT

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

Language of Documents

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

ANCILLARY MATTERS

Material Contracts

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

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

The Material Contracts are available for review by potential investors at the offices of the REIT and also online here:

<http://www.centurion.ca/noindex/material-contracts>

Auditor, Transfer Agent and Registrar

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

APPENDIX “A” - EXISTING PROPERTIES

Address	City	Province	Year	
			Acquired	Notes
362 Shanty Bay Rd	Barrie	Ontario	2010	(R)
60 Prince Edward St	Brighton	Ontario	2010	(R)
21/31 Jean Ave	Kitchener	Ontario	2010	(R)
122 Elizabeth St	Brighton	Ontario	2010	(R)
277 Anderson Ave	Oshawa	Ontario	2010	(R)
36 & 70 Orchard View	Oshawa	Ontario	2010	(R)
255 Dunlop St West	Barrie	Ontario	2010	(R)
356 & 360 Hoffman	Kitchener	Ontario	2010	(R)
15, 19, 25 Hugo Cres	Kitchener	Ontario	2010	(R)
167 Morgan Ave	Kitchener	Ontario	2010	(R)
196 Churchill St S	Acton	Ontario	2010	(R)
707 & 711 Dundas St W	Whitby	Ontario	2010	(R)
165 Old Muskoka Rd	Gravenhurst	Ontario	2010	(R)
2 & 4 Yonge St	Huntsville	Ontario	2010	(R)
262-320 Kingswood Dr	Kitchener	Ontario	2010	(R)
1,2,3,5, and 7 Biggin Court	Toronto	Ontario	2011	(A)
6 Grand Stand Place	Toronto	Ontario	2011	(A)
Auburn Student Residence	Montreal	Quebec	2011	(A)(J)
75 Ann Street	London	Ontario	2012	(A)(J)
1 Beaufort Street	London	Ontario	2012	(A)(J)
St. George Street & Ann Street	London	Ontario	2012	(A)
1631 Victoria Park Avenue	Toronto	Ontario	2012	(A)
4 & 8 Rannock St, and 880 Pharmacy Ave.	Toronto	Ontario	2012	(A)
173 King Street North	Waterloo	Ontario	2012	(A)
25 & 45 Briardale Road	Cambridge	Ontario	2012	(A)
133-143 Woodside Avenue	Cambridge	Ontario	2012	(A)
26 Thorncliffe Park Drive	Toronto	Ontario	2012	(A)
27 Thorncliffe Park Drive	Toronto	Ontario	2012	(A)
50 Thorncliffe Park Drive	Toronto	Ontario	2012	(A)
219 St. Andrews Street	Cambridge	Ontario	2012	(A)
252 & 256 St. Andrews Street	Cambridge	Ontario	2012	(A)
1594 Victoria Park Avenue	Toronto	Ontario	2013	(A)

Address	City	Province	Year	
			Acquired	Notes
5 Dufresne Court	Toronto	Ontario	2013	(A)
275 North Service Road	Mississauga	Ontario	2013	(A)
1175 Dundas Street West	Mississauga	Ontario	2013	(A)
167 King Street North	Waterloo	Ontario	2013	(A)
345 King Street North	Waterloo	Ontario	2013	(A)
3443 Bathurst Street	Toronto	Ontario	2013	(A)
4 Antrim Crescent	Toronto	Ontario	2014	(A)
168 King St North	Waterloo	Ontario	2014	(A)
58 Holtwood Court	Dartmouth	Nova Scotia	2014	(A)
3707-3711 Whitelaw Lane NW	Edmonton	Alberta	2015	(A)
45-56 College Street	Kitchener	Ontario	2015	(A)
64-66 Weber, 58-60 Weber, 96 Young	Kitchener	Ontario	2015	(A)
205 Oxford St	London	Ontario	2015	(A)
11 Wendy Court	Cambridge	Ontario	2016	(A)
285 North Service Road	Mississauga	Ontario	2016	(A)
1731-1735-1739 Victoria Park Avenue	Toronto	Ontario	2016	(A)
5 Schroder Cres	Guelph	Ontario	2016	(A)
1 Columbia St W	Waterloo	Ontario	2016	(A)(J)
5501, 5549, 5601, 5649 Prefontaine Ave	Regina	Saskatchewan	2017	(A)(J)

Notes:

See Appendix “D” for summary information about the Properties

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

^(R) Rolled Properties that are part of the Rollover Agreement of August 31, 2009

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

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

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

<u>Address</u>	<u>Centurion Apartment REIT Ownership Percentage</u>	<u>Joint Venture Partner(s)</u>
75 Ann St, London Outside Investors	75%	25%
1 Beaufort St, London Outside Investors	75%	25%
1 Colombia St. West, Waterloo Outside Investors	50%	50%
5501,5549,5601,5649 Prefontaine Avenue, Regina Outside Investors	60%	40%

See Appendix “D” for summary information about the Properties

APPENDIX “C” - PROPERTIES UNDER CONTRACT

There were no properties under contract as at April 30, 2017.

APPENDIX “D” - SUMMARY INFORMATION ABOUT THE PROPERTIES

Property Address	Type of Building	Ownership (%)	Bachelor	One Bedroom	Two Bedroom	Three Bedroom	Four Bedroom	Five Bedroom	Total Suite Count (Undiluted)	Total Suite Count (Diluted)	Total Rental Units/Beds (Undiluted)	Total Rental Units/Beds (Diluted)
262-320 Kingswood Dr	Apartment	100%		92	268				360	360	360	360
15, 19, 25 Hugo Cres	Apartment	100%		7	46				53	53	53	53
196 Churchill St S	Apartment	100%	3	7	23				33	33	33	33
21/31 Jean Ave	Apartment	100%		20	12				32	32	32	32
1631 Victoria Park Avenue	Apartment	100%	4	19	12				35	35	35	35
4 & 8 Rannock St, and 880 Pharmacy Ave.	Apartment	100%		34	51				85	85	85	85
60 Prince Edward St	Apartment	100%		3	27				30	30	30	30
707 & 711 Dundas St W	Apartment	100%			24	12			36	36	36	36
165 Old Muskoka Rd	Apartment	100%		5	33	1			39	39	39	39
2 & 4 Yonge St	Apartment	100%		6	13	6			25	25	25	25
167 Morgan Ave	Apartment	100%	2	10	20	15			47	47	47	47
362 Shanty Bay Rd	Apartment	100%		4	11				15	15	15	15
275 North Service Road	Apartment	100%		34	41	7			82	82	82	82
356 & 360 Hoffman	Apartment	100%		36	60				96	96	96	96
173 King Street North	Student Housing	100%		1	1		54		56	56	219	219
133-143 Woodside Avenue	Apartment	100%		125	206	2			333	333	333	333
St. George Street & Ann Street	Student Housing	100%					24		24	24	96	96
25 & 45 Briardale Road	Apartment	100%		14	76				90	90	90	90
1,2,3,5, and 7 Biggin Court	Apartment	100%	11	179	108	10			308	308	308	308
Auburn Student Residence	Student Housing	100%				10	40	50	100	100	440	440
6 Grand Stand Place	Apartment	100%		21	33	6			60	60	60	60
219 St. Andrews Street	Apartment	100%	3	13	12				28	28	28	28
252 & 256 St. Andrews Street	Apartment	100%		3	129				132	132	132	132
1175 Dundas Street West	Apartment	100%	1	53	50				104	104	104	104

Property Address	Type of Building	Ownership (%)	Bachelor	One Bedroom	Two Bedroom	Three Bedroom	Four Bedroom	Five Bedroom	Total Suite Count (Undiluted)	Total Suite Count (Diluted)	Total Rental Units/Beds (Undiluted)	Total Rental Units/Beds (Diluted)
277 Anderson Ave	Apartment	100%			47				47	47	47	47
122 Elizabeth St	Apartment	100%	1		26	2			29	29	29	29
36 & 70 Orchard View	Apartment	100%		6	18				24	24	24	24
255 Dunlop St West	Apartment	100%			2	26			28	28	28	28
26 Thorncliffe Park Drive	Apartment	100%		35	25	1			61	61	61	61
27 Thorncliffe Park Drive	Apartment	100%	2	45	39				86	86	86	86
50 Thorncliffe Park Drive	Apartment	100%	1	10	34	12			57	57	57	57
1594 Victoria Park Avenue	Apartment	100%	1	13	14				28	28	28	28
5 Dufresne Court	Apartment	100%		108	82	28			218	218	218	218
1 Beaufort Street	Student Housing	75%						27	27	20	135	101
75 Ann Street	Student Housing	75%			2	45	90		137	103	499	374
167 King Street North	Student Housing	100%						41	41	41	205	205
345 King Street North	Student Housing	100%				28	28	38	94	94	386	386
3443 Bathurst St	Apartment	100%		4	13	6			23	23	23	23
4 Antrim Crescent	Apartment	100%		41	24				65	65	65	65
168 King St North	Student Housing	100%		1				35	36	36	176	176
58 Holtwood Court	Apartment	100%		9	99	6			114	114	114	114
3707-3711 Whitelaw Lane NW	Apartment	100%		3	123				126	126	126	126
45-56 College Street, Kitchener	Apartment	100%	8	26	12				46	46	46	46
64-66 Weber, 58-60 Weber, 96 Young	Apartment	100%	3	24		1			28	28	28	28
205 Oxford St	Student Housing	100%		50	85				135	135	220	220
11 Wendy Court	Apartment	100%		5	91				96	96	96	96
285 North Service Road	Apartment	100%		34	47				81	81	81	81
1731-1735-1739 Victoria Park Avenue	Apartment	100%	15	78	36				129	129	129	129
5 Schroder Cres	Apartment	100%		7	50	9			66	66	66	66
1 Columbia St W	Student Housing	50%						74	74	37	370	185
5501, 5549, 5601, 5649 Prefontaine Ave	Apartment	60%		64	144				208	125	208	125
Total			55	1249	2269	233	236	265	4307	4146	6329	5902
Notes:												
"Suites" means a rental suite, irrespective of the number of bedrooms or rental units in that suite. E.g. a 3 bedroom apartment that rents as a whole would be considered a single suite												
"Undiluted" means that the number doesn't factor in any portion of the building that may be owned by partners. E.g. a 100 suite building owned 50/50 with a partner would show above as 100 suites on an undiluted basis and 50 suites on a Diluted basis.												
"Diluted" means that portions of the property owned by partners has been subtracted from the total. E.g. a 100 suite building owned with a partner would show above as 50 diluted suites												
"Rental Units/Beds" adjusts for the number of student tenants renting individual units inside a suite. For example, a 5 bedroom student unit, would show as 1 suite, but 5 rental units as there may be 5 separate leases, each pertaining to a bed. This distinction only applies to properties classified as Student Residences. Thus an apartment that had a 2 bedroom suite that had room mates sharing the apartment, and wasn't classified as a "student residence" would be 1 Suite and 1 Rental Unit only. We make no distinction in "Rental Units" between individual leases on bedrooms and multi tenant leases with all residents in the suite on a single lease (the two forms of lease in the student rental business).												

Property Summary by City

City	Number of Complexes	Undiluted # of Suites (UD)	Undiluted % of Suites	Diluted # of Suites	Diluted % of Suites	Undiluted Rental Units	Undiluted Rental % of RU's	Diluted Rental Units	Diluted Rental % of RU's
Acton	1	33	1%	33	1%	33	1%	33	1%
Barrie	2	43	1%	43	1%	43	1%	43	1%
Brighton	2	59	1%	59	1%	59	1%	59	1%
Cambridge	5	679	16%	679	16%	679	11%	679	12%
Dartmouth	1	114	3%	114	3%	114	2%	114	2%
Edmonton	1	126	3%	126	3%	126	2%	126	2%
Gravenhurst	1	39	1%	39	1%	39	1%	39	1%
Guelph	1	66	2%	66	2%	66	1%	66	1%
Hamilton	0	0	0%	0	0%	0	0%	0	0%
Huntsville	1	25	1%	25	1%	25	0%	25	0%
Kitchener	7	662	15%	662	16%	662	10%	662	11%
London	4	323	7%	282	7%	950	15%	791.5	13%
Mississauga	3	267	6%	267	6%	267	4%	267	5%
Montreal	1	100	2%	100	2%	440	7%	440	7%
Oshawa	2	71	2%	71	2%	71	1%	71	1%
Regina	1	208	5%	125	3%	208	3%	125	2%
Toronto	12	1155	27%	1155	28%	1155	18%	1155	20%
Waterloo	5	301	7%	264	6%	1356	21%	1171	20%
Whitby	1	36	1%	36	1%	36	1%	36	1%
19 Cities	51 Complexes	4307 Suites	100%	4146 Suites	100%	6329 Rental Units	100%	5902.8 Rental Units	100%

Property Summary by Region

Region	Number of Buildings	Undiluted # of Suites	Undiluted % of Suites	Diluted # of Suites	Diluted % of Suites	Undiluted Rental Units	Undiluted Rental % of RU's	Diluted Rental Units	Diluted Rental % of RU's
Central ON	4	107	2%	107	3%	107	2%	107	2%
Eastern ON	2	59	1%	59	1%	59	1%	59	1%
South Western ON	0	0	0%	0	0%	0	0%	0	0%
Greater Toronto Area	19	1562	36%	1562	38%	1562	25%	1562	26%
Montreal	1	100	2%	100	2%	440	7%	440	7%
Kitchener-Waterloo-Cambridge	18	1708	40%	1671	40%	2763	44%	2578	44%
London Area	4	323	7%	282	7%	950	15%	792	13%
Halifax Regional Municipality	1	114	3%	114	3%	114	2%	114	2%
Greater Edmonton Area	1	126	3%	126	3%	126	2%	126	2%
Greater Regina Area	1	208	5%	125	3%	208	3%	125	2%
Total	51	4307	100%	4146	100%	6329	100%	5902	100%

Property Summary by Province

Province	Number of Buildings	Undiluted # of Suites	Undiluted % of Suites	Diluted # of Suites	Diluted % of Suites	Undiluted Rental Units	Undiluted Rental % of RU's	Diluted Rental Units	Diluted Rental % of RU's
Ontario	47	3759	87%	3681	89%	5441	86%	5098	86%
Nova Scotia	1	114	3%	114	3%	114	2%	114	2%
Alberta	1	126	3%	126	3%	126	2%	126	2%
Saskatchewan	1	208	5%	125	3%	208	3%	125	2%
Quebec	1	100	2%	100	2%	440	7%	440	7%
Total	51	4307	100%	4146	100%	6329	100%	5902	100%

Property Summary by Asset Type

Market	Number of Buildings	Undiluted # of Suites	Undiluted % of Suites	Diluted # of Suites	Diluted % of Suites	Undiluted Rental Units	Undiluted Rental % of RU's	Diluted Rental Units	Diluted Rental % of RU's
Primary	23	2110	49%	2027	49%	2450	39%	2367	40%
Secondary	24	2074	48%	1996	48%	3756	59%	3413	58%
Tertiary	4	123	3%	123	3%	123	2%	123	2%
Total	51	4307	100%	4146	100%	6329	100%	5902	100%

Student Housing by City

City	Type of Building	# of Complexes	# of Suites (Undiluted)	# of Suites (Diluted)	# Of Beds (Undiluted)	# of Beds (Diluted)
Montreal	Student Housing	1	100	100	440	440
London	Student Housing	4	323	282	950	792
Waterloo	Student Housing	5	301	264	1356	1171
Total		10	724	646	2746	2403

Average Rents (Undiluted Basis)

	Total Rental Units	Revenue/Unit/ Month
Apartment	3,583	\$1,049
Student Residence	2,746	\$661
Total	6,329	\$881

Summary by Year of Construction

	# of Buildings	Undiluted # of Suites	Undiluted % of Suites	Diluted # of Suites	Diluted % of Suites	Undiluted Rental Units	Undiluted Rental % of RU's	Diluted Rental Units	Diluted Rental % of RU's
After 2009	8	688	16%	567.8	14%	1288	20%	1020	17%
2000-2009	4	282	7%	241	6%	1116	18%	958	16%
1990-1999	1	56	1%	56	1%	219	3%	219	4%
1980-1989	10	1085	25%	1085	26%	1170	18%	1170	20%
1970-1979	10	724	17%	724	17%	1064	17%	1064	18%
1960-1969	10	753	17%	753	18%	753	12%	753	13%
1950-1959	6	645	15%	645	16%	645	10%	645	11%
Pre 1950	2	74	2%	74	2%	74	1%	74	1%
Total	51	4307	100%	4145.8	100%	6329	100%	5902	100%

Summary by Market Type

Market	Number of Buildings	Undiluted # of Suites	Undiluted % of Suites	Diluted # of Suites	Diluted % of Suites	Undiluted Rental Units	Undiluted Rental % of RU's	Diluted Rental Units	Diluted Rental % of RU's
Primary	23	2110	49%	2027	49%	2450	39%	2367	40%
Secondary	24	2074	48%	1996	48%	3756	59%	3413	58%
Tertiary	4	123	3%	123	3%	123	2%	123	2%
Total	51	4307	100%	4146	100%	6329	100%	5902	100%

Property Summary by Stabilization Status^{2,3}

Status	Number of Buildings	Undiluted # of Suites	Undiluted % of Suites	Diluted # of Suites	Diluted % of Suites	Undiluted Rental Units	Undiluted Rental % of RU's	Diluted Rental Units	Diluted Rental % of RU's
Stabilized	44	3604	84%	3526	85%	5286	84%	4943	84%
Repositioning	2	289	7%	206	5%	289	5%	206	3%
Unstabilized	5	414	10%	414	10%	754	12%	754	13%
Total	51	4307	100%	4146	100%	6329	100%	5902	100%

Summary of Property Occupancy by Stabilization Status³

Status	Number of Buildings	Undiluted Rental Unit Occupancy	Diluted Rental Unit Occupancy
Stabilized	44	97.84%	98.14%
Repositioning	2	90.31%	91.84%
Unstabilized	5	77.59%	77.59%
Total	51	95.09%	95.30%

Notes Pertaining to the Tables in this Appendix:

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

² For the purposes of this table:

"Stabilized" means

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

"Un-stabilized" means

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

"Repositioning" means

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

³ Reflecting move ins/outs as of March 31, 2017

List of Properties (Apartments)



Churchill Court Apartments

Location: Acton, Ontario

Address: 196 Churchill Road South ([map](#))

Type of Building: Walk-up apartments

Number of Suites: 33

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



Kempenfelt Village

Location: Barrie, Ontario

Address: 362 Shanty Bay Road ([map](#))

Type of Building: Townhouses

Number of Suites: 15

(4 one-bdrm and 11 two-bdrm)



Milligan Park Apartments

Location: Barrie, Ontario

Address: 255 Dunlop Street West ([map](#))

Type of Building: Townhouses

Number of Suites: 28

(2 two-bdrm and 26 three-bdrm)



Brookside Apartments

Location: Brighton, Ontario

Address: 60 Prince Edward Street ([map](#))

Type of Building: Walk-up apartments

Number of Suites: 30

(3 one-bdrm and 27 two-bdrm)



MacIntosh Court Apartments

Location: Brighton, Ontario

Address: 122 Elizabeth Street ([map](#))

Type of Building: Walk-up apartments

Number of Suites: 29

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



25 & 45 Brierdale Road

Location: Cambridge, Ontario

Address: 25 & 45 Brierdale Road ([map](#))

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

Number of Suites: 90

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



133-143 Woodside Avenue

Location: Cambridge, Ontario

Address: 133,135,137,141,142, & 143 Woodside Avenue ([map](#))

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

Number of suites: 333

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



219 St. Andrews Street

Location: Cambridge, Ontario

Address: 219 St. Andrews Street ([map](#))

Type of building: Walk-up apartments

Number of suites: 28

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



252 & 256 St. Andrews Street

Location: Cambridge, Ontario

Address: 252 & 256 St. Andrews Street ([map](#))

Type of building: Walk-up apartments

Number of suites: 132

(3 one-bdrm and 129 two-bdrm)



11 Wendy Court

Location: Cambridge, Ontario

Address: 11 Wendy Court ([map](#))

Type of Building: Walk-up apartments

Number of Suites: 96

(5 one-bdrm and 91 two-bdrm)



Cherokee Court Apartments

Location: Gravenhurst, Ontario

Address: 165 Old Muskoka Road ([map](#))

Type of Building: Apartments (elevator)

Number of Suites: 39

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



Atwood Suites

Location: Guelph, Ontario

Address: 5 Schroder Crescent ([map](#))

Type of Building: Apartments (elevator)

Number of Suites: 66

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



Hunters Bay Apartments

Location: Huntsville, Ontario

Address: 2 & 4 Yonge Street ([map](#))

Type of Building: Walk-up apartments

Number of Suites: 25

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



Fairway Apartments

Location: Kitchener, Ontario

Address: 21 & 31 Jean Ave ([map](#))

Type of Building: Walk-up apartments

Number of Suites: 32

(20 one-bdrm and 12 two-bdrm)



Hoffman Apartments

Location: Kitchener, Ontario

Address: 356 & 360 Hoffman Street ([map](#))

Type of Building: Walk-up apartments

Number of Suites: 96

(36 one-bdrm and 60 two-bdrm)



Hugo Apartments

Location: Kitchener, Ontario

Address: 15,19, & 25 Hugo Crescent ([map](#))

Type of Building: Walk-up apartments

Number of Suites: 53

(7 one-bdrm and 46 two-bdrm)



Morgan Apartments

Location: Kitchener, Ontario

Address: 167 Morgan Avenue ([map](#))

Type of Building: Apartments (elevator)

Number of Suites: 47

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



Kingswood Estates

Location: Kitchener, Ontario

Address: 262, 266, 270, 274, 278, 282, 310, & 320 Kingswood Drive ([map](#))

Type of Building: Walk-up apartments

Number of Suites: 360

(92 one-bdrm and 268 two-bdrm)



Royal and Wales Apartments

Location: Kitchener, Ontario

Address: 56 College St ([map](#))

Type of building: Apartment

Number of suites: 46

(6 bachelor, 28 one-bdrm, and 12 two-bdrm)



Weber

Location: Kitchener, Ontario

Address: 64 Weber St West ([map](#))

Type of building: Apartment

Number of suites: 28

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



1175 Dundas Street West (Westdale Apartments)

Location: Mississauga, Ontario

Address: 1175 Dundas Street West ([map](#))

Type of building: Apartment (elevator)

Number of suites: 104

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



275 North Service Road (North Apartments)

Location: Mississauga, Ontario

Address: 275 North Service Road ([map](#))

Type of building: Apartment (elevator)

Number of suites: 82

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



285 North Service Road

Location: Mississauga, Ontario

Address: 285 North Service Road ([map](#))

Type of building: Apartment (elevator)

Number of suites: 81

(34 one-bdrm and 47 two-bdrm)



Park Place Apartments

Location: Oshawa, Ontario

Address: 277 Anderson Avenue ([map](#))

Type of Building: Apartments (elevator)

Number of Suites: 47

(47 two-bdrm)



Orchard View Apartments and Mansion

Location: Oshawa, Ontario

Address: 36 and 70 Orchardview Blvd ([map](#))

Type of Building: Walk-up apartments

Number of Suites: 24

(5 one-bdrm and 19 two-bdrm)



Biggin Court

Location: Toronto, Ontario

Address: 1, 2, 3, 5, and 7 Biggin Court ([map](#))

Type of Building: Apartments (elevator)

Number of Suites: 308

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



Grandstand Place

Location: Toronto, Ontario

Address: 6 Grandstand Place ([map](#))

Type of Building: Apartments (elevator)

Number of Suites: 60

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



1631 Victoria Park Avenue

Location: Toronto, Ontario

Address: 1631 Victoria Park Avenue ([map](#))

Type of Building: Walk-up apartments

Number of Suites: 35

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



1594 Victoria Park Avenue

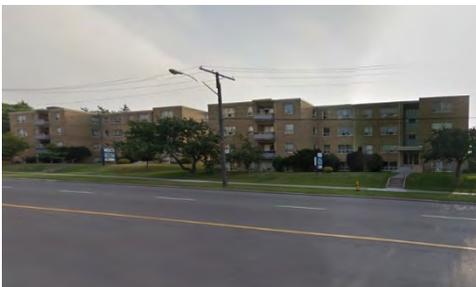
Location: Toronto, Ontario

Address: 1594 Victoria Park Avenue ([map](#))

Type of Building: Apartments (elevator)

Number of Suites: 28

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



1731 - 1739 Victoria Park Avenue

Location: Toronto, Ontario

Address: 1731, 1735, & 1739 Victoria Park Avenue

([map](#))

Type of Building: Walk-up apartments

Number of Suites: 129

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



4 & 8 Rannock Avenue and 880 Pharmacy Ave

Location: Toronto, Ontario

Address: 4 & 8 Rannock Avenue and 880 Pharmacy Avenue ([map](#))

Type of Building: Walk-up apartments

Number of Suites: 85

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



26 Thorncliffe Park Drive

Location: Toronto, Ontario

Address: 26 Thorncliffe Park Drive ([map](#))

Type of Building: Apartments (elevator)

Number of Suites: 61

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



27 Thorncliffe Park Drive

Location: Toronto, Ontario

Address: 27 Thorncliffe Park Drive ([map](#))

Type of building: Apartments (elevator)

Number of suites: 86

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



50 Thorncliffe Park Drive

Location: Toronto, Ontario

Address: 50 Thorncliffe Park Drive ([map](#))

Type of building: Apartments (elevator)

Number of suites: 57

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



5 Dufresne Court

Location: Toronto, Ontario

Address: 5 Dufresne Court ([map](#))

Type of building: Apartments (elevator)

Number of suites: 218

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



Antrim Apartments

Location: Toronto, Ontario

Address: 4 Antrim Crescent ([map](#))

Type of Building: Apartments (elevator)

Number of Suites: 65 suites

(41 one-bdrm, 24 two-bdrm, and 6 three-bdrm) plus 1 commercial unit



Deloraine Luxury Apartments

Location: Toronto, Ontario

Address: 3443 Bathurst Street ([map](#))

Type of Building: Luxury Apartments (elevator)

Number of Suites: 23

(4 one-bdrm, 13 two-bdrm, and 6 three-bdrm)



Dundas Court

Location: Whitby, Ontario

Address: 707& 711 Dundas Street West ([map](#))

Type of Building: Townhouses

Number of Suites: 36

(24 two-bdrm and 12 three-bdrm)



The Huntington

Location: Dartmouth, Nova Scotia

Address: 58 Holtwood Court ([map](#))

Type of Building: Luxury Apartments (elevator)

Number of Suites: 114

(9 one-bdrm, 99 two-bdrm, and 6 three-bdrm)



Windermere Village

Location: Edmonton, Alberta

Address: 3707-3711 Whitelaw Lane NW ([map](#))

Type of Building: Luxury Apartments (elevator)

Number of Suites: 126

(3 one-bdrm and 123 two-bdrm)



Harbour View Estates

Location: Regina, Saskatchewan

Address: 5501 Prefontaine Ave ([map](#))

Type of Building: Apartments (elevator)

Number of Suites: 208 suites

(64 one-bdrm and 144 two-bdrm)

List of Properties (Student Residences)



LA MARQ au 515*

Location: Montréal (Québec)

Address: 1430 rue City Councillors ([map](#))

Type of Building: Student Residence (elevator)

Number of Suites: 100 suites (comprising 440 rental beds; 10 three-bdrm, 40 four-bdrm, and 50 five-bdrm)

*Centurion owns 25% of this property in joint venture with other investors.



75 Ann Street*

Location: London (Ontario)

Address: 75 Ann Street ([map](#))

Type of Building: Student Residence (elevator)

Number of Suites: 137 (comprising 499 rental beds)

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



1 Beaufort Street*

Location: London (Ontario)

Address: 1 Beaufort Street ([map](#))

Type of Building: Student Residence

Number of Suites: 6 block townhouse complex; 27 suites (comprising 135 rental beds; 27 five-bdrms)

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



St George Street

Location: London (Ontario)

Address: 83 St. George Street (13 townhouses), 87, 89, 91, 93, 95, 97, & 99 St. George Street, 149, 151, 163, & 165 Ann Street ([map](#))

Type of Building: Student Residence

Number of Suites: 24 townhouses (comprising 96 rental beds; 24 four-bdrms)



205 Oxford Centre Apartments

Location: London (Ontario)

Address: 205 Oxford Street East ([map](#))

Type of Building: Student Residence (elevator)

Number of Suites: 135 suites (comprising 220 rental beds; 50 one-bdrm and 85 two-bdrm)



University View

Location: Waterloo, Ontario

Address: 173 King Street North ([map](#))

Type of Building: Student residence (elevator)

Number of Suites: 56 Suites (comprising of 219 rental beds; 1 one-bdrm, 1 two-bdrm, and 54 four-bdrm)



167 King Street North

Location: Waterloo, Ontario

Address: 167 King Street North ([map](#))

Type of Building: Student residence (elevator)

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



168 King Street North

Location: Waterloo, Ontario

Address: 168 King Street North ([map](#))

Type of Building: Student residence (elevator)

Number of Suites: 36 Suites (comprising of 176 rental beds; 1 one-bdrm and 35 five-bdrm)



345 King Street North

Location: Waterloo, Ontario

Address: 345 King Street North ([map](#))

Type of Building: Student residence (elevator)

Number of Suites: 94 Suites (comprising of 386 rental beds; 38 five-bdrm, 28 four-bdrm, and 28 three-bdrm)



Columbia Street West

Location: Waterloo (Ontario)

Address: 1 Columbia Street West ([map](#))

Type of Building: Student Residence (elevator)

Number of Suites: 96 (comprising 370 rental beds)

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

**APPENDIX “E” – SUMMARY INFORMATION ABOUT THE CONSOLIDATED MORTGAGE
INVESTMENT PORTFOLIO
(As at March 31, 2017)**

Asset Allocation Summary

	Funded Amount	% of Investment Portfolio	Unleveraged Yield
Joint arrangements	27,226,994	11%	
Loans	228,199,069	89%	
Total	255,426,063	100%	0

Participating -Vs- Non-Participating Investments

	Committed	Committed Value	% of Portfolio	Funded	Funded Value	% of Portfolio
Non-Participating	52	262,716,109.00	76%	52	196,545,010.00	77%
Participating - Debt	10	47,053,854.00	14%	10	31,654,058.00	12%
Participating- Equity	5	34,867,481.00	10%	5	27,226,994.00	11%
Total	67	344,637,444.00	100.00%	67	255,426,062.00	100.00%

By Province

Province	Committed	Committed Value	% of Portfolio	Funded	Funded Value	% of Portfolio
Alberta	7	36,576,202.00	10.61%	7	34,689,722.00	14% AB
British Columbia	9	57,522,102.00	16.69%	9	55,047,599.00	22% BC
Manitoba	3	15,226,000.00	4.42%	3	15,971,286.00	6% MB
Ontario	47	224,944,129.00	65.27%	47	149,534,057.00	59% ON
Saskatchewan	1	10,369,011.00	3.01%	1	183,398.00	0% SK
Total	67	344,637,444.00	100.00%	67	255,426,062.00	100.00%

Capital Position

Status	Total Balance	% of Portfolio	# of Investments
Common Position	15,304,524.00	6%	3
Preferred Position	240,121,539.00	94%	64
Total	255,426,063.00	100.00%	67

By Investment Type

	Total Balance	% of Portfolio	# of Investments
Commercial	25,833,493.00	10%	12
Pre-Development	4,234,536.52	2%	1
Residential	225,358,032.00	88%	54
Total	255,426,061.52	100.00%	67

By Development Stage

	Total Balance	% of Portfolio	# of Investments
Construction	176,350,525.00	69%	46
Pre-Construction	52,722,879.00	21%	10
Term	26,352,659.00	10%	11
Total	255,426,063.00	100.00%	67

By Rank

Position	Total Balance	% of Portfolio	# of Mortgages
First	77,701,957.00	30%	22 1st
Second	150,497,111.00	59%	40 2nd
Joint Arrangements	27,226,994.00	11%	5 JA
Total	255,426,062.00	100.00%	67

Ageing - by maturity (Mortgage investments only)

Maturity	Balance Maturing	% of Portfolio
Maturing Dec 31, 2017	68,177,029.00	27%
Maturing Dec 31, 2018	128,248,527.00	50%
Maturing Dec 31, 2019	50,836,722.00	20%
Maturing Dec 31, 2020	3,929,246.00	2%
Maturing Dec 31, 2021	4,234,537.00	2%
Total	255,426,061.00	100.00%

Investments by Size

	Total Balance	% of Portfolio	# of Investments
Under \$1 Million	4,506,205.00	2%	20 <1M
\$1 To Under 3 Million	35,311,766.00	14%	19 1M-3M
\$3 To Under 5 Million	51,824,498.00	20%	10 3M-5M
\$5 To Under 10 Million	86,900,673.00	34%	12 5M-10M
\$10 Million Or More	76,882,920.00	30%	6 >10M
Total	255,426,062.00	100.00%	67

APPENDIX "F" - AUDITED FINANCIAL STATEMENTS



CENTURION APARTMENT REIT

**CENTURION APARTMENT REAL ESTATE INVESTMENT TRUST
Consolidated Financial Statements
For the year ended December 31, 2016**

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INDEPENDENT AUDITORS' REPORT

To the Unitholders of Centurion Apartment Real Estate Investment Trust

We have audited the accompanying consolidated financial statements of Centurion Apartment Real Estate Investment Trust, which comprise the consolidated statement of financial position as at December 31, 2016, the consolidated statements of net income and comprehensive income, changes in net assets attributable to unitholders and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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



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Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Centurion Apartment Real Estate Investment Trust as at December 31, 2016, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

April 20, 2017
Toronto, Canada

CENTURION APARTMENT REAL ESTATE INVESTMENT TRUST

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(EXPRESSED IN CANADIAN DOLLARS)

December 31, 2016 with comparative information for 2015

	Note	December 31, 2016	December 31, 2015
Assets			
Non-current assets			
Investment properties	5	\$ 768,793,900	\$ 666,463,327
Mortgage investments	8	138,721,497	44,810,403
Equity accounted investments	6	24,289,524	15,121,406
Investment in associate	7	11,922,470	-
Participating loan interests	10	7,321,014	517,273
Property and equipment		409,804	282,391
		951,458,209	727,194,800
Current assets			
Current portion of mortgage investments	8	78,818,398	76,509,585
Mortgage interest receivable	9	1,929,198	371,712
Participating loan interests	10	3,945,782	273,040
Accounts receivable	11	416,242	536,694
Other assets	12	7,357,209	11,219,139
Restricted cash	15	-	1,181,240
Cash		1,053,088	19,602,591
		93,519,917	109,694,001
Total Assets		\$ 1,044,978,126	\$ 836,888,801
Liabilities			
Non-current liabilities			
Mortgages payable and credit facilities	13	\$ 330,902,771	\$ 284,741,739
		330,902,771	284,741,739
Current liabilities			
Current portion of mortgages payable and credit facilities	13	90,009,862	34,681,694
Accounts payable and other liabilities	14	8,307,423	8,073,037
Tenants deposits		4,153,650	3,563,439
Unit subscriptions in trust	15	-	1,181,240
Distributions payable		54,922	73,717
		102,525,857	47,573,127
Total Liabilities excluding net assets attributable to Unitholders		433,428,628	332,314,866
Net assets attributable to Unitholders		\$ 611,549,498	\$ 504,573,935
Represented by:			
Net assets attributable to unitholders of the REIT		\$ 511,064,287	\$ 455,052,297
Net assets attributable to non-controlling interest		\$ 100,485,211	\$ 49,521,638

Commitments and contingencies (notes 7, 20 and 22)

The accompanying notes are an integral part of these Consolidated Financial Statements.

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

Year ended December 31, 2016 with comparative information for 2015

For the year ended	Note	December 31, 2016	December 31, 2015
Revenue from investment properties		\$ 54,967,879	\$ 49,288,062
Property operating costs		(20,312,976)	(20,010,429)
Net rental income		34,654,903	29,277,633
Other income			
Interest income on mortgage investments	8 / 2(d)	18,229,456	11,073,346
Income on equity accounted investments	6	4,706,781	1,137,612
Management fee income and other income		464,824	394,212
General and administrative expenses	18, 21	(10,437,222)	(8,202,025)
Provision for mortgage investment loss	8a	(523,225)	(804,769)
Fair value gains on participating loan interests	10 / 2(d)	11,099,263	107,327
Fair value gains on investment properties	5	6,264,838	23,066,385
Gain on sale of properties	4	-	103,139
Operating income		64,459,618	56,152,860
Finance costs			
Finance costs	17	(12,316,772)	(12,214,249)
Net Income and Comprehensive Income		\$ 52,142,846	\$ 43,938,611
Attributable to:			
Unitholders of the REIT		\$ 39,208,646	\$ 41,889,559
Non-controlling interest		\$ 12,934,200	\$ 2,049,052

The accompanying notes are an integral part of these Consolidated Financial Statements.

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

For the year ended December 31, 2016	Note	Net assets attributable to Unitholders of the REIT	Net assets attributable to non- controlling interest	Net assets attributable to Unitholders
Net assets attributable to Unitholders at beginning of the year		\$ 455,052,297	\$ 49,521,638	\$ 504,573,935
Net Income and Comprehensive Income		39,208,646	12,934,200	52,142,846
Redeemable unit transactions				
Proceeds from Units issued (net of issuance costs)	16	54,379,969	43,730,227	98,110,196
Reinvestments of distributions by Unitholders	16	18,520,392	2,068,369	20,588,761
Redemption of Units	16	(20,097,379)	(1,522,703)	(21,620,082)
Distributions to Unitholders		(35,999,638)	(6,246,520)	(42,246,158)
Net increase from Unit transactions		16,803,344	38,029,373	54,832,717
Net increase in net assets attributable to Unitholders		56,011,990	50,963,573	106,975,563
Net assets attributable to Unitholders at end of the year		\$ 511,064,287	\$ 100,485,211	\$ 611,549,498

The accompanying notes are an integral part of these Consolidated Financial Statements.

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

For the year ended December 31, 2015	Note	Net assets attributable to Unitholders of the REIT	Net assets attributable to non- controlling interest	Net assets attributable to Unitholders
Net assets attributable to Unitholders at beginning of the year		\$ 362,056,276	\$ 7,112,586	\$ 369,168,862
Net Income and Comprehensive Income		41,889,559	2,049,052	43,938,611
Redeemable unit transactions				
Proceeds from Units issued (net of issuance costs)	16	73,687,366	41,264,648	114,952,014
Reinvestments of distributions by Unitholders	16	14,566,079	601,195	15,167,274
Redemption of Units	16	(8,019,042)	(49,050)	(8,068,092)
Distributions to Unitholders		(29,127,941)	(1,456,793)	(30,584,734)
Net increase from Unit transactions		51,106,462	40,360,000	91,466,462
Net increase in net assets attributable to Unitholders		92,996,021	42,409,052	135,405,073
Net assets attributable to Unitholders at end of the year		\$ 455,052,297	\$ 49,521,638	\$ 504,573,935

The accompanying notes are an integral part of these Consolidated Financial Statements.

CENTURION APARTMENT REAL ESTATE INVESTMENT TRUST
CONSOLIDATED STATEMENT OF CASH FLOWS
(EXPRESSED IN CANADIAN DOLLARS)
Year ended December 31, 2016 with comparative information for 2015

For the year ended December 31,	Note	2016	2015
Cash provided by (used in):			
Operating activities			
Comprehensive Income and Increase in net assets attributable to Unitholders		\$ 52,142,846	\$ 43,938,611
<u>Add-back Non-operating items:</u>			
Interest income on mortgage investments and recognized gains on participating loan interests	8	(18,229,456)	(11,073,346)
Finance costs	17	11,778,492	12,209,880
<u>Non-cash items:</u>			
Fair value gains on investment properties	6	(6,264,838)	(23,066,385)
Fair value gains on participating loan interests	10	(10,476,483)	(107,327)
Gain on sale of properties	5	-	(103,139)
Provision for mortgage investments loss	8a	523,225	804,769
Non cash portion of equity income		(4,706,781)	(1,137,612)
Amortization of financing fees	17	538,280	494,636
Amortization of property and equipment		228,065	293,547
Non cash portion of revenue/loss from investment properties recognized through acquisition of investment properties		-	(97,906)
Changes in non-cash operating account balances		5,292,746	(12,827,114)
Interest received on mortgage investments		6,547,979	6,520,499
Net cash from operating activities		37,374,075	15,849,113
Financing activities			
Proceeds from Units issued		103,239,020	122,679,074
Unit issue costs		(5,268,413)	(5,211,360)
Cash distributions to Unitholders		(21,657,397)	(16,596,201)
Redemption of Units		(21,620,082)	(7,157,426)
Financing fees		(164,699)	(895,883)
Advances on mortgages payable and credit facilities		124,963,503	43,518,466
Repayments on mortgages payable and credit facilities		(51,466,939)	(29,344,980)
Finance costs paid		(11,617,087)	(12,209,880)
Net cash from financing activities		116,407,906	94,781,810
Investing activities			
Investment property acquisitions	4	(36,174,545)	(38,105,894)
Equity accounted investment additions	6	(4,461,337)	(10,540,682)
Investment in associate	7	(11,922,470)	-
Investment property acquisition costs	5	(2,598,198)	(1,851,021)
Investment property improvements	5	(21,036,641)	(20,916,753)
Proceeds from investment property dispositions		-	2,201,870
Acquisition of property and equipment		(355,478)	(109,277)
Mortgage investments - repaid		20,575,262	23,433,803
Mortgage investments - issued		(116,358,077)	(49,121,113)
Net cash used in investing activities		(172,331,484)	(95,009,067)
Net (decrease) increase in cash		(18,549,503)	15,621,856
Cash, beginning of period		19,602,591	3,980,735
Cash, end of period		\$ 1,053,088	\$ 19,602,591

1. Organization

Centurion Apartment Real Estate Investment Trust (the “REIT” or “Trust”) is an unincorporated, open-ended real estate private investment trust which was created pursuant to a Declaration of Trust initially dated August 31, 2009, as further amended from time to time and most recently amended on November 26, 2013 (“Declaration of Trust”), and is governed by the laws of the Province of Ontario. The registered office of REIT is located at 25 Sheppard Avenue West, Suite 710, Toronto, Ontario, M2N 6S6.

REIT invests primarily in multi-suite residential properties, student residence properties, mortgages and other real estate investments in Canada.

2. Significant Accounting Policies

a) Statement of Compliance

These consolidated financial statements for the year ended December 31, 2016 have been prepared by management in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

These consolidated financial statements have been approved for issue by the Board of Trustees on April 18, 2017.

b) Basis of Presentation

These consolidated financial statements have been prepared on a historical cost basis except for investment properties, participating loan interest and real estate held within equity accounted investments and investment in associates which have been recorded at fair value.

These consolidated financial statements are presented in Canadian dollars, which is the functional currency of REIT.

These consolidated financial statements are presented in accordance with International Accounting Standards (“IAS”) 1 – Presentation of Financial Statements.

Centurion Apartment REIT has elected to present a single statement of profit and loss and other comprehensive income.

c) Principles of Consolidation

These consolidated financial statements reflect the operations of REIT, its wholly-owned subsidiaries and its proportionate share of joint arrangements which are classified as joint operations. Entities subject to joint arrangements characterized as joint ventures are accounted for using the equity method. Centurion Real Estate Opportunities Trust (“REOT”) is a subsidiary of REIT as it has been determined the REIT has control over REOT. The REIT owns 48.20% (December 31, 2015 – 62.04%) of the outstanding units of REOT.

CENTURION APARTMENT REAL ESTATE INVESTMENT TRUST
Notes to Consolidated Financial Statements
For the year ended December 31, 2016

2. Significant Accounting Policies (continued)

c) Principles of Consolidation (continued)

The summarized financial information of REOT is as follows:

CONSOLIDATED STATEMENT OF FINANCIAL POSITION			
As at:	December 31, 2016		December 31, 2015
Non-current assets	\$	131,612,420	\$ 59,489,739
Current assets		82,880,390	72,032,743
Total assets		214,492,810	131,522,482
Non-current liabilities		-	-
Current liabilities		20,569,525	1,427,375
Total liabilities		20,569,525	1,427,375
Net assets attributable to Unitholders	\$	193,923,285	\$ 130,095,107

CONSOLIDATED STATEMENT OF NET INCOME AND COMPREHENSIVE INCOME			
For the year ended:	December 31, 2016		December 31, 2015
Total income	\$	19,884,450	\$ 9,880,228
Total fair value gains		8,792,145	681,097
Total expenses		(2,877,781)	(2,168,615)
Net Income and Comprehensive Income	\$	25,798,814	\$ 8,392,710

Subsidiaries are consolidated from the date of acquisition, which is the date the REIT obtains control of the subsidiary. Control exists when the REIT has the existing rights which give it the current ability to direct the activities that significantly affect the entities' returns, is exposed, or has rights to variable returns from its involvement with the investee, and has the ability to use its power to affect its returns. The REIT reassesses whether or not it controls the investee if facts, circumstance and events indicate that there are changes to the elements listed above.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities, relating to the arrangement. The consolidated financial statements reflect REIT's proportionate share of revenues, expenses, assets and liabilities of the joint operations which are included in the respective items on the consolidated statements of financial position and consolidated statements of comprehensive income.

The accounting policies of the subsidiaries and joint operations are consistent with the accounting policies of REIT and their financial statements have been prepared for the same reporting period as REIT. All intercompany transactions and balances have been eliminated upon consolidation.

2. Significant Accounting Policies (continued)

d) Reclassification of Comparative Amounts

Certain comparative amounts for the prior year have been reclassified to conform to current year presentation; the impact of the reclassifications is as follows:

- Consolidated statement of financial position - \$790,313 included in mortgage investments has been reclassified to participating loan interests.
- Consolidated statement of financial position - \$605,988 included in accounts receivable has been reclassified to other assets
- Consolidated statement of net income and comprehensive income - \$107,327 included in interest income on mortgage investments has been reclassified to fair value gains on participating loan interests
- Consolidated statement of net income and comprehensive income - \$394,212 included in revenue from investment properties has been reclassified to management fee income and other income

Such reclassifications had no effect on net income or net assets attributable to unitholders.

e) Future Changes in Accounting Policies

Standards issued and amendments to existing standards not yet effective up to the date of issuance of these consolidated financial statements are described below. This description is of standards and interpretations issued, which REIT reasonably expects to be applicable at a future date.

Leases (“IFRS 16”)

IFRS 16 was issued on January 13, 2016. The new standard will replace existing lease guidance in IFRS and related interpretations, and requires lessees to bring most leases on-balance sheet. The new standard is effective for years beginning on or after January 1, 2019. Early adoption will be permitted only if the company has adopted IFRS 15 Revenue from Contracts with Customers. REIT has not yet determined the impact of the new standard on its consolidated financial statements.

Financial Instruments (“IFRS 9”)

This standard will replace IAS 39 – Financial Instruments: Recognition and Measurement. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. IFRS 9 also replaces the “incurred loss” model in IAS 39 with a forward-looking “expected credit loss” (ECL) model. This will require considerable judgement as to how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis. The new impairment model will apply to financial assets measured at amortized cost or fair value through other comprehensive income except for investments in equity instruments, and to contract assets. The new IFRS is to be applied retrospectively without

2. Significant Accounting Policies (continued)

e) Future Changes in Accounting Policies (continued)

restatement of comparative information, is effective for annual years beginning on or after January 1, 2018, with earlier application permitted. REIT has not yet determined the impact of the new standard on its consolidated financial statements.

Revenue from Contracts with Customers (“IFRS 15”)

In May 2014, the IASB issued IFRS 15 - Revenue from Contracts with Customers. The new standard provides a comprehensive framework for recognition, measurement and disclosure of revenue from contracts with customers, excluding contracts within the scope of the standards on leases, insurance contracts and financial instruments. IFRS 15 becomes effective for annual years beginning on or after January 1, 2017, and is to be applied retrospectively. Early adoption is permitted. REIT intends to adopt IFRS 15 and the clarifications in its financial statements for the annual period beginning on January 1, 2018. The extent of the impact of adoption of the standard has not yet been determined.

Statement of Cash Flows

REIT adopted the amendments to IAS 7 in its financial statements for the annual period beginning on January 1, 2017. REIT does not expect the amendments to have a material impact on the financial statements.

f) Investment Properties

REIT accounts for its investment properties using the fair value model in accordance with IAS 40 - Investment Properties (“IAS 40”). Investment property is defined as property held to earn rentals or for capital appreciation or both. Investment properties are initially recorded at cost, including related transaction costs if the transaction is deemed to be an asset acquisition. Subsequent to initial recognition, investment properties are measured at fair value, which reflects market conditions at the reporting date.

REIT applies judgment in determining if the acquisition of an individual property qualifies as a business combination in accordance with IFRS 3 - Business Combinations (“IFRS 3”) or as an asset acquisition. Transaction costs (including commissions, land transfer tax, appraisals, legal fees and third party inspection reports associated with a purchase) related to property acquisitions not considered to be business combinations are capitalized in accordance with IAS 40. Transaction costs are expensed in accordance with IFRS 3 where such acquisitions are considered business combinations. During 2016, all acquisitions of investment properties were treated as asset acquisitions.

The fair value of investment properties was determined using a detailed valuation framework developed by REIT’s internal and external valuation teams.

2. Significant Accounting Policies (continued)

f) Investment Properties (continued)

Each of these teams includes experts in the industry. The valuation teams considered the following approaches in determining the fair value:

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

The Internal Team is responsible quarterly and annually for:

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

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

- Annually and quarterly:
 - Determining the capitalization rates that would be used in valuing the properties
 - Providing charts of comparable sales and supporting relevant market information
 - Determining the appropriate industry standard set off amounts and normalization assumptions used in the calculation of NNOI; and
 - Supplying a Fair Value Report for financial statement purposes

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

g) Joint Arrangements

REIT enters into joint arrangements through joint operations and joint ventures. A joint arrangement is a contractual arrangement pursuant to which the REIT and other parties undertake an economic activity that is subject to joint control, whereby the strategic financial and operating policy decisions relating to the activities of the joint arrangement require the unanimous

2. Significant Accounting Policies (continued)

g) Joint Arrangements (continued)

consent of the parties sharing control. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint arrangements that involve the establishment of a separate entity in which each party to the venture has rights to the net assets of the arrangement are referred to as joint ventures.

REIT accounts for its interest in joint ventures using the equity method. REIT's investment in joint ventures are initially accounted for at cost, and the carrying amount is increased or decreased to recognize REIT's share of the profit or loss and other comprehensive income of the joint venture after date of acquisition. If an arrangement is considered a joint operation, REIT will recognize its proportionate share of assets, liabilities, income and expenses on a line-by-line basis.

h) Distribution Reinvestment and Unit Purchase Plan ("DRIP")

REIT has instituted a DRIP in accordance with Article 5.8 of the Declaration of Trust which provides that the Trustees may in their sole discretion, establish a distribution reinvestment plan at any time providing for the voluntary reinvestment of distributions by some or all REIT and exchangeable Unitholders as the Trustees determine. Currently Unitholders receive a 2% discount on Units purchased via the DRIP. No commissions, service charges or brokerage fees are payable by participants in connection with the DRIP.

i) Revenue Recognition

Rental income is recognized using the straight-line method whereby the total amount of rental income to be received from all the leases is accounted for on a straight-line basis over the term of the related leases. All rental leases are considered operating leases.

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to REIT and the amount of income can be measured reliably. Interest income is determined using the effective interest rate method.

Ancillary income generated from the operation of investment properties is recognized as earned.

j) Provisions

Provisions are recognized when REIT has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognized for future operating losses.

The amount of a provision is based on management's best estimate of the expenditure that is required to settle the obligation at the end of the reporting year. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where

2. Significant Accounting Policies (continued)

j) Provisions (continued)

appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

k) Borrowing Costs and Interest on Mortgages Payable

Mortgage expenses include mortgage interest, which is expensed at the effective interest rate and transaction costs incurred in connection with the revolving credit facilities which are amortized over the term of the facility to which they relate.

l) Income Taxes

REIT qualifies as a Mutual Fund Trust for Canadian income tax purposes. In accordance with the terms of the Declaration of Trust, REIT intends to allocate its income for income tax purposes each year to such an extent that it will not be liable for income taxes under Part I of the Income Tax Act (Canada). REIT is eligible to claim a tax deduction for distributions paid in future years and intends to continue to meet the requirements under the Income Tax Act (Canada). Accordingly, no provision for income taxes payable has been made. Income tax obligations relating to distributions of REIT are the obligations of the Unitholders.

m) Financial Instruments

In accordance with IAS 39 Financial Instruments – Recognition and Measurement (“IAS 39”), financial assets and financial liabilities are initially recognized at fair value, and their subsequent measurement is dependent on their classification as described below.

Fair Value through Profit or Loss (“FVTPL”)

Financial instruments in this category are recognized initially and subsequently at fair value. Gains and losses arising from changes in fair value are presented within operating income attributable to unitholders in the consolidated statement of net income and comprehensive income in the year in which they arise. Financial assets and liabilities at FVTPL are classified as current, except for the portion expected to be realized or paid beyond 12 months of the consolidated statement of financial position date, which is classified as non-current. Derivatives are also categorized as FVTPL unless designated as hedges.

Cash and cash equivalents and restricted cash

Cash and cash equivalents include cash and short-term investments with an original maturity of three months or less. Restricted cash does not meet the definition of cash and cash equivalents and is included in other assets in the consolidated statement of financial position. Interest earned or accrued on these financial assets is included in other income.

Loans and receivables

Such receivables arise when REIT provides services to a third party, such as a tenant, and are included in current assets, except for those with maturities more than 12 months after the

2. Significant Accounting Policies (continued)

m) Financial Instruments (continued)

consolidated statement of financial position date, which are classified as non-current assets. Loans and receivables are accounted for at amortized cost.

Available-for-sale

Investments are measured at fair value at each consolidated statement of financial position date and the difference between the fair value of the asset and its cost basis is included in other comprehensive income ("OCI"). Differences included in accumulated other comprehensive loss ("AOCL") are transferred to net income when the asset is removed from the consolidated statement of financial position or an impairment loss on the asset has to be recognized. Income on available-for-sale investments is recognized as earned and included in other income.

Other financial liabilities

Such financial liabilities are recorded at amortized cost and include all liabilities other than derivatives or liabilities, which are designated to be accounted for at fair value.

Derivatives

Derivative financial instruments are initially recognized at fair value on the date a derivative contract is entered into and subsequently re-measured at fair value. Derivatives are measured at fair value with changes therein recognized directly through the consolidated statement of comprehensive income within operating income.

Embedded derivatives

Derivatives embedded in other financial instruments or contracts are separated from their host contracts and accounted for as derivatives when their economic characteristics and risks are not closely related to those of the host contract; the terms of the embedded derivative are the same as those of a free-standing derivative; and the combined instrument or contract is not measured at fair value. These embedded derivatives are measured at fair value with changes therein recognized within operating income in the consolidated statement of comprehensive income. The classification of financial instruments depends on the purpose for which the financial instruments were acquired or issued, their characteristics and REIT's designation of such instruments.

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2. Significant Accounting Policies (continued)

m) Financial Instruments (continued)

Classification and Measurement:

The summary of the classification and measurement adopted by REIT for each major class of financial instruments are as follows:

	Classification	Measurement
Financial Assets:		
Cash	Loans and receivables	Amortized cost
Mortgage investments	Loans and receivables	Amortized cost
Mortgage interest receivable	Loans and receivables	Amortized cost
Participating loan interests	Fair value through profit and loss	Fair value
Other receivable	Loans and receivables	Amortized cost
Amounts due from mortgage servicer,	Loans and receivables	Amortized cost
Restricted cash	Loans and receivables	Amortized cost
Accounts receivable	Loans and receivables	Amortized cost
Financial Liabilities:		
Mortgages payable and credit facilities	Other financial liabilities	Amortized cost
Tenant deposits	Other financial liabilities	Amortized cost
Unit subscriptions in trust	Other financial liabilities	Amortized cost
Distributions payable	Other financial liabilities	Amortized cost
Accounts payable and other liabilities	Other financial liabilities	Amortized cost

At each reporting date, REIT assesses impairment of all its financial assets which are measured at amortized cost. Management considers whether there has been a breach in contract, such as a default or delinquency in interest or principal payments in determining whether objective evidence of impairment exists.

Impairment is measured as the difference between the asset's carrying value and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. Any impairment is included in the consolidated statement of net income and comprehensive income.

n) Fair Value

Fair value measurements recognized in the statement of financial position are categorized using a fair value hierarchy that reflects the significance of inputs used in determining the fair values:

- Level 1: Quoted prices in active markets for identical assets or liabilities.
- Level 2: Quoted prices in active markets for similar assets or liabilities or valuation techniques where significant inputs are based on observable market data.
- Level 3: Valuation techniques for which any significant input is not based on observable market data.

2. Significant Accounting Policies (continued)

n) Fair Value (continued)

Each type of fair value is categorized based on the lowest level input that is significant to the fair value measurement in its entirety.

o) Property, Plant and Equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and mainly comprise head office and regional offices leasehold improvements, corporate and information technology systems. These items are amortized on a straight-line basis over their estimated useful lives ranging from three to five years, or, in the case of leasehold improvements, are amortized over the shorter of the lease term and their estimated useful lives.

p) Investment in associates

When an investment in an associate or a joint venture is held by, or is held indirectly through, an entity that is a venture capital organization, or a mutual fund, unit trust and similar entities including investment-linked insurance funds, the REIT elects to measure investments in those associates and joint ventures under the equity method in consolidated statement of net income and comprehensive income in accordance with IAS 39, at fair value through profit or loss.

q) Net Assets Attributable to Unitholders

i. Balance Sheet Presentation

In accordance with *IAS 32 Financial Instruments: Presentation*, puttable instruments are generally classified as financial liabilities. REIT's units are puttable instruments, meeting the definition of financial liabilities in IAS 32. There are exception tests within IAS 32 that could result in classification as equity; however, REIT units do not meet the exception requirements. Therefore, REIT has no instrument qualifying for equity classification on its Statement of Financial Position pursuant to IFRS. The classification of all units as financial liabilities with presentation as net assets attributable to Unitholders does not alter the underlying economic interest of the Unitholders in the net assets and net operating results attributable to Unitholders.

Non-controlling interests that present ownership interests and entitle unitholders of a subsidiary to a proportionate share of the subsidiary entity's net assets in the event of liquidation are measured at the non-controlling interests' proportionate share of the recognized amounts of the subsidiaries' identifiable net assets.

2. Significant Accounting Policies (continued)

q) Net Assets Attributable to Unitholders (continued)

ii. Statement of Financial Position Measurement

REIT units are carried on the Statement of Financial Position at net asset value. Although puttable instruments classified as financial liabilities are generally required to be remeasured to fair value at each reporting period, the alternative presentation as net assets attributable to Unitholders reflects that, in total, the interests of the Unitholders is limited to the net assets of REIT.

r) Mortgage Investments

Mortgage investments are classified as loans and receivables. Such investments are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, the mortgage investments are measured at amortized cost using the effective interest method, less any impairment losses.

s) Impairment

Mortgage investments are assessed at each reporting date to determine whether there is objective evidence of impairment. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of an asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of mortgage investments measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

Losses are recognized in the statement of comprehensive income and reflected in an allowance account against the investments. Interest on the impaired asset continues to be recognized through the unwinding of the discount if it is considered collectable.

At a collective level and an individual level, REIT assesses for impairment to identify losses. As part of REIT's analysis on a collective basis it has grouped mortgage investments with similar risk characteristics including geographical exposure, collateral type, loan-to-value, counterparty and other relevant groupings and assesses them for impairment using statistical data. Based on the amounts determined by management analysis, REIT uses judgement to determine whether a collective provision against potential future losses not identified should be recognized.

When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the consolidated statement of net income and comprehensive income.

2. Significant Accounting Policies (continued)

t) Employee Benefits

Short term employee benefit obligations, including vacation and bonus payments, are measured on an undiscounted basis and are expensed as the related service is provided. Liabilities are recognized for the amounts expected to be paid within 12 months as REIT has an obligation to pay this amount as a result of a past service provided by the employee, and the obligation can be estimated reliably. Short term employee benefits are recorded in Accounts payable and accrued liabilities.

REIT maintains a deferred trust unit plan for some of its employees. This plan is considered cash settled and the fair value of the amount payable is recognized as an expense with a corresponding increase in liabilities, over the vesting period of the units issued. The liability is remeasured at each reporting date and at settlement date. Any changes in the fair value of the liability are recognized in the consolidated statement of financial position.

3. Critical Accounting Estimates and Judgments

The preparation of financial statements in accordance with IFRS requires management to make estimates and judgments that affect the reported amounts in the consolidated financial statements. Actual results could differ from those estimates.

The following are the critical accounting estimates and judgments that have been made in applying REIT's accounting policies:

Lease costs:

REIT makes judgments with respect to whether tenant improvements provided in connection with a lease enhance the value of the leased property and this determines whether such amounts are treated as additions to the investment property or an operating expense. REIT also makes judgments with respect to whether tenant leases are operating or finance leases. REIT has determined that all of its leases are operating leases.

Business combinations:

Accounting for business combinations under IFRS 3 - Business Combinations ("IFRS 3") only applies if a business, as defined, has been acquired. Under IFRS 3, a business is defined as an integrated set of activities and assets conducted and managed for the purpose of providing a return to investors or to lower costs or to obtain other economic benefits directly and proportionately to REIT. A business generally consists of inputs, processes applied to these inputs and resulting outputs that are, or will be, used to generate revenues. In the absence of such criteria, a group of assets is deemed to have been acquired. If goodwill is present in a transferred set of activities and assets, the transferred set is presumed to be a business.

3. Critical Accounting Estimates and Judgments (continued)

Classification of co-investments:

REIT makes judgments as to whether its co-investments provide it with joint control, significant influence or no influence. REIT has determined that it has joint control in all of its co-ownerships and therefore has accounted for its investment in these co-ownerships as joint operations and has used the share of net assets, liabilities, revenues and expenses method to account for these arrangements.

Fair value of investment properties:

Investment properties are measured at fair value as at the consolidated statement of financial position dates. Any changes in the fair value are included within operating income in the consolidated statement of comprehensive income. Fair value is supported by independent external valuations or detailed internal valuations using market-based assumptions, each in accordance with recognized valuation techniques. The techniques used comprise the capitalized net operating income method and include estimating, among other things (all considered Level 3 inputs), future stabilized net operating income, capitalization rates, discount rates and other future cash flows applicable to investment properties. Fair values for investment properties are classified as Level 3 in the fair value hierarchy (refer to note 5 for further detail).

Recoverability of mortgage investments:

The recoverability of the mortgage investments is reliant on the ability of the borrower to fully repay the loan and all accrued interest and fees, any defaults that occur may materially impact the recoverability of these investments (refer to note 8 for further detail).

Fair value of participating loan interests:

The fair value of the participating loan interests is reliant on the market value of the underlying real estate associated with the participating loan. Any changes in the value of the underlying real estate may materially impact the fair value on the participating loan interests (refer to note 10 for further detail).

Fair value of real estate held within equity accounted investments:

Investment properties held within equity accounted investments are measured at fair value as at the consolidated statement of financial position dates. Any changes in the fair value are included in the consolidated statement of comprehensive income. Fair value is supported by independent external valuations or detailed internal valuations using market-based assumptions, each in accordance with recognized valuation techniques. The techniques used comprise the capitalized net operating income method and include estimating, among other things (all considered Level 3 inputs), future stabilized net operating income, capitalization rates, discount rates and other

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3. Critical Accounting Estimates and Judgments (continued)

Fair value of real estate held within equity accounted investments (continued):

future cash flows applicable to investment properties. Fair values for investment properties are classified as Level 3 in the fair value hierarchy.

Capitalization of costs:

The amount of expenditures capitalized to investment properties is based on REIT's judgment as to whether the expenditure extends the useful life or increases the asset value. REIT capitalizes investment property acquisition costs incurred at the time of purchase.

4. Investment Property Acquisitions/Dispositions

(i) During the year ended December 31, 2016, REIT completed the following investment property acquisitions, which contributed to the operating results effective from the acquisition date. All acquisitions in the year are accounted for as asset acquisitions.

Acquisition Date	Rental Units	% Holding	Total Purchase Price	Mortgage Funding	Mortgage Interest Rate	Mortgage Maturity Date
January 21, 2016	96	100%	\$ 9,100,000	\$ 6,992,963	1.58%	March 1, 2021
March 18, 2016	81	100%	11,600,000	7,469,243	1.83%	June 1, 2021
May 9, 2016	129	100%	16,770,000	11,865,352	1.78%	June 1, 2021
September 8, 2016	66	100%	15,100,000	10,318,551	2.43%	October 1, 2026
December 16, 2016	370	50% *	19,860,896	10,175,000	4.20%	September 1, 2017
			\$ 72,430,896	\$ 46,821,109		

* REIT acquired 50% interest in the 370 unit student residence property.

(ii) During the year ended December 31, 2015, REIT completed the following investment property acquisitions:

Acquisition Date	Rental Units	% Holding	Total Purchase Price	Mortgage Funding	Mortgage Interest Rate	Mortgage Maturity Date
January 19, 2015	126	100%	\$ 28,500,000	\$ 19,500,000	3.43%	April 1, 2025
January 20, 2015	440	75% **	37,500,000	23,929,479	3.93%	December 15, 2018
May 4, 2015	74	100%	7,998,045	-	-	-
September 10, 2015	235	100%	20,250,000	12,895,707	1.33%	October 1, 2020
			\$ 94,248,045	\$ 56,325,186		

** This acquisition related to a property in which REIT held a 25% interest. REIT, acquired the remaining 75% interest in the 440 unit student residence property held by its partner, bringing REIT's holding to 100% of the property as of the closing.

All the above acquisitions are asset acquisitions.

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4. Investment Property Acquisitions/Dispositions (continued)

(iii) During the year ended December 31, 2016, REIT did not complete any investment property dispositions.

(iv) During the year ended December 31, 2015, REIT completed the following investment property disposition:

Disposition Date	Rental Units	% Holding	Disposition Proceeds	Original Purchase Price	Cumulative Fair Value Adjustment	Fees on disposition	Gain on Sale
April 13, 2015	30	100%	\$2,375,000	\$1,644,143	\$557,727	\$69,991	\$103,139

The above gain on sale of investment properties has been calculated by taking the fair value of the asset at the date of sale less the proceeds received.

5. Investment Properties

REIT records investment properties at fair value. Fair value adjustments on investment properties are primarily driven by changes in capitalization rates and stabilized net operating income (“NOI”). Supplemental information on fair value measurement, including valuation techniques and key inputs, is included in Note 25.

	December 31, 2016	December 31, 2015
Balance, beginning of year	\$ 666,463,327	\$ 528,582,993
Property acquisitions	72,430,896	94,248,045
Increase in property valuation	29,899,677	45,834,159
Property dispositions	-	(2,201,870)
Balance, end of year	\$ 768,793,900	\$ 666,463,327

	December 31, 2016	December 31, 2015
Increase in property valuation	\$ 29,899,677	\$ 45,834,159
Less: Acquisition costs	(2,598,198)	(1,851,021)
Less: Property improvements	(21,036,641)	(20,916,753)
Fair Value Adjustment on Investment Properties	\$ 6,264,838	\$ 23,066,385

At December 31, 2016 REIT conducted a valuation of its investment properties on an individual basis, with no portfolio effect considered, to determine the fair value of its investment properties.

Capitalization rates used to generate fair values for the investment properties varied from 4.00% to 6.25% at December 31, 2016 (December 31, 2015 – 4.00% to 6.25%) and the weighted average was 5.11% for the total portfolio (December 31, 2015 – 5.18%).

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5. Investment Properties (continued)

Capitalization rate sensitivity analysis

The table below presents the sensitivity of the fair valuation of the investment property to the changes in capitalization rate.

Capitalization rate sensitivity Increase (decrease)	Weighted average capitalization rate	Fair value of investment property (at REIT's ownership)	Fair value variance	% change
(0.75%)	4.36%	\$ 901,040,557	\$ 132,246,657	17.2%
(0.50%)	4.61%	\$ 852,177,186	\$ 83,383,286	10.8%
(0.25%)	4.86%	\$ 808,340,911	\$ 39,547,011	5.1%
December 31, 2016	5.11%	\$ 768,793,900	\$ -	-
0.25%	5.36%	\$ 732,935,976	\$ (35,857,924)	(4.7%)
0.50%	5.61%	\$ 700,273,945	\$ (68,519,955)	(8.9%)
0.75%	5.86%	\$ 670,398,776	\$ (98,395,124)	(12.8%)

6. Equity Accounted Investments

(i) Harbour View Estates LP:

REIT entered into a joint venture with a third party to commence a development project comprised of a 208 unit prefabricated four building multi-family development located in Regina, Saskatchewan, in which it has a 60% limited partnership interest in the project.

(ii) The Residences of Seasons LP:

REIT entered into a joint venture with a third party to develop a property apartment building comprising of 400 units in Winnipeg, Manitoba. REIT has a 50% limited partnership interest in the project.

(iii) Bridgwater Trails Apartments LP:

REIT entered into a joint venture with a third party to develop a property apartment building comprising of 176 units in Winnipeg, Manitoba. REIT has a 45% limited partnership interest in the project.

REIT equity accounted investments consists of the following:

	Ownership	December 31, 2016	December 31, 2015
Harbour View Estates LP	60%	\$ 9,168,398	\$ 6,143,120
The Residences of Seasons LP	50%	11,382,855	8,978,286
Bridgwater Trails Apartments LP	45%	3,738,271	-
		\$ 24,289,524	\$ 15,121,406

Fair value adjustments within equity accounted investments occurs when there are changes in the fair value on the underlying investment properties held within these investments, the fair value of investment properties is primarily driven by changes in capitalization rates and stabilized net operating income ("NOI").

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6. Equity Accounted Investments (continued)

The following is the summarized financial information of the equity accounted investments:

Non-current assets	\$	77,866,798	\$	40,474,324
Current assets		4,345,653		7,254,587
Total assets	\$	82,212,451	\$	47,728,911
Non-current liabilities	\$	(41,140,445)	\$	(19,502,235)
Current liabilities		(6,627,880)		(1,434,903)
Total liabilities	\$	(47,768,325)	\$	(20,937,138)
Total revenue	\$	1,361,574	\$	80,105
Total expenses		(1,302,988)		(10,822)
Total fair value gains		8,579,458		1,833,918
Net income	\$	8,638,044	\$	1,903,201

REIT made contributions of \$4,461,337 to joint ventures in the year ended December 31, 2016 (year ended December 31, 2015: \$10,540,682). The above investments had operating activity for the year ended December 31, 2016 that has been included in the above table. REIT's share of the net income of the joint ventures is \$4,706,781 (December 31, 2015: \$1,137,612), which is included in the consolidated statement of net income and comprehensive income.

7. Investment in associates

ME Living Phase LP:

REIT entered into a joint venture with a third party to develop a condominium comprising of 327 units in Toronto, Ontario. REIT has a 50% limited partnership interest in the project.

	Ownership	December 31, 2016	December 31, 2015
ME Living Phase 1 LP	50%	11,922,470	-
	\$	11,922,470	\$ -

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8. Mortgage Investments

Mortgage investments represent amounts receivable under mezzanine loan arrangements. Some of the mortgage investment agreements include purchase options in favour of REIT. The weighted average effective interest rate is 10.49% (2015: 10.33%) and the estimated weighted average term of maturity is 1.22 years (2015: 0.96 years). Interest income for the year was \$18,229,456 (December 31, 2015: \$11,073,346).

		December 31, 2016	December 31, 2015
Non-current mortgage investments		\$ 140,049,491	\$ 45,615,172
Allowance for mortgage investments loss	7a	(1,327,994)	(804,769)
Total non-current		138,721,497	44,810,403
Current mortgage investments		78,818,398	76,509,585
Mortgage interest receivable	8	1,929,198	371,712
Total current		80,747,596	76,881,297
Total mortgage investments		\$ 219,469,093	\$ 121,691,700

Future repayments are as follows:

Period ended	December 31, 2016
December 31, 2017	\$ 80,747,596
December 31, 2018	97,376,681
December 31, 2019	40,681,911
December 31, 2020	1,990,899
Total repayments	\$ 220,797,087

As at December 31, 2016, REIT has approved additional mortgage investment commitments of \$53.1 million.

As part of the assessment for indicators of impairment, management of the REIT routinely reviews each mortgage investment for changes in the credit quality of the mortgage and underlying real estate assets and determines whether such changes result in the impairment of the value of the mortgage investment. As at December 31, 2016, carrying value of the mortgage investments approximates fair value. The fair value of mortgage investment portfolio approximates its carrying value as the majority of the loans are repayable in full at any time without penalty. There is no quoted price in an active market for the mortgage investments.

REIT makes its determinations of fair value based on its assessment of the current lending market for mortgage investments of same or similar terms. As a result, the fair value of mortgage investments is based on Level 3 of the fair value hierarchy.

CENTURION APARTMENT REAL ESTATE INVESTMENT TRUST
Notes to Consolidated Financial Statements
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8. Mortgage Investments (continued)

The nature of the underlying assets for REIT's mortgage investments is as follows:

Year ended	December 31, 2016	December 31, 2015
Condominiums	25%	5%
Multi Family Apartments	25%	30%
Multi Student Housing	16%	39%
Subdivision Land	14%	9%
Other	20%	17%
	100%	100%

As at December 31, 2016, REIT has 34% interest (December 31, 2015: 33%) in first mortgages and a 66% interest (December 31, 2015: 67%) in second mortgages.

8(a) Allowance for Mortgage Investments Loss:

At a collective level and individual level, REIT assesses for impairment to identify losses. As part of REIT's analysis on a collective basis it has grouped mortgage investments with similar risk characteristics including geographical exposure, collateral type, loan-to-value, counterparty and other relevant groupings and assesses them for impairment using statistical data. Based on the amounts determined by management analysis, REIT uses judgement to determine whether a collective provision against potential future losses not identified should be recognized. As at December 31, 2016, REIT recognized a collective allowance against future potential losses not identified of \$1,327,994 (December 31, 2015: \$804,769) of which \$523,225 was expensed in the year (December 31, 2015: \$804,769).

8(b) Default mortgage investments:

A mortgage investment is considered in default when a payment has not been received by the contractual due date unless in overhold or a term in the mortgage agreement has been breached. Mortgage investments that are in default are not classified as impaired if they are fully secured and collection efforts are reasonably expected to result in repayment of principal plus all associated costs and accrued interest. No adjustment to the fair value of the mortgage investments was required as at December 31, 2016.

8(b) Default mortgage investments:

As at December 31, 2016 there are four mortgages with a total carrying value of \$26,701,642 that are considered to be in default. In all cases, REIT has estimated the fair value of the underlying security on these projects to be sufficient to cover the outstanding principal and accrued interest amounts and as such has not recognized a loan loss provision on these mortgage investments as at December 31, 2016.

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9. Mortgage Interest Receivable

	December 31, 2016	December 31, 2015
Mortgage interest receivable	\$ 1,929,198	\$ 371,712
	\$ 1,929,198	\$ 371,712

The following is an aging analysis of the mortgage interest receivable balance:

	December 31, 2016	December 31, 2015
Current	\$ 828,485	\$ 271,337
31-60 days	100,254	-
61-90 days	96,388	-
Over 90 days	904,071	100,375
	\$ 1,929,198	\$ 371,712

All amounts in excess of 30 days relate to interest receivable on mortgage investments in default noted in Note 8 (b). The carrying value of the underlying security is in excess of all outstanding principal and interest and as such the carrying balance has not been impaired.

10. Participating loan interests

REIT entered into several mortgage investments that contain two financial instruments. The mortgage investments contain a standard mortgage investment and a participating loan interest. The participating loan interests represent indirect interests in certain properties that do not provide the REIT with control over the entities that own the underlying properties. The participating loan interests are accounted for as embedded derivatives and represent the REIT's right to participate in the changes in the fair value of the referenced property. The loan portion is accounted for as loans and receivables and included in mortgage investments.

The embedded derivatives are measured at fair value with changes in fair value reported through the consolidated statement of net income and comprehensive income in fair value gains on participating loan interests. The total fair value gain recognized on these participating loan interests in the year was \$11,099,263 (year ended December 31, 2015: \$107,327). The fair value of the real estate was determined using a detailed valuation framework developed by REIT's internal valuation team. The valuation team considered the following approaches in determining the fair value:

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

As a result the fair value of participating loan interests is based on Level 3 of the fair value hierarchy.

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10. Participating loan interests (continued)

The carrying value of the embedded derivative is as follows:

Non-current:	December 31, 2016		December 31, 2015	
Ontario, Canada	\$	7,321,014	\$	85,737
British Columbia, Canada		-		431,536
	\$	7,321,014	\$	517,273
Current:				
Ontario, Canada	\$	-	\$	273,040
British Columbia, Canada		3,681,222		-
Alberta, Canada		264,560		-
	\$	3,945,782	\$	273,040

11. Accounts Receivable

	December 31, 2016		December 31, 2015	
Rent receivables	\$	484,511	\$	801,232
Less: Allowance for doubtful accounts		(68,269)		(264,538)
	\$	416,242	\$	536,694

The following is an aging analysis of receivables:

	December 31, 2016		December 31, 2015	
Current	\$	366,174	\$	406,333
31-60 days		55,064		123,603
61-90 days		19,398		90,000
Over 90 days		43,875		181,296
Allowance for doubtful accounts		(68,269)		(264,538)
	\$	416,242	\$	536,694

12. Other Assets

Other assets consists of the following:

	December 31, 2016		December 31, 2015	
Prepaid CMHC premiums, net	1	\$ 4,025,000	\$	1,596,961
Other current assets		2,160,573		829,901
Amount due from mortgage servicer	2	833,127		113,675
Prepaid expenses		338,509		996,794
Investment property acquisition deposits		-		150,000
Amounts due on mortgage payable refinancing		-		7,531,808
		\$ 7,357,209	\$	11,219,139

1 - Prepaid CMHC premiums, net represents CMHC premiums on mortgages payable net of accumulated amortization of \$108,307 (December 31, 2015 - \$4,369).

2 - The mortgage servicer and the holder of Class M units are related parties by virtue of common ownership.

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13. Mortgages Payable and Credit Facilities

Mortgages payable and credit facilities consist of the following:

	December 31, 2016	December 31, 2015
Current	\$ 90,009,862	\$ 34,681,694
Non-current	330,902,771	284,741,739
	\$ 420,912,633	\$ 319,423,433

Mortgages payable and credit facilities are secured by respective investment properties and are summarized as follows:

	December 31, 2016	December 31, 2015
First mortgages on investment properties, bearing interest between 1.33% and 5.37% (2015 - 1.33% and 5.53%), with a weighted average interest rate of 3.07% (2015 - 3.48%), and a weighted average maturity of 5.1 years (2015 - 4.6 years), secured by related investment properties	\$ 366,456,792	\$ 303,532,324
Second mortgages on investment properties, bearing interest between 3.30% and 4.03% (2015 - 3.00% and 4.37%), with a weighted average interest rate of 3.72% (2015 - 3.37%) and a weighted average maturity of 4.8 years (2015: 2.8 years), secured by related investment properties	1,804,788	4,619,036
Line of Credit facilities, bearing interest between 3.70% and 4.20% (2015 - 3.90%), with a weighted average interest rate of 4.02% (2015 - 3.90%) secured by assets of the REIT and/or its subsidiaries	31,651,256	20,000
REIT proportion of mortgages held through joint arrangement, bearing interest between 3.55% and 4.20% (2015 - 3.55% and 3.56%), with a weighted average interest rate of 3.84% (2015 - 3.55%) and a weighted average maturity of 0.5 years (2015: 1.2 years), secured by related investment properties in the joint venture	22,689,768	12,993,205
	\$ 422,602,604	\$ 321,164,565
Marked to market adjustment	260,222	421,432
Less: Unamortized portion of financing fees	(1,950,193)	(2,162,564)
	\$ 420,912,633	\$ 319,423,433

Substantially all of REIT's assets have been pledged as security under the related mortgages and other security agreements. Overall the weighted average mortgage interest rate at December 31, 2016 was 3.18% (December 31, 2015 - 3.48%).

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13. Mortgages Payable and Credit Facilities (continued)

Mortgages payable at December 31, 2016 are due as follows:

	Principal Repayments	Balance due at Maturity	Total
Year ended December 31, 2017	\$ 42,692,648	\$ 47,317,214	\$ 90,009,862
Year ended December 31, 2018	10,140,923	60,613,149	70,754,072
Year ended December 31, 2019	8,338,397	21,492,940	29,831,337
Year ended December 31, 2020	7,639,512	35,078,856	42,718,368
Year ended December 31, 2021	5,146,874	65,918,315	71,065,189
Thereafter	16,516,550	101,707,226	118,223,776
	<u>\$ 90,474,904</u>	<u>\$ 332,127,700</u>	<u>\$ 422,602,604</u>
Less: Marked to market adjustment			260,222
Less: Unamortized portion of financing fees			(1,950,193)
			<u>\$ 420,912,633</u>

The fair value of mortgages payable is approximately \$427,442,935 (December 31, 2015 - \$341,402,832).

14. Accounts Payable and Other Liabilities

Accounts payable and other liabilities consists of the following:

	December 31, 2016	December 31, 2015
Accounts payable	\$ 1,601,823	\$ 2,323,440
Accrued expenses	5,186,141	4,272,405
Prepaid rent	951,063	1,251,202
Deferred trust units	349,251	150,253
Other liabilities	a) 219,145	75,737
	<u>\$ 8,307,423</u>	<u>\$ 8,073,037</u>

a) Deferred unit plan:

REIT provides a deferred unit plan for some of its employees. The plan entitles certain employees to receive a deferred bonus in the form of deferred trust units. Under the terms of the plan, units have a vesting period of three years from the date of issuance and units earn DRIP throughout the vesting period.

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14. Accounts Payable and Other Liabilities (continued)

The following table summarizes the Deferred Unit activity:

	December 31, 2016	December 31, 2015
Balance, beginning of year	\$ 150,253	\$ -
Units granted	150,006	134,527
Units exercised	(13,354)	-
Change in fair value and distributions	62,346	15,726
Balance, end of year	\$ 349,251	\$ 150,253

15. Restricted Cash / Unit Subscriptions in Trust

At December 31, 2016, there is no restricted cash. As at December 31, 2015 restricted cash consists of cash not available for current use in the amount of \$1,181,240. This restricted cash represents Unitholder subscriptions held in trust until the trade settlement date, these amounts will be returned to investors if the proposed unitholder subscriptions do not successfully proceed. All restricted cash as at December 31, 2016 is short term.

16. Classification of Units

In accordance with the Declaration of Trust (“DOT”), REIT may issue an unlimited number of units of various classes, with each unit representing an equal undivided interest in any distributions from REIT, and in the net assets in the event of termination or wind-up of REIT.

Authorized

i. Unlimited number of Class A Trust Units

Class A Trust Units are participating, with one vote per unit, no par value.

ii. Unlimited number of Class F Trust Units

Class F Trust Units are participating, with one vote per unit, no par value.

iii. Unlimited number of Class I Trust Units

Class I Trust Units are participating, with one vote per unit, no par value.

iv. Unlimited number of Class M Trust Units

Class M Trust Units are participating, reserved for Centurion Asset Management Inc. and represent a beneficial interest based on a formula disclosed in the DOT. Apart from certain voting restrictions, Class M Unitholders are entitled to vote to that percentage of all Unitholder votes equal to the Class M Unit Percentage Interest as defined in the DOT. At any time, the holder of a Class M unit may convert into either Class A units based on a specified ratio as disclosed in the DOT.

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16. Classification of Units (continued)

v. Unlimited number of Special Voting Units of REIT and Exchangeable LP Units

Special Voting Units are non-participating, with one vote per share, issued on a one-for-one basis to holders of Exchangeable Securities of the original CAP LP II Partnership (the "Partnership") which rolled into REIT. The Exchangeable Securities of the Partnership are participating along with the Class A, F, I and M Trust Units, non-voting and exchangeable by the holder into an equivalent number of Class A Trust Units.

Each Unitholder shall be entitled to require REIT to redeem Class A, F, I, M or Exchangeable LP units on the "Redemption Date" of any month on demand. Unitholders whose units are redeemed will be entitled to receive a redemption price per unit ("Redemption Price") determined by a market formula at fair value and the redemption price will be satisfied by way of cash payment. REIT units tendered for redemption in any calendar month in which the total amount payable by REIT exceeds \$50,000 (the "Monthly Limit"), will be redeemed for cash by a distribution in specie of debt securities on a pro rata basis.

Issued

	December 31, 2016	December 31, 2015
Class A Trust Units		
Units as at January 1,	35,095,135	30,117,969
New units issued	3,088,917	4,817,341
Distribution reinvestment plan	1,301,745	1,117,855
Redemption of units	(1,312,746)	(628,014)
Transferred to Class F	(12,552)	(330,016)
	38,160,499	35,095,135
Class F Trust Units		
Units as at January 1,	4,139,635	1,947,283
New units issued	1,623,001	1,727,897
Distribution reinvestment plan	218,623	118,075
Redemption of units	(177,392)	(39,229)
Transferred from Class A	12,552	385,609
	5,816,419	4,139,635
Class M Trust Units		
	50,000	50,000
Exchangeable LP units		
Units as at January 1,	259,683	312,491
Distribution reinvestment plan	3,138	2,785
Redemption of units	(126,351)	(55,593)
	136,470	259,683

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17. Finance Costs

	December 31, 2016	December 31, 2015
Interest on mortgages payable and credit facilities	\$ 11,674,554	\$ 11,715,244
Amortization of financing fees and marked to market adjustment	538,280	494,636
Amortization on CMHC Insurance	103,938	4,369
	\$ 12,316,772	\$ 12,214,249

18. General and Administrative Expenses

	December 31, 2016	December 31, 2015
Salaries and wages	\$ 6,049,141	\$ 4,828,026
Communications & IT	984,641	29,406
Fund administration costs	862,458	613,351
Professional fees	591,846	982,887
Advertising	545,484	123,746
Office rent	469,269	441,242
Amortization of property and equipment	228,065	293,547
Miscellaneous expenses	706,318	889,820
	\$ 10,437,222	\$ 8,202,025

19. Investment in Joint Arrangements

REIT holds investments in joint operations, which are co-ownership arrangements. REIT's holdings are as follows:

	December 31, 2016	December 31, 2015
75 Ann & 1 Beaufort Co-ownership	75%	75%
1 Columbia	50%	0%

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19. Investment in Joint Arrangements (continued)

The following represents REIT's share of assets, liabilities, revenues, expenses and net income and cash flows from investments in joint operations that are reflected in the consolidated financial statements:

	December 31, 2016	December 31, 2015
Non-current assets	\$ 46,231,874	\$ 34,791,797
Current assets	5,951	32,617
Total assets	46,237,825	34,824,414
Non-current liabilities	22,689,768	12,993,205
Current liabilities	1,543,990	1,332,847
Total liabilities	24,233,758	14,326,052
Revenues	\$ 2,882,971	\$ 2,593,802
Expenses	(1,649,579)	(1,610,097)
Fair value adjustment on investment properties	285,703	362,660
Net income for the period	\$ 1,519,095	\$ 1,346,365

20. Commitments

REIT is committed to asset management services under an asset management agreement with Centurion Asset Management Inc., a company controlled by the President and Trustee, for a ten year term ending December 31, 2024 with a renewal term for an additional ten years unless terminated by either of the parties. Under the agreement, REIT is required to pay an acquisition fee equal to 1.0% of the gross purchase price of each investment property acquired by REIT.

21. Related Party Transactions

Related parties of REIT hold the 50,000 Class M Trust units of REIT and REOT. The distributions for the year ended December 31, 2016 for these units were \$2,087,523 (2015 - \$1,522,842).

During the year, REIT was charged acquisition fees under agreement described in Note 20 of \$812,560 (2015: \$974,625). These transactions are incurred in the normal course of business and are measured at the amounts agreed to by the related parties.

Centurion Mortgage Services Corporation Inc. ("CMSC") has a payable to REIT in the amount of \$16,660 as at December 31, 2016 (December 31, 2015 – \$113,675).

REIT reimbursed Centurion Asset Management GP Inc. ("CAMGPI") for \$2,093,248 (2015 - \$1,327,176) of payroll expenses, \$291,248 (2015 - \$105,600) of administrative expenses.

The REOT purchased \$3,500,000 of mortgage investments from REIT that was initially funded via the warehouse agreement.

21. Related Party Transactions (continued)

Key management consists of the Board of Trustees and the executive management team of REIT & REOT. Compensation paid to non-executive trustees during the year was \$189,750 (2015 -\$187,000). Compensation paid to executive management during the year was \$470,000 (2015 - \$660,000).

22. Contingencies

REIT is contingently liable for litigation and claims that arise from time to time in the ordinary course of business. Management is of the opinion that based on information presently available; it is not probable that any liability would have a material adverse effect on the financial position of REIT.

23. Capital Management

The prime objective of REIT's capital management is to ensure that REIT remains within its quantitative banking covenants and maintains a strong credit position.

REIT defines capital as REIT net assets attributable to Unitholders, mortgage payable and credit facilities. REIT's objectives in managing capital are to ensure adequate operating funds are available to maintain consistent and sustainable Unitholder distributions, to fund leasing costs and capital expenditure requirements, and to provide the resources needed to acquire new properties and fund real estate investments as identified.

Various debt and earnings distribution ratios are used to ensure capital adequacy and monitor capital requirements. The primary ratios used for assessing capital management are the interest coverage ratio and net debt-to-gross carrying value. Other indicators include weighted average interest rate, average term to maturity of debt, and variable debt as a portion to total debt. These indicators assist REIT in assessing that the debt level maintained is sufficient to provide adequate cash flows for Unitholder distributions and capital expenditures, and for evaluating the need to raise funds for further expansion. The REIT's credit facilities (Note 13) and various mortgages have debt covenant requirements that are monitored by REIT to ensure there are no defaults. These include loan-to-value ratios, cash flow coverage ratios, interest coverage ratios and debt service coverage ratios.

The carrying value of the units is impacted by earnings and Unitholder distributions. REIT endeavors to make annual distributions. Amounts retained in excess of the distributions are used to fund leasing costs, capital expenditures and working capital requirements.

Management monitors distributions through various ratios to ensure adequate resources are available. These include the proportion of distributions paid in cash, DRIP participation ratio, and total distributions as a percent of distributable income and distributable income per unit. The REIT has issued guarantees in the amount of \$7,590,987.

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23. Capital Management (continued)

REIT's credit facilities (see Note 13) require compliance with certain financial covenants. As at December 31, 2016 the REIT was in compliance with all of its loan covenants and all other of its obligations under its loan agreements.

The Declaration of Trust of REIT provides for a maximum total indebtedness level of up to 75% of Gross Book Value (GBV). GBV means the book value of the assets. Indebtedness includes obligations incurred in connection with acquisitions. The following table highlights REIT's existing leverage ratio in accordance with the Declaration of Trust:

As at	December 31, 2016	December 31, 2015
Total unrestricted assets	\$ 1,044,978,126	\$ 835,707,560
Mortgages payable and credit facilities	420,912,633	319,423,433
Ratio of debt to GBV	40.28%	38.22%

The following schedule details the components of REIT's capital structure:

As at	December 31, 2016	December 31, 2015
Mortgages payable and credit facilities	\$ 420,912,633	\$ 319,423,433
Net assets attributable to Unitholders	611,549,498	504,573,935
Total	\$ 1,032,462,131	\$ 823,997,368

24. Financial Instruments

a) Risk management

The main risks that arise from REIT's financial instruments are liquidity, interest and credit risk. REIT's approach to managing these risks is summarized below.

Management's risk management policies are typically performed as a part of the overall management of REIT's operations. Management is aware of risks related to these objectives through direct personal involvement with employees and outside parties. In the normal course of its business, REIT is exposed to a number of risks that can affect its operating performance. Management's close involvement in operations helps identifying risks and variations from expectations. As a part of the overall operation of REIT, management considers the avoidance of undue concentrations of risk. These risks include, and the actions taken to manage them, are as follows:

b) Liquidity risk

Liquidity risk is the risk that REIT may not be able to meet its financial obligations as they fall due.

REIT's principal liquidity needs arise from working capital, debt servicing and repayment obligations, planned funding of maintenance, mortgage funding commitments, leasing costs and distributions to Unitholders, and possible property acquisition funding requirements.

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24. Financial Instruments (continued)

b) Liquidity risk (continued)

There is a risk that lenders will not refinance maturing debt on terms and conditions acceptable to REIT. Management's strategy is to mitigate REIT's exposure to excessive amounts of debt maturing in any one year. The particular features and quality of the underlying assets being financed and the debt market parameters existing at the time will affect the success of debt refinancing.

Management prepares cash forecasts and budgets on an ongoing basis to manage liquidity risks, ensure efficient use of resources and monitor the ongoing timing of liquidity events.

The success of new capital issuances is subject to the capital markets being receptive to a unit issue with financial terms favorable to REIT. There is also risk that the credit facility will not be renewed on terms and conditions acceptable to REIT or on any terms at all.

At December 31, 2016, REIT had cash of \$1,053,088 (December 31, 2015: \$19,602,591) and credit facilities as follows:

	December 31, 2016	December 31, 2015
Credit facilities agreed	\$65,750,000	\$45,750,000
Available for use	\$49,989,924	\$45,750,000
Available as undrawn	\$18,327,681	\$45,730,000

On March 4, 2016, a subsidiary of the REIT obtained a revolving demand loan from a Schedule 1 Bank for \$20,000,000 at an interest rate of prime plus 1.50%. As at December 31, 2016, \$20,000,000 has been drawn on this facility. Under the terms of the credit facility, REIT is required to maintain a minimum tangible net worth and interest coverage ratio.

c) Interest rate risk

REIT is subject to the risks associated with mortgage financing, including the risk that the interest rate on floating debt may rise before long-term fixed rate debt is arranged and that the mortgages and credit facilities will not be able to be refinanced on terms similar to those of the existing indebtedness.

REIT's objective of managing interest rate risk is to minimize the volatility of earnings. Management monitors REIT's variable rate credit on an ongoing basis and assesses the impact of any changes in these credit rates on earnings, management routinely assesses the suitability of REIT's current credit facilities and terms. At December 31, 2016, \$402,602,604 of REIT's mortgages bear interest at fixed rates (December 31, 2015: \$321,144,565).

The following interest rate sensitivity table outlines the potential impact of a 1% change in the interest rate on variable rate assets and liabilities for the prospective 12 month period. A 1% change is considered a reasonable level of fluctuation on variable rate long term debt.

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24. Financial Instruments (continued)

c) Interest rate risk (continued)

	Carrying Amount	-1%		1%	
		Income	Equity	Income	Equity
Financial assets					
Variable rate mortgage investments due to mature in a year	\$ 7,034,246	\$ -	\$ -	\$ 51,539	\$ 51,539
Financial liabilities					
Variable rate debt due to mature in a year	\$ 31,651,256	\$ 316,513	\$ 316,513	\$ (316,513)	\$ (316,513)

d) Credit risk

Credit risk arises from the possibility that tenants and mortgage borrowers may default on their rent and mortgage obligations respectively to REIT. The risk of credit loss is mitigated by leasing and credit policies.

REIT monitors its collection experience on a monthly basis and ensures that a stringent policy is adopted to provide for all past due amounts which are doubtful of being collected.

All residential accounts receivable balances written off are recognized in the consolidated statement of comprehensive income and subsequent recoveries of amounts previously written off are credited in the consolidated statement of comprehensive income.

25. Fair value measurement

Fair value is the price that market participants would be willing to pay for an asset or liability in an orderly transaction under current market conditions at the measurement date.

The fair value of REIT's financial instruments were determined as follows:

- The carrying amounts of cash, restricted cash, unit subscriptions in trust, accounts receivable, mortgage interest receivable, amounts due from mortgage servicer, other receivables, credit facilities, accounts payable and other liabilities, distribution payable, tenant deposits and amounts due on mortgages payable approximate their fair values based on the short term maturities of these financial instruments.
- The fair value of the mortgage investments as at December 31, 2016 is \$219,469,093 (December 31, 2015: \$121,691,700), based on rates received on a similar investment.
- Fair values of mortgages payable are estimated by discounting the future cash flows associated with the debt at market interest rates with similar terms to maturities. The fair value at December 31, 2016 is \$427,442,935 (December 31, 2015: \$341,402,832)

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25. Fair value measurement (continued)

In addition, REIT carries its investment properties at fair value, as detailed in Note 5, which is determined by either the direct capitalization approach or by discounting future cash flows at a property specific discount rate.

The table below analyzes assets and liabilities carried at fair value in the consolidated statement of financial position, by the levels in the fair value hierarchy, which are defined as follows:

December 31, 2016	Level 1	Level 2	Level 3	Total
Assets				
Investment properties	\$ -	\$ -	\$ 768,793,900	\$ 768,793,900
Participating loan interests	-	-	11,266,796	11,266,796
Measured at fair value through profit and loss	\$ -	\$ -	\$ 780,060,696	\$ 780,060,696

December 31, 2015	Level 1	Level 2	Level 3	Total
Assets				
Investment properties	\$ -	\$ -	\$ 666,463,327	\$ 666,463,327
Participating loan interests	-	-	790,313	790,313
Measured at fair value through profit and loss	\$ -	\$ -	\$ 667,253,640	\$ 667,253,640

Investment properties

Investment properties are re-measured to fair value on a quarterly and annual basis and categorized as Level 3 in the fair value hierarchy. Investment properties were valued as at December 31, 2016 which resulted in fair value gains for the year ended December 31, 2016 of \$6,264,838 in the consolidated statement of comprehensive income during the year. Fair values are primarily determined by discounting the expected future cash flows, or by applying a capitalization rate to the estimated future net operating income under the direct capitalization approach. The significant unobservable inputs in the Level 3 valuations are as follows:

- Capitalization rate - based on actual location, size and quality of the property and taking into consideration available market data as at the valuation date;
- Stabilized net operating income - revenue less direct operating expenses adjusted for items such as average lease up costs, vacancies, non-recoverable capital expenditures, management fees, straight-line rents and other non-recurring items;
- Cash flows - based on the physical location, type and quality of the property and supported by the terms of existing leases, other contracts or external evidence such as current market rents for similar properties.

An increase in the cash flows or stabilized net operating income results in an increase in the fair value of investment property whereas an increase in the capitalization rate decreases the fair value of an investment property.

25. Fair value measurement (continued)

In determining the fair value of the investment properties judgment is required in assessing the 'highest and best use' as required under IFRS 13, Fair value measurement. We have determined that the current uses of our investment properties are their 'highest and best use.'

Mortgage investments

There are no quoted prices in an active market for the mortgage investments. Management determines fair value based on its assessment of the current lending market for mortgage investments of same or similar terms. Typically, the fair value of these mortgage investments approximate their carrying values. As a result, the fair value of mortgage investments is based on Level 3 inputs.

26. Subsequent events

Subsequent to the reporting date REIT completed the following transactions:

- a) In March 2017, REIT purchased 60% of a new building, four 4-storey residential complexes consisting of 208 units in Regina, Saskatchewan for a total purchase price of \$25.4 million.
- b) Additional mortgage investment advances of \$30.1 million were completed and additional funding commitments of approximately \$20.5 million have been approved.
- c) Subsequent to the year end, REIT received approximately \$2.8 million in mortgage investment repayments.
- d) Cash distributions declared and paid after the year end totaled approximately \$5.9 million.
- e) Redemptions paid after the year end totaled approximately \$4.4 million.
- f) In January 2017, REIT's revolving demand loan increased from \$20 million to \$25 million.
- g) Subsequent to the year end, REIT issued units totaling \$40.5 million to investors.

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27. Segmented Information

Management of REIT monitors and operates its rental real estate properties and its mortgage investment operations separately. The accounting policies of these segments are the same as those of REIT. The results for these segments are as follows:

For the year ended December 31, 2016	Rental real estate properties	Mortgage investments	Total
Revenue / Interest income on mortgage investments	\$ 54,967,879	\$ 18,229,456	\$ 73,197,335
Operating costs	(20,312,976)	-	(20,312,976)
	<u>34,654,903</u>	<u>18,229,456</u>	<u>52,884,359</u>
Income from equity accounted investments	-	4,706,781	4,706,781
Other income	464,824	-	464,824
Fair value gains on participating loan interests	-	11,099,263	11,099,263
General and administrative expenses	(8,375,570)	(2,061,652)	(10,437,222)
Provision for mortgage investment loss	-	(523,225)	(523,225)
Fair value gains on investment properties	6,264,838	-	6,264,838
Operating income	\$ 33,008,995	\$ 31,450,623	\$ 64,459,618

For the period ended December 31, 2015	Rental real estate properties	Mortgage investments	Total
Revenue / Interest income on mortgage investments	\$ 49,682,274	\$ 11,073,346	\$ 60,755,620
Operating costs	(20,010,429)	-	(20,010,429)
	<u>29,671,845</u>	<u>11,073,346</u>	<u>40,745,191</u>
Income from equity accounted investments	-	1,137,612	1,137,612
Fair value gains on participating loan interests	-	107,327	107,327
General and administrative expenses	(6,682,902)	(1,523,492)	(8,206,394)
Provision for mortgage investment loss	-	(804,769)	(804,769)
Fair value gains on investment properties	23,066,385	-	23,066,385
Operating income	\$ 46,055,328	\$ 9,990,024	\$ 56,045,352



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REAL ESTATE INVESTMENT TRUST**