CENTURION APARTMENT REAL ESTATE INVESTMENT TRUST

2017 Annual Report | Management's Discussion and Analysis

For the twelve months ended December 31, 2017

CENTURION
APARTMENT REIT

PROFILE

Centurion Apartment Real Estate Investment Trust ("REIT" or the "Trust") is an income-producing, diversified real estate investment trust investing in multi-residential apartments, student housing, and mortgage investments in Canada.

2017 HIGHLIGHTS

- 2017 was the REIT's most successful year since inception
- Consolidated assets increased to over $1.31 billion
- Net Income and Comprehensive Income increased 179% to $145.71 million from $52.14 million
- Increased Net Operating Income (NOI) margin to 64.7% from 63.0%
- Same property NOI up by 8.59%
- Class A compounded return 17.30%
- Class F compounded return 18.31%

OBJECTIVES

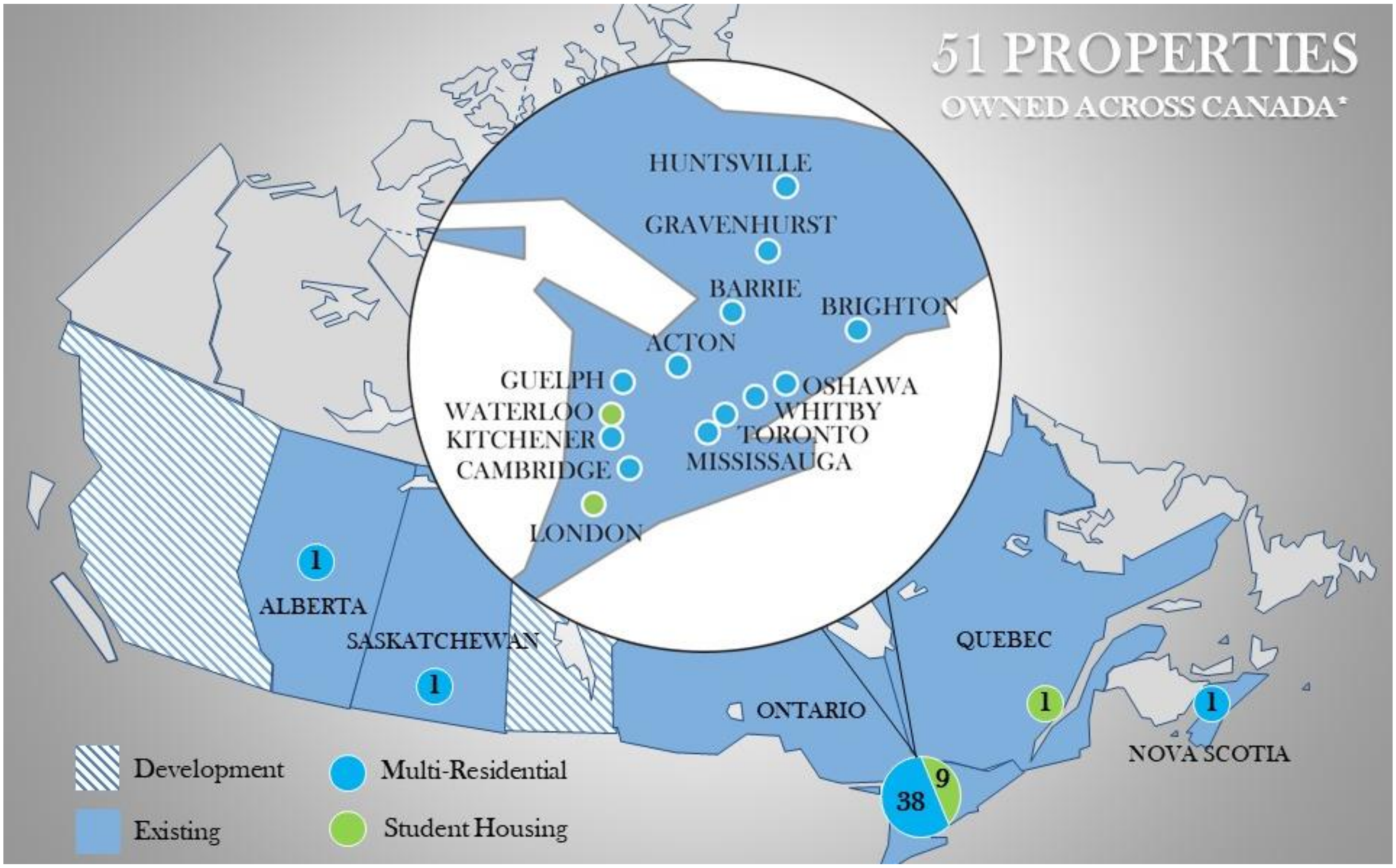
- To provide investors with cash distributions, payable monthly; tax deferred, where reasonably possible, with the opportunity for long-term growth and a focus on preservation of capital
- To maintain and grow a diversified investment portfolio of income-producing multi-unit residential apartments and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

FINANCIAL HIGHLIGHTS

PORTFOLIO PERFORMANCE	NOTES	2017	2016
Overall Portfolio Occupancy		98.7%	94.5%
Operating Revenues		$62,862,478	$54,967, 879
NOI		$40,665,508	$34,654,903
NOI Margin		64.69%	63.05%
OPERATING PERFORMANCE			
Net Income and Comprehensive Income per Unit	3	$2.93	$1.27
FFO per Unit	*Page 47*	$1.02	$0.84
NFFO per Unit	*Page 47*	$1.24	$1.01
PFFO per Unit	*Page 47*	$1.31	$1.14
Weighted Average Number of Units (Adjusted)		49,794,831	41,132,341
Distributions per Class "A" Unit		$0.82	$0.82
Distributions per Class "F" Unit		$0.93	$0.93
Total Annual Return – Class A		17.30%	9.81%
Total Annual Return – Class F		18.31%	10.81%
LIQUIDITY AND LEVERAGE			
Total Debt to Gross Book Value		35.69%	40.28%
Net Debt to Adjusted Gross Book Value	1	15.60%	24.40%
Weighted Average Mortgage Liability Interest Rate		3.17%	3.18%
Weighted Average Mortgage Liability Term (years)		4.7 years	4.30 years
Weighted Average Mortgage Investment Interest Rate		10.01%	10.49%
Weighted Average Mortgage Investment Term (years)		1.05	1.22 years
Gross Interest Expense Coverage Ratio (times)	2	5.36	4.93
Available Liquidity – Acquisition and Operating Facility		$94,357,131	$49,989,924
OTHER			
Number of Rental Units Acquired		208	742
Number of Rental Units Disposed		-	-
Number of Rental Units		6,329	6,121
New Mortgage Investments Made		$167,841,837	$116,358,077
Mortgage Repayments		$71,957,998	$20,575,262
Closing Price of Trust Units		$13.849	$12.589
Total Assets		$1,315,405,241	$1,044,978,126
Market Capitalization		$733,116,319	$555,934,773

NOTES
1 Calculated by taking Mortgage Liabilities less Mortgage Assets and divided by (Gross Book Value less Mortgage Investments)
2 Calculated by taking NOI plus Interest Income divided by Finance Costs
3 Net Income and Comprehensive Income less Minority Interest

PORTFOLIO DIVERSIFICATION



ALBERTA

Edmonton	(1)

ONTARIO

Acton	(1)
Barrie	(2)
Brighton	(2)
Cambridge	(5)
Gravenhurst	(1)
Guelph	(1)
Huntsville	(1)
Kitchener	(7)
London	(4) The MARQ London
Mississauga	(3)
Oshawa	(2)
Toronto	(12)
Waterloo	(5) The MARQ Waterloo
Whitby	(1)

QUEBEC

Montreal	(1) La MARQ Montreal

NOVA SCOTIA

Dartmouth	(1)

SASKATCHEWAN

Regina	(1)

**As at December 31, 2017*

PORTFOLIO DIVERSIFICATION

18 CITIES | 51 PROPERTIES | 6,329 UNITS*

APARTMENTS

CITIES	PROPERTIES | SUITES
ALBERTA	
Edmonton	1 | 126
ONTARIO	
Acton	1 | 33
Barrie	2 | 43
Brighton	2 | 59
Cambridge	5 | 679
Gravenhurst	1 | 39
Guelph	1 | 66
Huntsville	1 | 25
Kitchener	7 | 662
Mississauga	3 | 267
Oshawa	2 | 71
Toronto	12 | 1,155
Whitby	1 | 36
NOVA SCOTIA	
Dartmouth	1 | 114
SASKATCHEWAN	
Regina	1 | 208
TOTAL RENTAL UNITS	3,583

STUDENT HOUSING

CITIES	PROPERTIES | SUITES
ONTARIO	
The MARQ London	4 | 950
The MARQ Waterloo	5 | 1,356
QUEBEC	
La MARQ Montreal	1 | 440
TOTAL RENTAL UNITS	2,746

**Owned properties only*

EXECUTIVE MANAGEMENT AND BOARD OF TRUSTEES

GREGORY ROMUNDT
President and CEO
Trustee

ROSS AMOS
Chairman
Independent Trustee

ROBERT ORR
Chief Financial Officer and
Chief Compliance Officer
Trustee

MARTIN BERNHOLTZ
Independent Trustee

LUCIAN IONESCU
Vice President, Residential Operations

JOHN MILLS
Independent Trustee

LETTER FROM THE PRESIDENT

I am pleased to report that 2017 was the REIT's most successful year since inception.

During the year, we only made one acquisition – a 60% interest in a 208-unit rental apartment building in Regina, Saskatchewan. This property was financed by Centurion Real Estate Opportunities Trust and built by a development partner with whom Centurion has a number of properties currently in various stages of development.

On a weighted basis, this means that the REIT only added a total of 125 rental units in the year, which means that it was our quietest year. The market was extremely active, however, and record volumes traded. We chose to stick to our investment discipline and not make purchases that we thought we would have to stretch too far on. While we are disappointed that we could not find more opportunities to buy apartments, this result was largely expected and consistent with the messaging that we have been highlighting to our investors–that the most attractive opportunities for Centurion currently exist on the debt side.

We have also messaged that the rental market in 2017 was extremely tight and that rents have been rising quickly in our core market of Ontario. While it is true that we could have bought properties and likely made our targeted returns based on what is happening with rents, we chose not to do so as it is inconsistent with our perception of risk and reward. We have always wanted to buy properties with a reasonable "going in" rate of return and looked at rental upside as a way to drive total return. We have not wanted to buy poor "going in" returns, on the hope of improving them to get them to our target returns, as we perceive this as a much riskier strategy as you are relying on runaway rents and assuming that the politicians will remain passive to this. As the Ontario government showed with their re-introduction of rent controls in 2017, we cannot always assume that governments will not respond to political pressure to "do something" no matter how ill-advised that something could be.

We made significant progress with the portfolio. Rents on turnover in some of our communities rose greater than 20%. We now have the largest gap-to-market rents that we ever had at 11.08%. The gap-to-market is the amount of increase in rents that we would get, compared to the contract rates already in place, if all the rents were at the current market rent. In most years, the gap has been 3-4% of rents, meaning that our 11.08% gap is 3-4 times as large as it has ever been. This means that we forecast that we could get about another $8 million in rent based on today's market demand and rental rates, and we believe rental rates, due to extremely tight vacancy conditions, likely have room to rise. Stabilized properties are now 94.1% of the portfolio, with unstabilized units at 0% and repositioning at 5.9%.

Portfolio occupancy exceeded 99% at the end of 2017, which is the lowest we have ever seen it, which reflects strong demand, low market vacancy rates, an increased tendency for residents to "stay put", and also excellent execution by our operating teams. We were able to push operating margins further, increasing them to about 64.7% up from 63% in 2016. We anticipate that we will add another 2 percentage points in 2018 and are targeting 67% for the full year 2018, although the exceptionally cold weather may conspire against us.

In the past five years, the REIT has managed to grow Total Operating Revenues (TOR) by an average rate of 4.77% per annum, Same Store Net Operating Income (SSNOI) by an average rate of 10.7% per annum, and our Market Rents by an average rate of 7.3% per annum. In comparison, national rental rates (as per CMHC) have increased at an average rate of 2.56% and Inflation has averaged 1.51%. This means that over the last five years, the REIT has been able to grow TOR by 20.5%, NOI by 50.2%, and market rents by 32.6% compared to average national rent growth of 10.6% and inflation of 6.2% over the same period. Please see the charts on pages 23 and 24.

All told, 2017 was our strongest year ever with returns almost triple last year's results in absolute dollar terms. The REIT, on a consolidated basis, earned $145.7 million, up from $52.1 million. In percentage terms, the REIT increased its earnings by 179%.

LETTER FROM THE PRESIDENT

The REIT made its first deployments into the U.S. with a combined Canadian/U.S. group into class A development properties in the central business districts of Detroit and Minneapolis. We are looking at further opportunities with this group and others.

A Look Forward to 2018

We continue to believe that there will be limited opportunities to buy properties. Our main focus is on debt investment and development opportunities where we find the risk/reward to be in our favour relative to buying apartments at today's prices. January was already our most active month. The pipeline is exceptionally strong and this is where we are seeing our growth. We continue to scale our debt origination teams with new additions to meet what we see as more demand than we have the staff to currently service.

We think that strong rental demand and rising rents will give the REIT an opportunity to increase both Net Operating Income and our margins, as we have consistently been able to do over time. Further, this strong rental growth may increase the potential for more development deals.

We believe that the financial markets will be volatile in 2018 and we have already seen a taste of that in the last few weeks. If anything surprised us about 2017, it was how much higher equity markets went with valuations well into nosebleed territory and volatility at historic lows.

I have increasing concerns about Canada's direction as I have been very vocal about. Trump, love him or hate him, is doing a lot to put our economy at a competitive disadvantage. While Canada has increased taxes on small businesses to confiscatory rates, and increased minimum wages and regulations, the US has cut taxes to levels lower than Canada and simplified them, while also decreasing regulations. The US is becoming a powerhouse in onshore energy production, while Canada cannot seem to get a pipeline built and is looking to cripple our energy industries and economy with further carbon taxation, while our competitors are going the other way. Further, NAFTA negotiations look to be a failure for Canada. While NAFTA failure or a significant worsening of the terms of trade for Canada is bad enough, the confiscatory taxes the government has imposed and that Canadian exporters will be on the wrong side of the border if trade barriers go up, mean that we may see a significant hollowing out of corporate Canada and a "brain drain" and capital drain towards the US. The Prime Minister's statements that he has no intention of competing with the US on taxes or otherwise, reflects both his naivete on economic matters and an utter contempt for businesses that create jobs and pay taxes in Canada.

While Trump's moves may extend the economic expansion in the US to be the longest, uninterrupted period of growth in history, Canada's fortunes seem to be turning for the worse. While this expansion in the US may allow the Federal Reserve to increase interest rates at a modest pace, Canada has limited scope to do so. As the economy here slows, and with little scope for additional fiscal spending given the large deficits, the country is already running; there will be little choice when the next slowdown comes that rates will have to be cut substantially to cushion the decline.

We believe that we have positioned the Trust conservatively for this environment as overall leverage is low at 36% in the REIT. Liquidity positions are very good. Further, we will be boosting capital reserves to get a little ahead of the demand that we are seeing and to scale reserves with this the sizes of the funds today. We believe the scope for returns in 2018 is excellent with room for significant rent growth in our core markets in the REIT.

GREG ROMUNDT
President, CEO, and Trustee

2017: MANAGEMENT'S DISCUSSION AND ANALYSIS

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Forward-Looking Statements

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

The Management's Discussion and Analysis ("MD&A") of Centurion Apartment Real Estate Investment Trust ("Centurion", "Centurion REIT", "Centurion Apartment REIT", the "Trust" or the "REIT") contains "forward-looking statements" within the meaning of applicable securities legislation. This document should be read in conjunction with the material contained in the Trust's audited consolidated financial statements for the year ended December 31, 2016, along with Centurion REIT's other documents available on the Trust's website. Forward-looking statements appear in this MD&A under the heading "Outlook" and generally include, but are not limited to, statements with respect to management's beliefs, plans, estimates and intentions, and similar statements concerning anticipated future events, results, circumstances, performance or expectations, including but not limited to financial performance, equity or debt offerings, new markets for growth, financial position, comparable multi-residential REITs and proposed acquisitions. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved".

Forward-looking statements are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of Centurion REIT to be materially different from those expressed or implied by such forward-looking statements, including but not limited to: the risks related to the market for Centurion REIT's trust Units, the general risks associated with real property ownership and acquisition, that future accretive acquisition opportunities will be identified and/or completed by Centurion REIT, risk management, liquidity, debt financing, credit risk, competition, general uninsured losses, interest rate fluctuations, environmental matters, restrictions on redemptions of outstanding Centurion REIT's trust Units, lack of availability of growth opportunities, diversification, potential unitholders' liability, potential conflicts of interest, the availability of sufficient cash flow, fluctuations in cash distributions, the unit price of Centurion REIT's trust Units, the failure to obtain additional financing, dilution, reliance on key personnel, changes in legislation, failure to obtain or maintain mutual fund trust status and delays in obtaining governmental approvals or financing as well as those additional factors discussed in Appendix C "Risks and Uncertainties" and in other sections of the MD&A.

In addition, certain material assumptions are applied by the Trust in making forward-looking statements including, without limitation, factors and assumptions regarding;

- Overall national economic activity
- Regional economic factors, such as employment rates
- Inflationary/deflationary factors
- Long, medium, and short-term interest rates
- Legislated requirements
- Availability of financing
- Vacancy rates

Although the forward-looking information contained herein is based upon what Management believes are reasonable assumptions, there can be no assurance that actual results will be consistent with these forward-looking statements. Centurion REIT has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, however, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. Centurion REIT does not intend to update any forward-looking statements that are incorporated by reference herein, except in accordance with applicable securities laws.

Certain statements included herein may be considered "financial outlook" for purposes of applicable securities laws, and such financial outlook may not be appropriate for purposes other than this MD&A.

CENTURION REAL ESTATE INVESTMENT TRUST

Centurion Apartment REIT is a private real estate investment trust focused on apartment buildings, student housing, and mortgage investments in Canada. It is organized as an unincorporated open-ended investment trust created by a declaration of trust made as of August 31, 2009, and as amended and restated, (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 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.

DECLARATION OF TRUST

The investment policies of the Trust are outlined in the updated Declaration of Trust (the "DOT") dated September 19, 2017, or as it is amended and restated from time to time. The DOT can be found at:

https://www.centurion.ca/investment-solutions/centurion-apartment-reit

The investment guidelines and operating policies set out in the DOT are as follows:

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) Trust 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 Declaration of Trust 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 the 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

INVESTMENT GUIDELINES

(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 Declaration of Trust) 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

(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;

(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).

INVESTMENT GUIDELINES

Harbour View Estates at 5501 Prefontaine Avenue, Regina, Saskatchewan

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 consolidated basis. In addition, any references in the foregoing to an 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 to the contrary, 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, the investment guidelines are intended to set out generally the parameters under which subsidiaries in which the Trust is permitted to invest will be empowered under their constating documents to re-invest. References to the Trust shall be read as applying to such subsidiary where the actual activity that is the subject of the policy is carried out 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 the investment guidelines empowers or entitles the Trust or the Trustees to carry on business or to otherwise undertake any activity that would violate the mutual fund trust status of the 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) 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 honor 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;

OPERATING POLICIES

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 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

j. the Trust may engage asset managers under terms and conditions acceptable to the Trustees. As at the date hereof, the Trust has engaged Centurion Asset Management Inc. ("CAMI") by the terms of the Trust Asset Management Agreement. This agreement shall remain in full force and effect until terminated by the Trustees or CAMI in accordance with its terms.

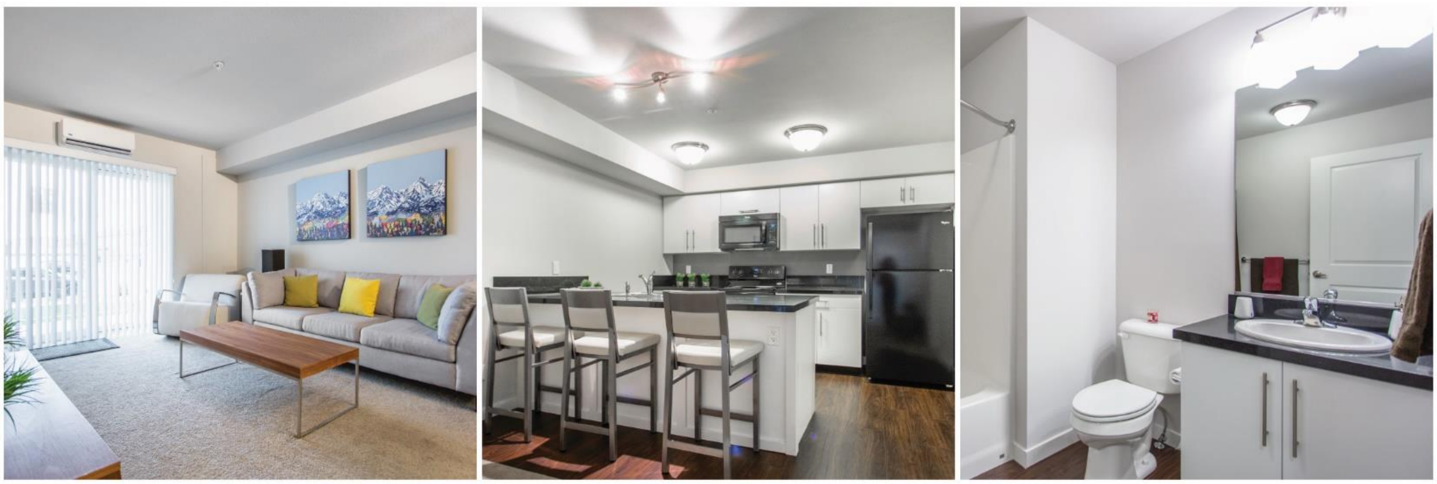
For the purposes of the foregoing investment guidelines and operating policies, the assets, indebtedness, liabilities, and transactions of a corporation, partnership or other entity wholly or partially owned by the Trust will be deemed to be those of the Trust on a proportionate, consolidated basis.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

ACCOUNTING POLICIES

The REIT's significant accounting policies are described in Note 3 of the consolidated financial statements (see "Appendix D") for the year-ended December 31, 2017. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of consolidated financial statements.

In applying these policies, in certain cases it is necessary to use estimates, which Management determines using information available to the Trust at the time. Management reviews key estimates on a quarterly basis to determine their appropriateness and any change to these estimates is applied prospectively in compliance with IFRS. Significant estimates are made with respect to the fair values of investment properties and the fair values of financial instruments.



Harbour View Estates at 5501 Prefontaine Avenue, Regina, Saskatchewan

NON-IFRS MEASURES

Centurion Apartment REIT prepares unaudited consolidated interim financial statements and audited consolidated financial statements in accordance with IFRS. In this MD&A, as a complement to the financial results provided in accordance with IFRS, Centurion Apartment REIT also discloses and discusses certain financial measures not recognized by IFRS including Net Operating Income (“NOI”), Normalized Net Operating Income (“NNOI”), Funds From Operations (“FFO”), Normalized Funds From Operations (“NFFO”) and Potential Funds From Operations (“PFFO”).

These metrics (or, in each case, substantially similar terms) are measures used by Canadian real estate investment trusts as indicators of financial performance, however they do not have standardized meanings prescribed by and these measures may differ from similar computations as reported by other real estate investment trusts and, accordingly, may not be comparable to similarly termed measures reported by other such issuers.

Net Operating Income (“NOI”) is a key measure of operating performance used in the real estate industry and includes all rental revenues generated at the property level, less related direct costs such as utilities, realty taxes, insurance and on-site maintenance wages and salaries. As one of the factors that may be considered relevant by readers, Management believes that NOI is a useful supplemental measure that may assist prospective investors in assessing the Trust.

Normalized Net Operating Income (“NNOI”) is a key measure of potential operating performance used in the real estate industry and differs from NOI mainly in that certain long-term stabilizing assumptions are made in the calculation of NNOI. Such assumptions may reflect a stabilized (normalized) view of key inputs in the calculation of NNOI such as forward-looking rents, vacancy ratios, property taxes, wages, repairs and maintenance and other costs. NNOI is often used by property appraisers in valuing a property. NNOI’s have been used, among other things for evaluating potential property acquisitions, to determine fair values of the investment properties held by the Trust, and to estimate the capacity to make and the level of distributions. Management believes that given the rapid rate of growth of the portfolio and that new acquisitions often require stabilization and repositioning periods and that many in the real estate industry use NNOI when purchasing or selling a property, that NNOI is a useful tool in evaluating the portfolio.

Funds From Operations (“FFO”) is a financial measure used by some REITs to define their operating performance to provide an idea of the REIT’s cash performance, which is a better indicator of a REIT’s performance than earnings which includes large non-cash items. As a rapidly growing REIT with a number of properties that are currently unstabilized or in a period of repositioning, Management does not look at FFO to be a very useful indicator of stabilized cash flow or earnings but calculates and presents FFO as an input into the calculation of the measures such as NFFO and PFFO which it believes are more useful.

Normalized Funds From Operations (“NFFO”) is a financial measure that adjusts Funds From Operations for non-recurring items. Some of these items Management considers to be capital in nature but for accounting purposes are written off under IFRS (e.g. portfolio stabilization costs). Adjustments may include things such as portfolio stabilization costs (e.g. extra vacancy costs, rental promotions costs and non-normalized collections and evictions costs) that are not expected to be ongoing once stabilization is achieved, adjustments for the difference between underwritten Internal Rates of Return on participating mortgage type investments and minimum coupon rates on those investments to show the impact of timing differences on earnings related to these investments, leakage costs on excess capital (for undeployed capital) that has dragged on current period earnings but that is non-recurring and new recurring measures such as internalization of the asset and property management teams and their influence on earnings capacity. Management looks at NFFO as a better measure of the REIT’s current cash generating capacity than FFO as it takes a stabilized view of the portfolio and adjusts for items that are not expected to influence earnings capacity over the medium to long-term. It excludes identified opportunities and costs that Management has identified and believes may be realized over time.

Potential Funds From Operations (“PFFO”) is a financial measure that adjusts the Normalized Funds From Operations to include items that are reasonably anticipated to impact cash flows in future periods assuming the full implementation of Management identified revenue and expense opportunities and the incorporation of market rates on rents and debt costs. Other measures of cash flow do not account for the potentially positive or negative impact of

NON-IFRS MEASURES

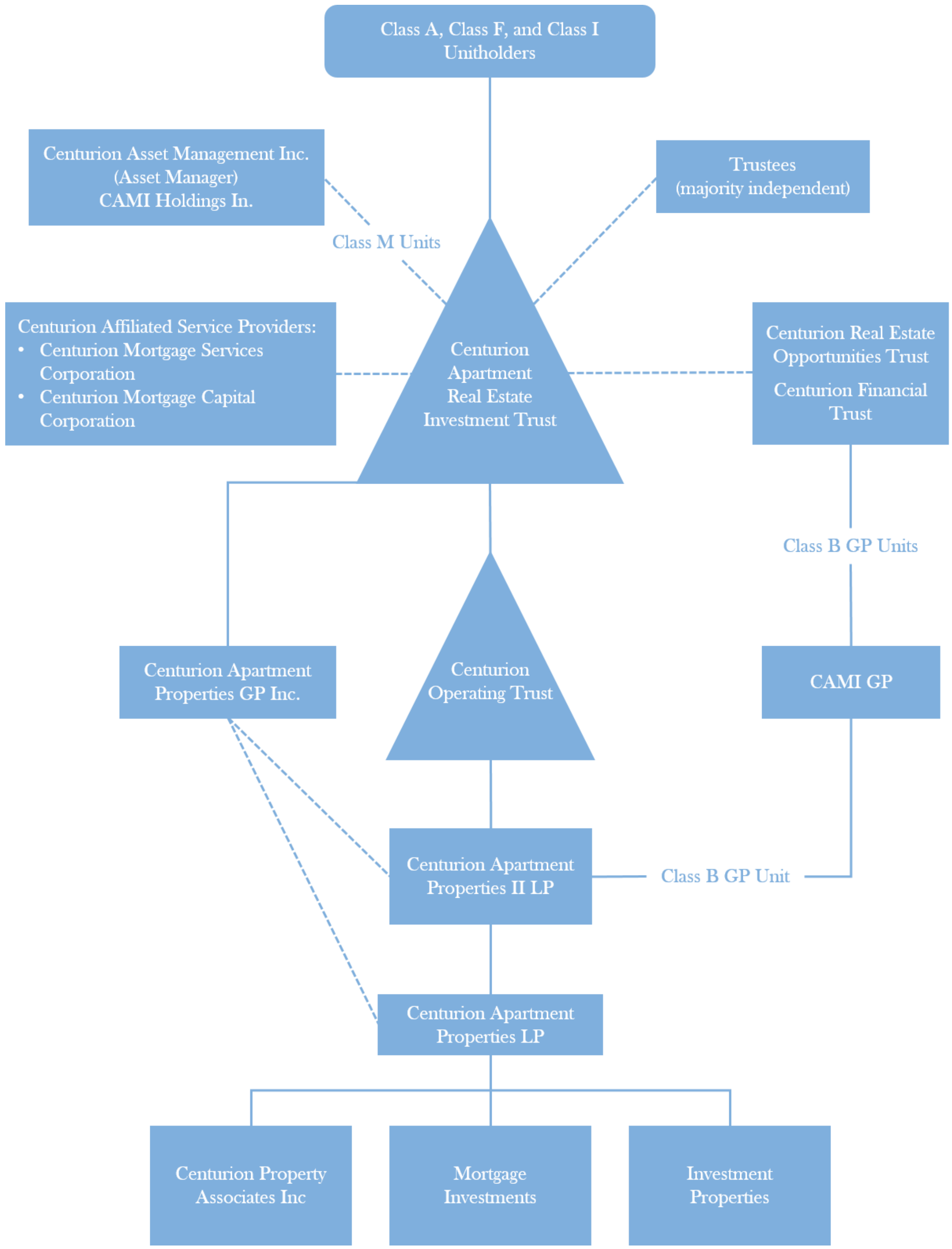
rolling over rents or mortgage liabilities at current market rates that can significantly skew FFO and NFFO and thus their usefulness in assessing the long-term cash generating capacity of the REIT. For example, if market interest rates for mortgage liabilities are substantially above today's in place rates, ceteris paribus, PFFO would show that future cash flows would be expected to decline as these mortgages rolled over to market rates compared to NFFO. The inverse would also be true where if market mortgage interest rates were substantially below in place mortgage interest rates, cash flow over time would be expected to increase relative to NFFO. PFFO does not incorporate inflation assumptions on rental rates or expenses as this measure is not meant to capture future inflation because it is not known in advance. It also does not incorporate the impact of the REIT's capital improvement program on market rental rates or from changes in the REIT's leverage strategy other than disclosed line items. The market rental rate assumed is current market rental rates. To the extent that the REIT may be successful in deploying capital investments that move up market rental rates in future periods, this is not factored into PFFO as the new market rental rates have not been established yet. PFFO is Managements preferred indicator of the REIT's long-term cash flow generating capacity because it incorporates much more of the up to date information available to Management and is forward-looking rather than rearward looking like FFO and NFFO.

Readers are cautioned that these metrics and calculations are not alternatives to measures under IFRS and should not, on their own, be construed as indicators of the Trust's performance, cash flows, measures of liquidity or as measures of actual return on Units of the Trust. These non-IFRS measures, as presented, should only be used in conjunction with the consolidated financial statements of the Trust. In addition, these measures may be calculated differently by other similar organizations and may not be comparable.

The Trust currently has six classes of units, The Class "A" Units, Class "F" Units, Class "I" Units, Class "M" Units (formerly Class "B" Units), Class "R" units, and Exchangeable "B" LP Units. Under IFRS, the REIT has no instrument qualifying for equity classification on its Consolidated Statement of Financial Position and as such, all units are classified as financial liabilities. The classification of all units as financial liabilities with the 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.

CENTURION APARTMENT REIT ORGANIZATIONAL STRUCTURE

The organizational structure as at December 31, 2017 is as follows:*



* In 2017, Centurion Financial Trust was opened resulting in a reduction in ownership of CAMI GP to 33⅓%.

COMMENTS ON THE APARTMENT MARKET

2017 was a very strong year for the apartment industry. Trading volumes were very high as investor appetite for apartment product was voracious. Capitalization rates declined and the market was very aggressive in paying premium prices to buy properties. Competition was intense and reasonably priced opportunities were few. These pricing constraints meant that Centurion Apartment Real Estate Investment Trust (the "REIT") bought only one property in 2017, which came from our development pipeline. The REIT's purchases in the past 18 months were either not widely marketed properties or came from the REIT's lending and development platform through Centurion Real Estate Opportunities Trust (the "REOT").

In Toronto, vacancy rates are about 1% and rents continue to rise very quickly. For example, in our Toronto apartment portfolio, market rents (on turnover) have increased by 20.14% year over year. This is not just a Toronto phenomenon as limited availability and cost of living considerations are driving up rents across Ontario and more broadly, nationally as well (but not to the same extent).

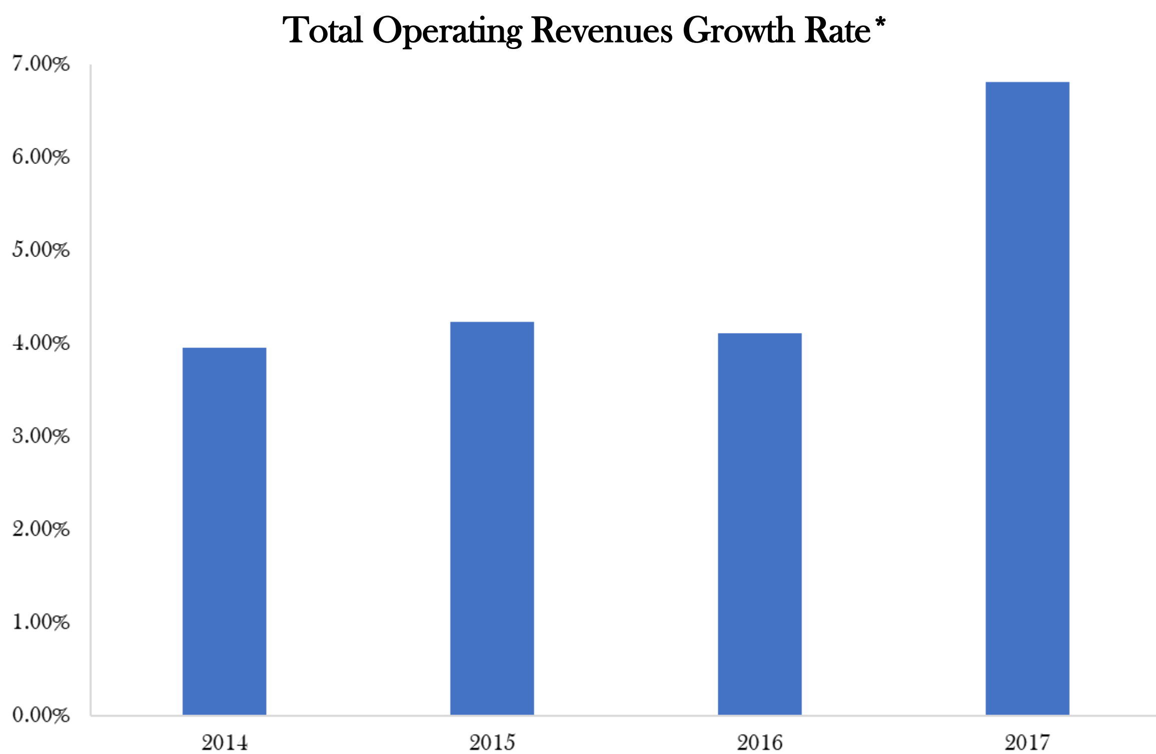
The housing market in Toronto and Vancouver has bifurcated. Sales volumes and prices of detached homes have declined but condo's have gone in the opposite direction. This is largely an affordability issue. Due to absolute cost levels, more people are having to buy condo's and the dream of a detached or even semi-detached home in the major cities is now more fantasy than a dream. With the introduction of the B-20 rules (further restricting the availability of credit to home buyers) at the beginning of 2018, some transaction volume was pushed into 2017 and we would expect the market to continue to quiet in 2018 leading to increasing demand for rental product. Fewer people will be able to qualify for anything, which means they need to look to the purpose-built rental apartment space. We believe that declining supply of rental apartment availability due to the reintroduction of rent controls (meaning fewer will be built), a slowing economy, continuing high immigration levels, and poor affordability will mean that residents will stay put but that market rents will continue to see significant growth rates. As we noted in our newsletters in 2017, the ratio of prices to rents has never been higher (meaning house prices were high relative to rents) and we called the top of the market, meaning that rents will now rise faster than housing prices, a trend which we see persisting for many years to come.

OUTLOOK AND BUSINESS STRATEGY

Management is focused on a number of key areas for 2018 that can be broken down as follows:

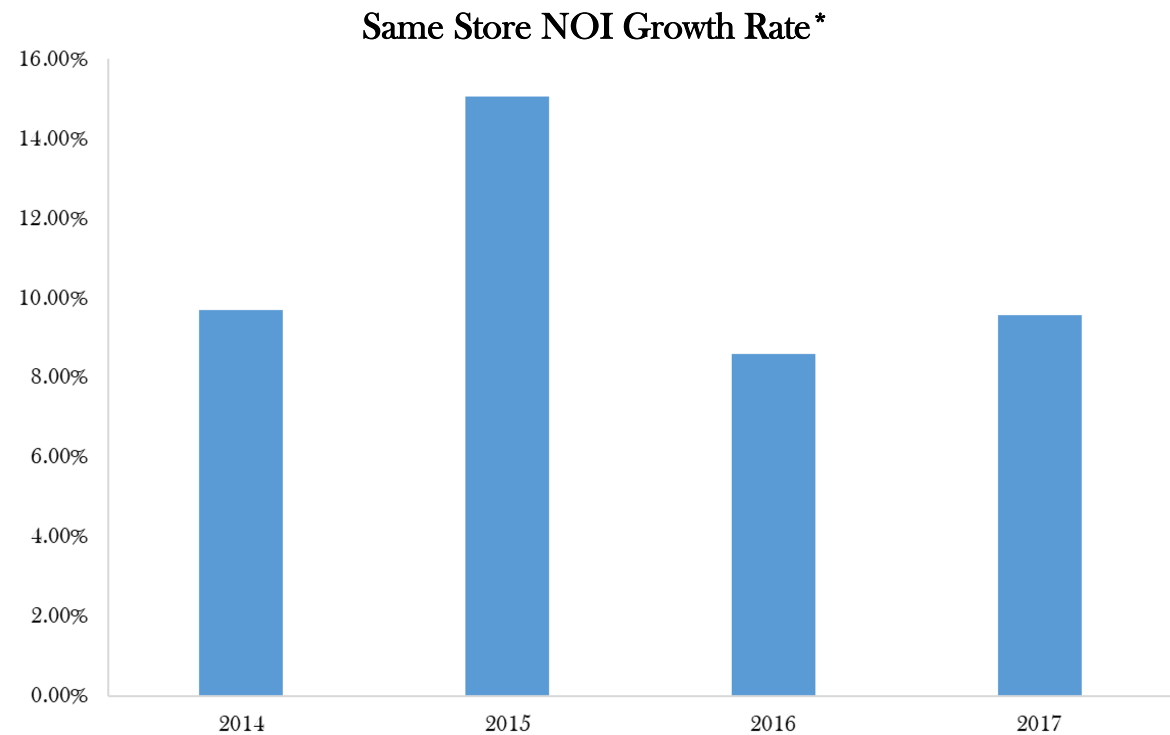
Management has traditionally pursued both internal and external growth; internal growth by investing in the portfolio and external growth through acquisitions and the development pipeline through REOT. Management believes that internal growth is still possible as there are still significant market rent gaps and efficiencies to extract from the portfolio. In fact, our market rent gap (meaning the difference between what we could achieve renting our units compared to what the current residents are paying) is the largest it has ever been at 11.08%, which is about four times what it has traditionally been (see charts on pages 23 and 24). Market rents are rising extremely quickly. External growth continues to be exceptionally challenging in the current environment. Competition for quality properties is intense and, in most markets, the REIT is priced out. We have maintained our purchase discipline and not purchased anything in the open market at prices that we see as too high and providing few opportunities for low risk returns. We anticipate a number of realizations from our development portfolio to come on stream in 2018. If all goes to plan we could end up buying a considerable amount, but the exact amounts remain to be seen and ultimately depend on valuation.

We believe that investing in apartment equity at today's prices is an inferior strategy to investing in debt and development opportunities. Management believes that on a risk adjusted basis, debt investing is superior to buying apartments at today's prices given the market is pricing in all of the upside into deals at the get go, leaving little cushion for errors or changes in market conditions. The REIT earned more than 15% on its REOT investments in 2016 and 2017 and the prospects seem similar for 2018. As such, we anticipate that other than properties coming from our development pipeline, most of our investment activity will be focused on debt and development investments. We have made our first two investments into the U.S. market with a large Canadian/U.S. joint venture partner – one in Detroit (debt) and one in Minneapolis (equity) – and are exploring other opportunities with them and other partners as well. We will expand our U.S. activities opportunistically and in a measured way in 2018.

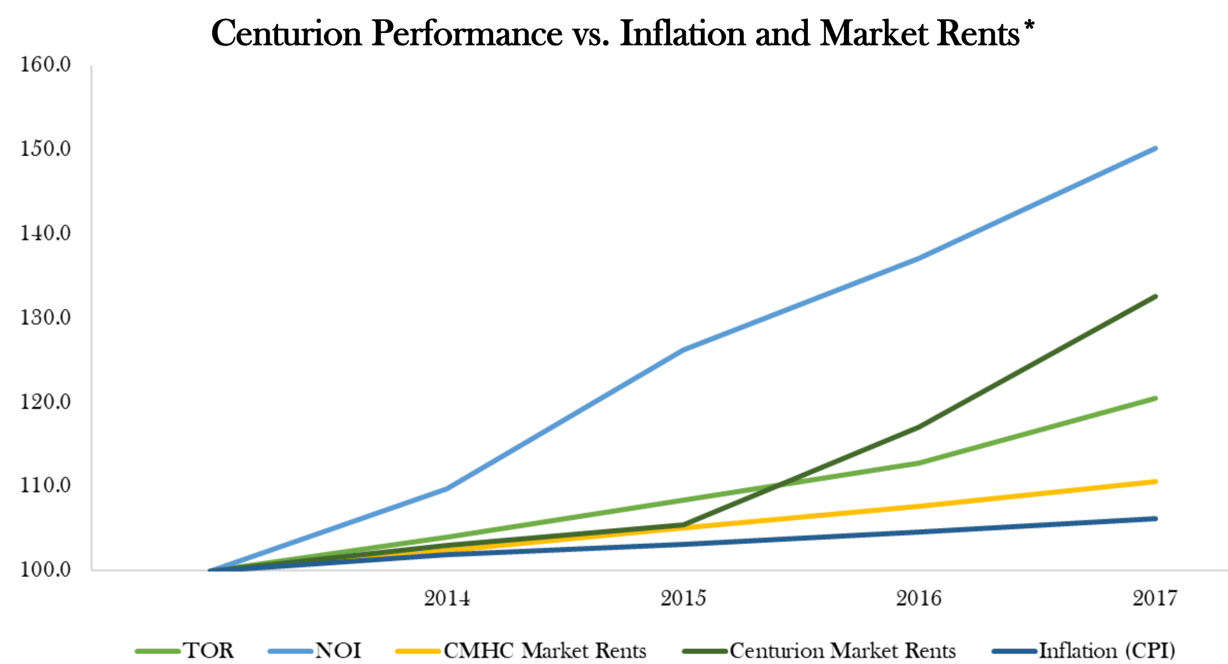


Total Operating Revenues has grown on average by 4.77% per annum.

OUTLOOK AND BUSINESS STRATEGY



**Same Store NOI has grown at an average of 10.7% per annum.*

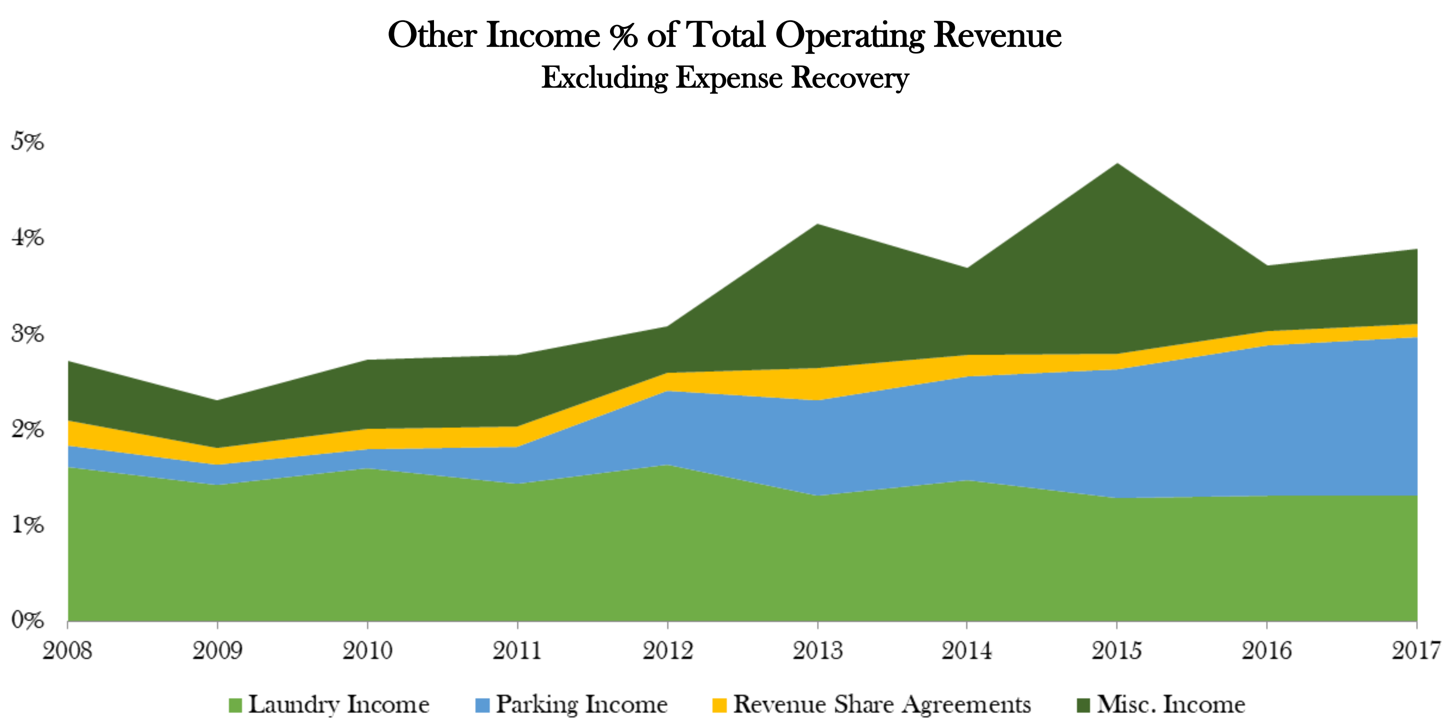


**The REIT has grown its Same Store NOI, Total Operating Revenues and Market rents significantly faster than market averages and inflation benchmarks.*

REVENUE OPPORTUNITIES

Management continually examines revenue opportunities but is currently focused on:

- Closing the Trust's gap between potential market rents and current in place rents; this includes product repositioning in localized markets where there is an opportunity to deploy capital in the apartment units and realize rental lift. Management estimates that its potential gap to market rents is approximately $7,706,000 (up from approximately $1,691,000 in 2016) as it has moved to capitalize on its significant capital investments in the portfolio, significant stabilization of the properties therein, and significant market demand. Given the severe shortage of housing in some of the markets in which the Trust operates, management believes there may be outsized opportunities for growth as the team pushes for rent increases.
- Filing above guideline rent increases (AGIs) wherever possible for the extensive capital works that have recently completed or will soon be completing (see Appendix C – Government Regulation). In 2017, the Trust filed 17 AGIs. In 2018, four (4) AGIs has been filed to date and we expect that over 10 will be filed in the year.
- Continuing to strategically invest capital in the portfolio to create value. The Trust has budgeted approximately $29.5 million in capital improvements in 2018.
- Continuing to implement the segmentation and charging independently for previously included services to drive revenues (like parking and storage). It is estimated $519,000 of additional revenue could be derived from parking.
- Management will continue to focus on stabilization of properties in the turnaround phase to reduce the short-term drag on NOI. The Trust continues to stabilize its portfolio of recent acquisitions which will result in positive contributions to NOI in 2018.



EXPENSE MANAGEMENT

On-going Expense Management

Management continually reviews the REIT's operations for opportunities to reduce expenses. The following initiatives have been and are underway to increase income:

- The Trust's sub-metering initiatives continue to gain traction. Upon full implementation, and after all units have turned over to tenants paying utilities.
- Management will actively renegotiate its mortgage portfolio to take advantage of this current low-interest rate environment.
- Management has implemented energy and utility management systems that tie into the Trust's existing systems to improve energy management and benchmarking. Management believes that there are significant savings available over time that will create value.
- Management continues to look for opportunities to rationalize property labour expense and improve service levels by leveraging resource allocations where properties are in close proximity and introducing new processes and technology to improve efficiency.
- With the portfolio's increasing size, Management continues to leverage scale in its purchasing programs.

Between both revenue and expense opportunities, Management estimates and that there may be, upon full realization, approximately $10,548,000 potential to increase income over time. Readers are cautioned that these are Management estimates, which may take years to realize or may not be realized at all or only be partially realized.

Further, certain capital expenditures may be required (e.g., on suite turns) to realize this potential. See the table below:

Revenue and Expense Summary Table	Potential Impact on Income[1]
Rental Gap to Market	$7,706,000
Roll down of mortgage portfolio to market	$1,104,000
Sub-metering Savings	$914,000
Parking Income	$519,000
Ontario Hydro Rate Reductions	$305,000
Total Value Add	**$10,548,000**

[1] *This is based on management's estimate of the REIT's opportunity set at the date of this report. There can be no assurance that these estimates will be realized. All of these estimates assume 100% realization as if they all happened immediately; ignoring how long it may take to realize them (i.e. some could take many years).*

FINANCE AND TREASURY

With the current low-interest rate environment, Management continues to focus on minimizing the amount of short-term debt maturities and extend the duration of mortgage liabilities.

Credit Facilities
The Trust has two credit facilities which can be used for operations, capital works, and acquisitions. These facilities provide the Trust with significantly more financing flexibility. The total amount of the REIT's credit facilities was $95,750,000 as at December 31, 2017. Generally, liquidity originating from new equity issuance is directed towards these operating facilities to lessen the dilutive impact of carrying large cash balances. Of the $95,750,000 in facilities, $60,000,000 is committed and $35,750,000 is on demand. Management believes that it can mitigate some of this risk by diversifying across lenders, properties, renewal dates, by generally using first position mortgages, and keeping overall leverage on the specific properties and of the entire Trust within its target range.

As at December 31, 2017, the Trust had $38,625,906 available in undrawn credit facilities. REOT (consolidated as part of the Trust) increased its credit facility to $30,000,000 with a Canadian bank during the year.

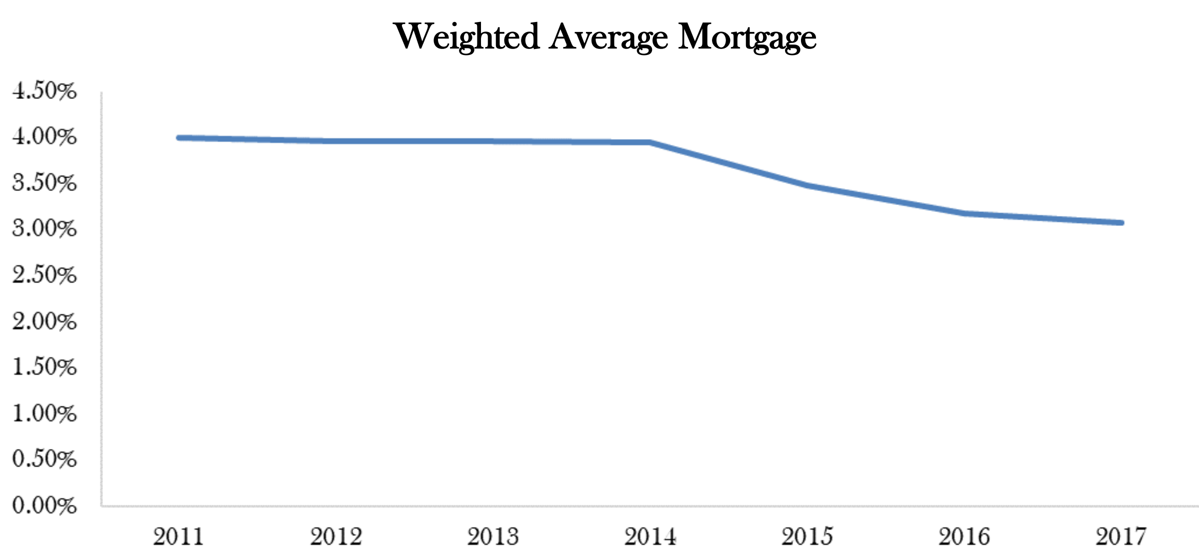
Financing Costs
The Trust continually works on improving its financing costs to reduce the overall weighted average cost of debt and believes that if rates remain stable, that there is significant savings potential in the Trust's mortgage portfolio.

Over the course of the year, the Trust reduced its weighted average financing costs from 3.18% per annum at the end of 2016 to 3.07% per annum. The table below shows the continual decrease in the weighted average interest rate of our mortgage portfolio.

2017 and 2016 mortgage and credit facilities interest expenses were $13,841,700 and $11,674,554 (excluding amortization of financing fees) respectively. Outstanding mortgages payable and credit facilities increased from $420,912,633 to $469,432,606 in 2017.

The Trust earned interest income of $27,358,970 in 2017. This resulted in a 2017 Net Interest Income of $13,517,270. The Trust expects that it will continue to be a net interest earner and not a net payer of interest. As such, Management believes that a further key benefit of its mortgage investment strategy will be a significant reduction in its overall exposure to interest rate risk.

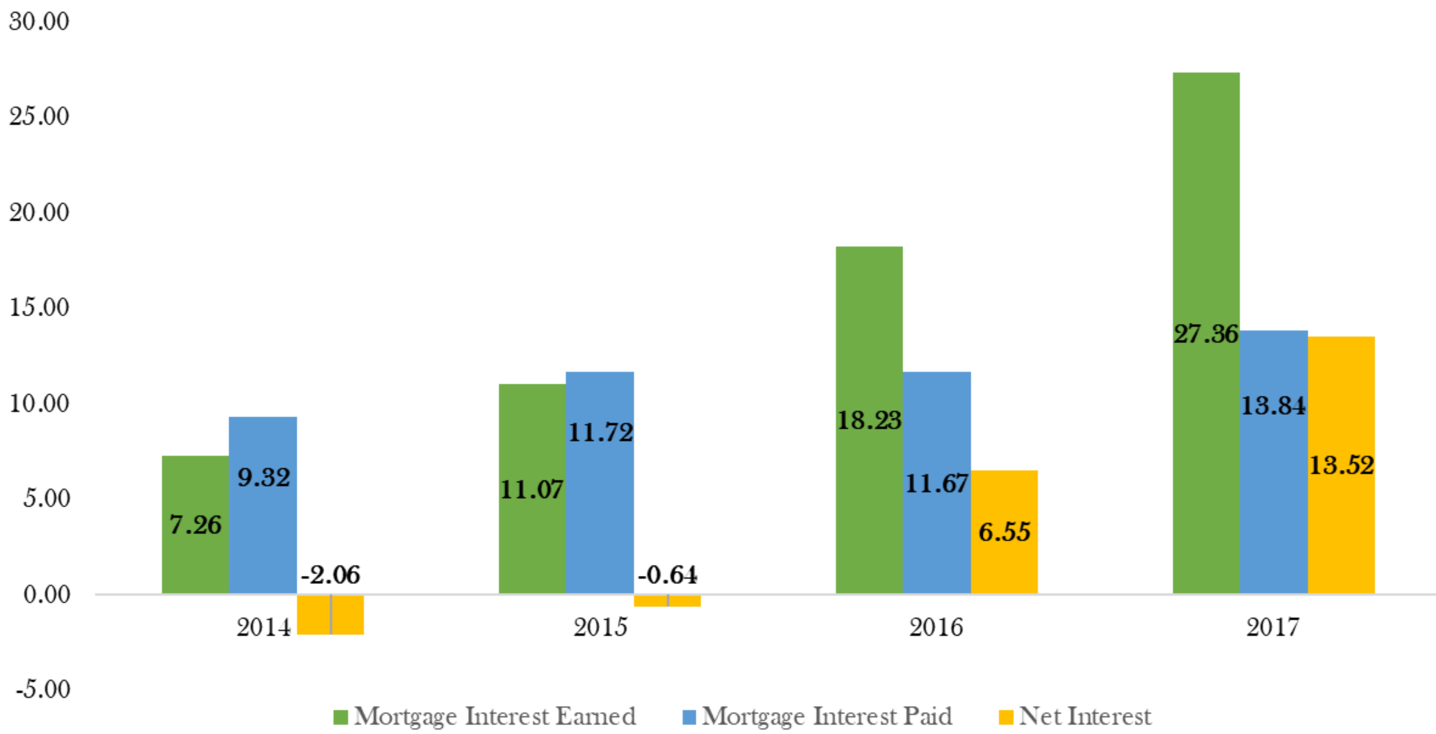
Based on the current in place average debt cost of 3.07% and the estimated current cost of 5-year mortgages at 2.44% (blended between CMHC and conventional mortgages), the REIT has potential interest rate savings of $1,968,200 million/year if interest rates remain at their current levels and the REIT is able to roll all of its mortgages over at these rates over time. In 2017, mortgage maturities were very limited and as such, Management believes that it will get rate reductions on its mortgage portfolio through new purchases financed at current rates and rollovers in future years.



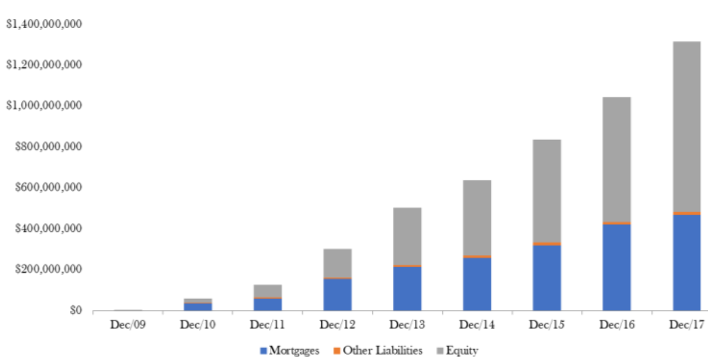
FINANCE AND TREASURY

Mortgage Interest Earned vs. Mortgage Interest Paid	2015	2016	2017
Mortgage investment interest income	$11,073,346	$18,229,456	$27,358,970
Mortgage payable interest expense	($11,715,244)	($11,674,554)	($13,841,700)
Net interest income (expense)	($641,898)	$6,554,902	$13,517,270

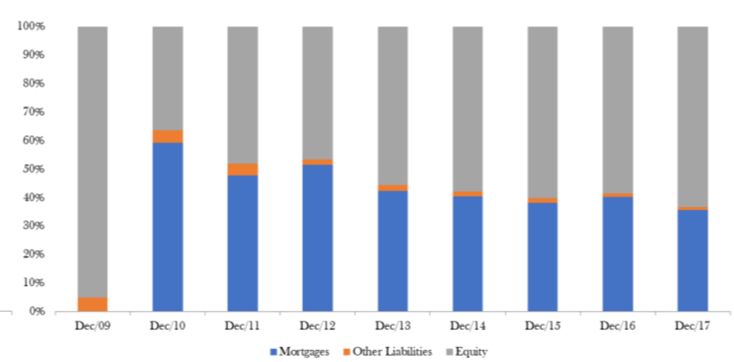
Interest Trend Chart (in millions)



Assets and Debt/Equity Mix



Debt/Equity Mix



FINANCE AND TREASURY

Under the accounting principles of consolidation, all entities that are controlled by the Trust must be consolidated with the results of the Trust. The Trust owns 61.84% of REOT as at December 31, 2017 and has been deemed to have control over the entity and as such all assets, liabilities, income, and expenses of REOT have been included in the consolidated financial statements of the Trust. The reconciliation of which balances are directly attributable to each entity is as follows:

CENTURION APARTMENT REIL ESTATE INVESTMENT TRUST CONSOLIDATE STATEMENT OF FINANCIAL POSITION	REIT	REOT	Elimination Entry	Consolidation
Assets				
Non-Current Assets				
Investment properties	$896,711,567	-	-	$896,711,567
Mortgage investments	$27,707,589	$119,821,860	-	$147,529,449
Equity accounted investments	$5,008,462	$56,016,761	-	$61,025,223
Investment in associate	-	-	-	-
Participating loan interests	$4,046,285	$6,069,427	-	$10,115,712
Investment in CREOT	$220,705,489	-	($220,705,489)	-
Property and equipment	$317,314	-	-	$317,314
	$1,154,496,706	$181,908,048	($220,705,489)	$1,115,699,265
Current Assets				
Current portion of mortgage investments	-	$165,529,837	-	$165,529,837
Participating loan interests	-	$15,678,407	-	$15,678,407
Other assets	$6,012,154	$7,444,583	-	$13,456,737
Accounts receivable	$227,049	-	-	$227,049
Cash	$1,509,760	$2,454,186	-	$3,963,946
Restricted cash	$200,000	$650,000	-	$850,000
	$7,948,962	$191,757,013	-	$199,705,976
Total Assets	**$1,162,445,668**	**$373,665,061**	**($220,705,489)**	**$1,315,405,241**
Liabilities				
Non-Current Liabilities				
Mortgages payable and credit facilities	$341,378,795	-	-	$341,378,795
	$341,378,795	-	-	$341,378,795
Current liabilities				
Current portion of mortgages payable and credit facilities	$106,053,811	$22,000,000	-	$128,053,811
Accounts payable and accrued liabilities	$3,478,258	$4,788,841	-	$8,267,099
Tenant deposits	$4,466,306	-	-	$4,466,306
Unit subscriptions in trust	$200,000	$650,000	-	$850,000
	$114,198,375	$27,438,841	-	$141,637,216
Total liabilities excluding net assets attributable to Unitholders	**$455,577,170**	**$27,438,841**	**-**	**$483,016,011**
Net assets attributable to Unitholders	**$706,868,497**	**$346,226,220**	**($220,705,489)**	**$832,389,230**

FINANCE AND TREASURY

CENTURION APARTMENT REIL ESTATE INVESTMENT TRUST CONSOLIDATE STATEMENT OF FINANCIAL POSITION				
For the year ended	**REIT**	**REOT**	**Elimination Entry**	**Consolidation**
Revenue from investment properties	$62,862,478	-	-	$62,862,478
Property operating costs	($22,196,970)	-	-	($22,196,970)
Net rental income	**$40,665,508**	**-**	**-**	**$40,665,508**
Other income				
Interest income on mortgage investments	$3,018,377	$24,340,593	-	$27,358,970
Distribution income	$12,817,745	-	($12,817,745)	-
Income on equity accounted investments	($31,131)	$10,883,344	-	$10,852,213
Other income	$266,969	$199,663	-	$466,632
General and administrative expenses	($8,720,352)	($2,497,942)	-	($11,218,294)
Provision for mortgage investment loss	($19,441)	($872,326)	-	($891,767)
Fair value gains on investment properties	$78,760,932	-	-	$78,760,932
Fair value gains on participating loan interests	$1,629,951	$12,897,373	-	$14,527,324
Fair value gains on investment in REOT	$4,933,855	-	($4,933,855)	-
Operating Income	**$133,322,413**	**$44,950,705**	**($17,751,600)**	**$160,521,518**
Finance Costs				
Finance costs	($14,088,891)	($629,892)	-	($14,718,783)
Currency translation gains/losses	$1	($93,720)	-	($93,719)
Net Income and Comprehensive Income	**$119,233,523**	**$44,227,093**	**($17,751,600)**	**$145,709,016**

MORTGAGES, DEBT, AND CAPITAL STRUCTURE

The Trust is limited in its Declaration of Trust to a leverage ratio of up to 75% but targets to keep its debt ratio in the 62-67% range on the property portfolio. This range is comparable to most of its multi-residential peers and would generally be considered very conservative in the multi-residential space. The mortgage liability portfolio at year end was at a weighted average interest rate of 3.07%. This continues the downward rate trend as last year was 3.18%. Mortgage leverage is at approximately 35.69% of total assets at the end of 2017 slightly down from 40.28% in 2016 (see the table "Ratio of Debt to Gross Book Value" below). Our leverage is well below the target ratio range.

The weighted average term to maturity was 4.7 years as at December 31, 2017 and 4.3 years as at December 31, 2016. REIT capital (see table "REIT Capital Structure" below) grew to $1,301,821,836 in 2017 from 1,032,462,131 in 2016, an increase of 26.09%.

The Trust's debt strategy is to ladder its mortgage maturities across a diverse array of lenders and maturity dates. The Trust's debt schedule, contained in Note 13 of the consolidated financial statements (see Appendix "D") is summarized below.

Ratio of Debt to GBV		
	2017	2016
Total unrestricted assets	$1,315,405,241	$1,044,978,126
Mortgages payable	$469,432,606	$420,912,633
Ratio of Debt to GBV	**35.69%**	**40.28%**

REIT Capital Structure as at December 31		
	2017	2016
Mortgages payable	$469,432,606	$420,912,633
Net assets attributable to unitholders	$832,389,230	$611,549,498
Total	**$1,301,821,836**	**$1,032,462,131**

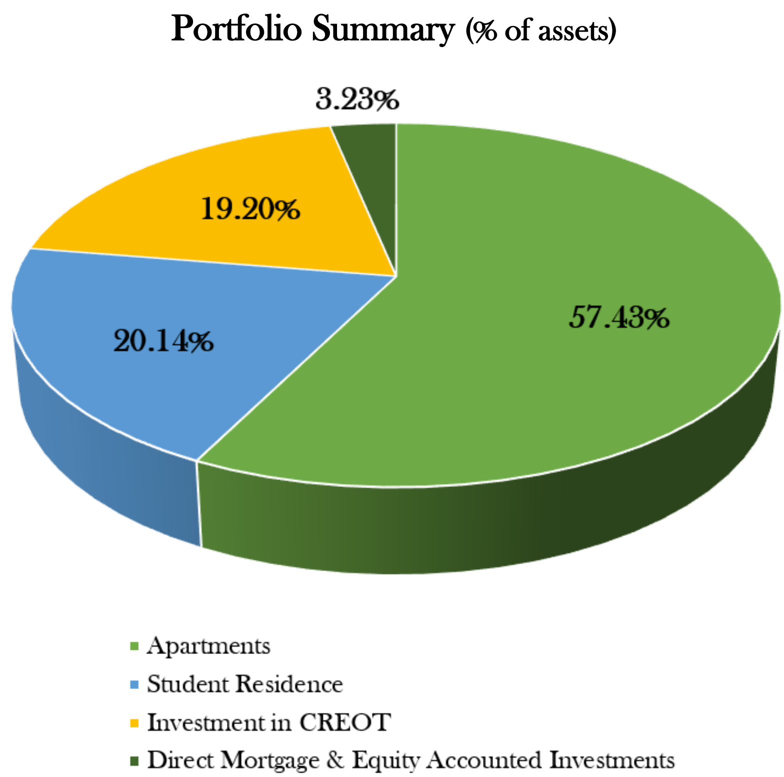
Mortgages payable at December 31, 2017 are due as follows:

	Principal Repayments	Balance Due at Maturity	Total
Year ended December 31, 2018	$67,440,662	$60,613,149	$128,053,811
Year ended December 31, 2019	$9,952,084	$31,427,758	$41,379,842
Year ended December 31, 2020	$9,302,712	$35,435,333	$44,738,045
Year ended December 31, 2021	$6,465,685	$65,918,315	$72,384,000
Year ended December 31, 2022	$5,562,843	$37,183,913	$42,746,756
Thereafter	$14,387,188	$128,518,505	$142,905,693
	$113,111,174	**$359,096,973**	**$472,208,147**
Less: Marked to market adjustment			$220,499
Less: Unamortized portion of financing fees			($2,996,040)
			$469,432,606

PORTFOLIO SUMMARY

Centurion Apartment REIT invests primarily in the following areas:

1. Apartments
2. Student Housing
3. Direct Mortgage and Equity Accounted Investments
4. Investment in REOT

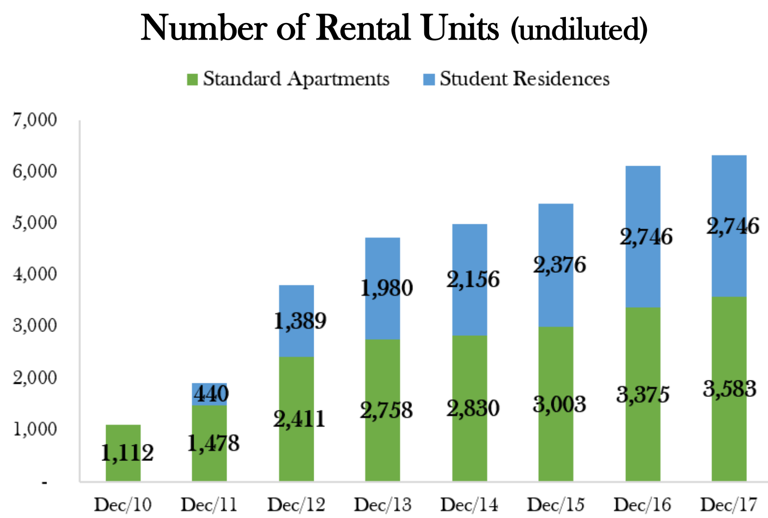


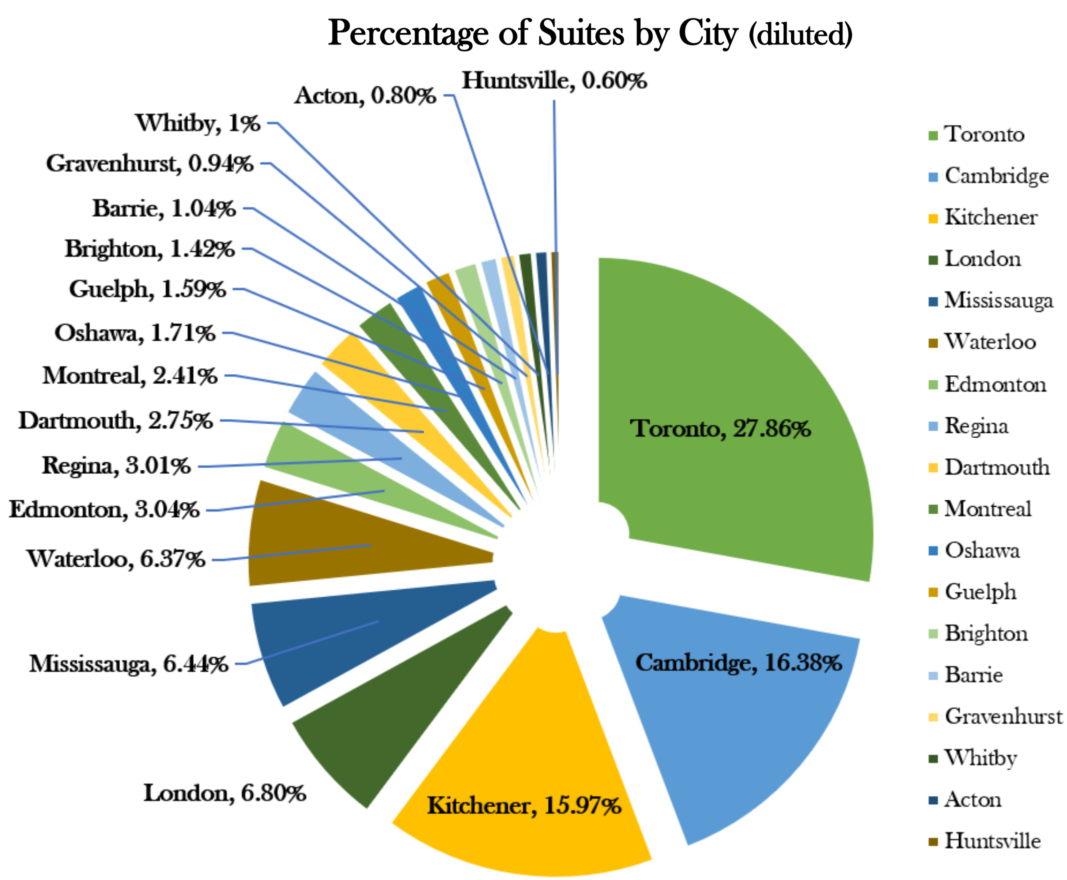
BY PERCENTAGE PORTFOLIO (% OF $ VALUE OF ASSETS)
AS AT DECEMBER 31, 2017

Province	Property Holdings	Percentage Weight of REOT Portfolio	Direct Mortgage and Equity Accounted Investments	Total
Ontario	65.79%	12.55%	2.79%	81.13%
Quebec	5.06%	-	-	5.06%
Alberta	2.22%	1.58%	0.44%	4.24%
Nova Scotia	2.27%	-	-	2.27%
British Columbia	-	2.90%	-	2.90%
Manitoba	-	1.63%	-	1.63%
Saskatchewan	2.23%	0.20%	-	2.43%
Michigan, USA	-	0.34%	-	0.34%
Total	**77.58%**	**19.20%**	**3.23%**	**100.00%**

PORTFOLIO SUMMARY

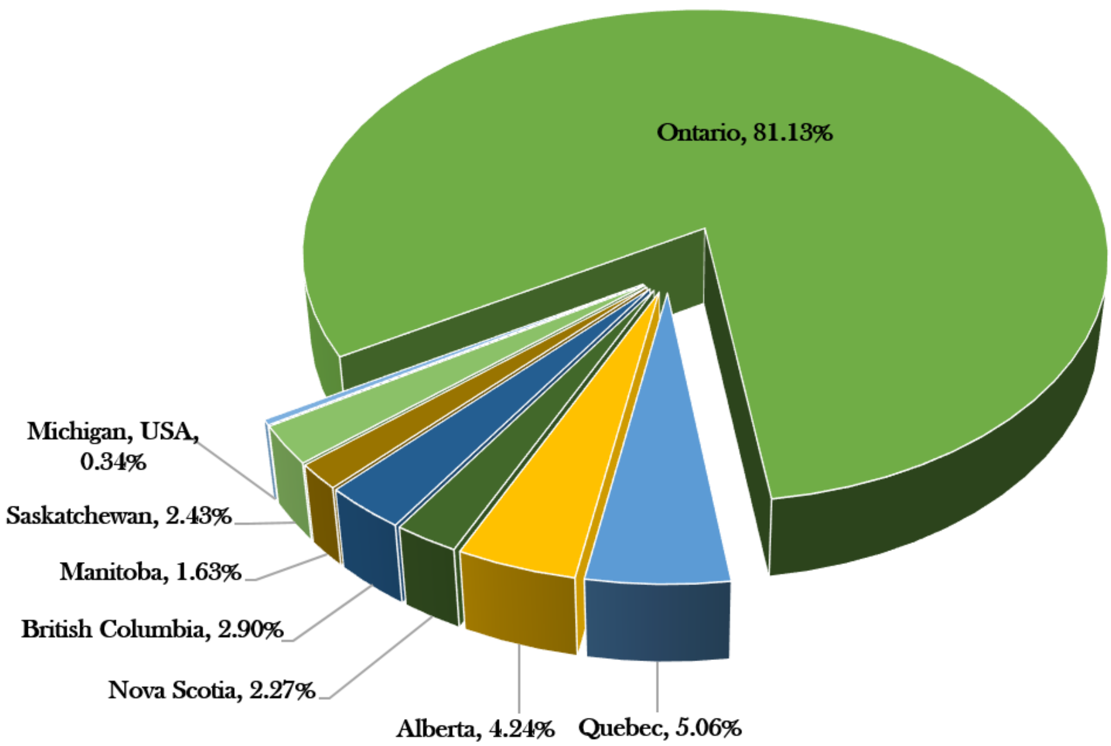
As at December 31, 2017, the Trust owned 51 buildings. The charts below provide additional details of the property portfolio. In addition to buildings, the Trust holds mortgage investments in Alberta, Saskatchewan, Manitoba, Ontario, and British Columbia.



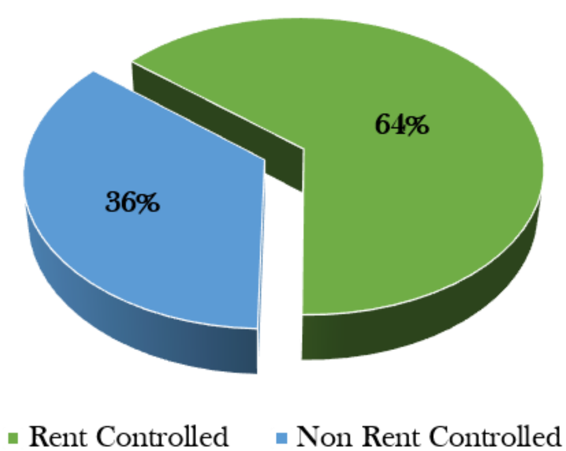


OTHER PORTFOLIO METRICS

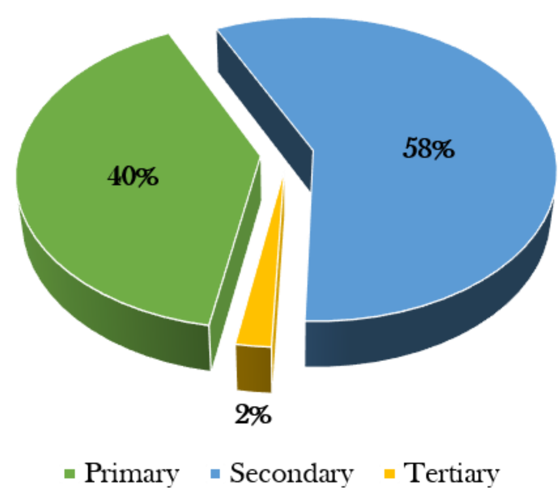
Provincial Exposure by $ Value of Assets



Property Summary by Rent Control Status
(by rent unit count – diluted)



Property Summary by Market Size Type
(by rent unit count – diluted)



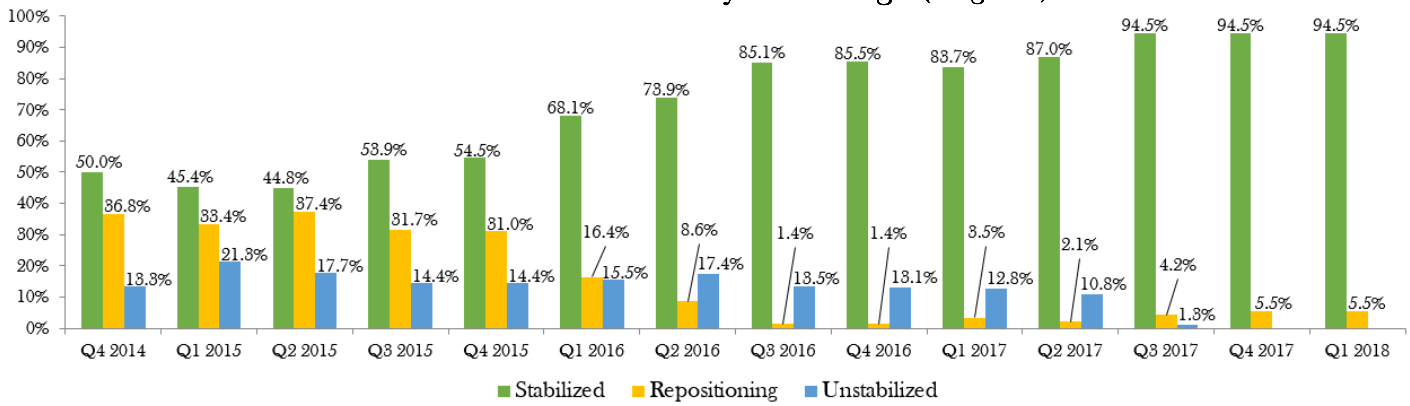
PORTFOLIO STABILIZATION AND REPOSITIONING PROGRESS

The following charts breakdown the Trust's portfolio into three categories as at March 31, 2018:

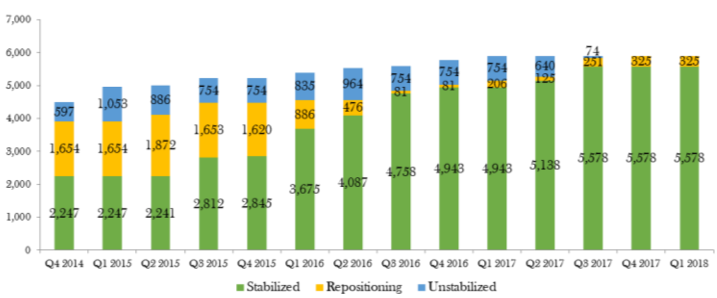
(1) Stabilized **(2) Unstabilized** **(3) Repositioning**

There has been significant improvement in stabilizing our properties over the year.

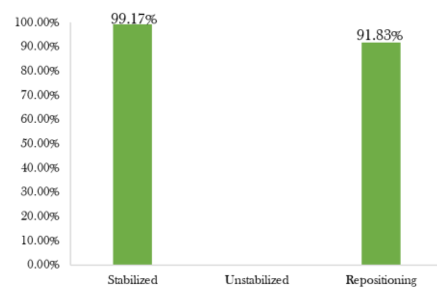
Portfolio Stabilization by Percentage (weighted)



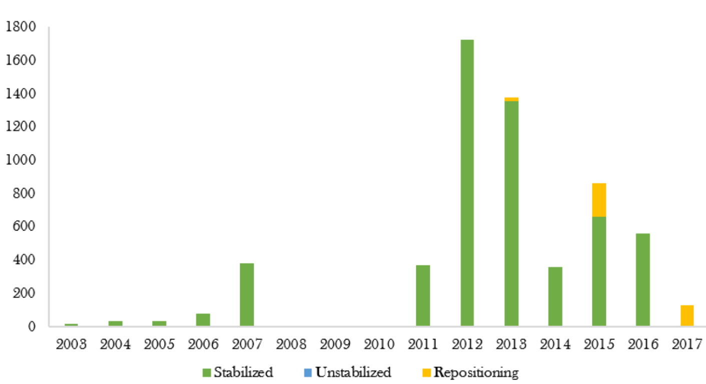
Portfolio Stabilization by Units



Summary of Property Occupancy by Stabilization Status



Stabilization by Year of Acquisition (rental units)



Stabilization by Year of Acquisition (percentage)

PORTFOLIO STABILIZATION AND REPOSITIONING PROGRESS

Renewal and Turnover Analysis – Q4 2016 vs Q4 2017

By Stabilization - Apartments			
Status	Market Rent Increase	Renewals	New Tenants (including unit transfers)
Stabilized	21.25%	2.38%	13.95%
Repositioning	0.61%	0.51%	0.30%
Unstabilized	-	-	-

By Stabilization - Students			
Status	Market Rent Increase	Renewals	New Tenants (including unit transfers)
Stabilized	-0.14%	0.92%	2.25%
Repositioning	-	-	-
Unstabilized	-	-	-

Acquisitions

In 2017, the Trust made the following acquisition:

Closing Date	City	Address	# of Rental Units	Type	Price	Interest
1-Mar-17	Regina, Saskatchewan	5501-5549-5601-5649 Prefontaine Avenue	208	Standard Apartment	$25,380,000	60%
TOTAL			**208**			

MORTGAGE INVESTMENT STRATEGY

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 financing business grew, the Asset Manager believed that the potential scale of these opportunities, particularly in the development of new apartments and student housing which the REIT could buy upon completion, would ultimately require a larger capital allocation than could be supported on the REIT`s 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 the 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 the REIT decided to set up a new fund, Centurion REOT, to which it contributed the majority of the REIT's debt and equity financing portfolio of $58.93 million in return for Class R equity units in REOT in September 2014.

The REIT and REOT are 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 the REIT. In the opinion of the Asset Manager, this end-to-end solution has been seen by developers as an attractive option and has garnered considerable interest. The strategic partnership between the REIT and the REOT 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 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 REOT
- 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.

For Centurion Real Estate Opportunities Trust:

- a significant starting portfolio with a track record that would allow REOT 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 the REIT
- via a Warehousing Agreement with the REIT, the ability to move quickly to commit to investment opportunities to build its portfolio.

As such, the REIT will invest in the strategic relationship with REOT by maintaining an investment in REOT and in providing a warehouse facility to REOT to assist REOT in growing its portfolio and thus ultimately, the number of options to purchase properties which the REIT may have interest in.

This will permit the Trust to participate in more opportunities without necessarily increasing the amount of capital dedicated to the strategy and potentially increase the acquisition pipeline further. Management continues to believe that:

1) due to excess competition, it is prudent to maintain our acquisition discipline in not overpaying and wait for the right opportunities which may take time; and
2) banks continue to restrict lending to the development community, particularly condos and to the medium and smaller builders which will increase interest rates on mezzanine financing and increase the number of attractive mortgage investment opportunities; and
3) with the reduction in capitalization rates, new construction apartment buildings are becoming feasible to build; and
4) with the Trust focusing on student housing, which is almost all new or recent construction, and where the opportunity is to expand is to find new attractive sites which need to be built; and
5) the Trust has the liquidity to invest.

Since REOT's launch it has continued to grow its net assets from an initial $58.93 million to $373.3 million. The portfolio is diversified with 68 funded investments of which 29% are designated as "participating" – meaning that REOT has equity type risk positions in these projects so there is the potential for upside beyond the return from the

MORTGAGE INVESTMENT STRATEGY

mortgage investment side of the projects.

As the REIT owns 61.84% of REOT as at December 31, 2017, consolidation principles apply. On a consolidated basis, the weighted effective interest rate is 10.01% and the weighted average contractual term of maturity is 1.02 years. The weighted average loan to value is 65.35%. Portfolio turnover was healthy with $61.0 million in pay-downs and $183.8 million in funding. As at December 31, 2017, a collective allowance against future potential losses not identified has been set up.

On an unconsolidated basis, approximately 9% of the mortgage investments are held directly by the REIT with the remainder held directly by REOT (some investments are syndicated between both funds).

It is anticipated that the return on the participating investments will be approximately 32%. This represents the IRR of deal underwriting over the life of the specific investments. The IRR's on participating investments are estimated and may not be realized and are not guaranteed. The return is not expected to occur linearly and may change materially. The IRR has been estimated over the investments life and may not be realized in 2018.

REOT utilizes a strategy that is focused on a very specific niche and builds on its relationship with the REIT as a potential end buyer of a completed apartment and student properties. REOT's ability to attract joint venture/developers to its project development program by being able to offer an end-to-end solution to its partners (debt, equity, property management/lease up, and potential end buyer) continues to gain traction in the market. As such, REOT has a very robust pipeline of opportunities into 2018.

The REIT's strategy is to increase the number of opportunities to purchase newly built properties upon completion by bringing in additional third-party capital through investment in REOT. The REIT has purchased three properties under this strategy including one that closed recently in 2017. As at December 31, 2017, the REIT has purchase options on a number of apartment and student properties currently in various stages of development and construction with a potential market value of $625.6 million on an undiluted basis.

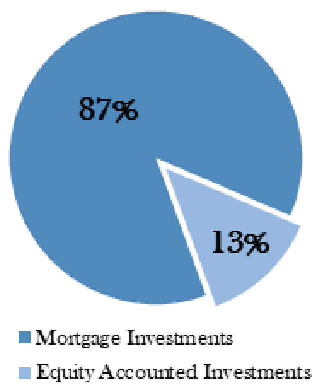
The REIT may not exercise its options to purchase all of the properties on which it holds options, however these options provide a strong pipeline of potential acquisition opportunities for the REIT. Management considers this to be very important for the REIT's future growth.

The following charts provide additional information relating to the mortgage investments and equity accounted investments in REOT. See Page 30 for the summary what is directly attributable to each entity.

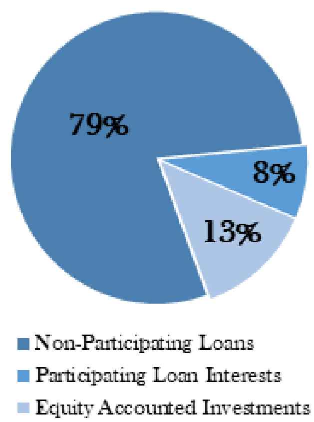
Appendix B provides detailed information of the mortgage investments as at December 31, 2017.

MORTGAGE INVESTMENT STRATEGY

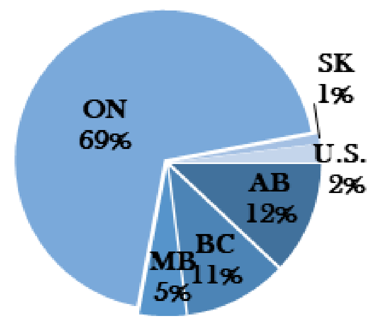
PORTFOLIO SUMMARY



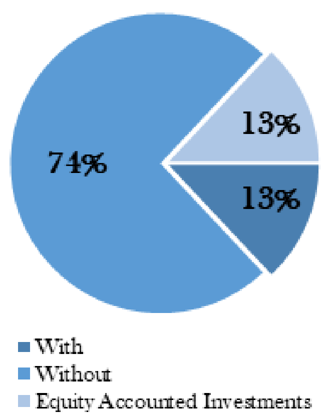
PARTICIPATING VS. NON-PARTICIPATING INVESTMENTS



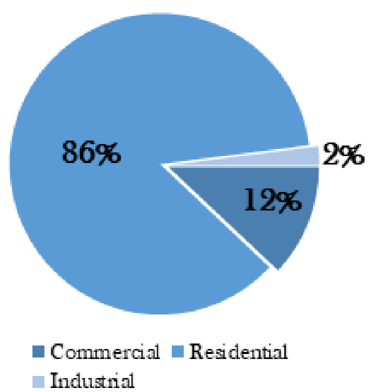
BY PROVINCE



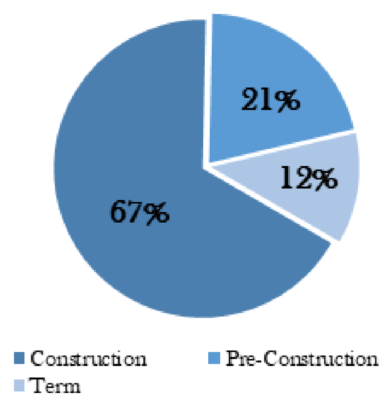
BY PURCHASE OPTIONS



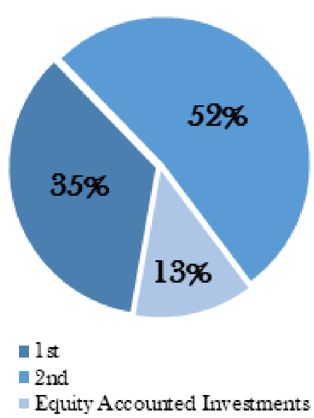
BY INVESTMENT TYPE



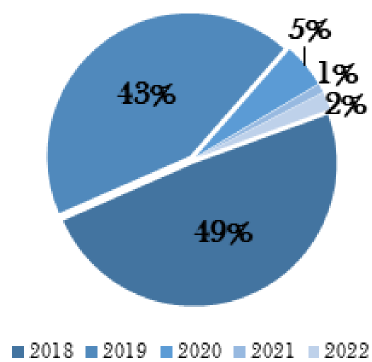
BY DEVELOPMENT STAGE



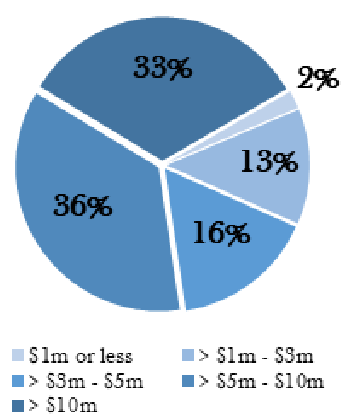
BY RANK



BY MATURITY



BY INVESTMENT SIZE



Please refer to Appendix B for Summary Information on the Mortgage Investment Portfolio.

2017 OPERATING RESULTS

2017 was the best year in the history of the REIT. The Trust had Net Income and Comprehensive Income of $145,709,016 compared to $52,142,846 in 2016, an increase of 179%. Same Property Total Operating Revenues (PTOR) increased 4.11% to $48,100,326 compared to $48,100,326 in 2016. Operating expenses were tightly controlled and declined relative to PTOR in every major category except for wages. As such, Total Net Operating Income (NOI) was up 8.59% to $30,710,420 on a same property basis and the NOI Margin expanded to 64.7% from 63.0% in 2016. There was very strong performance from the REIT's investments in REOT and its own mortgage portfolio. FFO/Unit increased 21.4% and NFFO/Unit increased 22.8%.

Occupancy significantly increased as more of the portfolio became stabilized. Portfolio stabilization was at 94.5% at year-end 2017 vs. 85.5% at year-end 2016. Occupancy at December 31, 2017 was at 99.0% vs. 94.5% at December 31, 2016. Occupancy maximization was slower than management had hoped for as it had to contend with a staffing reorganization on the student side of the business which was quite disruptive while management cycled and then trained new staff. With most of the portfolio anticipated to be stable in 2018, management believes that it will achieve target occupancies 97% by year end. With lower vacancy in its portfolio and tight rental markets in general in Ontario, this should give management the opportunity to drive rents in 2018.

Management believes that it has made significant strides towards the stabilization of the portfolio both on repositioning and on previous acquisition properties that are currently in the process of being stabilized. The medium-term stabilized target is now 64%-67% given where visibility into rents and continued savings on the expense side.

Harbour View Estates at 5501 Prefontaine Avenue, Regina, Saskatchewan

OPERATING INCOME GROWTH

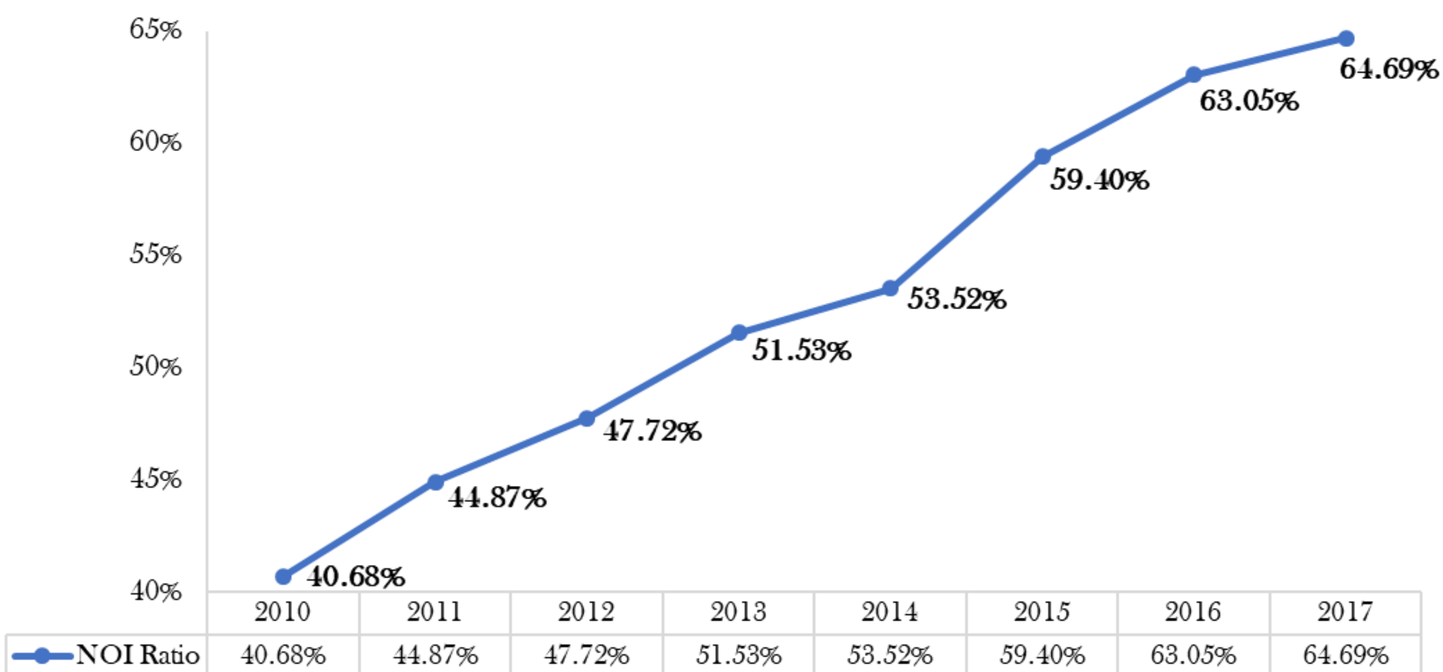
2017 operating results were impacted by stabilization costs ($1,849,874) and cash leakage ($1,477,740) for a total of $3,327,614, which management believes are short-term non-recurring expenses and will reduce as the portfolio stabilizes.

In 2017, NNOI started the year at a $39,206,990 and ended at $42,677,818 an increase of 13.6% over the same period in 2016. The below table reflects annualized NNOI at the end of each of these periods not the NNOI for the full period.

Normalized Net Operating Income (NNOI) Run Rates							
	2011	2012	2013	2014	2015	2016	2017
Same Property	$3,999,542	$7,531,522	$18,092,846	$24,834,252	$31,217,514	$35,253,537	$41,333,430
New Acquisitions	$3,033,930	$8,909,944	$6,317,287	$2,812,721	$3,301,673	$3,953,453	$1,344,389
TOTAL	$7,033,472	$16,441,466	$24,410,133	$27,646,973	$34,519,187	$39,206,990	$42,677,818

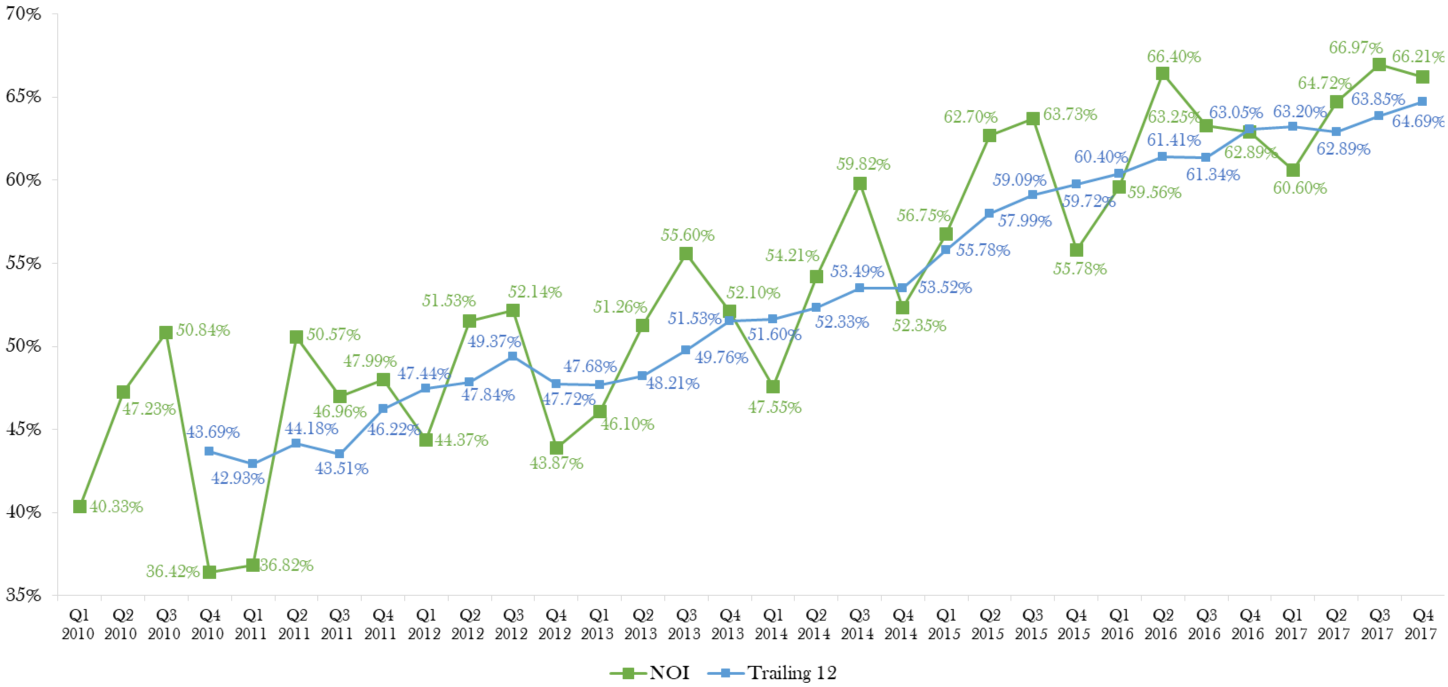
NOI ratios have continued to increase overtime. Management is targeting an NOI Ratio of between 62% and 65% in 2018.

Annual NOI Ratio Growth

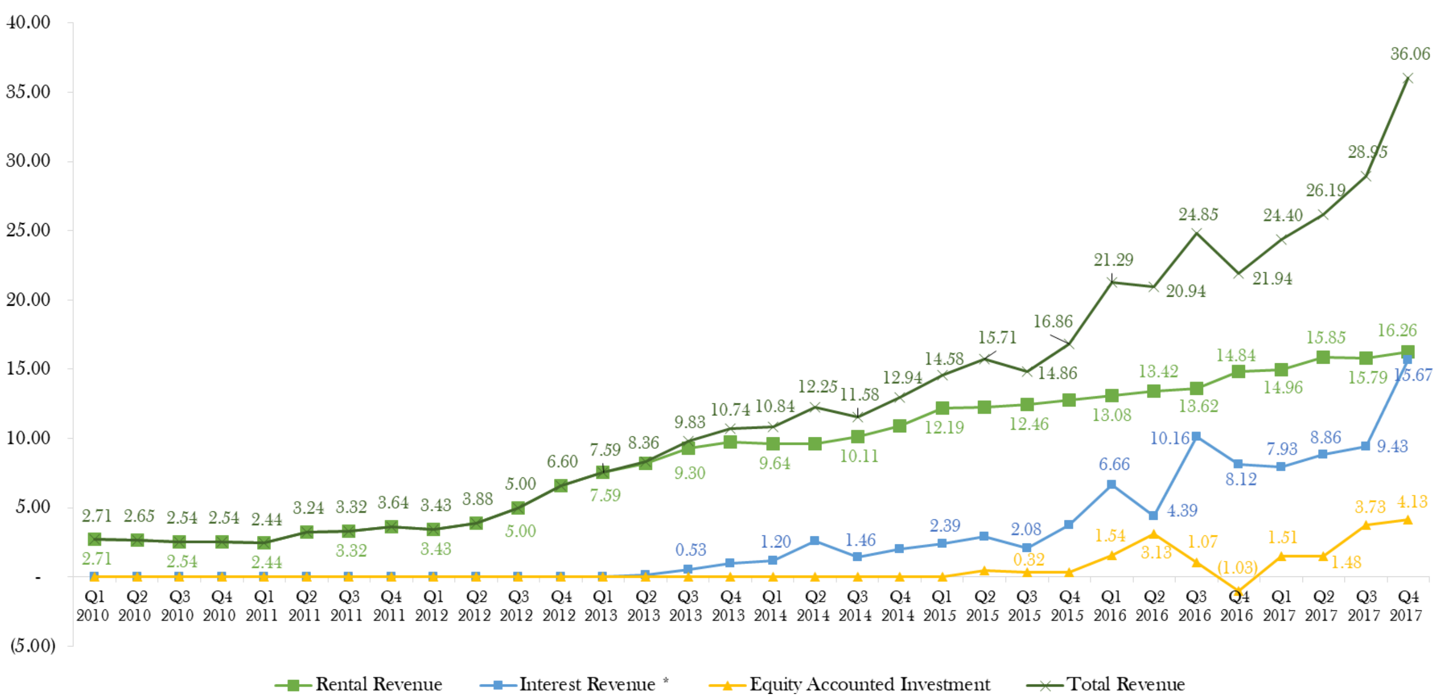


NOI AND REVENUE GROWTH

Quarterly NOI Growth Trend



Quarterly Revenue Growth
(in millions)



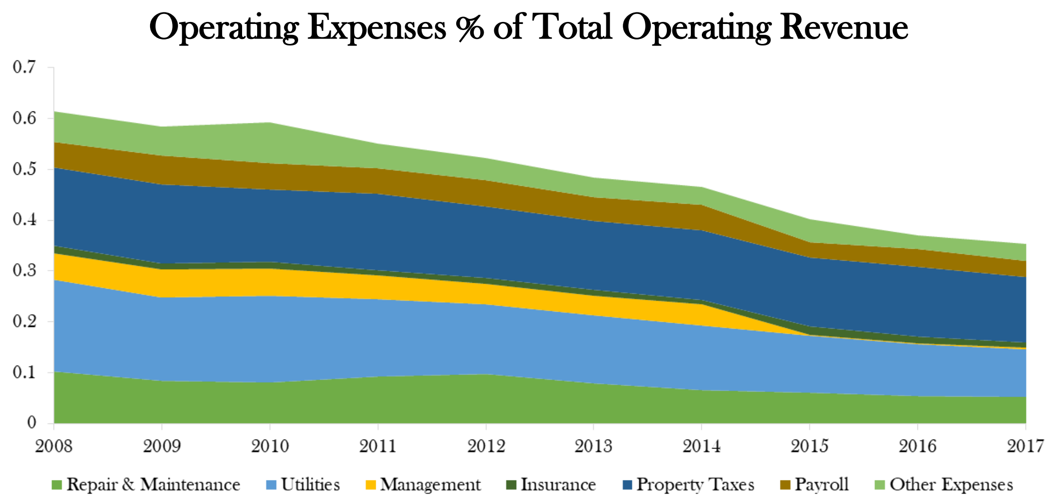
SAME STORE ANALYSIS[1]

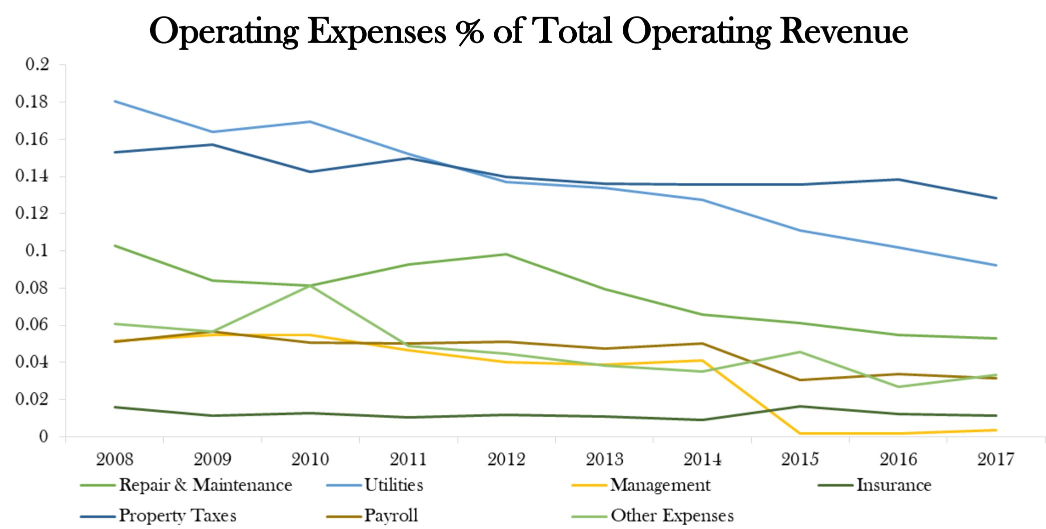
Asset Type	Stable			Repositioning		
Year	**2016**	**2017**	**Change**	**2016**	**2017**	**Change**
Income						
Total Operating Revenue	$49,908,400.73	$53,008,710.66	6.21%	$2,048,130.38	$2,485,837.10	21.37%
Total NOI	$31,876,225.15	$34,612,330.14	8.58%	$887,495.92	$1,290,607.73	45.42%
NOI Ratio	63.87%	65.30%	1.43%	43.33%	51.92%	8.59%
Average Rent/unit as per Dec 31st Rent Roll	$879.73	$910.80	3.53%	$1,083.78	$1,104.38	1.90%
Expense Ratio (%)						
Taxes	13.84%	13.16%	-0.67%	17.03%	13.15%	-3.87%
R&M	5.31%	4.97%	-0.34%	9.46%	7.50%	-1.96%
Wages	5.31%	2.97%	-0.18%	4.22%	4.36%	0.15%
Insurance	1.22%	1.16%	-0.05%	1.28%	1.10%	-0.18%
Utilities	10.15%	9.36%	-0.79%	9.63%	7.74%	-1.89%
G&A	2.16%	2.83%	0.67%	12.51%	11.20%	-1.31%
Expense Dollars ($)						
Taxes	($6,905,508.34)	($6,977,655.68)	$72,147.34	($348,770.37)	($326,985.79)	($21,784.58)
R&M	($2,651,982.96)	($2,635,112.80)	($16,870.16)	($193,729.69)	($186,328.53)	($7,401.16)
Wages	($1,570,147.18)	($1,574,250.89)	$4,103.71	($86,363.28)	($108,502.03)	$22,138.75
Insurance	($607,129.33)	($617,314.73)	$10,185.40	($26,246.10)	($27,308.83)	$1,062.73
Utilities	($5,066,526.99)	($4,962,769.78)	($103,757.21)	($197,249.45)	($192,508.56)	($4,740.89)
G&A	($1,076,169.79)	($1,497,496.43)	$421,326.64	($256,119.85)	($278,377.76)	$22,257.91

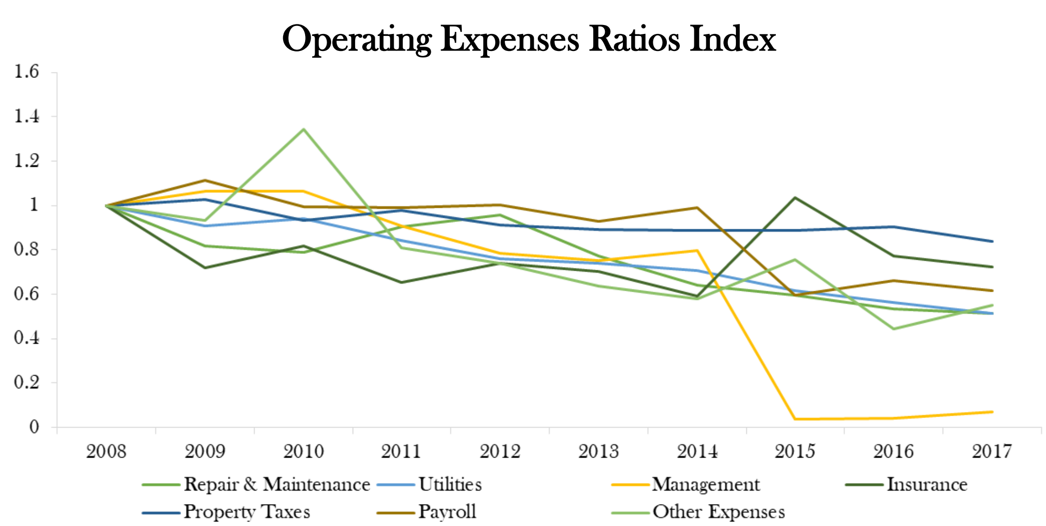
Asset Type	Unstabilized			Total – Same Store		
Year	**2016**	**2017**	**Change**	**2016**	**2017**	**Change**
Income						
Total Operating Revenue	-	-	-	$51,956,531.11	$55,494,547.76	6.81%
Total NOI	-	-	-	$32,763,721.07	$35,902,937.87	9.58%
NOI Ratio	-	-	-	63.06%	64.70%	1.64%
Average Rent/unit as per Dec 31st Rent Roll	-	-	-	$887.02	$918.68	3.57%
Expense Ratio (%)						
Taxes	-	-	-	13.96%	13.16%	-0.80%
R&M	-	-	-	5.48%	5.08%	-0.39%
Wages	-	-	-	3.19%	3.03%	-0.16%
Insurance	-	-	-	1.22%	1.16%	-0.06%
Utilities	-	-	-	10.13%	9.29%	-0.84%
G&A	-	-	-	2.56%	3.20%	0.64%
Expense Dollars ($)						
Taxes	-	-	-	($7,254,278.71)	($7,304,641.47)	$50,362.76
R&M	-	-	-	($2,845,712.65)	($2,821,441.33)	($24,271.32)
Wages	-	-	-	($1,656,510.46)	($1,682,752.92)	$26,242.46
Insurance	-	-	-	($633,375.43)	($644,623.56)	$11,248.13
Utilities	-	-	-	($5,263,776.44)	($5,155,278.34)	($108,498.10)
G&A	-	-	-	($1,332,289.64)	($1,775,874.19)	$443,584.55

[1] *Same store analysis includes the results for all properties that were owned throughout the period from December 31, 2014 to December 31, 2015 and the results for the same properties for the period from December 31, 2015 to December 31, 2016.*

OPERATING EXPENSES







“FFO”, “NFFO”, AND “PFFO”

Funds From Operations, Normalized Funds From Operations, and Potential Funds From Operations

	2017	2016 [6]
FFO (Funds From Operations)		
Net Income and Comprehensive Income	$145,709,016	$52,142,846
Less: FV gains on investment properties	($78,760,932)	($6,264,838)
Less: Minority Interest [1]	($18,408,949)	($12,934,200)
Plus: Provision on mortgage portfolio	$891,767	$523,225
Plus: Amortizations	$1,095,897	$538,280
Plus: Capital raising costs expensed through G&A	$305,833	$432,630
FFO	**$50,832,632**	**$34,437,943**
NFFO (Normalized Funds From Operations)		
FFO	$50,832,632	$34,437,943
Plus: Vacancy and portfolio stabilization costs [2]	$1,849,874	$3,825,658
Plus: Cash leakage and underleveraging	$1,477,740	$1,500,000 [3]
Plus: Gap to market rents	$7,706,000	$1,691,000
NFFO	**$61,866,246**	**$41,454,601**
PFFO (Potential Funds From Operations)		
NFFO	$61,866,246	$41,454,601
Sub-metering	$914,000	$967,000
Parking implementation	$305,500	$652,000
Roll-down or mortgage portfolio to market rate 5-year mortgages	$1,104,000	$3,022,000 [4]
Cash deployed (at 10% net return)	$1,000,000	- [5]
PFFO	**$65,189,746**	**$46,706,601**
Average number of outstanding units	49,794,831	41,132,341
Per Unit Statistics (Per Adjusted Number of Outstanding Units)		
Net Income and Comprehensive Income	$2.93	$1.27
FFO	$1.02	$0.84
NFFO	$1.24	$1.01
PFFO	$1.31	$1.14

Notes:

[1] *Represents the Non-Controlling Interest*

[2] *Normalized vacancy, credit and leasing costs associated with repositioning and stabilizing the portfolio to normal operations.*

[3] *In 2016, the REIT had excess capital and cash which remained undeployed for a period which is why the Trust had to be capped to new investment.*

[4] *The REIT expects to reduce the costs of its mortgage liabilities over time. This represents the difference between current and in place mortgage rates and currently available rates based on a 3.48% average.*

[5] *The REIT is currently significantly underleveraged. A new $20 million credit facility in REOT has been approved.*

[6] *For details of the 2015 figures please see the 2015 Annual Report.*

FAIR VALUE ADJUSTMENTS OF INVESTMENT PROPERTIES

Under IFRS, investment properties are recorded on the balance sheet at fair market value, unadjusted for portfolio or platform premiums. Changes in fair value flow through the statements of income and comprehensive income. In 2017, the gross value of the properties appreciated by $102,537,668.

A table that reconciles the increase in property values versus the Fair Value Adjustment in the financial statements is presented below. In Management's opinion, capital investments provide the opportunity for benefits which include future value growth that in many cases do not reflect in value immediately.

Fair Value of Investment Properties

	2017	2016
Balance, beginning of the year	$768,793,900	$666,463,327
Property acquisitions [1]	25,380,000	$72,430,896
Property dispositions	-	-
Increase (decrease) in valuation	$102,537,667	$29,899,677
Total	**$896,711,567**	**$768,793,900**

[1] *At purchase price*

Reconciliation of Increase in Portfolio Valuation to Fair Value Adjustment [1]

	2017	2016
Change in property valuation	$102,537,667	$29,899,677
Less: Acquisitions cost	($1,351,853)	($2,598,198)
Less: Property improvements	($22,424,882)	($21,036,641)
Fair Value Adjustment on Investment Properties	**$78,760,932**	**$6,264,838**

[1] *This table reconciles the Gross Change in property valuation with the financial statements. Refer to Note 4 of the audited financial statements in Appendix "D"*

FAIR VALUE ADJUSTMENTS OF INVESTMENT PROPERTIES

Some examples of capital investment would include, but are not limited to, common area renovations that increase the appeal and marketability of the property, energy retrofits, building envelope improvements and improvements to apartment fixtures and finishes that produce a higher rental rate in the competitive market. Management believes that the significant investments made between 2014 and 2016 will continue to contribute to growth in property values, ceteris paribus, in 2018 and beyond. Management anticipates that it will be filing a number of additional above guideline rent increase applications in 2018 as a result of many of these capital improvements and that ultimately this will contribute further to property values. (See "Revenue and Expense Summary Table" for a partial list of some of these initiatives and their potential impacts).

The portfolio weighted average capitalization rate declined again in 2017 from 5.11% to 4.80%. (see Note 4 of the consolidated audited financial statements in Appendix "D").

Management believes that there still remains scope for capital growth in 2018 and beyond. Further, as discussed previously, the Trust invested $22,424,882 in capital improvements in 2017 and it is Management's opinion that not all of the benefits of these improvements are reflected in current values.

Sources of Change in Portfolio Valuation

	2017	2016
Change in capitalization rates	57%	27%
Growth of NNOI	43%	62%
Acquisitions	-	11%
Total	**100%**	**100%**

Issued and Outstanding Number of Units

The following table depicts the number of Issued and Outstanding Units at each of these periods.

Summary of Unit Holdings at December 31, 2017

	2017	2016
Class A	44,078,599	38,160,499
Class F	8,638,456	5,816,419
Class I	78,802	-
Class M	50,000	50,000
Exchangeable LP	131,000	136,470
Total	**52,976,857**	**44,163,388**

DISTRIBUTIONS

In 2017, distributions per unit remained at $0.82/Unit/ Annum for the Class A units and $0.93/Unit/Annum for the Class F units while the unit price continued to increase in 2017. Distribution yield is currently 5.92% based on $0.8200/Unit/Annum on a $13.849/Unit for Class A units and 6.72% based on $0.9300/Unit/ Annum on a $13.849/Unit for Class F units.

Management anticipates that distributions per Unit will remain at the current level for the remainder of the year while it focuses on the stabilizing and repositioning in- process properties and realizing some of the potential in the portfolio. The chart below shows the annual distribution since the REIT's inception.

TAX TREATMENT OF DISTRIBUTIONS

The chart below shows the history of the tax treatment of the REIT's distributions by year.

T3 Box	Description	2009	2010	2011	2012	2013	2014	2015	2016	2017
42	Return of capital	100.00%	100.00%	100.00%	100.00%	90.25%	83.70%	83.31%	84.43%	67.90%
21	Capital gains	-	-	-	-	9.75%	1.87%	1.15%	-	6.20%
26	Other income	-	-	-	-	-	14.43%	15.54%	15.57%	25.90%

In 2017, Other Income remained within the same range as in the prior year as a portion of total returns at 25.90%. This was driven by the interest income earned by the REIT on its mortgage investment and development portfolio. Given the strategic importance of continuing to build a future pipeline for accretive growth, Management expects that this income will remain the same or increase as the REIT continues to deploy capital 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.

CAPITAL RAISING ACTIVITY

The REIT raised $142.6 million in 2017. The majority of these funds were used to invest in Class R units of Centurion Real Estate Opportunities Trust as there was a lack of accretive acquisition opportunities. As of April 2018, the REIT has raised approximately $62 million in new capital.

The Trust continually looks for additional capital sources and structures, such as debt offerings, which would be accretive to the unitholders.

USE OF PROCEEDS

Form 45-106 is a required regulatory form which provides details of the use of proceeds as at the financial year-end. The date of the report is April 24, 2017, which is the date of the auditor's report on the consolidated financial statements for the Trust for the most recently completed financial year December 31, 2017.

NOTICE OF USE OF PROCEEDS [1]

Fort the financial year ended December 31, 2017

Report date April 24, 2017 [2]

		2017
(A)	Closing unused proceeds balance from the last [2] Notice in Form 45-106F16 filled, if any	-
(B)	Proceeds raised in the most recent completed financial year	$142,603,167
(C)	Total opening proceeds	$142,603,167
1. PROCEEDS USED DURING THE MOST RECENT COMPLETED FINANCIAL YEAR		
	Proceeds used to pay the following:	
	Unit issue costs	$6,270,763
	Net mortgage investments issued	$95,883,838
	Equity investments	$14,329,756
	Redemptions of units	$29,382,387
	Investment in property acquisitions	$17,612,984
	Capital improvements	$22,424,882
	Changes in working capital	($43,301,444)
(D)	Total used proceeds	$142,603,167
(E)	Closing unused proceeds	-

NOTES

[1] The Consolidated Statement of Cash Flows included in the audited consolidated financial statements provides additional information.

[2] The date must be no earlier than the date of the auditor's report.

TOTAL RETURNS

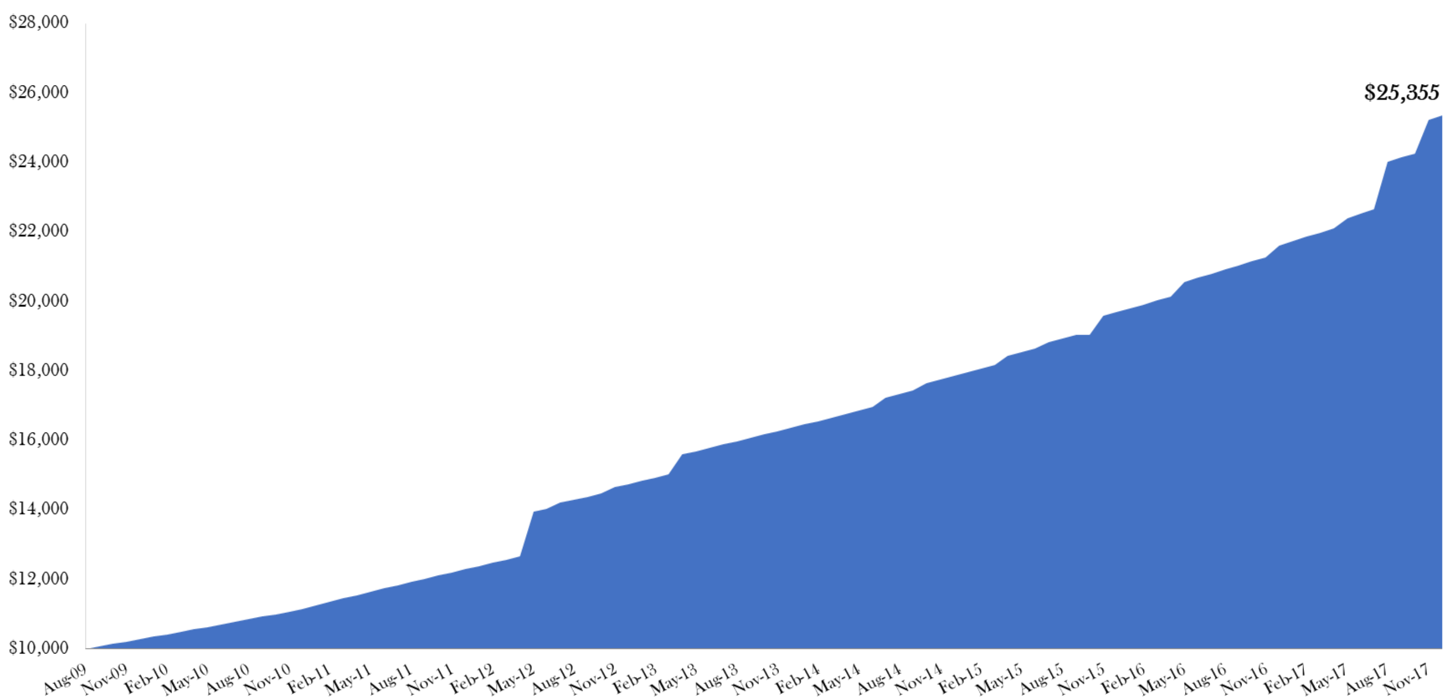
Including the upwards adjustment in NAV, and the reinvestment of distributions, total one-year returns were 17.30% for Class A units and 18.31% for Class F units in 2017. Management believes that capitalization rates are stable with a downward bias and that future returns will be driven by the continued execution of the strategies outlined previously in repositioning the portfolio, our development pipeline, reducing interest costs and realization of the benefits of the capital investments that have been made in the portfolio.

REIT Returns for Class A Units (excluding history of CAPLP)

Calendar Returns	2009 [1]	2010	2011	2012	2013	2014	2015	2016	2017
Centurion CAPLP/REIT TR	2.7%	8.5%	10.2%	20.0%	11.0%	9.2%	10.2%	9.8%	17.3%

Compound Returns (%)	1-Year	2-year	3-Year	4-Year	5-Year	Since Inception of REIT
Centurion CAPLP/REIT TR	17.30%	13.49%	12.38%	11.58%	11.46%	11.81%

Centurion Apartment REIT Growth of $10,000 Invested [2, 3]



Notes:
[1] For partial year from 31 Aug 09 to 31 Dec 09
[2] Refer to detailed Disclaimer on Sheet labeled "Disclaimer" in the calculation spreadsheet published by Management here:
www.centurion.ca/noindex/Historic-Returns
[3] Class "A" Units

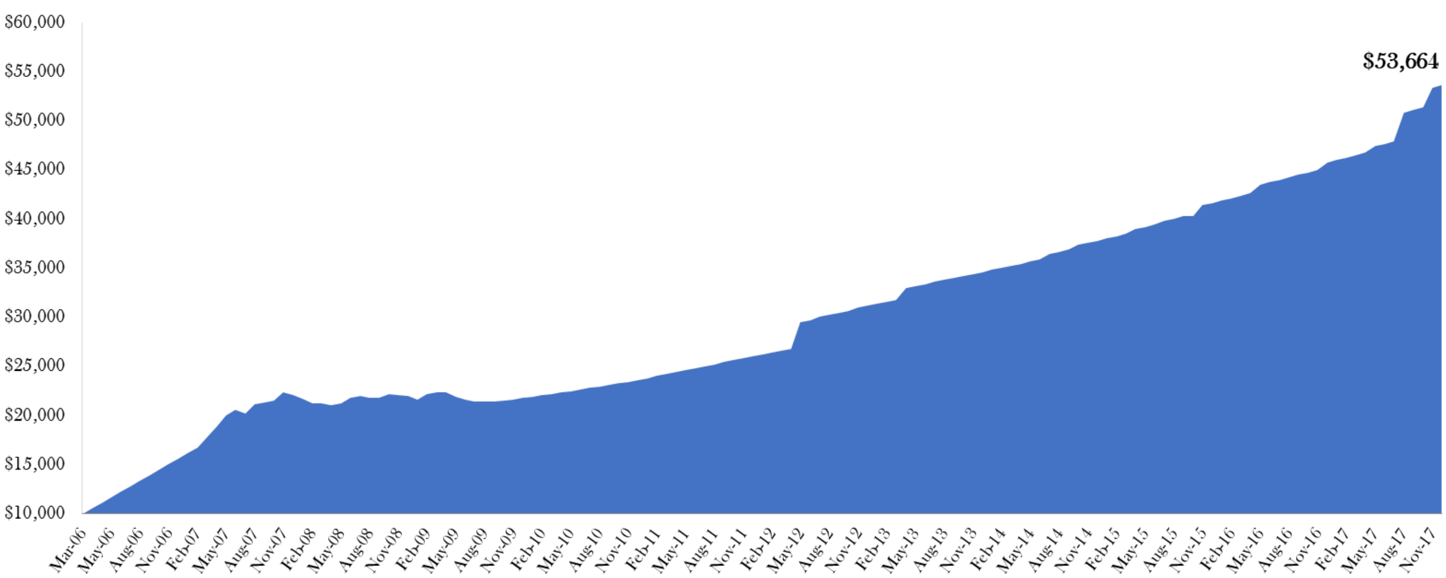
TOTAL RETURNS

REIT Returns for Class A Units (including history of CAPLP)

Calendar Returns	2006 [1]	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
CAPLP	55.80%	41.92%	(0.67%)	(0.78%)	8.25%	10.21%	20.01%	10.95%	9.21%	10.20%	9.81%	17.30%

Compound Returns	1-Year	2-Year	3-Year	4-Year	5-Year	6-Year	7-Year	Since Inception
Centurion CAPLP/REIT TR	17.3%	13.49%	12.38%	11.58%	11.46%	12.84%	12.46%	15.26%

CAPLP Growth of $10,000 Invested [2, 3]



Notes:

[1] For partial year from Mar 06 to 31 Dec 06

[2] Refer to detailed Disclaimer on Sheet labeled "Disclaimer".

[3] Class "A" Units

APPENDIX A

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 (undiluted)	Total Rental Units (diluted)
262-320 Kingswood Dr	Apt	100%		92	268				360	360	360	360
15, 19, and 25 Hugo Cres	Apt	100%		7	46				53	53	53	53
196 Churchill St S	Apt	100%	3	7	23				33	33	33	33
21 and 31 Jean Ave	Apt	100%		20	12				32	32	32	32
1631 Victoria Park Ave	Apt	100%	4	19	12				35	35	35	35
4 and 8 Rannock St, and 880 Pharmacy Ave	Apt	100%		34	51				85	85	85	85
60 Prince Edward St	Apt	100%		3	27				30	30	30	30
707 and 711 Dundas St W	Apt	100%			24	12			36	36	36	36
165 Old Muskoka Rd	Apt	100%	1	4	33	1			39	39	39	39
2 and 4 Yonge St	Apt	100%		6	13	6			25	25	25	25
167 Morgan Ave	Apt	100%	2	10	20	15			47	47	47	47
362 Shanty Bay Rd	Apt	100%		4	11				15	15	15	15
275 North Service Rd	Apt	100%		34	41	7			82	82	82	82
356 and 360 Hoffman	Apt	100%		36	60				96	96	96	96
173 King St N	SH	100%		1	1		54		56	56	219	219
133-143 Woodside Ave	Apt	100%		125	206	2			333	333	333	333
St. George St and Ann St	SH	100%					24		24	24	96	96
25 and 45 Briardale Rd	Apt	100%		14	76				90	90	90	90
1,2,3,5, and 7 Biggin Crt	Apt	100%	11	179	108	10			308	308	308	308
Auburn Student Residence	SH	100%				10	40	50	100	100	440	440
6 Grandstand Place	Apt	100%		21	33	6			60	60	60	60
219 St. Andrews St	Apt	100%	3	13	12				28	28	28	28
252 and 256 St. Andrews St	Apt	100%		3	129				132	132	132	132
1175 Dundas St W	Apt	100%	1	53	50				104	104	104	104
277 Anderson Ave	Apt	100%			47				47	47	47	47
122 Elizabeth St	Apt	100%	1		26	2			29	29	29	29
36 and 70 Orchard View	Apt	100%		6	18				24	24	24	24
255 Dunlop St West	Apt	100%			2	26			28	28	28	28
26 Thorncliffe Park Drive	Apt	100%		35	25	1			61	61	61	61
27 Thorncliffe Park Drive	Apt	100%	2	45	39				86	86	86	86
50 Thorncliffe Park Drive	Apt	100%	1	10	34	12			57	57	57	57
1594 Victoria Park Ave	Apt	100%	1	13	14				28	28	28	28
5 Dufresne Crt	Apt	100%		108	82	28			218	218	218	218
1 Beaufort St	SH	75%						27	27	20	135	101
75 Ann St	SH	75%			2	45	90		137	103	499	374

APPENDIX A

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 (undiluted)	Total Rental Units (diluted)
167 King St N	SH	100%						41	41	41	205	205
345 King St N	SH	100%				28	28	38	94	94	386	386
3443 Bathurst St	Apt	100%		4	13	6			23	23	23	23
4 Antrim Cres	Apt	100%		41	24				65	65	65	65
168 King St N	SH	100%		1				35	36	36	176	176
58 Holtwood Crt	Apt	100%		9	99	6			114	114	114	114
3707-3711 Whitelaw Lane NW	Apt	100%		3	123				126	126	126	126
45-56 College Street, Kitchener	Apt	100%	8	26	12				46	46	46	46
64-66 Weber, 58-60 Weber, 96 Young	Apt	100%	3	24		1			28	28	28	28
205 Oxford St	SH	100%		50	85				135	135	220	220
11 Wendy Crt	Apt	100%		5	91				96	96	96	96
285 North Service Rd	Apt	100%		34	47				81	81	81	81
1731-1735-1739 Victoria Park Ave	Apt	100%	15	78	36				129	129	129	129
5 Schroder Cres	Apt	100%		7	50	9			66	66	66	66
1 Columbia St W	SH	50%						74	74	37	370	185
5501- 5549- 5601- 5649 Prefontaine Ave	Apt	60%		64	144				208	125	208	125
Total			**56**	**1,248**	**2,269**	**233**	**236**	**265**	**4,307**	**4,146**	**6,329**	**5,902**

Notes:

"Apt" is short for Apartment and "SH" is short for Student Housing.

"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 roommates sharing the apartment and was not 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).

APPENDIX A

Summary Information About The Properties

Property Summary by City									
City	Number of Complexes	Undiluted # of Suites	Undiluted % of Suites	Diluted # of Suites	Diluted % of Suites	Undiluted Rental Units	Undiluted Rental Units % of RU's	Diluted Rental Units	Diluted Rental Units % 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%
Huntsville	1	25	1%	25	1%	25	0%	25	0%
Kitchener	7	662	16%	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	1,155	27%	1,155	28%	1,155	18%	1,155	20%
Waterloo	5	301	7%	264	6%	1,356	212%	1,171	20%
Whitby	1	36	1%	36	1%	36	1%	36	1%
18 Cities	**51**	**4,307**	**100%**	**4,146**	**100%**	**6,329**	**100%**	**5,903**	**100%**

Property Summary by Region									
Region	Number of Complexes	Undiluted # of Suites	Undiluted % of Suites	Diluted # of Suites	Diluted % of Suites	Undiluted Rental Units	Undiluted Rental Units % of RU's	Diluted Rental Units	Diluted Rental Units % of RU's
Central ON	4	107	3%	107	3%	107	2%	107	2%
Eastern ON	2	59	1%	59	1%	59	1%	59	1%
Greater Edmonton Area	1	126	3%	126	3%	126	2%	126	2%
Greater Regina Area	1	208	5%	125	3%	208	3%	125	2%
Greater Toronto Area	19	1562	38%	1562	39%	1562	26%	1562	27%
Halifax Regional Municipality	1	114	3%	114	3%	114	2%	114	2%
Kitchener-Waterloo-Cambridge	18	1708	42%	1671	42%	2763	45%	2578	45%
London Area	4	323	8%	282	7%	950	16%	792	14%
Montreal	1	100	2%	100	2%	440	7%	440	8%
Total	**51**	**4,307**	**100%**	**4,146**	**100%**	**6,329**	**100%**	**5,902**	**100%**

APPENDIX A

Summary Information About The Properties

Property Summary by Province

Province	Number of Complexes	Undiluted # of Suites	Undiluted % of Suites	Diluted # of Suites	Diluted % of Suites	Undiluted Rental Units	Undiluted Rental Units % of RU's	Diluted Rental Units	Diluted Rental Units % of RU's
Alberta	1	126	3%	126	3%	126	2%	126	2%
Ontario	47	3759	92%	3681	92%	5441	89%	5098	88%
Nova Scotia	1	114	3%	114	3%	114	2%	114	2%
Quebec	1	100	2%	100	2%	440	7%	440	8%
Saskatchewan	1	208	5%	125	3%	208	3%	125	2%
Total	**51**	**4,307**	**100%**	**4,146**	**100%**	**6,329**	**100%**	**5,902**	**100%**

Rent Controlled vs Non-Rent Controlled[1] Properties

	Number of Complexes	Undiluted # of Suites	Undiluted % of Suites	Diluted # of Suites	Diluted % of Suites	Undiluted Rental Units	Undiluted Rental Units % of RU's	Diluted Rental Units	Diluted Rental Units % of RU's
Rent Controlled	40	3,370	78%	3,370	81%	3,795	60%	3,795	64%
Non-Rent Controlled	11	937	22%	776	19%	2,534	40%	2,107	36%
Total	**51**	**4,307**	**100%**	**4,146**	**100%**	**6,329**	**100%**	**5,902**	**100%**

Rent Controlled vs Non-Rent Controlled[1] Properties

Property Type	Number of Complexes	Undiluted # of Suites	Undiluted % of Suites	Diluted # of Suites	Diluted % of Suites	Undiluted Rental Units	Undiluted Rental Units % of RU's	Diluted Rental Units	Diluted Rental Units % of RU's
Apartment	41	3,583	83%	3,500	84%	3,583	57%	3,499	59%
Student Housing	10	724	17%	646	16%	2,746	43%	2,403	41%
Total	**51**	**4,307**	**100%**	**4,146**	**100%**	**6,329**	**100%**	**5,902**	**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	3,500	$1,073.43
Student Housing	646	$648.03
Total	**4,146**	**$1,721.46**

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"*

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)

LIST OF PROPERTIES

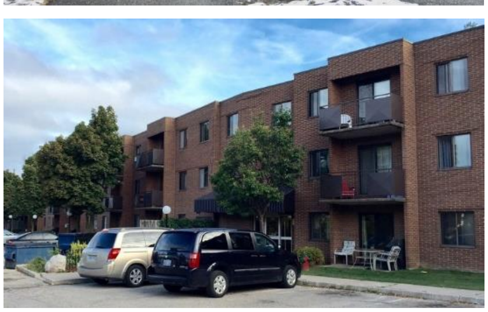
Apartments

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)

LIST OF PROPERTIES

Apartments

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)

LIST OF PROPERTIES

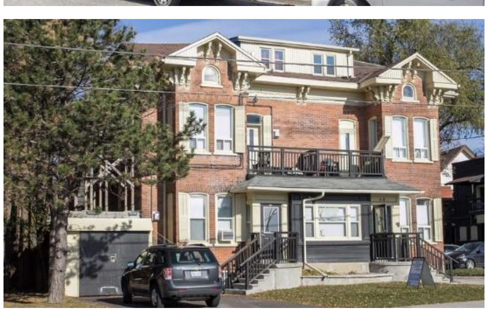
Apartments

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)

LIST OF PROPERTIES

Apartments

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)

LIST OF PROPERTIES

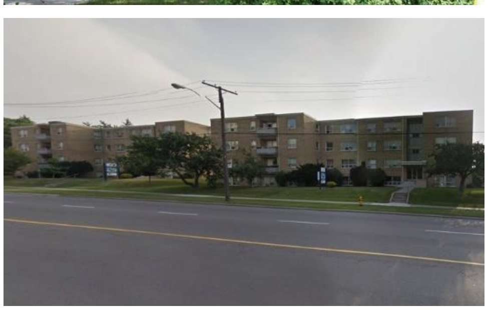
Apartments

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)

LIST OF PROPERTIES

Apartments

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)

LIST OF PROPERTIES

Apartments

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)

LIST OF PROPERTIES

Apartments

Harbour View Estates

Location: Regina, Saskatchewan
Address: 5501-5549-5601-5649 Prefontaine Avenue (map)
Type of Building: Apartments (elevator)
Number of Suites: 208 suites
(64 one-bdrm and 144 two-bdrm
*Centurion owns 60% of this property in joint venture with other investors.

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)

LIST OF PROPERTIES

Student Residences

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: 74
(comprising 370 rental beds)
*Centurion owns 50% of this property in joint venture with other investors.

APPENDIX B

Summary Information About the Mortgage Investment Portfolio of REIT (December 31, 2017)

MORTGAGE INVESTMENTS AND EQUITY ACCOUNTED INVESTMENTS

The following charts provide additional information relating to the mortgage investments and equity accounted investments in the REIT.

Summary	Funded Value	#	% of Portfolio	Wt.-Avg. Rate	Committed Value	#	% of Portfolio
Mortgage Investments	$315,279,048	70	87%	10.01%	$431,309,145	78	89%
Equity Accounted Investments	$47,601,227	7	13%	0.00%	$55,657,089	7	11%
Total	**$362,880,275**	**77**	**100%**	**10.01%**	**$486,966,234**	**85**	**100%**

Rank	Funded Value	#	% of Portfolio	Wt.-Avg. Rate	Committed Value	#	% of Portfolio
1st	$127,491,655	24	35%	8.67%	$202,510,736	27	42%
2nd	$187,787,393	46	52%	10.91%	$228,798,408	51	47%
Equity Accounted Investments	$47,601,227	7	13%	0.00%	$55,657,089	7	11%
Total	**$362,880,275**	**77**	**100%**	**10.01%**	**$486,966,234**	**85**	**100%**

Province or State	Funded Value	#	% of Portfolio	Wt.-Avg. Rate	Committed Value	#	% of Portfolio
Alberta	$43,269,758	9	12%	12.39%	$60,033,679	10	12%
British Columbia	$39,051,854	5	11%	9.90%	$47,973,154	6	10%
Manitoba	$18,957,510	4	5%	10.00%	$21,075,438	4	4%
Ontario	$251,527,972	57	69%	9.73%	$347,409,933	63	72%
Saskatchewan	$3,704,652	1	1%	0.00%	$4,105,500	1	1%
United States	$6,368,530	1	2%	10.00%	$6,368,530	1	1%
Total	**$362,880,275**	**77**	**100%**	**10.01%**	**$486,966,234**	**85**	**100%**

Mortgage Type	Funded Value	#	% of Portfolio	Wt.-Avg. Rate	Committed Value	#	% of Portfolio
Commercial	$42,679,205	12	12%	8.53%	$68,262,472	13	14%
Residential	$311,538,332	64	86%	10.17%	$410,041,024	71	84%
Industrial	$8,662,738	1	2%	10.50%	$8,662,738	1	2%
Total	**$362,880,275**	**77**	**100%**	**10.01%**	**$486,966,234**	**85**	**100%**

APPENDIX B

Summary Information About the Mortgage Investment Portfolio of REIT (December 31, 2017)

MORTGAGE INVESTMENTS AND EQUITY ACCOUNTED INVESTMENTS

City	Funded Value	#	% of Portfolio	Wt.-Avg. Rate	Committed Value	#	% of Portfolio
Brampton	$4,418,745	1	1.22%	8.50%	$4,418,745	1	0.91%
Brantford	$13,297,039	2	3.66%	9.80%	$16,262,738	2	3.34%
Caledon East	$585,132	1	0.16%	10.00%	$585,132	1	0.12%
Calgary	$23,564,787	4	6.49%	12.76%	$30,086,479	4	6.18%
Clarington	$19,222,187	4	5.30%	10.00%	$24,104,187	5	4.95%
Cochrane	$8,827,163	1	2.43%	0.00%	$9,642,396	1	1.98%
Collingwood	$421,849	1	0.12%	8.75%	$421,849	1	0.09%
Detroit	$6,368,530	1	1.75%	10.00%	$6,368,530	1	1.31%
Dundalk	$5,338,391	1	1.47%	11.00%	$5,338,391	1	1.10%
Edmonton	$9,554,805	3	2.63%	11.30%	$13,704,805	4	2.81%
Grimsby	$7,213,471	3	1.99%	9.60%	$10,541,701	3	2.16%
Guelph	$9,300,689	6	2.56%	10.00%	$19,205,000	8	3.94%
Hamilton	$5,278,088	3	1.45%	10.06%	$35,449,072	4	7.28%
Kitchener	$23,263,233	3	6.41%	11.69%	$25,979,406	3	5.33%
Markham	$23,077,744	1	6.36%	9.00%	$23,077,744	1	4.74%
Minett	$5,178,928	3	1.43%	8.50%	$10,395,533	3	2.13%
Mississauga	$0	0	0.00%	0.00%	$11,000,000	1	2.26%
Newcastle	$2,445,921	2	0.67%	14.13%	$4,589,078	2	0.94%
Oakville	$3,424,318	1	0.94%	9.25%	$4,500,000	2	0.92%
Okotoks	$1,323,004	1	0.36%	15.00%	$6,600,000	1	1.36%
Peterborough	$1,324,126	1	0.36%	10.00%	$2,250,000	1	0.46%
Pickering	$7,667,708	2	2.11%	8.08%	$14,749,380	2	3.03%
Regina	$3,704,652	1	1.02%	0.00%	$4,105,500	1	0.84%
Richmond Hill	$10,875,665	1	3.00%	11.00%	$12,715,000	1	2.61%
Sault St. Marie	$44,658	1	0.01%	10.00%	$642,000	1	0.13%
Scarborough	$2,804,237	1	0.77%	8.00%	$6,114,643	1	1.26%
Sooke	$8,078,700	1	2.23%	9.50%	$13,000,000	1	2.67%
Toronto	$40,440,874	8	11.14%	9.27%	$46,774,105	8	9.61%
Vaughan	$17,608,742	1	4.85%	7.25%	$20,000,000	1	4.11%
Victoria	$30,973,154	4	8.54%	10.00%	$34,973,154	5	7.18%
Waterloo	$48,296,229	10	13.31%	10.12%	$48,296,229	10	9.92%
Winnipeg	$18,957,510	4	5.22%	10.00%	$21,075,438	4	4.33%
Total	**$362,880,275**	**77**	**100%**	**10.01%**	**$486,966,234**	**85**	**100%**

APPENDIX B

Summary Information About the Mortgage Investment Portfolio of REIT (December 31, 2017)

Mortgage Type	Funded Value	#	% of Portfolio	Wt.-Avg. Rate	Committed Value	#	% of Portfolio
Commercial	$42,679,205	12	12%	8.53%	$68,262,472	13	14%
Residential	$311,538,332	64	86%	10.17%	$410,041,024	71	84%
Industrial	$8,662,738	1	2%	10.50%	$8,662,738	1	2%
Total	**$362,880,275**	**77**	**100%**	**10.01%**	**$486,966,234**	**85**	**100%**

Participation	Funded Value	#	% of Portfolio	Wt.-Avg. Rate	Committed Value	#	% of Portfolio
Non-Participating Loans	$285,777,680	57	79%	10.03%	$397,249,100	65	82%
Participating Loan Interests	$29,501,368	13	8%	9.81%	$34,060,045	13	7%
Equity Accounted Investments	$47,601,227	7	13%	1.16%	$55,657,089	7	11%
Total	**$362,880,275**	**77**	**100%**	**10.01%**	**$486,966,234**	**85**	**100%**

Development Stage	Funded Value	#	% of Portfolio	Wt.-Avg. Rate	Committed Value	#	% of Portfolio
Construction	$242,732,031	56	67%	10.21%	$340,631,291	61	70%
Pre-Construction	$77,052,681	11	21%	9.89%	$91,642,037	13	19%
Term	$43,095,564	10	12%	9.28%	$54,692,906	11	11%
Total	**$362,880,275**	**77**	**100%**	**10.01%**	**$486,966,234**	**85**	**100%**

Underlying Security	Funded Value	#	% of Portfolio	Wt.-Avg. Rate	Committed Value	#	% of Portfolio
Multi Family Apartments	$87,933,257	17	24%	10.15%	$94,893,826	18	19%
Land	$85,547,398	17	24%	9.71%	$111,979,744	19	23%
Condominium	$75,393,541	16	21%	11.09%	$120,534,842	18	26%
Commercial/Mixed Use	$70,734,658	19	19%	9.06%	$109,550,873	22	22%
Multi Student Housing	$43,271,421	8	12%	10.15%	$50,006,949	8	10%
Total	**$362,880,275**	**77**	**100%**	**10.01%**	**$486,966,234**	**85**	**100%**

APPENDIX B

Summary Information About the Mortgage Investment Portfolio of REIT (December 31, 2017)

Committed LTV (Combined)	Funded Value	#	% of Portfolio	Wt.-Avg. Rate	Committed Value	#	% of Portfolio
50% or less	$70,282,668	15	19%	9.19%	$95,282,714	19	20%
> 50% - 60%	$28,887,868	5	8%	10.17%	$28,887,868	5	6%
> 60% - 70%	$92,960,715	17	26%	9.33%	$132,067,528	18	27%
> 70% - 80%	$131,054,453	30	36%	10.93%	$178,217,286	32	36%
> 80% - 90%	$30,522,101	9	8%	9.13%	$43,338,369	10	9%
> 90%	$9,172,470	1	3%	0.00%	$9,172,470	1	2%
Total	**$362,880,275**	**77**	**100%**	**10.01%**	**$486,966,234**	**85**	**100%**

Committed LTV (Non-Participating Loans)	Funded Value	#	% of Portfolio	Wt.-Avg. Rate	Committed Value	#	% of Portfolio
50% or less	$61,901,013	11	22%	9.14%	$85,334,698	14	21%
> 50% - 60%	$17,031,305	2	6%	10.28%	$17,031,305	2	4%
> 60% - 70%	$68,746,315	13	24%	9.39%	$104,542,722	14	26%
> 70% - 80%	$118,452,639	24	41%	10.99%	$165,214,624	27	43%
> 80% - 90%	$19,646,409	7	7%	9.01%	$25,125,750	8	6%
Subtotal (A)	**$285,777,680**	**57**	**100%**	**10.03%**	**$397,249,100**	**65**	**100%**

Committed LTV (Participating Loan Interests)	Funded Value	#	% of Portfolio	Wt.-Avg. Rate	Committed Value	#	% of Portfolio
50% or less	$8,381,656	4	11%	10.00%	$9,948,015	5	11%
> 50% - 60%	$11,856,563	3	15%	10.00%	$11,856,563	3	13%
> 60% - 70%	$24,214,400	4	32%	8.00%	$27,524,806	4	32%
> 70% - 80%	$12,601,814	6	16%	10.00%	$13,002,662	5	14%
> 80% - 90%	$10,875,693	2	14%	10.00%	$18,212,618	2	20%
> 90%	$9,172,470	1	12%	0.00%	$9,172,470	1	10%
Subtotal (B)	**$77,102,595**	**20**	**100%**	**9.81%**	**$89,717,134**	**20**	**100%**
Grand Total (A + B)	**$362,880,275**	**77**			**$486,966,234**	**85**	

APPENDIX B

Summary Information About the Mortgage Investment Portfolio of REIT (December 31, 2017)

Counterparty	Funded Value	#	% of Portfolio	Wt.-Avg. Rate	Committed Value	#	% of Portfolio
Steve Cox and Daniel Cox	$30,973,154	4	8.54%	10.00%	$30,973,154	4	6.36%
Schembri, Gordon	$60,814,668	16	16.76%	10.00%	$70,932,815	18	14.57%
Deveraux Developments	$21,812,002	4	6.01%	0.00%	$22,530,938	4	4.63%
Freure, Harold	$23,263,233	3	6.41%	11.69%	$25,979,406	3	5.33%
Kaitlin Corporation	$19,222,187	4	5.30%	10.00%	$19,222,187	4	3.95%
Borejsza, Paul	$3,613,181	2	1.00%	8.95%	$6,941,411	2	1.43%
Independent	$203,181,850	44	55.99%	9.81%	$310,386,323	50	63.74%
Total	**$362,880,275**	**77**	**100%**	**10.01%**	**$486,966,234**	**85**	**100%**

By Purchase Options	Funded Value	#	% of Portfolio	Wt.-Avg. Rate	Committed Value	#	% of Portfolio
With	$46,137,588	13	13%	11.57%	$52,481,696	14	11%
Without	$269,141,460	57	74%	9.74%	$378,827,449	64	78%
Equity Accounted Investments	$47,601,227	7	13%	0.00%	$55,657,089	7	11%
Total	**$362,880,275**	**77**	**100%**	**10.01%**	**$486,966,234**	**85**	**100%**

Maturity (excl. Equity Accounted Investments)	Funded Value	#	% of Portfolio	Wt.-Avg. Rate	Committed Value	#	% of Portfolio
2018	$155,975,031	34	49%	10.73%	$181,331,733	34	42%
2019	$134,799,818	27	43%	9.24%	$192,226,497	30	46%
2020	$15,331,432	7	5%	9.80%	$45,267,742	12	10%
2021	$2,804,237	1	1%	8.00%	$6,114,643	1	1%
2022	$6,368,530	1	2%	10.00%	$6,368,530	1	1%
Total	**$315,279,048**	**70**	**100%**	**10.01%**	**$431,309,145**	**78**	**100%**

APPENDIX B

Summary Information About the Mortgage Investment Portfolio of REIT (December 31, 2017)

Interest Rate (excl. Equity Accounted Investments)	Funded Value	#	% of Portfolio	Wt.-Avg. Rate	Committed Value	#	% of Portfolio
8% or less	$46,890,747	7	15%	7.27%	$67,979,807	9	16%
> 8.0% - 8.5%	$18,040,484	7	6%	8.50%	$63,705,689	8	15%
> 8.5% - 9.0%	$23,499,593	2	7%	9.00%	$23,499,593	2	5%
> 9.0% - 9.5%	$17,533,760	3	6%	9.45%	$23,530,743	4	5%
> 9.5% - 10.0%	$126,035,196	33	39%	10.00%	$148,080,188	36	35%
> 10.0% - 10.5%	$15,864,466	3	5%	10.44%	$19,763,028	3	5%
> 10.5% - 11.0%	$21,883,322	5	7%	11.00%	$27,225,447	5	6%
> 11.0% - 11.5%	$20,832,143	2	7%	11.49%	$23,548,316	2	5%
> 11.5% - 12.0%	$154,043	1	0%	12.00%	$4,154,043	2	1%
> 12.5% - 13.0%	$1,627,118	1	1%	13.00%	$1,627,118	1	0%
> 13.5% - 14.0%	$1,487,735	1	0%	13.60%	$1,487,735	1	0%
> 14.5% - 15.0%	$18,842,110	4	6%	15.00%	$24,119,106	4	6%
> 15.0%	$2,588,332	1	1%	20.00%	$2,588,332	1	1%
Total	**$315,279,048**	**70**	**100%**	**10.01%**	**$431,309,145**	**78**	**100%**

Investment Size	Funded Value	#	% of Portfolio	Wt.-Avg. Rate	Committed Value	#	% of Portfolio
$1m or less	$6,263,221	11	2%	9.93%	$3,812,084	8	1%
> $1m - $3m	$45,422,281	22	13%	10.95%	$48,397,039	22	10%
> $3m - $5m	$56,340,043	12	16%	9.15%	$80,293,605	22	16%
> $5m - $10m	$135,921,909	22	36%	9.70%	$165,022,633	22	34%
> $10m	$118,932,822	10	33%	10.32%	$189,440,873	11	39%
Total	**$362,880,275**	**77**	**100%**	**10.01%**	**$486,966,234**	**85**	**100%**

Est. Built Out Value of Purchase Options	Undiluted Value	#	% of Portfolio		Diluted Value	#	% of Portfolio
Participating Loan Interests	$625,597,305	13	62%		$659,239,983	14	74%
Equity Accounted Investments	$384,215,878	7	38%		$235,299,645	7	26%
Total	**$1,009,813,183**	**20**	**100%**		**$894,539,627**	**21**	**100%**

APPENDIX C

Risks and Uncertainties

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.

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 Asset Manager 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 favourable 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 Asset Manager 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 Asset Manager 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.

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Risks and Uncertainties

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 unfavourable 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

APPENDIX C

Risks and Uncertainties

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 GAAP. Distributable income is presented herein because management of Centurion Apartment REIT believes this non-GAAP 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 GAAP, 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. See below for further restrictions in the respective jurisdictions:

ONTARIO

The Government of Ontario drafted and finalized new residential tenancy legislation, The Residential Tenancies Act, 2006 (the "RTA"), which it characterized as "effective tenant protection." The RTA received Royal Assent June 22, 2006, and is now law, replacing the Tenant Protection Act, 1997 (Ontario) (the "TPA"). The RTA provides restrictions upon the ability of a landlord to increase rents above a prescribed guideline, which is established annually. The rent increase guideline is calculated under the RTA, and is based on the Ontario Consumer Price Index, which is calculated monthly by Statistics Canada. On June 13, 2012, the Government of Ontario passed legislation to amend the RTA, to ensure that the Rent Increase Guideline is capped at 2.5%. There is no prescribed guideline applicable to residential complexes constructed on or after November 1st of 1991, so Landlords can increase the rent on these complexes without limitation on the amount. The guideline increase for 2015 is 1.6%; the 2015 guideline increase has been calculated by averaging the percentage increase in the Ontario Consumer Price Index during the previous 12 months, from June 2013 to May 2014. Since the average CPI was 1.6%, the guideline is 1.6%. By comparison, the guideline increase for 2014 was 0.8%. In order to increase rents above the maximum guideline increase of 1.6% per annum for 2015, a landlord must make an application based on an extraordinary increase in the cost for municipal or utility levies and charges and/or capital expenditures incurred with respect to a residential complex or suite therein. As a result, the Trust may, in the future, incur capital expenditures which may not be fully recoverable from tenants. The RTA also permits tenants to bring proceedings to reduce rent due to reductions or discontinuances in services or facilities or due to a reduction in the applicable municipal taxes. The RTA provides tenants of residential rental properties with a high level of security of tenure and prescribes certain procedures, including mandatory notice periods, which must be followed by a landlord in order to terminate a residential tenancy. As certain proceedings may need to be brought before the Ontario Rental Housing Tribunal, it may take several months to terminate a residential lease, even where the tenant's rent is in arrears. The applicable legislation may be subject to further regulations or may be amended, repealed, or enforced, or new legislation may be enacted, in a manner which will materially adversely affect the ability of the Trust to realize the full economic potential of any contemplated project or to maintain the historical level of earnings of its development properties.

QUEBEC

The Government of Québec relies upon the Civil Code of Québec, C.C.Q. ("C.C.Q.") and the Act Respecting the Régie du logement, R.S.Q. c. R-8.1 (the "Act") in administering landlord tenant concerns through the Régie du logement (the Régie). Similar to Ontario, there are restrictions upon the ability of a landlord to increase rents above a prescribed guideline, which is established annually. If the method to fix the rent of the Régie is applied, the guideline increase for the period starting after April 1st, 2014 but before April 2nd, 2015 ranges between 0.6% and 1.1% depending on the type of heating employed. By comparison, the range for the previous period was between 0.9% and 1.7%. A landlord, who undertakes major repairs or renovations, may make changes to the conditions of a lease, including an increase in the rental rate above the guideline that is based upon a prescribed calculation to justify the increase. Should the tenant, within his or her right, refuse modifications and the new rental rate, the landlord may apply to the Régie (within 1 month of refusal, otherwise the lease is renewed under previous conditions) (1947 C.C.Q.). As a result, the Trust may, in the future, incur capital expenditures which may not be fully recoverable from tenants. In Québec, the cornerstone principle is the tenant's right to maintain occupancy (1936 C.C.Q.), and barring notice from either party to the contrary, automatic renewal for fixed term leases (maximum 12 months) (1941 C.C.Q.). Further, the landlord must provide notice to any new lessee, presenting the lowest rent paid in the preceding 12 months (1896 C.C.Q.); should the tenant dispute the new rental rate, they may make application to the Régie to set the rent.

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 Asset Manager will rely upon and/or determine whether an update is necessary.

UNITHOLDER LIABILITY

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.

In December 2004, a new statute, the Trust Beneficiaries' Liability Act (Ontario), was enacted to create a statutory limitation on the liability of Unitholders of trusts such as Centurion Apartment REIT. The legislation provides that a Unitholder, such as a REIT Unitholder, will not, as a beneficiary, be liable for any act, default, obligation, or liability of the Trust or any of its Trustees after the legislation comes into force. However, this legislation does not address potential liabilities arising before the date the legislation came into force. In addition, this legislation has not been judicially considered and it is possible that reliance on the legislation by a REIT Unitholder could be successfully challenged on jurisdictional or other grounds.

DEPENDENCE ON KEY PERSONNEL

The management of Centurion Apartment REIT 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 Centurion Apartment REIT.

FAILURE OR UNAVAILABILITY OF COMPUTER AND DATA PROCESSING SYSTEMS AND SOFTWARE

The Asset Manager 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 Asset Manager's ability to collect revenues and make payments on behalf of Centurion Apartment REIT and to manage risks. If sustained or repeated, a system failure or loss of data could negatively and materially adversely affect the ability of the Asset Manager to discharge its duties to Centurion Apartment REIT 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, senior officers of the Asset Manager, the Property 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 Property Manager, the Mortgage Manager, and the Mortgage Servicer 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, Property Manager, the Mortgage Manager and the Mortgage Servicer and Centurion Apartment REIT.

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 the 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 Property 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. See "Trustees" and "Relationship Between Centurion Apartment REIT, The Asset Manager and Affiliates of The Asset Manager" in the Offering Memorandum.

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.

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 JUDGMENTS

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 judgments 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 judgments 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" in the Offering Memorandum, 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.

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").

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.

APPENDIX D

Audited Consolidated Financial Statements

CENTURION APARTMENT REAL ESTATE INVESTMENT TRUST
Consolidated Financial Statements
For the year ended December 31, 2017

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KPMG LLP
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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, 2017, 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.

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, 2017, 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 24, 2018
Toronto, Canada

CENTURION APARTMENT REAL ESTATE INVESTMENT TRUST
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(EXPRESSED IN CANADIAN DOLLARS)

As at	Note	December 31, 2017	December 31, 2016
Assets			
Non-current assets			
Investment properties	4	$ **896,711,567**	$ 768,793,900
Mortgage investments	6	**147,529,449**	138,721,497
Equity accounted investments	5	**61,025,223**	36,211,994
Participating loan interests	7	**10,115,712**	7,321,014
Property and equipment		**317,314**	409,804
		1,115,699,265	951,458,209
Current assets			
Current portion of mortgage investments	6	**165,529,837**	80,747,596
Participating loan interests	7	**15,678,407**	3,945,782
Accounts receivable	8	**227,049**	416,242
Other assets	9	**13,456,737**	7,357,209
Restricted cash	10	**850,000**	-
Cash		**3,963,946**	1,053,088
		199,705,976	93,519,917
Total Assets		$ **1,315,405,241**	$ 1,044,978,126
Liabilities			
Non-current liabilities			
Mortgages payable and credit facilities	11	$ **341,378,795**	$ 330,902,771
		341,378,795	330,902,771
Current liabilities			
Current portion of mortgages payable and credit facilities	11	**128,053,811**	90,009,862
Accounts payable and other liabilities	12	**8,267,099**	8,362,345
Tenants deposits		**4,466,306**	4,153,650
Unit subscriptions in trust	10	**850,000**	-
		141,637,216	102,525,857
Total Liabilities excluding net assets attributable to Unitholders		**483,016,011**	433,428,628
Net assets attributable to Unitholders		$ **832,389,230**	$ 611,549,498
Represented by:			
Net assets attributable to unitholders of the Trust		$ **700,252,804**	$ 511,064,287
Net assets attributable to non-controlling interest		$ **132,136,426**	$ 100,485,211

Commitments and contingencies (Notes 6, 16 and 17)
Subsequent events (Note 23)

See accompanying notes to the consolidated financial statements.

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

For the year ended	Note		**December 31, 2017**		December 31, 2016
Revenue from investment properties		**$**	**62,862,478**	$	54,967,879
Property operating costs			**(22,196,970)**		(20,312,976)
Net rental income			**40,665,508**		34,654,903
Fair value gains on investment properties	4		**78,760,932**		6,264,838
Interest income on mortgage investments	6		**27,358,970**		18,229,456
Fair value gains on participating loan interests	7		**14,527,324**		11,099,263
Income on equity accounted investments	5		**10,852,213**		4,706,781
Other income			**466,632**		464,824
General and administrative expenses	15		**(11,218,294)**		(10,437,222)
Provision for mortgage investment loss	6		**(891,767)**		(523,225)
Income from operations			**160,521,518**		64,459,618
Finance costs	14		**(14,718,783)**		(12,316,772)
Currency translation adjustment			**(93,719)**		-
Net Income and Comprehensive Income		**$**	**145,709,016**	$	52,142,846
Attributable to:					
Unitholders of the Trust		**$**	**127,300,067**	$	39,208,646
Non-controlling interest		**$**	**18,408,949**	$	12,934,200

See accompanying notes to the 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, 2017	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 period	**$ 511,064,287**	**$ 100,485,211**	**$ 611,549,498**
Net Income and Comprehensive Income	**127,300,067**	**18,408,949**	**145,709,016**
Redeemable unit transactions			
Proceeds from Units issued (net of issuance costs)	111,219,088	25,113,316	136,332,404
Reinvestments of distributions by Unitholders	22,573,159	2,742,906	25,316,066
Redemption of Units	(26,927,115)	(2,455,272)	(29,382,387)
Distributions to Unitholders	(44,976,683)	(12,158,684)	(57,135,367)
Net increase from Unit transactions	**61,888,449**	**13,242,266**	**75,130,716**
Net increase in net assets attributable to Unitholders	**189,188,516**	**31,651,215**	**220,839,732**
Net assets attributable to Unitholders at end of the period	**$ 700,252,804**	**$ 132,136,426**	**$ 832,389,230**

For the year ended December 31, 2016	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 period	$ 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)	54,379,969	43,730,227	98,110,196
Reinvestments of distributions by Unitholders	18,520,392	2,068,369	20,588,761
Redemption of Units	(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 period	$ 511,064,287	$ 100,485,211	$ 611,549,498

See accompanying notes to the consolidated financial statements.

CENTURION APARTMENT REAL ESTATE INVESTMENT TRUST
CONSOLIDATED STATEMENT OF CASH FLOWS
(EXPRESSED IN CANADIAN DOLLARS)

For the year ended December 31,	Note	2017	2016
Operating activities			
Net income and comprehensive income		$ 145,709,016	$ 52,142,846
Interest income on mortgage investments		(27,358,970)	(18,229,456)
Interest received on mortgage investments		12,191,246	6,547,979
Provision for mortgage investments loss	6	891,767	523,225
Fair value gains on investment properties	4	(78,760,932)	(6,264,838)
Non-cash portion of income from equity accounted investments	5	(10,852,213)	(4,706,781)
Fair value gains on participating loan interests	7	(14,527,324)	(10,476,483)
Finance costs	14	14,718,783	11,778,492
Amortization of financing fees	15	711,751	538,280
Amortization of property and equipment		218,814	228,065
Accrued currency translation losses		93,719	-
Changes in non-cash operating account balances		127,536	5,292,746
Net cash from operating activities		43,163,193	37,374,075
Financing activities			
Proceeds from Units issued		142,603,167	103,239,020
Unit issue costs		(6,270,763)	(5,268,413)
Cash distributions to Unitholders		(30,131,662)	(21,657,397)
Redemption of Units		(29,382,387)	(21,620,082)
Capitalized financing fees		(1,717,875)	(164,699)
Advances on mortgages payable and credit facilities		103,682,256	124,963,503
Repayments on mortgages payable and credit facilties		(54,076,712)	(51,466,939)
Finance costs paid		(14,580,574)	(11,617,087)
Net cash from financing activities		110,125,450	116,407,906
Investing activities			
Investment property acquisitions	4	(16,261,131)	(36,174,545)
Equity accounted investment	5	(14,329,756)	(16,383,807)
Investment property acquisition costs	4	(1,351,853)	(2,598,198)
Investment property improvements	4	(22,424,882)	(21,036,641)
Acquisition of property and equipment		(126,324)	(355,478)
Mortgage investments - repaid		58,755,582	20,575,262
Mortgage investments - issued		(154,639,421)	(116,358,077)
Net cash used in investing activities		(150,377,785)	(172,331,484)
Net (decrease) increase in cash		2,910,858	(18,549,503)
Cash, beginning of period		1,053,088	19,602,591
Cash, end of period		$ 3,963,946	$ 1,053,088

See accompanying notes to the consolidated financial statements.

1. Trust Information

Centurion Apartment Real Estate Investment Trust (“REIT” or the “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 September 19, 2017 ("Declaration of Trust") and is governed by the laws of the Province of Ontario. The registered office of the Trust is located at 25 Sheppard Avenue West, Suite 710, Toronto, Ontario, M2N 6S6.

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

2. Basis of Presentation

a) Statement of Compliance

The consolidated financial statements for the year ended December 31, 2017, have been prepared by management in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

The consolidated financial statements have been approved for issue by the Board of Trustees on April 24, 2018.

b) Basis of Measurement

The consolidated financial statements have been prepared on a historical cost basis except for investment properties, real estate held in equity accounted investments, one investment in a joint arrangement elected to be accounted for as a portfolio investment, participating loan interests, and foreign currency forward contracts which have been measured at fair value as determined at each reporting date.

c) Principles of Consolidation

The consolidated financial statements reflect the operations of the Trust, 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 the Trust as it has been determined that the Trust has control. The Trust owns 61.84% (December 31, 2016 – 48.20%) of the units of REOT.

The summarized financial information of REOT is as follows:

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at	December 31, 2017	December 31, 2016
Non-current assets	$ 181,908,048	$ 131,612,420
Current assets	191,757,013	82,880,390
Total assets	$ 373,665,061	$ 214,492,810
Current liabilities	$ 27,438,841	$ 20,569,525
Total liabilities	$ 27,438,841	$ 20,569,525
Net assets attributable to Unitholders	$ 346,226,220	$ 193,923,285

CONSOLIDATED STATEMENT OF NET INCOME AND COMPREHENSIVE INCOME

For the period ended	December 31, 2017	December 31, 2016
Total income	$ 35,423,600	$ 19,884,450
Total fair value gains	12,897,373	8,792,145
Total expenses	(4,093,880)	(2,877,781)
Net Income and Comprehensive Income	$ 44,227,093	$ 25,798,814

The financial statements of the subsidiaries included in the consolidated financial statements are from the date that control commences until the date that control ceases.

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

d) Reclassification of Comparative Amounts

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

- Mortgage interest receivables of $1,892,482 has been reclassed to the current portion of mortgage investments and disclosed separately in Note 7.
- Distributions payable of $54,922 has been reclassed to accounts payable and other liabilities and disclosed separately in Note 12.
- Investment in associate of $11,922,470 has been reclassed to equity accounted investments.

These reclassifications had no effect on net income or net assets attributable to Unitholders.

e) Functional and Presentation Currency

The consolidated financial statements are presented in Canadian dollars, which is the functional currency unless otherwise stated.

f) Critical Accounting Estimates, Assumptions and Judgments

The preparation of the consolidated financial statements requires management to make estimates, assumptions, and judgments that affect accounting policies and the reported amounts of assets, liabilities at the date of the consolidated financial statements, and income and expenses during the reporting period. Management relies on external information and observable conditions where possible, supplemented by internal analysis. Revisions to accounting estimates are recognized in the year in which the estimate is revised and in any future years affected.

Estimates, assumptions, and judgments have been applied in a manner consistent with prior year and there are no known trends, commitments, events or uncertainties that management believes will materially affect the methodology or assumptions utilized in making those estimates and judgments. While management makes its best estimates and assumptions, actual results could differ from these and other estimates.

The significant estimates, assumptions, and judgments used in the preparation of the consolidated financial statements are as follows:

Measurement of Fair Value

Fair value measurements are recognized in financial and non-financial assets and liabilities categorized using a fair value hierarchy that reflects the significance of inputs used in determining their fair values:

Level 1: Quoted prices (unadjusted) 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.

Each type of fair value is categorized based on the lowest level input that is significant to the fair value measurement in its entirety. The information about assumptions made in the fair value is included in the following notes:

Note 4 Investment properties

Note 5 Equity accounted investments

Note 7 Participating loan interests

Note 19 Fair value measurements

Recoverability Mortgage Investments

Management assesses mortgage investments for objective evidence of impairment both individually and collectively at each reporting period by specifically considering loss events and impairment evidence including, but not limited to the following:

- Payment default by a borrower is not cured within a reasonable period
- Whether the security of the mortgage is significantly negatively impacted by recent events
- Financial difficulty experienced by the borrower
- Changes in assumptions about local economic and other real estate market conditions in the geographic area in which a borrower's project is located
- Management's judgment as to whether current economic and credit conditions are such that potential losses at the reporting date are likely to be higher or lower than the amounts suggested by historic experience

By their nature, estimates of impairment are subjective and may not necessarily be comparable to the actual outcome. Should the underlying assumptions change, the estimated future cash flows and the derived fair value could vary.

Business Combinations

The Trust excised judgment in determining whether the acquisition of a property should be accounted for an asset purchase or business combination. This assessment impacts the treatment of transaction costs (including commissions, land transfer tax, appraisals, and legal fees associated with an acquisition), allocation of acquisition costs and whether or not goodwill is recognized. A business generally consists of inputs, processes applied to these inputs and resulting outputs that are, or will be, used to generate revenues. In absence of such criteria, a group of assets is deemed to have been acquired.

Classification of Co-Investments

The Trust makes judgments as to whether its co-investments provide it with joint control, significant influence or no influence. The Trust 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.

3. Significant Accounting Policies

a) Investment Properties

The Trust 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.

Any changes in the fair value are included in 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.

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.

b) 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, mortgage investments are measured at amortized cost using the effective interest method, less any impairment losses. Mortgage investments are assessed at each reporting date to determine whether there is objective evidence of impairment. A mortgage investment 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 is calculated as the difference between the carrying amount of the mortgage receivable and the present value of the estimated future cash flows discounted at the original effective interest rate. Losses are charged to the statement of net income and comprehensive income and are reflected in the provision for mortgage losses. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the statement of net income and comprehensive income.

If there is no objective evidence of impairment for a specific mortgage receivable, it is included in a group of mortgages with similar credit risk characteristics and collectively assessed for impairment for losses incurred but not identified. For the purpose of determining a group of mortgages with similar credit characteristics the following are considered; geographical exposure, collateral type, loan-to-value, counterparty and by other risk characteristics; and assesses them for impairment using statistical data. Based on the amounts determined by management analysis, management uses judgment to determine whether a collective provision against potential future losses not identified should be recognized.

c) Joint Arrangements

The Trust enters into joint arrangements through joint operations and joint ventures. A joint arrangement is a contractual arrangement pursuant to which the Trust 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 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.

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

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 Trust elects to measure these investments in the associates and joint ventures under the equity method in the consolidated statement of net income and comprehensive income in accordance with IAS 39, at fair value through profit and loss.

d) 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.

e) Participating Loan Interests

The Trust 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 Trust with control over the entities that own the underlying properties. The participating loan interests are accounted for as embedded derivatives and represent the Trust'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.

f) Financial Instruments

Recognition and Measurement

Financial instruments are classified as one of the following: (i) fair value through profit and loss "FVTPL", (ii) loans and receivables, (iii) held to maturity, (iv) available for sale, or (v) other liabilities. The classification of financial instruments depends on the purpose for which the financial instruments were acquired or issued, their characteristics and the Trusts designation of such instruments. The classification, initial recognition and subsequent measurement of the Trust's financial instruments are outlined below:

Classification	Financial Instrument	Initial Recognition	Subsequent Measurement
FVTPL	Participating loan interests Derivative assets and liabilities	Fair value	Fair value through profit and loss
Loans and Receivables	Cash & restricted cash Receivables and other assets Mortgage investments	Fair value plus any direct transaction costs	Amortized cost
Other Liabilities	Mortgages payable and credit facilities Accounts payable and accrued liabilities Tenants deposits Unit subscriptions in trust	Fair value plus any direct transaction costs	Amortized cost

Interest income from financial assets, not classified as fair value through profit and loss, is recognized when it is probable that the economic benefits will flow to the Trust and the amount of interest income can be measured reliably. Interest income is determined using the effective interest rate method.

Each financial asset measured at amortized cost is evaluated for impairment at each reporting period, or more frequently if circumstance indicates the existence of objective evidence of impairment. Impairment is assessed based on the similar criteria as listed in the recoverability of mortgage investments (Note 2).

Derecognition of Financial Assets and Liabilities

The Trust derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. On derecognition of a financial asset, the difference between the carrying amount of the asset and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss.

The Trust derecognizes a financial liability when the obligation under the liability is discharged, canceled or expires.

g) Foreign Currency Forward Contracts

The Trust may enter into foreign currency forward contracts to economically hedge the foreign currency risk exposure of its mortgage and other investments that are denominated in foreign currencies. The value of foreign currency forward contracts entered into by the Trust is recorded as the difference between the value of the contract on the reporting period and the value on the date the contract originated. Any resulting gain or loss is recognized in the statement of net income and comprehensive income unless the foreign currency contract is effective as a hedging instrument and designated as such under IFRS. The Trust has elected to not account for the foreign currency contracts as an accounting hedge.

h) 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.

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

i) Provisions

Provisions are recognized when the Trust 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 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 expense.

j) 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

k) 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 the Trust 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.

The Trust 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.

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

The Trust has instituted a Dividend Reinvestment Plan ("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 the Trust Unitholders as the Trustees determine. Currently Unitholders receive a 2% discount on Units purchased through DRIP. No commissions, service charges or brokerage fees are payable by participants in connection with the DRIP.

m) Income Taxes

The Trust qualifies as a Mutual Fund Trust for Canadian income tax purposes. In accordance with the terms of the Declaration of Trust, the Trust intends to distribute 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). The Trust is eligible to claim a tax deduction for distributions paid 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 the Trust are the obligations of the Unitholders.

n) Net Assets Attributable to Unitholders

In accordance with *IAS 32 - Financial Instruments: Presentation* ("IAS 32"), puttable instruments are generally classified as financial liabilities. The Trust'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 a classification as equity; however, the Trust's units do not meet these exception requirements. Therefore, the Trust has no instrument that qualifies for equity classification on its Statement of Financial Position pursuant to IFRS. The classification of all units as financial liabilities with the 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.

The Trust's 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 year, the alternative presentation as net assets attributable to Unitholders reflects that, in total, the interests of the Unitholders are limited to the net assets of the Trust.

o) Changes in Accounting Policies

IAS 7 Statement of Cash Flows ("IAS 7")

In January 2016, the IASB issued amendments to IAS 7 Statement of Cash Flows ("IAS 7") which will require specific disclosures for movements in liabilities arising from financing activities on the statement of cash flows. The periods beginning on or after January 1, 2017. The Trust has adopted the amendments to comply with the requirements with no impact to the consolidated financial statements.

p) Future Changes in Accounting Policies

A number of new standards, amendments to standards and interpretations are effective in future periods and have not been applied in preparing the consolidated financial statements. Those which may be relevant to the Trust are set out below. The Trust does not plan to adopt these standards early.

Financial Instruments ("IFRS 9")

The Trust will adopt *IFRS 9 Financial Instruments* ("IFRS 9"), which *replaces IAS 39 Financial Instruments: Recognition and Measurement* ("IAS 39"), in its consolidated financial statement for the annual period beginning on January 1, 2018, will apply the standard on a retrospective basis using the available transition provision. Under this approach, the 2017 comparative period will not be restated and a cumulative transition adjustment to the opening retained earnings, if required, will be recognized at January 1, 2018.

IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. IFRS 9 contains three principal classification categories for financial assets: measure at amortized cost, fair value through other comprehensive income ("FVOCI") or fair value through profit and loss ("FVTPL") and eliminates the existing IAS 39 categories of held to maturity, loans and receivables, and available for sale. Equity instruments are measured at fair value through profit or loss.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification of financial liabilities. However, under IAS 39 all fair value changes of liabilities designated as FVTPL are recognized in profit and loss, whereas under IFRS 9 the amount of change in fair value attributable to changes in credit risk of the liability is presented in OCI and the remaining amount of change in fair value is present in profit or loss.

IFRS 9 also includes a new general hedge accounting standard that intends to align hedge accounting with risk management practices. The Trust does not currently apply hedge accounting in its consolidated financial statements.

IFRS 9 replaces the 'incurred loss' impairment model in IAS 39 with a forward-looking expected credit loss ("ECL") model. The new impairment model will apply to financial assets measured at amortized cost or FVOCI, except for investments in equity instruments and to contract assets. The new ECL model will require an allowance for expected credit losses being recorded regardless of whether or not there has been an actual loss event. IFRS 9 requires the ECL model to consider past events, current market conditions and reasonable supportable information about future economic conditions in determining whether there has been a significant increase in credit risk since origination, and in calculating the amount of ECL.

The Trust continues to refine its evaluation of the impact of this standard on each of its financial statements. Based on the Trust's existing financial instruments and related accounting policies as at December 31, 2017, the principal areas impacted are the classification of financial assets and the impairment of financial assets. As at December 31, 2017, the Trust identified mortgage investments with profit participation features, which will be reclassified from amortized cost to FVTPL as this mortgage investment does not meet the 'solely for payments of principal and interest' requirement. The estimated fair value of these mortgage investments is not materially different from the sum of the corresponding mortgage investment balance and participating loan interests as at December 31, 2017.

In addition, the Trust estimates the adoption of the new ECL model will not result in a material change to its current impairment provision. We continue to refine our assessment process which may change the actual impact on adoption.

Revenue from Contracts with Customers ("IFRS 15")

IFRS 15, Revenue from Contracts with Customers is effective for annual periods beginning on or after January 1, 2018, and will replace all existing guidance in IFRS related to revenue, including (but not limited to) IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 15 Agreements for the Construction of Real Estate. IFRS 15 contains a single, control- based model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. IFRS 15 also includes additional disclosure requirements for revenue accounted for under the standard. The Trust will adopt IFRS 15 in its financial statements for the annual period beginning January 1, 2018. The Trust plans to adopt IFRS 15 using the cumulative effect method, with the effect of initially applying this standard recognized on January 1, 2018. As a result, the Trust will not apply the requirements of IFRS 15 to the comparative period presented. Management does not expect that the adoption of IFRS 15 will have a material impact on the financial statements.

4. 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 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.

The Trust equity accounted investments consists of the following:

	December 31, 2017	December 31, 2016
Balance, beginning of period	**$ 768,793,900**	$ 666,463,327
Property acquisitions	**25,380,000**	72,430,896
Increase in property valuation	**102,537,667**	29,899,677
Balance, end of period	**$ 896,711,567**	$ 768,793,900

	December 31, 2017	December 31, 2016
Increase in property valuation	**$ 102,537,667**	$ 29,899,677
Less: Acquisition costs	**(1,351,853)**	(2,598,198)
Less: Property improvements	**(22,424,882)**	(21,036,641)
Fair Value Adjustment on Investment Properties	**$ 78,760,932**	$ 6,264,838

The following valuation techniques were considered 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.

As each reporting date, the Trust assembles the property specific data used in the valuation model based on the process set forth in the valuation framework, reviews the valuation framework to determine whether any changes or updates are required, inputs the capitalization rates, set-offs and normalization assumptions provided by the valuators, and delivers the completed valuation framework to the external appraisers for review. The external appraisers determine the capitalization rates that should be used in valuing the properties, provide 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 NOI; and supplying a fair value report for the Trust to reflect in the consolidated financial statements.

Capitalization Rate Sensitivity Analysis

The Trust conducted a valuation on an individual property 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 3.75% to 6.25% at December 31, 2017 (December 31, 2016: 4.00% to 6.25%) and the weighted average was 4.80% for the total portfolio (December 31, 2016: 5.11%). The table below presents the sensitivity of the fair valuation of investment properties to the changes in capitalization rate.

Capitalization rate sensitivity increase (decrease)	Weighted average capitalization rate		Fair value of proportionate investment property		Fair value variance	% change
(0.75%)	4.05%	$	1,062,785,536	$	166,073,969	18.5%
(0.50%)	4.30%	$	1,000,989,977	$	104,278,410	11.6%
(0.25%)	4.55%	$	945,985,731	$	49,274,163	5.5%
December 31, 2017	4.80%	$	896,711,567	$	-	-
0.25%	5.05%	$	852,316,417	$	(44,395,150)	(5.0%)
0.50%	5.30%	$	812,109,803	$	(84,601,765)	(9.4%)
0.75%	5.55%	$	775,525,664	$	(121,185,903)	(13.5%)

Acquisitions

During the year ended December 31, 2017, the Trust completed the following investment property asset acquisition, which contributed to the operating results effective from the acquisition date.

Acquisition Date	Rental Units	% Holding		Total Purchase Price		Mortgage Funding	Mortgage Interest Rate	Mortgage Maturity Date
March 1, 2017	208	60%	**$**	**25,380,000**	**$**	**14,824,200**	3.95%	June 22, 2017

During the year ended December 31, 2016, the Trust completed the following investment property 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**		

Dispositions

During the years ended December 31, 2017, and December 31, 2016, the Trust did not complete any investment property dispositions.

Investment in Joint Arrangements

The Trust the following are investment properties within in joint operations, which are co-ownership arrangements:

	December 31, 2017	December 31, 2016
75 Ann & 1 Beaufort Co-ownership	**75%**	75%
1 Columbia	**50%**	50%
Harbourview Estates LP	**60%**	-

The Trust'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 are as follows:

For the period ended		December 31, 2017		December 31, 2016
Non-current assets	**$**	**71,483,609**	$	46,231,874
Current assets		**(6,655,731)**		5,951
Total assets		**64,827,878**		46,237,825
Non-current liabilities		**52,060,290**		22,689,768
Current liabilities		**1,507,525**		1,543,990
Total liabilities		**53,567,815**		24,233,758
Revenues	**$**	**5,442,721**	$	2,882,971
Expenses		**(3,650,003)**		(1,649,579)
Fair value adjustment on investment properties		**(589,512)**		285,703
Net income	**$**	**1,203,206**	$	1,519,095

5. 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 future cash flows applicable to investment properties. Fair values for investment properties are classified as Level 3 in the fair value hierarchy.

The Trust equity accounted investments consists of the following:

	Ownership	December 31, 2017	December 31, 2016
The Residences of Seasons LP	**50%**	**$ 19,308,935**	$ 11,382,855
ME Living Phase 1 LP	**50%**	**14,091,830**	11,922,470
Bridgwater Trails Apartments LP	**45%**	**5,704,324**	3,738,271
BW2 Apartments LP	**45%**	**4,456,892**	-
The Apex at Acre 21 Apartments LP	**50%**	**3,704,652**	-
4Square LP	**83%**	**5,008,462**	-
Trilium Mountain Ridge Inc	**50%**	**8,750,128**	-
Harbour View Estates LP	**60%**	**-**	9,168,398
		$ 61,025,223	$ 36,211,994

The following table presents total assets, liabilities, revenues, expenses and net income of the Trust's equity accounted investments:

For the year ended December 31, 2017	The Residences of Seasons LP	ME Living Phase LP (1)	Bridgewater Trails Apartment LP	Trilium Mountain Ridge Inc (1)	Other	Total
Non-current assets	$ 81,473,353	$ 42,817,564	$ 25,178,209	$ 8,700,212	$ 21,517,963	**$ 179,687,302**
Current assets	5,669,234	2,653,362	1,471,112	681,063	5,905,363	**16,380,133**
Total assets	87,142,587	45,470,926	26,649,321	9,381,275	27,423,326	**196,067,435**
Non-current liabilities	(44,472,259)	(30,658,034)	(10,364,726)	(8,676,042)	-	**(94,171,061)**
Current liabilities	(4,554,884)	(3,473,693)	(4,431,444)	(163,285)	(1,140,921)	**(13,764,227)**
Total liabilities	(49,027,143)	(34,131,727)	(14,796,170)	(8,839,327)	(1,140,921)	**(107,935,288)**
Total revenue	398,001	-	11,586	209,769	104	**619,460**
Total expenses	(421,597)	-	(9,531)	(363,839)	(45,486)	**(840,453)**
Total fair value gains	13,370,935	4,338,718	4,366,952	-	744,676	**22,821,281**
Net income	$ 13,347,339	$ 4,338,718	$ 4,369,007	$ (154,070)	$ 699,294	**$ 22,600,288**

(1) Certain equity accounted investments include economic interests above their ownership interests.

For the year ended Decembe 31, 2016	The Residences of Seasons LP	Harbour View Estates LP	Other	Total
Non-current assets	$ 42,410,265	$ 41,299,029	$ 6,067,020	**$ 89,776,314**
Current assets	1,462,074	452,595	2,430,986	**4,345,654**
Total assets	43,872,339	41,751,624	8,498,006	**94,121,968**
	-	-	-	
Non-current liabilities	(16,491,607)	(24,663,837)	-	**(41,155,444)**
Current liabilities	(4,615,022)	(1,807,123)	(190,736)	**(6,612,881)**
Total liabilities	(21,106,629)	(26,470,960)	(190,736)	**(47,768,325)**
Total revenue	39,903	1,315,163	-	**1,355,066**
Total expenses	(7,533)	(1,282,133)	(6,814)	**(1,296,480)**
Total fair value gains	4,776,766	3,802,690	-	**8,579,457**
Net income	$ 4,809,136	$ 3,835,720	$ (6,814)	**$ 8,638,043**

The Trust made additional contributions of $14,329,756 to joint ventures in the year ended December 31, 2017 (year ended December 31, 2016: $16,383,807).

The Trust's portion of revenues, expenses and fair value gains was $10,852,213 (December 31, 2016: $4,706,781), which has been included in the consolidated statement of comprehensive income.

The following is a table outlining the Trust's equity accounted investments:

Investment Name	Year	Geographical Location	Type	Unit Count	Ownership
The Residences of Seasons LP	2015	Winnipeg, MB	Apartment	400	50%
ME Living Phase LP	2017	Toronto, ON	Condominium	327	50%
Bridgewater Trails Apartments	2016	Winnipeg, MB	Apartment	176	45%
The Apex at Acre 21 Apartments LP	2017	Regina, SK	Apartment	176	50%
BW2 Apartments LP	2017	Winnipeg, MB	Apartment	208	45%
Harbour View Estates LP	2015	Regina, SK	Apartment	208	60%
Trillium Mountain Ridge Inc	2017	Cochrane, AB	Retail	-	50%
4Square LP	2017	Calgary, AB	Residential	517	83%

During the year ended December 31, 2017, the Trust completed the transfer, through purchase from a joint venture that included the REOT subsidiary and a third party; of their 60% equity accounted investment in Harbour View Estates LP to investment property held within a 60% joint arrangement.

Disposition Date	% of Holding	Disposition Proceeds	Original Purchase Price	Prior Years Cumulative Fair Value Gains	Current Year Losses
March 3, 2017	60%	$9,118,869	$5,760,194	$3,408,204	($49,529)

There were no dispositions of equity accounted investments in the prior year.

6. Mortgage Investments

Mortgages investments represent amounts receivable under mezzanine loan arrangements. Some of the mortgage investment agreements include purchase options in favor of the Trust. The weighted average effective interest rate is 10.01% (December 31, 2016: 10.49%) and the estimated weighted average term of maturity is 1.05 years (December 31, 2016: 1.22 years). Interest income for the year was $27,358,970 (December 31, 2016: $18,229,456).

	December 31, 2017	December 31, 2016
Non-current mortgage investments	**$ 149,749,210**	$ 140,049,491
Allowance for mortgage investments loss	**(2,219,761)**	(1,327,994)
Total non-current	**147,529,449**	138,721,497
Currrent mortgage investments	**163,954,274**	78,818,398
Mortgage interest receivable	**1,575,563**	1,929,198
Total current	**165,529,837**	80,747,596
Total mortgage investments	**$ 313,059,286**	$ 219,469,093

Future repayments are as follows:

	December 31, 2017
December 31, 2018	$ 165,529,837
December 31, 2019	125,245,012
December 31, 2020	15,331,432
December 31, 2021	2,804,237
December 31, 2022	6,368,530
Total repayments	**$ 315,279,048**

As at December 31, 2017, the Trust has additional mortgage investment commitments of approximately $116.0 million (December 31, 2016: $53.1 million).

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. The Trust makes its determinations of fair value based or 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.

The nature of the underlying assets for the Trust's mortgage investments as at December 31, 2017, is as follows:

	December 31, 2017	December 31, 2016
Multi Family Apartments	**21%**	25%
Land	**27%**	14%
Condominiums	**20%**	25%
Commercial / Mixed Use	**20%**	20%
Multi Student Housing	**12%**	16%
	100%	100%

As at December 31, 2017, the Trust has 40% interest (December 31, 2016: 34%) in first mortgages and a 60% interest (December 31, 2016: 66%) in second mortgages.

As at December 31, 2017, there are two mortgages with a total carrying value of $23,322,250 that are considered to be in default. In all cases, management has estimated the fair value of the underlying security on all these projects to be sufficient to cover the outstanding principal and accrued interest amounts and as such has not recognized an impairment loss provision on these mortgage investments as at December 31, 2017.

As at December 31, 2017, the Trust recognized a collective allowance against future potential losses not identified of $2,219,762 (December 31, 2016: $1,327,994) of which $891,767 was expensed in the year (December 31, 2016: $523,225).

During the year ended December 31, 2017, the Trust transferred the rights on an underlying security of a default mortgage investment with outstanding principal of $7,611,209 and accrued interest of $741,163, to a third party for an amended loan agreement providing the Trust with first charge security and an economic interest of approximately 50%. The Trust has accounted for its investment as an equity accounted investment due to the significant influence granted in the amended loan agreement.

7. Participating Loan Interests

The participating loans are measured at fair value with changes in fair value reported through the consolidated statement of net income and comprehensive income. The fair value of the participating loan interests is reliant on the market value of the underlying real estate associated with the participating loan interest. Any changes in the value of the underlying real estate may materially impact the fair value of the participating loan interests.

The total fair value gain recognized on these participating loan interests for the year ended December 31, 2017, was $14,527,324 (December 31, 2016: $11,099,263). The fair value of the real estate was determined using a detailed valuation framework.

The following valuation techniques were considered 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.

	December 31, 2017	December 31, 2016
Balance, beginning of year	**$ 11,266,795**	$ 790,313
Fair value gains	**14,527,324**	11,099,263
Cash received	**-**	(622,781)
Balance, end of period	**$ 25,794,119**	$ 11,266,795

The carrying value of embedded derivatives is as follows:

Non-current:	**December 31, 2017**	December 31, 2016
Ontario, Canada	**$ 10,115,712**	$ 7,321,014
	$ 10,115,712	$ 7,321,014

Current:		
Ontario, Canada	**$ 1,329,052**	$ -
British Columbia, Canada	**14,349,355**	3,681,222
Alberta, Canada	**-**	264,560
	$ 15,678,407	$ 3,945,782

8. Accounts Receivable

Accounts receivable consists of the following:

		December 31, 2017		December 31, 2016
Rent receivables	$	308,054	$	484,511
Less: Allowance for doubtful accounts		(81,005)		(68,269)
	$	227,049	$	416,242

The following is an aging analysis of receivables:

		December 31, 2017		December 31, 2016
Current	$	178,402	$	366,174
31-60 days		61,841		55,064
61-90 days		23,154		19,398
Over 90 days		44,657		43,875
Allowance for doubtful accounts		(81,005)		(68,269)
	$	227,049	$	416,242

9. Other Assets

Other assets consist of the following:

	Note		December 31, 2017		December 31, 2016
Prepaid CMHC premiums, net		$	3,952,818	$	4,025,000
Other current assets			2,262,699		2,160,573
Amount due from mortgage servicer	18		6,764,324		833,127
Prepaid expenses			476,945		338,509
Derivative Asset/Liability			(49)		-
		$	13,456,737	$	7,357,209

Prepaid CMHC premiums, net represents CMHC premiums on mortgages payable net of accumulated amortization of $273,639 (December 31, 2016: $108,307).

The Trust entered into foreign currency forward derivatives during the year to reduce currency risk at the maturity of a long-term US currency dominated mortgage investment

10. Restricted Cash / Unit Subscriptions in Trust

At December 31, 2017, restricted cash consists of cash not available for current use in the amount of $850,000 (December 31, 2016: $nil). 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, 2017, is short term.

11. Mortgages Payable and Credit Facilities

Mortgages payable and credit facilities consist of the following:

		December 31, 2017		December 31, 2016
Current	**$**	**128,053,811**	$	90,009,862
Non-current		**341,378,795**		330,902,771
	$	**469,432,606**	$	420,912,633

Mortgages payable and credit facilities are secured by respective investment properties and are summarized as follows:

		December 31, 2017		December 31, 2016
First mortgages on investment properties, bearing interest between 1.33% and 5.37% (December 31, 2016: 1.33% and 5.37%), with a weighted average interest rate of 3.04% (December 31, 2016: 3.07%), and a weighted average maturity of 4.4 years (December 31, 2016 : 5.1 years), secured by related investment	**$**	**362,697,873**	$	366,456,792
Second mortgages on investment properties, bearing interest between 3.18% and 3.30% (December 31, 2016: 3.30% and 4.03%), with a weighted average interest rate of 3.18% (December 31, 2016: 3.72%) and a weighted average maturity of 6.8 years (December 31, 2016: 4.8 years), secured by related investment		**1,006,956**		1,804,788
Line of Credit facilities, bearing interest between 4.20% and 4.40% (December 31, 2016: 3.70% and 4.20%), with a weighted average interest rate of 4.30% (December 31, 2016: 4.02%) secured by assets of REIT and/or its subsidiaries		**55,731,225**		31,651,256
REIT proportion of mortgages held through joint arrangement, bearing interest between 2.81% and 4.20% (December 31, 2016: 3.55% and 4.20%), with a weighted average interest rate of 3.13% (December 31, 2016: 3.84%) and a weighted average maturity of 5.8 years (December 31, 2016: 0.5 years), secured by related investment properties in the joint venture		**52,772,093**		22,689,768
	$	**472,208,147**	$	422,602,604
Marked to market adjustment		**220,499**		260,222
Less: Unamortized portion of financing fees		**(2,996,040)**		(1,950,193)
	$	**469,432,606**	$	420,912,633

Substantially all of the Trust'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, 2017, was 3.07% (December 31, 2016: 3.18%).

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

		Principal Repayments		Balance due at Maturity		Total
Year ended December 30, 2018	$	67,440,662	$	60,613,149	$	128,053,811
Year ended December 30, 2019		9,952,084		31,427,758		41,379,842
Year ended December 30, 2020		9,302,712		35,435,333		44,738,045
Year ended December 30, 2021		6,465,685		65,918,315		72,384,000
Year ended December 30, 2022		5,562,843		37,183,913		42,746,756
Thereafter		14,387,187		128,518,506		142,905,693
	$	113,111,174	$	359,096,973	$	472,208,147
Less: Marked to market adjustment						220,499
Less: Unamortized portion of financing fees						(2,996,040)
					$	**469,432,606**

The fair value of mortgages payable is approximately $463,716,050 (December 31, 2016: $427,442,935).

12. Accounts Payable and Other Liabilities

Accounts payable and other liabilities consists of the following:

		December 31, 2017		December 31, 2016
Accounts payable	**$**	**1,351,981**	$	1,601,823
Accrued expenses		**4,463,999**		5,186,141
Prepaid rent		**531,965**		951,063
Deferred trust units		**306,551**		349,251
Distributions payable		**1,739,126**		54,922
Other liabilities		**(126,523)**		219,145
	$	**8,267,099**	$	8,362,345

A special distribution of $1.7 million was declared to all non-controlling interest Unitholders effective December 31, 2017, for the distribution of taxable income earned in 2017.

13. Classification of Units

In accordance with the Declaration of Trust ("DOT"), the Trust may issue an unlimited number of units of various classes, with each unit representing an equal undivided interest in any distributions from the Trust, and in the net assets in the event of termination or wind-up of the Trust.

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 set as the ratio of the number of investor units, such that the amount of Class M Units will equal the number of investor units divided by 0.95 less the number of investor units. 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. At any time, the holder of a Class M unit may convert into either Class A and or Class R units.

v. **Unlimited number of Special Voting Units of the Trust 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 the Trust. 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 the Trust 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. The Trust units tendered for redemption in any calendar month in which the total amount payable by the Trust exceeds $50,000 (the "Monthly Limit"), may be redeemed for cash by a distribution in specie of debt securities on a pro-rata basis.

Issued (in units)

	December 31, 2017	December 31, 2016
Class A Trust Units		
Units as at January 1,	**38,160,499**	35,095,135
New units issued	**6,262,356**	3,088,917
Distribution reinvestment plan	**1,413,765**	1,301,745
Redemption of units	**(1,741,734)**	(1,312,746)
Transfers	**(16,287)**	(12,552)
	44,078,599	38,160,499
Class F Trust Units		
Units as at January 1,	**5,816,419**	4,139,635
New units issued	**2,756,494**	1,623,001
Distribution reinvestment plan	**343,004**	218,623
Redemption of units	**(293,710)**	(177,392)
Transfers	**16,249**	12,552
	8,638,456	5,816,419
Exchangeable LP units		
Units as at January 1,	**136,470**	259,683
New units issued	**-**	-
Distribution reinvestment plan	**3,195**	3,138
Redemption of units	**(8,665)**	(126,351)
	131,000	136,470
Class M Trust Units	**50,000**	50,000
Class I Trust Units		
Units as at January 1,	**-**	-
New units issued	**78,802**	-
Redemption of units	**-**	-
	78,802	-

14. Finance Costs

	December 31, 2017	December 31, 2016
Interest on mortgages payable and credit facilities	$ 13,841,700	$ 11,674,554
Amortization of financing fees and marked to market adjustment	711,751	538,280
Amortization on CMHC Insurance	165,332	103,938
	$ 14,718,783	$ 12,316,772

15. General and Administrative Expenses

	December 31, 2017	December 31, 2016
Salaries and wages	$ 6,500,151	$ 6,049,141
Communications & IT	1,077,655	984,641
Office expenses	1,446,953	706,318
Fund administration costs	608,816	862,458
Professional fees	689,289	591,846
Advertising	676,616	545,484
Amortization of property and equipment	218,814	228,065
	$ 11,218,294	$ 9,967,953

16. Commitments

The Trust 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, the Trust is required to pay an acquisition fee equal of 1.0% of the gross purchase price of each investment property acquired.

17. Contingencies

The Trust is involved in certain litigation arising out of ordinary course of investing in loans. Although such matters cannot be predicted with certainty, management believes the claims are without merit and does not consider the Trust's exposure to such litigation to have a material impact on the consolidated financial statements.

18. Related Party Transactions

Related parties of the Trust hold the 50,000 Class M Trust units of REIT and REOT. The distributions for the year ended December 31, 2017, for these units were $2,494,202 (December 31, 2016: $2,087,523).

During 2017, REIT was charged acquisition fees under the agreement described in Note 16 of $253,800 (December 31, 2016: $812,560). These transactions are incurred in the normal course of business and are measured at the amounts agreed to by the related parties.

REIT reimbursed Centurion Asset Management GP Inc. ("CAMGPI") for $2,924,218 (December 31, 2016: $2,093,248) of payroll expenses and $149,434 (December 31, 2016: $291,248) of administrative expenses for the year ended December 31, 2017.

The mortgage servicer, which is a related party through common ownership of Class M Units, has outstanding balances to the Trust at as December 31, 2017, of $6,764,324 related to an in-transit mortgage investment discharge (December 31, 2016: $833,127).

Key management consists of the Board of Trustees and the executive management team of the Trust. Compensation paid to non-executive Trustees during the year was $222,000 (December 31, 2016: $189,750). Compensation paid to the executive management of the Trust during the year was $463,000 (December 31, 2016: $470,000).

19. 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 values of the Trust's assets and liabilities were determined as follows:

- The carrying amounts of cash, restricted cash, unit subscriptions in trust, accounts receivables, accounts payable and other liabilities, other assets, 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, 2017, is $313,059,286 (December 31, 2016: $219,469,093), 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. The fair value at December 31, 2017, is $463,716,050 (December 31, 2016: $427,442,935)
- Management determine the fair value of the participating loan interest using either the direct comparison approach or the direct capitalization approach.
- 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* ("IFRS 13"). We have determined that the current uses of our investment properties are their 'highest and best use'. Investment properties were valued as at December 31, 2017, which resulted in fair value gains for the year ended December 31, 2017, of $78,760,932 (December 31, 2016: $6,264,838).

  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;
  - Normalized 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.

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, 2017	**Level 1**	**Level 2**	**Level 3**
Assets			
Investment properties	$ -	$ -	$ 896,711,567
Participating loan interests	-	-	25,794,119
Foreign currency forward contracts	-	(49)	-
Measured at fair value through profit and loss	**$ -**	**$ (49)**	**$ 922,505,686**

December 31, 2016	Level 1	Level 2	Level 3
Assets			
Investment properties	$ -	$ -	$ 768,793,900
Participating loan interests	-	-	11,266,796
Measured at fair value through profit and loss	$ -	$ -	$ 780,060,696

20. Capital Management

The Trust defines capital as net assets attributable to Unitholders, debt (including mortgages), and lines of credit. The Trust'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 for resources needed to acquire new investment properties and fund real estate or mortgage 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 of total debt. These indicators assist the Trust 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. Various mortgages have debt covenant requirements that are monitored by the Trust 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. The Trust endeavors to make annual distributions. Amounts retained in excess of the distributions are used to fund new investments 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 Trust's credit facilities (see Note 12) require compliance with certain financial covenants, throughout the year the Trust was in compliance with all of its loan covenants and all other of its obligations under its loan agreements.

The Declaration of Trust 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 the Trust's existing leverage ratio in accordance with the Declaration of Trust:

		December 31, 2017		December 31, 2016
Total unrestricted assets	**$**	**1,314,555,241**	$	1,044,978,126
Mortgages payable and credit facilities		**469,432,606**		420,912,633
Ratio of Debt to GBV		**35.71%**		40.28%

The following schedule details the components of the Trust's capital structure:

		December 31, 2017		December 31, 2016
Mortgages payable and credit facilities	**$**	**469,432,606**	$	420,912,633
Net assets attributable to Unitholders		**832,389,230**		611,549,498
Total Capital Structure	**$**	**1,301,821,836**	$	1,032,462,131

21. Financial Instruments

a) Risk Management

The main risks that arise from the Trust's financial instruments are liquidity, interest and credit risk. The Trust'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 the Trust'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, the Trust 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 the Trust, management considers the avoidance of undue concentrations of risk.

These risks include, and the actions taken to manage them, are as follows:

i) Liquidity Risk

Liquidity risk is the risk that the Trust may not be able to meet its financial obligations as they fall due. The Trust'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. The Trust manages its liquidity risk by ensuring its projected financial obligations can be met through its cash flow from operations, credit facility, new capital issuances and projected repayments under the existing mortgage investment portfolio.

There is a risk that lenders will not refinance maturing debt on terms and conditions acceptable to the Trust. Management's strategy is to mitigate the Trust'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 the Trust. At December 31, 2017, the Trust had cash of $3,963,946 (December 31, 2016: $1,053,088) and credit facilities as follows:

	December 31, 2017	December 31, 2016
Credit facilities agreed	**$95,750,000**	$65,750,000
Available for use	**$94,357,131**	$49,989,924
Available as undrawn	**$38,625,906**	$18,327,681

A subsidiary of the Trust has a revolving facility from a Schedule 1 Bank of $30,000,000 at an interest rate of prime plus 1.5%. As at December 31, 2017, $22,000,000 (December 31, 2016: $20,000,000) has been drawn on this facility. The facility has a maturity date of June 30, 2018 and has been secured by the assets of the subsidiary. Under the terms of the credit facility, the Trust is required to maintain a minimum tangible net worth and interest coverage ratio.

As at December 31, 2017, the Trust has contractual obligations totaling $260.5 million (December 31, 2016: $151.6 million) due in less than one year, which include all liabilities noted within the statement of financial position and the unfunded mortgage commitment (Note 6). For purposes of contractual obligations, no interest on the credit facility has been included as it is not practical to forecast the outstanding balance on the credit facility.

ii) Interest Rate Risk

The Trust's objective of managing interest rate risk is to minimize the volatility of earnings. Management monitors the Trust'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 the Trust's current credit facilities and terms. As at December 31, 2017, the Trust mortgage investments of $9,215,602 and a credit facility with a balance of $22,000,000 that bore interest at variables rates.

		-1%		+1%	
	Carrying Amount	Income	Equity	Income	Equity
Financial assets					
Variable rate mortgage investments due to mature in a year	$ 9,215,602	$ (100,637)	$ (100,637)	$ 101,556	$ 101,556
Financial liabilities					
Variable rate debt due to mature in a year	$ 55,731,225	$ 557,312	$ 557,312	$ (557,312)	$ (557,312)

The Trust 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.

The Trust's objective of managing interest rate risk is to minimize the volatility of earnings. Management monitor's the Trust'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 the Trust's current credit facilities and terms. At December 31, 2017, $416,476,922 of The Trust's mortgages bear interest at fixed rates (December 31, 2016: $390,951,348).

ii) Credit Risk

Tenant credit risk arises from the possibility that tenants and mortgage borrowers may default on their rent and mortgage obligations respectively to the Trust. The risk of credit loss is mitigated by leasing and credit policies. The Trust 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.

Investment credit risk is the possibility that a borrower under one of the mortgages comprising the investment portfolio, may be unable to honor their debt commitment as a result of a negative change in the borrower's financial position or market conditions that could result in a loss to the Trust.

Any instability in the real estate sector or an adverse change in economic conditions in Canada could result in declines in the value of real property securing the Corporation's investments. There have been significant increases in real estate values in various sectors of the Canadian market over the past few years. A correction or revaluation of real estate in such sectors will result in a reduction in values of the real estate securing mortgage loans or loan losses in the event the real estate security has to be realized upon the lender. The Trust's maximum exposure to credit risk is represented by the mortgage investment and other accounts receivables from mortgage servicer.

iv) Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Trust is exposed to currency risk from a mortgage investment that is denominated in US dollars ("USD"). The Trust uses foreign currency forward contracts to economically hedge the variability of future earnings and cash flow caused by movements in foreign exchange rates. Under the terms of the foreign currency forward contracts, the Trust buys or sells a currency against another currency at a set price on a future date.

As at December 31, 2017, the Trust has a mortgage investment denominated in of $5,076,548 USD. The Trust has entered into forward contracts to sell US dollars and reduce currency risk. As at December 31, 2017, the Trust has USD forward contracts with an aggregate notional value of $5,000,000 USD at a forward contract rate of $0.779 and maturity date at March 18, 2018. As a result, the Trust has reduced exposure to their foreign currency risk.

The fair value of the foreign currency forward contract as at December 31, 2017, is a liability of $49 which is included in other assets.

22. Supplement Cash Flow Information

The following table summarizes the movement in mortgages payable and credit facilities during the year:

		December 31, 2017
Long-Term Debt		
Balance, beginning of year	$	389,261,377
Refinanced		72,082,256
Mortgage repayments		(9,981,007)
Mortgages matured		(36,575,675)
Total financing cash flow activities		414,786,951
Unamortized portion of Financing Fees		(1,045,847)
Market to market adjustment		(39,723)
Total financing non-cash activities		(1,085,570)
Balance, end of year	$	413,701,381
Credit Facilities		
Balance, beginning of year	$	31,651,256
Credit Facility advances		31,600,000
Credit Facility repayments		(7,520,031)
Balance, end of year	$	55,731,225

23. Events after the Reporting Date

Subsequent to the reporting date the Trust completed the following transactions:

a) On January 2, 2018, the Trust received $6.7 million from the mortgage servicer for mortgage investment discharges that were in transit at year-end.
b) Additional mortgage investment advances of $70.1 million were completed and additional funding commitments of approximately $65.6 million have been approved.
c) Additional equity accounted investment advances of $5.0 million were completed.
d) Mortgage investment repayments of $11.3 million were received.
e) The credit facility balance was reduced by $9.0 million
f) The Trust issued units totaling $70.8 million to investors.
g) Cash distributions declared and paid totaled approximately $7.4 million.
h) Redemptions paid after the year-end totaled approximately $6.8 million.

24. Segmented Information

Management of the Trust monitors and operates its rental real estate properties and its mortgage investment operations separately. The Trust applies accounting policies consistently to both segments. The results for these segments are as follows:

For the year ended December 31, 2017		**Investment properties**		**Mortgage investments**		**Total**
Revenue / Interest income on mortgage investments	$	62,862,478	$	27,358,970	**$**	**90,221,448**
Operating costs		(22,196,970)		-		**(22,196,970)**
		40,665,508		27,358,970		**68,024,478**
Fair value gains on investment properties		78,760,932		-		**78,760,932**
Fair value gains on participating loan interests		-		14,527,324		**14,527,324**
Income from equity accounted investments		-		10,852,213		**10,852,213**
Management fee and Other income		466,632		-		**466,632**
General and administrative expenses		(8,499,755)		(2,718,539)		**(11,218,294)**
Provision for mortgage investment loss		-		(891,767)		**(891,767)**
Income from operations	**$**	**111,393,317**	**$**	**49,128,201**	**$**	**160,521,518**

For the year ended December 31, 2016		Investment 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)
		34,654,903		18,229,456		52,884,359
Fair value gains on investment properties		6,264,838		-		6,264,838
Fair value gains on participating loan interests		-		11,099,263		11,099,263
Income from equity accounted investments		-		4,706,781		4,706,781
Management fee and Other income		464,824		-		464,824
General and administrative expenses		(8,375,570)		(2,061,652)		(10,437,222)
Provision for mortgage investment loss		-		(523,225)		(523,225)
Income from operations	$	33,008,995	$	31,450,623	$	64,459,618

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