

CENTURION APARTMENT REAL ESTATE INVESTMENT TRUST

INVESTMENT POLICY

GUIDELINES AND OPERATING POLICIES

OCTOBER 2025

Investment Guidelines

The assets of the Trust may be invested only, and the Trust shall not permit the assets of any subsidiary to be invested otherwise, than in accordance with the following investment guidelines:

- a) the Trust shall focus its activities primarily on the acquisition, holding, maintaining, improving, leasing, financing, development or managing of multi-unit residential revenue producing properties, and ancillary real estate ventures ("**Focus Activities**") in Canada and the United States of America;
- b) notwithstanding anything herein contained to the contrary, no investment shall be made that would result in:
 - i) Units of the Trust being disqualified for any class of Deferred Income Plan; or
 - ii) the Trust ceasing to qualify as a "mutual fund trust" for purposes of the Tax Act;
- c) no single asset (except as provided for in this Trust Indenture) 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 or mortgage investments with a single borrower, the foregoing tests shall be applied individually to each asset of such entity or mortgage investment of such borrower;
- 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) the Trust 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) the Trust 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 has been entered into in accordance with such provisions;

- e) unless otherwise permitted in this Policy 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, the Trust, 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 the Trust, or an entity wholly-owned, directly or indirectly, by the Trust 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 Policy, 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
 - iii) 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 the Trust 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;
 - iii) the security therefore includes a mortgage registered on title to the real property which is security thereof; and
 - iv) 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;

- j) notwithstanding subsection (i), the Trust may also invest in mortgages where:
 - i) the mortgage is a “vendor take-back” mortgage granted to the Trust 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 the Trust;
 - 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 the Trust is permitted to invest by virtue of this Policy, after giving effect to the proposed investment, will not exceed 15% of Gross Book Value of the Trust calculated at the time of such investment;
- k) notwithstanding subsection (i) and (j), the Trust may invest in mortgages of related entities that do not deal at arm’s length to the Trust 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 the Trust;
 - ii) the Trust 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 the Trust calculated at the time of such investment;
- l) loans (other than mortgage investments) may only be made where:
 - i) the security thereof is (a) real property or (b) an asset that the Trust could otherwise hold in accordance with this Policy;
 - ii) the security interest includes a (a) mortgage or similar security interest registered on title to the real property which is the security thereof; (b) security interest registered against such other asset which is the security thereof; or (c) other security interest acceptable to the Trustees that, in the opinion of the Trustees, protect the Trust’s investment; and

- iii) the amount of the loan (not including any loan insurance fees incurred in connection therewith) does not exceed 85% of the market value of the asset which is the security thereof,
- m) no investment shall be made in raw land (except for the acquisition of properties adjacent to existing properties of the Trust 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 Policy 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 the Trust and (ii) the making of such investment would not contravene subsection (b);
- n) notwithstanding any other provisions of this Policy, the Trust may invest either directly or indirectly, in the equity of real estate development projects and opportunities and structure the transaction as a Debt Instrument which will not be subject to the value limits in this Policy;
- o) notwithstanding any other provisions of this Policy, for risk management purposes only, the Trust may increase a given investment to more than the limits referred to in this Policy in order to remedy the default by a borrower of its obligations in respect of a prior ranking security or satisfy the indebtedness secured by a prior ranking security or for any other reason if such action is required to, in the opinion of the Trustees, protect the Trust's investment and if such proposed increase in the Trust's investment is approved by Trustees;
- p) notwithstanding any other provisions of this Policy, the Trust may participate in mortgage investments or other Debt Instruments on a syndication basis, subject to any required approval by the Independent Trustees ;
- q) notwithstanding any other provisions of this Policy, the Trust may acquire mortgage investments (or exposure to mortgage investments) and growth-oriented real estate investments, ancillary real estate and other investments through warehouse transactions; ;
- r) the Trust may enter into any arrangement (including the acquisition of securities for the investment portfolio of the Trust) where the result is a "dividend rental arrangement" for the purposes of the Tax Act;
- s) the Trust may hold (i) securities of any non-resident corporation or trust or other entity (or of a partnership which holds such securities) if the Trust (or partnership) would be required to include any significant amounts in income pursuant to the offshore investment fund property rules in section 94.1 of the Tax Act, (ii) any interest in a non-resident trust (or a partnership which holds such an interest) other than an "exempt foreign trust" for the purposes of section 94 of the Tax Act, or (iii) any interest in a trust (or a partnership which holds such an interest) which would require the Trust (or the partnership) to report income in connection with such interest pursuant to the rules in section 94.2 of the Tax Act;
- t) the Trust may engage in securities lending that does not constitute a "securities lending arrangement" for purposes of the Tax Act;

- u) the Trust may invest in any security that would be a “tax shelter investment” within the meaning of the Tax Act;
- v) the Trust may make or hold any investments in entities that would be “foreign affiliates” of the Trust for purposes of the Tax Act; and
- w) notwithstanding any other provisions of this Policy, the Trust shall not acquire any securities unless the Trust has appointed a service provider that has the necessary registrations under applicable securities laws to permit the Trust to purchase and hold such securities or is exempt from any such requirements;
- x) no single asset (except as provided for in this Trust Indenture) 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 or mortgage investments with a single borrower, the foregoing tests shall be applied individually to each asset of such entity or mortgage investment of such borrower; and
- y) indebtedness of the Trust will not exceed 55% of the overall value of the portfolio of real estate assets held or 75% of the value of any individual real estate asset unless such is a development property in which case 85% of the value, in each case with value as determined by the Trustees and as set out in the Investment Policy.

For the purpose of the foregoing guidelines, the assets, liabilities and transactions of a corporation, trust or other entity wholly or partially owned by the Trust will be deemed to be those of the Trust 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. Except as specifically set forth, all of the foregoing prohibitions, limitations or requirements for investment shall be determined as at the date of investment by the Trust.

For greater certainty, a) through m) 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 the Trust 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.

4.2 Operating Policies

The operations and affairs of the Trust will be conducted in accordance with the following operating policies and the Trust shall not permit any subsidiary to conduct its operations and affairs other than in accordance with the following policies:

- a) title to each real property shall be held by and registered in the name of CAP I LP, CAP II LP, CAP II GP or a corporation or other entity wholly-owned directly or indirectly by the Trust or jointly owned directly or indirectly by the Trust with joint venturers; provided, that where land tenure will not provide fee simple title, CAP I LP, CAP II LP, CAP I GP, CAP II GP or a corporation or other entity wholly-owned, directly or indirectly by CAP I LP, CAP II LP or jointly owned, directly or indirectly, by

the Trust with joint venturers shall hold a land lease as appropriate under the land tenure system in the relevant jurisdiction;

- b) 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 85% for indebtedness, including amounts drawn under an acquisition facility;
- c) 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 85% 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;
- d) subject to the approval of the Trustees, the Trust may, directly or indirectly, guarantee any indebtedness, liabilities or other obligations of any kind of a third party, 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 of the Policy. For greater certainty, the Trust will not directly or indirectly guarantee any indebtedness, liabilities or other obligations of any Person if doing so would contravene this Policy;
- e) 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;
- f) 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;
- g) 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;
- h) 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 IFRS 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

i) the Trust may engage service providers, including asset managers and mortgage managers, under terms and conditions acceptable to the Trustees. As at the date hereof, the Trust and CAP I LP have engaged CAMI by the terms of the Trust Asset Management Agreement, which agreement shall remain in full force and effect until terminated by a party thereto in accordance with its terms. It is intended that the fees payable by CAP I LP and the Trust under the Trust Asset Management Agreement shall not be duplicative and the Trustees shall take such steps to ensure that the terms of the Trust Asset Management Agreement is honoured in accordance with the foregoing provisions of this Policy.

For greater certainty a) through i) are intended to set out generally the parameters under which the Trust (and subsidiaries in which the Trust is permitted to invest) will operate. References to the Trust 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 (with the exception of b) which is only intended to apply to the Trust). Further, any determinations in respect of the operating policies 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.

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. A **"joint venture arrangement"** means an arrangement through which two or more parties have joint control that has the following characteristics: (a) the parties to the arrangement are bound by a contractual agreement, (b) the contractual agreement gives two or more of those parties joint control of the arrangement, and (c) is either a joint operation or a joint venture. 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 Trust Unitholders and accrued liabilities arising in the ordinary course of business.

4.3 Mutual Fund Trust Status

The Trust shall not make any investment, take any action or omit to take any action that would result in the Trust failing or ceasing to qualify as a “mutual fund trust” within the meaning of the Tax Act; that would result in the Trust Units being disqualified for investment by Deferred Income Plans; or that would result in COT being liable to pay tax imposed under Part XII.2 of the Tax Act.

4.4 Application of Investment Restrictions and Operating Guidelines

Where any maximum or minimum percentage limitation is specified in any of the restrictions therein contained, such restrictions shall be applied on the basis of the relevant amounts calculated immediately after the making of such investment. Any subsequent change relative to any percentage limitation which results from a subsequent change in the book value of the assets of the Trust or the amount of Gross Book Value will not require divestiture of any investment.