

Centurion Apartment REIT

Investing in Apartments for Income and Stability



FOR INVESTOR USE ONLY

Last updated: May 2017



Disclaimer Statement

IMPORTANT INFORMATION: This communication is for information purposes only and is not, and under no circumstances is to be construed as, an invitation to make an investment in Centurion Apartment Real Estate Investment Trust (“REIT”). Investing in Centurion Apartment REIT Units involves risks. There is currently no secondary market through which Centurion Apartment REIT Units may be sold and there can be no assurance that any such market will develop. A return on an investment in Centurion Apartment REIT Units is not comparable to the return on an investment in a fixed-income security. The recovery of an initial investment is at risk, and the anticipated return on such an investment is based on many performance assumptions. Although Centurion Apartment REIT intends to make regular distributions of its available cash to Unitholders, such distributions may be reduced or suspended. The actual amount distributed will depend on numerous factors, including Centurion Apartment REIT’s financial performance, debt covenants and obligations, interest rates, working capital requirements and future capital requirements. In addition, the market value of Centurion Apartment REIT Units may decline if Centurion Apartment REIT is unable to meet its cash distribution targets in the future, and that decline may be material. It is important for an investor to consider the particular risk factors that may affect the industry in which it is investing and therefore the stability of the distributions that it receives. There can be no assurance that income tax laws and the treatment of mutual fund trusts will not be changed in a manner which adversely affects Centurion Apartment REIT.

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

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Centurion Apartment REIT



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Centurion – Who We Are

Based in Toronto, Centurion Asset Management Inc. is a Canadian company that offers a growing portfolio of private investment products, corporate financing, mortgage financing, multi-residential apartments, and student housing property management.

Centurion owns and manages over \$1.0 billion in total assets.

GROWING PORTFOLIO OF PRIVATE INVESTMENT PRODUCTS:

- **Centurion Apartment Real Estate Investment Trust** – 51 quality multi-residential and student housing rental properties in 7 provinces across Canada
- **Centurion Real Estate Opportunities Trust** – diversified portfolio of mortgages and opportunistic real estate developments
- **Centurion Financial Trust** – private debt investments, including but not limited to mortgages, opportunistic real estate developments, and corporate debt

Centurion is a respected alternative investment manager committed to helping Canadian investors grow and protect their wealth.

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Centurion – Who We Are

Management – Focused, Experienced, Disciplined

FOCUSED

- Fully integrated asset and property management company
- Private investments

EXPERIENCED

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

DISCIPLINED

- Structured investment/operations due-diligence process to manage risk, maximize income, and add value
- Controlled approach to capital expenditures and capital raising

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Investors' Needs and Challenges

Important considerations for many investors:

- Steady monthly distributions
- Moderate growth
- Tax-advantaged income¹
- Capital preservation



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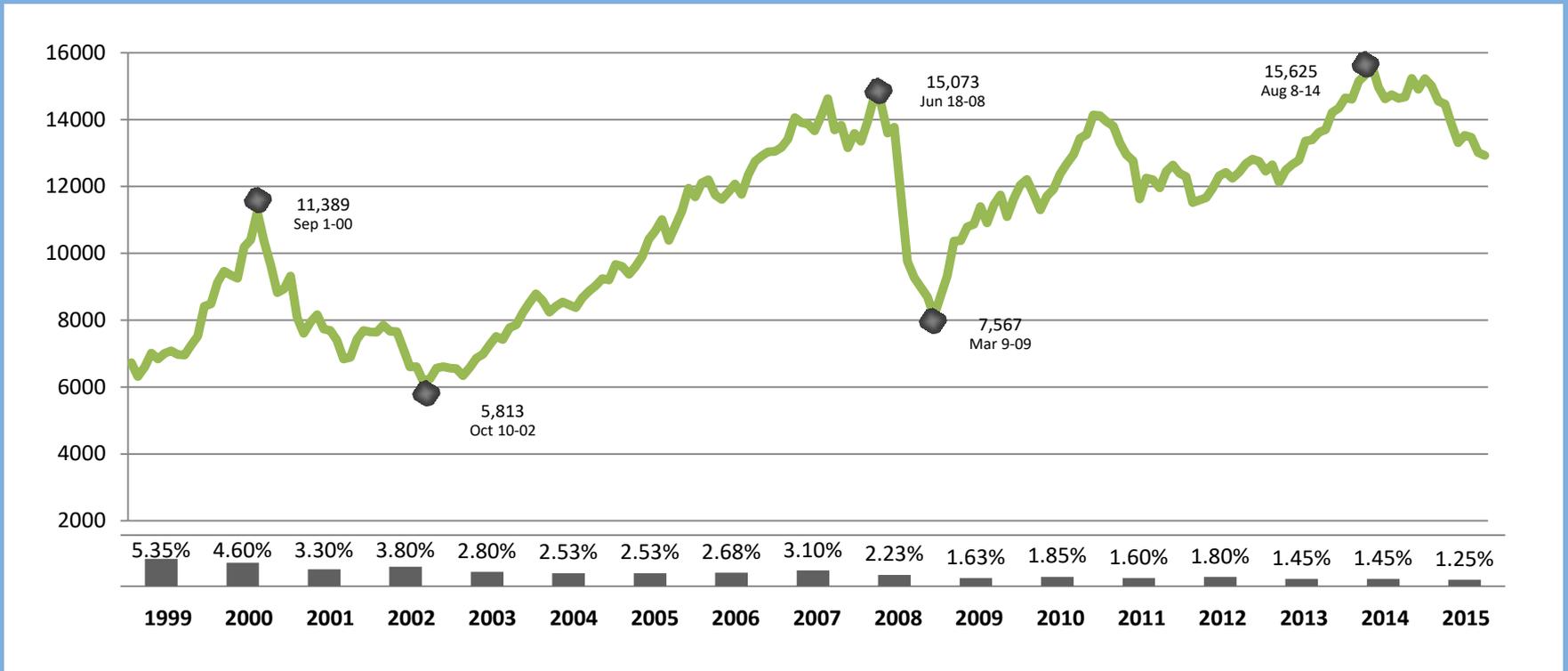
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Challenge: Volatile Markets / Low Interest Rates

Riskier asset classes volatile / GIC rates barely cover inflation

S&P/TSX Composite Index / 5-year Personal Fixed Term Rates (as at December 31, 2015)



Sources: Standard & Poor's (S&P/TSX Index as December 31, 2015); Bank of Canada (5-year Personal Fixed Term Rates – "posted rates" at Chartered Banks as at December 31 of each year)

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Solution: Real Estate Investments

- **Income:** Provides the foundation for monthly income
- **Investment growth:** A hard asset that appreciates over time
- **Lower volatility²:** Not impacted by as many short-term market forces as other asset classes
- **Capital preservation:** For several usages a fundamental staple with downside protection
- **Inflation hedge:** Real estate has a history of protecting against the destruction of wealth caused by inflation



Types of Real Estate

Real Estate Sub-sectors

- Commercial
- Industrial
- Retail
- Services
- Apartments
- Residential Single Family Homes / Condominiums



Investing in Apartments for Income and Stability

A timely opportunity to invest in ***one of the safest sectors***³ within the real estate market – income producing apartment properties in Canada

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Private vs Publicly Traded REITs

Private REIT

- Not traded on a public stock exchange (generally offer 30-day liquidity)
- Value is based on the value of underlying real estate or equity / lending rate (not a “market-traded” price)
- No additional reporting costs related to a public listing
- Rational pricing with lower volatility²
- Tend to be far less correlated to major equity markets⁴

2008: Non Listed Property Ownership^{**}: **+3.7%**
Non Listed Apartment Property^{**}: **+6.4%**

Publicly Traded REIT

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

Example during 2008 financial crisis:

S&P/TSX Capped REIT Index TR*: **-38.3%**
S&P/TSX*: **-33.0%**

* Source: Bloomberg

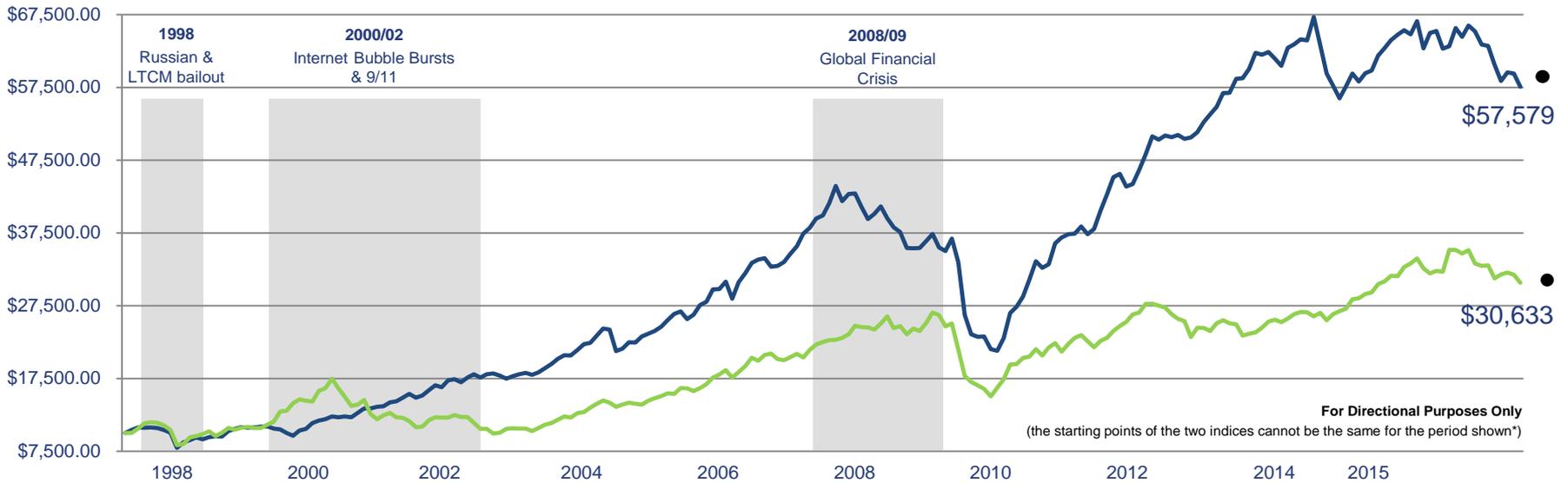
** Source IPD (2008 Edition); Note: Non listed property ownership is similar to a Private REIT



Comparing Asset Class Performance

Publicly-traded REITs tend to exhibit Stock Market volatility² & may be correlated⁵

Growth of \$10,000 invested: past 16-year period as at December 31, 2015⁶



Calendar Returns (%)	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
S&P/TSX Composite Index TR (%)	-1.6	31.7	7.4	-12.6	-12.4	26.7	14.5	24.1	17.3	9.8	-33.0	35.1	17.6	-8.7	7.2	13.0	10.6	-8.32
S&P/TSX Capped REIT Index TR (%)*	-8.5	14.8	21.4	29.9	7.4	25.9	14.0	25.3	24.7	-5.7	-38.3	55.3	22.6	21.7	17	-5.5	10.4	-4.65

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

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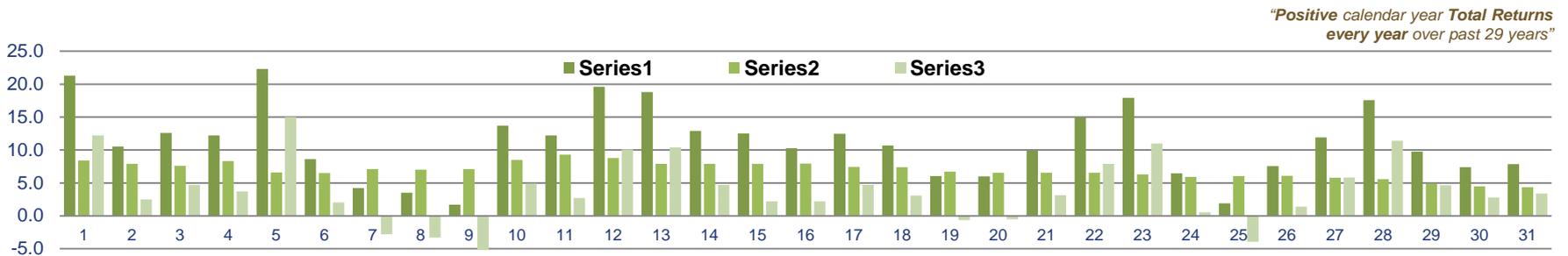
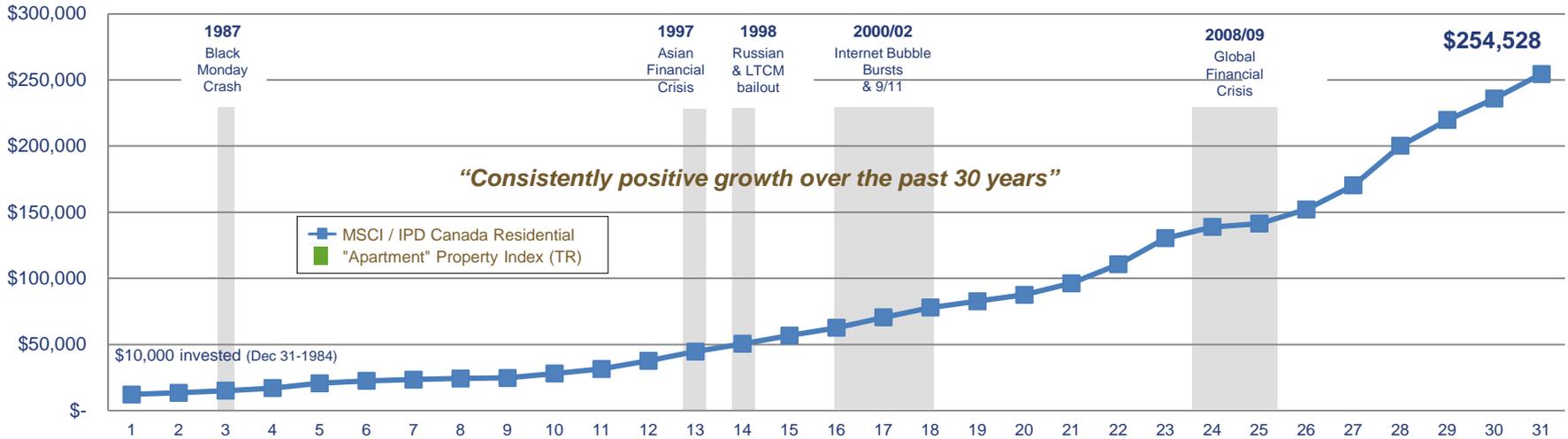
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Comparing Asset Class Performance

Private Apartment Property Index exhibits steady growth⁷

Growth of \$10,000 invested: past 30-year period as at December 31, 2015 (annual update)



* Annualized return over the 30-year period of above MSCI / IPD Index

REITs are not guaranteed, their values can change frequently and past performance is no guarantee of future results. Above MSCI / IPD Index only available with annual data points versus indices shown with quarterly data. It is an unleveraged index. **PAST PERFORMANCE MAY NOT BE REPEATED.**

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Solution: Centurion Apartment REIT

Centurion Apartment Real Estate Investment Trust (the “REIT”) is an income-producing, diversified real estate investment trust. It provides the opportunity for investors to invest in a diversified portfolio of rental apartments and student housing properties in Canada and participate in the profits derived from them.

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



Investment Objectives

- To provide investors with stable cash distributions, payable monthly, where reasonably possible, tax deferred, with the opportunity for long-term growth, and a focus on preservation of capital
- To offer a diversified investment portfolio of income-producing multi-residential apartments, student housing properties, and mortgage investments in Canada
- To maximize unit value through the active management of the portfolio and through acquisition of additional properties
- To leverage on the strategic relationships within Centurion Asset Management Inc.'s network to increase investment opportunities and manage risk



Investment Strategy

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

Three primary strategies:

1. Purchase undervalued properties with untapped potential, low vacancy, and stable tenant base. Investing in the properties, performing upgrades to reduce operating costs, and maximize income.
2. Investing in newer, stabilized buildings in desirable neighbourhoods that do not require upgrades allows the REIT to realize maximum income quickly.
3. Centurion Apartment REIT leverages on its strategic relationship with Centurion Real Estate Opportunities Trust to proactively create a pipeline of new investment opportunities. Having the Centurion network involved throughout the development process of new multi-residential and student housing properties ensures these potential acquisitions of Centurion Apartment REIT are familiar, having performed due diligence throughout the build and stabilization phases.



Investing for Income and Stability

Apartment Investing

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

Student Housing

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



Case Study



47-suite apartment building
Oshawa, Ontario

Value Opportunity

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

Upgrade Program

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

Income:

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

Refinanced:

Refinanced after 4 months at \$3.2 million

Value at December 31, 2013:

\$5.03 million⁸



176-bed student housing building
Waterloo, Ontario

Property Background

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

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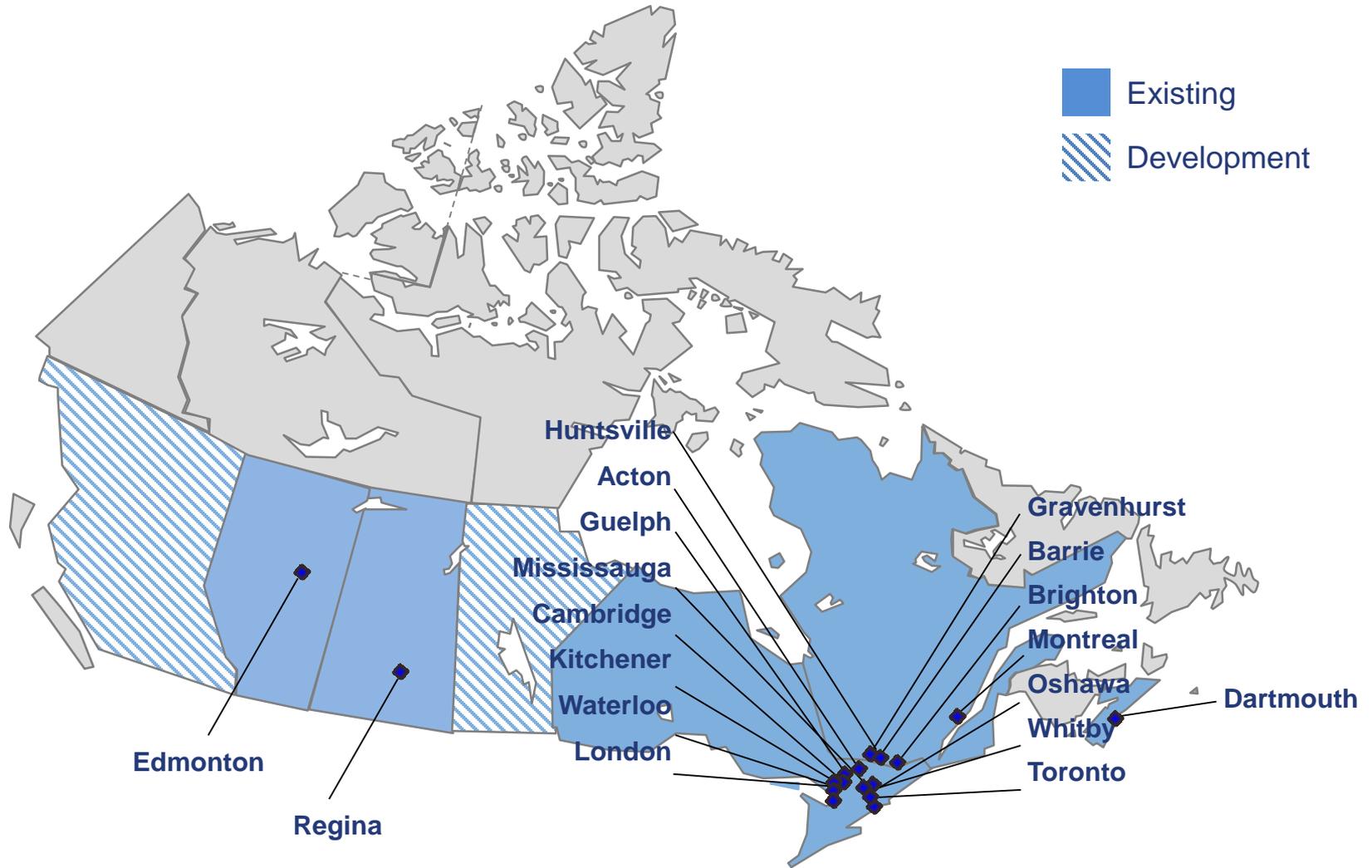
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Geographically Diverse Portfolio



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Portfolio Composition

7 provinces / 18 cities / 51 properties / 6,329 rental units^{9,13}

(excludes managed properties)

City	Properties		Rental Units	
	Apartment	Student Housing	Apartment	Student Housing
Acton	1		33	
Barrie	2		43	
Brighton	2		59	
Cambridge	5		679	
Dartmouth	1		114	
Edmonton	1		126	
Gravenhurst	1		39	
Guelph	1		66	
Huntsville	1		25	
Kitchener	7		662	
London		4		950
Mississauga	3		270	
Montreal		1		440
Oshawa	2		71	
Regina	1		208	
Toronto	12		1153	
Waterloo		5		1,356
Whitby	1		36	
18 cities	41 properties	10 properties	3,583 units	2,746 units

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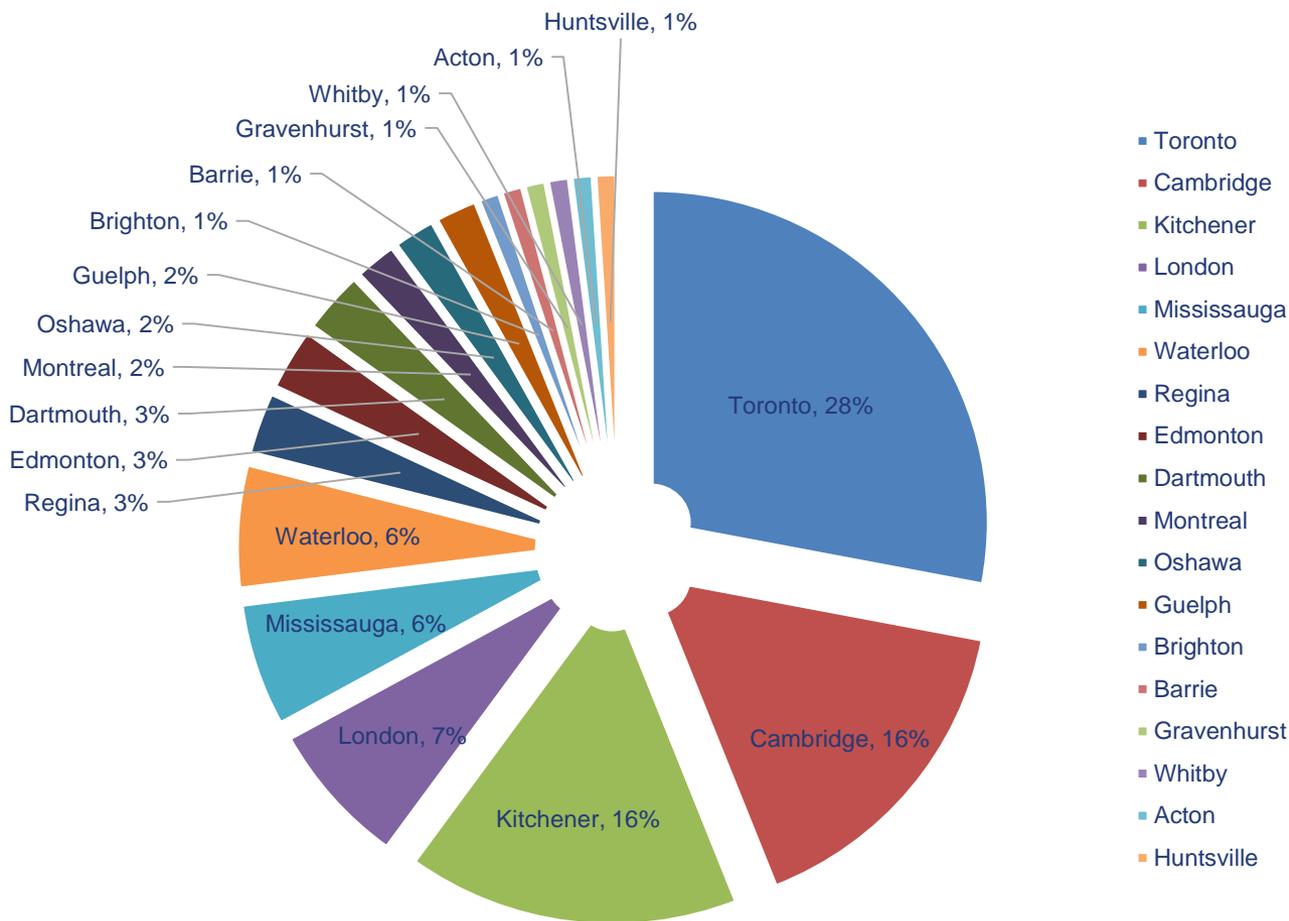
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Portfolio Composition: Rental Units by City

7 provinces / 18 cities / 51 properties / 6,329 rental units^{9,13}

(excludes managed properties)



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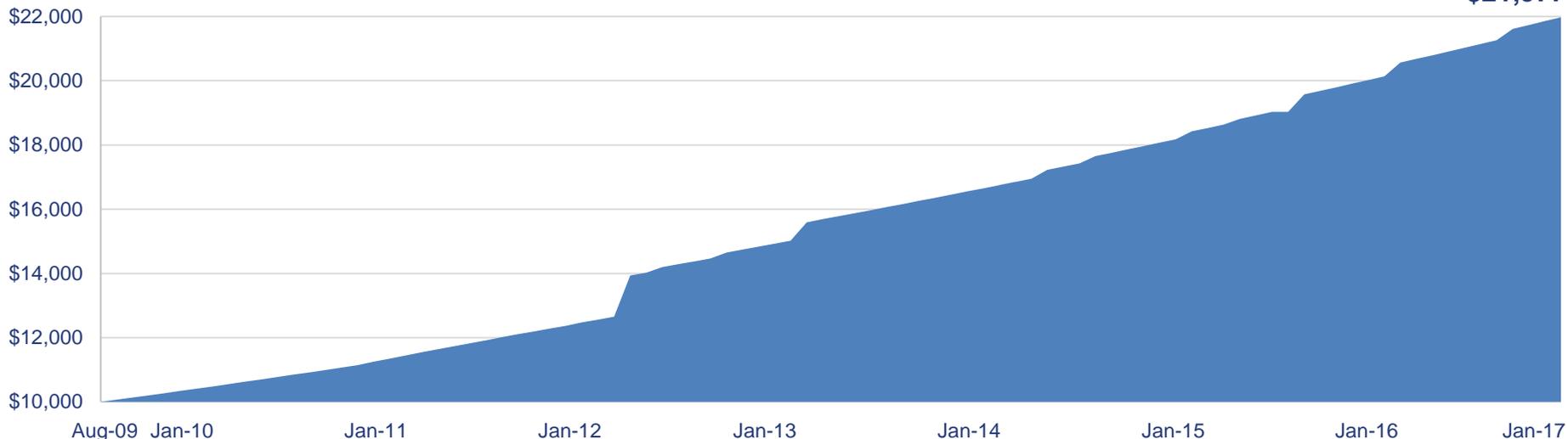
Performance: Centurion Apartment REIT

GROWTH OF \$10,000 INVESTED IN CENTURION APARTMENT REIT

(since inception, August 31, 2009)⁵

Mar 31, 2017

\$21,977



Calendar Returns	2009	2010	2011	2012	2013	2014	2015	2016	2017 YTD
Centurion REIT TR	2.7%	8.5%	10.2%	20.0%	11.0%	9.2%	10.2%	9.8%	1.67%

Compound Returns	1-Year	2-Year	3-Year	4-Year	5-Year	Since Inception of REIT
Centurion REIT TR	9.76%	9.95%	9.69%	9.99%	11.83%	10.94%

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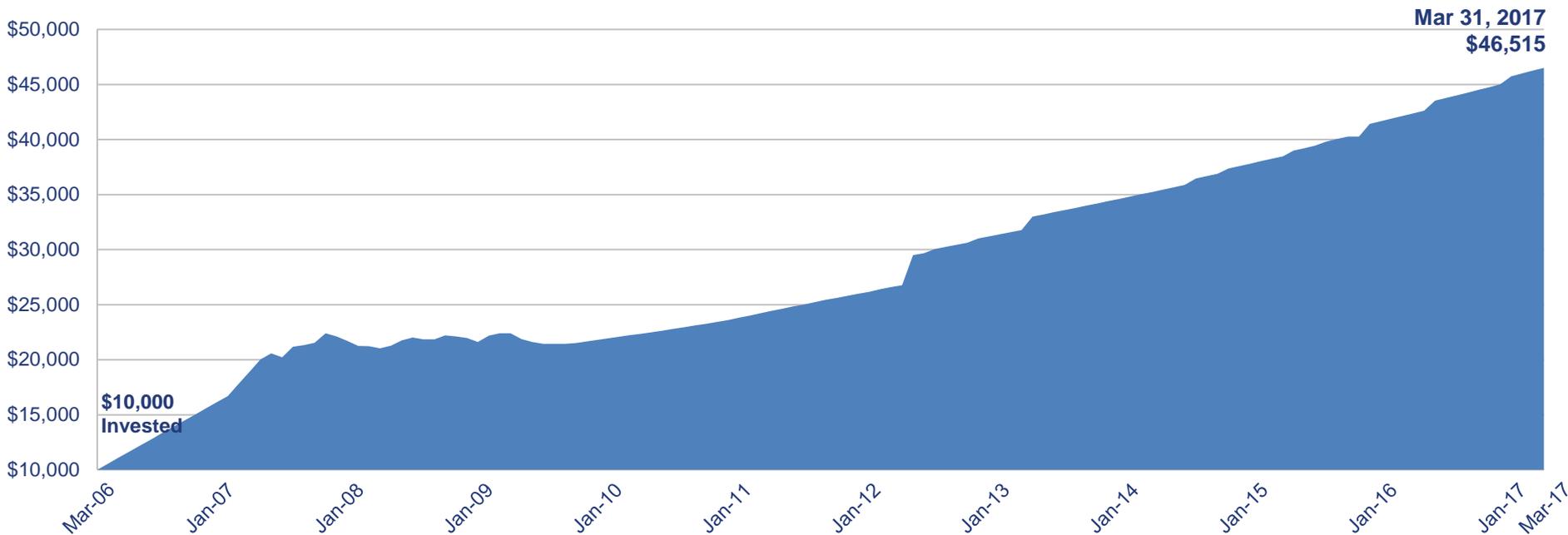
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Performance: CAPLP/REIT

Growth of \$10,000 invested

since inception of CAPLP/REIT March 7, 2006^{9,12}



Calendar Returns (%)	2006 ⁽¹¹⁾	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017 YTD
CAPLP	55.8%	41.92%	-0.67%	-0.78%	8.25%	10.21%	20.01%	10.95%	9.21%	10.20%	9.81%	1.67%

Compound Returns (%)	YTD	1-Year	2-Year	3-Year	4-Year	5-Year	6-Year	7-Year	Since Inception
Centurion CAPLP/REIT TR (%)	1.67%	9.76%	9.95%	9.69%	9.99%	11.83%	11.48%	11.13%	14.88%

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Centurion Properties - Apartments



North Service Rd, Mississauga



Milligan Park Apartments, Barrie



Huntington Apartments, Dartmouth



Biggin Court, Toronto



Windermere Village Apartments, Edmonton



Orchard View Apartments, Oshawa



Dundas Court, Toronto



Woodside Ave Apartments, Cambridge



Atwood Suites, Guelph

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Centurion Properties – Student Housing



205 Oxford St, London



173 King St N, Waterloo



167 King St N, Waterloo



75 Ann St, London



168 King St N, Waterloo



1430 Rue City Councilor, Montreal



83 St. George St, London



1 Beaufort St, London

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Summary

Investment Solution

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

Benefits for Investors

- Generates monthly income
- Potential for growth
- Focus on capital preservation
- Tax efficient¹
- Diversifies investor's portfolio
- Re-investment options

Centurion Strength

People

- Experienced and dedicated team

Processes

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

Performance

- Track record of strong total returns since 2006

Portfolio

- Helps to diversify portfolios overweight in equities with its low correlation⁴ to major asset classes and lower volatility³



Executives and Board of Trustees

Depth of experience and expertise

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



Greg Romundt
President, CEO,
and Trustee



Robert Orr
CFO/CCO and Trustee



Ross Amos
Chairman of the Board
Independent Trustee



Martin Bernholtz
Independent Trustee



John Mills
Independent Trustee

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Appendices

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Centurion Portfolio

Investment Solutions

- Centurion Apartment Real Estate Investment Trust
- Centurion Real Estate Opportunities Trust
- Centurion Financial Trust

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

Financing Solutions

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

Property/Management Services

- Multi-residential apartments
- Student Residences through the Centurion Brand: **The MARQ**



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Centurion Portfolio

Centurion Apartment Real Estate Investment Trust

- An income-producing, diversified real estate investment trust that allows investors to invest in a diversified portfolio of rental apartments and student housing properties in Canada
- Owns more than 6,300 multi-family rental apartments and student housing beds (approx. 57% apartments and 43% student housing)
- Invested in 7 provinces in Canada



Highlights:

- Monthly distributions
- Growth potential
- Preservation of capital
- Low correlation to equity markets equals lower volatility
- Tax-advantaged income
- Accepts investments via registered plans like RRSP's, RRIF's and TFSA's

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



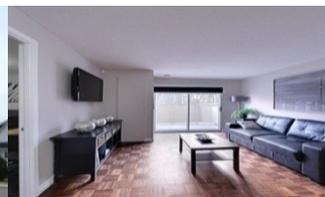
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Centurion Portfolio

Centurion Real Estate Opportunities Trust

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

The targeted investment portfolio will include:

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



Highlights:

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

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



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Centurion Portfolio

Centurion Financial Trust

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

Target business profile:

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



Highlights:

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

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



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Centurion Portfolio

Centurion Mortgage Lending and Financing

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



Mortgage Lending and Joint Venture / Equity Participations

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



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Centurion Portfolio

Multi-Residential Apartments and Student Housing

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

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



Highlights:

- Manages 41 multi-residential apartments with 3,583 rental units
- Locations in Ontario, Alberta, and Nova Scotia



THE **MARQ**
student communities

a Centurion property

Highlights:

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



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Biographies of Trustees



Greg Romundt HBA

President and CEO

Trustee of Centurion Apartment REIT, Centurion REOT, and Centurion Financial Trust

Mr. Romundt is the founder and President of Centurion Asset Management Inc., Centurion Apartment REIT, Centurion Real Estate Opportunities Trust, and Centurion Financial Trust, which collectively manage over \$1.0 billion of assets. 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 and was a member of the risk management committee. Mr. Romundt is a member of the Board of Directors for NEMA (National Exempt Market Association). 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 & Yong 2014 Entrepreneur of the Year award. He was named CEO of the Year in 2015 by Canadian Apartment Magazine.



Robert Orr

Chief Financial Officer / Chief Compliance Officer

Trustee of Centurion Apartment REIT and Centurion REOT

Mr. Orr has over 20 years of experience within the financial services sector. He held senior finance positions in a number of companies including 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 management company that is regulated by the Ontario Securities Commission and caters to high net worth individuals in Canada and internationally. Mr. Orr also worked as the Chief Financial Officer of UBS Bank (Canada), for the wealth management division of the Swiss-based bank. He also held positions at KPMG as a Senior Manager in their Risk and Advisory Practice with focus on financial services, and in CIBC World Markets as an Executive Director for 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.

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Biographies of Trustees



Ross Amos MBA, ICD.D

Chairman of the Board Independent Trustee

Since 2000, Mr. Amos has been President of Everest Canadian Properties Company, a subsidiary of a California based Real estate investment Bank. In addition, since 2002 he has been an independent trustee of Contrans Income fund and a member of its audit committee, compensation committee and the nominating and governance committee. Since 2006 he has also been a trustee of Drive Products income fund where he chairs the compensation nominating and governance committee and is a member of the audit committee. Both companies are listed on the Toronto Stock exchange. He has also served as a Director on a number of privately owned companies, both in Canada and the United States. From 1996 to 2000 Mr. Amos was President of the General partner company for 65 hotel limited partnerships, reporting to the Advisory Board of Limited Partners who had previously invested in Journey's End hotels. Mr. Amos received an honors degree in Business Administration from the Ivey School of Business at the University of Western Ontario, a Master of Business Administration York University and is one of the first recipients of the ICD.D designation, from the Rotman School of Business and the Institute of Corporate Directors-Corporate Governance College.



Martin Bernholtz BBA, CA

Independent Trustee

Mr. Martin Bernholtz, BBA, CPA 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 has successfully taken several companies public on the TSX and TSX-V and continues to serve as a Director on Titan Medical Devices Inc.; Covalon Technologies Inc. and Loyalist Group Limited. Mr. Bernholtz has been involved with over \$ 1 billion in financings during his career and has a significant network of relationship with 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.

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Biographies of Trustees



John Mills MBA, ICD.D
Independent Trustee

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

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Supplementary Information

Centurion Apartment REIT:	An unincorporated open-end investment trust created by declaration of a trust made as of August 31, 2009. For the purposes of the Income Tax Act it is a mutual fund trust
Legal Advisors:	Cassels Brock and Blackwell LLP
Auditor:	KPMG LLP (Canada)
Registrar and Transfer Agent:	The Investment Administration Solution Inc.
Legal Entity:	Centurion Apartment Real Estate Investment Trust
Property Manager:	Centurion Property Associates ¹⁴



Notes

1. “Tax Advantaged Income” means that due to the general ability of real estate owners (like Centurion Apartment REIT) to deduct capital cost allowances against income, that current taxes can often be reduced and/or deferred whereas with an interest bearing instrument such as a bond or deposit no such offset from capital cost allowances are available. In 2009, 2010, 2011, and 2012 100% of Centurion Apartment REITs distributions were treated as return of capital (Box 42 on a T3 Form) for tax purposes. In 2013, 90.25% of the distributions were treated as return of capital and 9.75% as capital gains. In 2014, 83.7% of the distributions were treated as return of capital, 1.87% as capital gains and 14.43% as other income. There is no guarantee that this will be the case in the future.
2. “Rational pricing with lower volatility” means that property values are based on a methodical process involving a number of highly skilled professionals that must opine on and thus impact upon value including a) knowledgeable and professional buyers and sellers b) third party appraisers and c) financial institutions (that will be restricted in loan to value ratios and debt service ratios and other financial covenants). Valuation methods would follow standard valuation guidelines used in the industry and third party appraisers would be accredited professionals. Further, buyers and sellers are not casual participants in the marketplace and are risking substantial capital in a transaction given that the average equity required for a purchase would be substantially larger than that required to buy a few shares of stock in a publicly listed company. Whereas regular stock market investors need to have no specific skills, industry knowledge, infrastructure, substantial capital, substantial capital at risk in a single investment and relationships that would otherwise serve to exclude them from the marketplace, direct property investors must have these at a minimum. The participation of knowledgeable buyers, and the limitations imposed by lenders for debt service and leverage further act to constrain valuation parameters which constraints may not apply on a traded stock. This rational pricing means that in the absence of changes in property net operating income (which ceteris paribus tend to move with inflation) or capitalization rates, that valuations tend to move slowly over time in comparison to how stocks can move constantly and with great volatility over the course of the day (or any other investment horizon). As such, rational pricing would tend to be associated with lower volatility.
3. Source: Centurion Apartment REIT analysis of the REALpac/IPD Canada Property Investors Digest: Long Term Series total unleveraged returns between 1985 and 2010 comparing Retail, Office, Industrial and Residential properties on an unlevered basis. The Residential sector experienced the highest compounded returns, the highest average annual simple returns, had the lowest standard deviation of annual simple returns of all these sectors and was the only sector to never have had a negative year on a total return basis. **PAST PERFORMANCE MAY NOT BE REPEATED.**
4. Source: This is the opinion of Centurion Apartment REIT and is based in part on a comparison of the historical returns and volatility of the REALPac/IPD Canada Annual Property Index versus the S&P/TSX Capped REIT Index TR, portions of which are reproduced herein. It is Centurion Apartment REITs opinion that a private apartment REIT is less exposed to stock market movements than a listed REIT, but this isn't guaranteed. Being private may introduce other risks. Please refer to the Offering Memorandum “Risk Factors”
5. Source: Canadian Investment Review, Spring 2001. “Canadian Real Estate and Inflation” by Victor W.K. Li
6. Inception date for the S&P/TSX Capped REITs Index was Oct.15, 2002, however, the back calculation pricing is available starting Dec.31,1997. Source: Bloomberg as of December 31, 2014. This chart is included to show the volatility of stock market indices in general, the historic correlations between the S&P/TSX Capped REIT index TR and the S&P/TSX Composite Index TR and the performance of these indices during major market corrections during this time frame.

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Notes

7. Source: REALPac/IPD Canada Annual Property Index as at Dec. 31, 2014. This index is referenced as it is the longest direct property data series that Centurion Apartment REIT has found that is commonly used by institutional real estate investors. Centurion Asset Management Inc. believes that it the best available series to demonstrate the long term cash flow, capital growth and volatility characteristics of apartments as an asset class. It is an unleveraged index. **PAST PERFORMANCE MAY NOT BE REPEATED.**
8. Source: Centurion Apartment REIT Consolidated Financial Statements for the period ended December 31, 2013 at IFRS Fair Value.
9. Source: Centurion Asset Management Inc. as at March 31, 2017.
10. For partial year August 31, 2009 to December 31, 2009
11. For partial year March 7, 2006 to December 31, 2006
12. This chart is shown only to demonstrate the Manager's track record and experience with managing apartments. The chart is a composite of the performance of CAPLP from its launch both before and after its rollover into Centurion Apartment REIT. CAPLP was formed on 7 March 2006. The REIT was formed on 31 August 2009. CAPLP rolled over into the REIT on 30 June 2010. It is important to note that there are a number of material differences between CAPLP and the REIT which include, but are not limited to: 1) CAPLP used higher degrees of leverage than the REIT intends to use which will, in general have the effect of lowering overall returns but also risk in the REIT relative to CAPLP; 2) CAPLP had a different business and operating strategy than the REIT. CAPLP was designed primarily as a capital growth vehicle and didn't distribute cash flow whereas the REIT is designed to be an income vehicle with modest long term growth; 3) CAPLP bought properties that generally needed higher degrees of capital investment than properties the REIT will likely buy and thus CAPLP may have had outsized opportunities for gains relative to opportunities the REIT may pursue in the future; 4) Because the REIT is designed as an income generating vehicle, the REIT will not generally be as aggressive in repositioning properties on as large a scale as may have been done in CAPLP; and 5) the Manager is targeting a more conservative risk profile with the REIT than it had done with a capital growth oriented vehicle like CAPLP and thus anticipates that the returns of the REIT will be lower than have been achieved by CAPLP. These differences and others will mean that the performance and risk characteristics of CAPLP and the REIT will be different and potentially materially different. Potential investors should not look upon the performance of CAPLP as indicative of potential performance of the REIT. CAPLP is closed to new investment. **PAST PERFORMANCE MAY NOT BE REPEATED.**
13. "Rental Units" means, in the case of apartments, apartment suites, irrespective of the number of bedrooms in a suite. In the case of student housing properties, a Rental Unit is a bedroom. Thus a 25 suite student apartment building with 4 bedrooms per suite would show in the table as 100 Rental Units. This table also only shows Rental Units that are undiluted by joint ventures. Thus 100 Rental Units where the REIT has a 50% stake will show as 100 Rental Units and not as 50 Rental Units. Detailed tables breaking down the portfolio are available in the Offering Memorandum.
14. On January 1, 2015, Centurion Apartment REIT internalized its property and asset management teams. See centurion.ca for further details.

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