

REIT FORENSICS
INDEPENDENT DUE DILIGENCE & FORENSIC ANALYSIS

FORENSIC DUE DILIGENCE

The Seventy-Two-Cent Dollar

For every dollar of NOI Centurion’s apartments generate, seventy-two cents is consumed by the external management structure before it reaches a single unitholder—and the operating deficit has never been funded by anything other than new investor capital.

REIT Forensics | March 2026 | Non-Traded · Exempt-Market Trust | \$24.36

72.1%

FEE EXTRACTION
AS % OF NOI (FY2024)

-\$0.05

RF-AFFO PER UNIT
(FY2024)

21.2%

MGMT PRICE PREMIUM
OVER IFRS NAV

2.1%

FORWARD 5Y CAGR
AT MGMT PRICE ENTRY

\$22M

NET CAPITAL FLOW
Q3 2025 YTD

FEE STRUCTURE SEVERITY — FY2024 **SEVERE**

WHAT THE PROPERTIES EARN

\$227.8M

NOI - 65.0% margin
SS NOI growth: 8.6%
Occupancy: 94.8%

WHAT THE FEES CONSUME

72.1%

\$164.2M total extraction
Cumulative: \$474.7M (FY2019-Q3 2025)
Fee trend: Escalating

WHAT UNITHOLDERS KEEP

-\$0.05

RF-AFFO per unit - Negative
RF-AFFO payout ratio: -1,938%
Cash deficit: \$80.7M

§1 INCOME STATEMENT SUMMARY

(\$000S)	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	Q3 2025
Revenue	90,469	123,372	154,983	248,158	317,704	350,251	276,229
Property Operating Costs	(28,679)	(42,620)	(57,171)	(88,117)	(112,949)	(122,464)	(100,041)
NOI	61,790	80,752	97,812	160,041	204,755	227,787	176,188
Interest Income (Lending)	48,505	49,144	31,802	19,011	28,822	28,997	21,131
G&A	(19,042)	(25,433)	(29,075)	(35,695)	(40,364)	(37,111)	(30,536)
Asset Management Fee	-	-	-	-	(14,533)	(44,728)	(35,002)
Trailer Fees	(5,246)	(6,650)	(8,376)	(11,469)	(14,393)	(14,591)	(12,698)
Finance Costs	(21,351)	(28,817)	(37,697)	(70,306)	(87,501)	(106,182)	(77,259)
NOI Margin (%)	68.3%	65.5%	63.1%	64.5%	64.4%	65.0%	63.8%
Total Fee Burden (\$000s)	24,288	32,083	37,451	47,164	85,690	164,224	83,755
Fee Burden as % of NOI	39.3%	39.7%	38.3%	29.5%	41.9%	72.1%	47.5%

§2 THREE-TRACK FFO

	72,567	69,955	86,795	114,466	63,664	81,711	53,783
Management Fee	72,567	69,955	86,795	114,466	63,664	81,711	53,783
RF-FFO	72,567	69,955	86,795	114,466	63,664	81,711	53,783
RF-AFFO	6,517	7,229	3,696	10,101	17,250	(9,361)	(5,837)
WA Diluted Units (000s)	78,232	97,413	117,996	141,296	163,378	171,372	180,100
Mgmt FFO per Unit (\$)	\$0.93	\$0.72	\$0.82	\$0.89	\$0.58	\$0.88	\$0.49
RF-FFO per Unit (\$)	\$0.93	\$0.72	\$0.74	\$0.81	\$0.39	\$0.48	\$0.30
RF-AFFO per Unit (\$)	\$0.08	\$0.07	\$0.03	\$0.07	\$0.11	-\$0.05	-\$0.03
Distribution per Unit — Class A (\$)	\$0.82	\$0.93	\$0.93	\$1.04	\$1.05	\$1.16	\$0.87
RF-AFFO Payout Ratio (%)	1,390%	1,427%	2,916%	1,372%	901%	-1,938%	-2,460%
Gap: Mgmt FFO vs RF-AFFO (\$000s)	66,050	62,726	92,755	115,834	77,812	160,048	94,622

§3 CFS-FCF & DISTRIBUTIONS

(\$000s)	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	Q3 2025
Cash from Operations (CFO)	73,385	84,175	89,381	142,904	113,262	150,405	103,256
IP Improvements (Tier 3 Capex)	(27,294)	(55,696)	(61,384)	(61,109)	(47,628)	(49,687)	(36,545)
CFS-FCF	46,091	28,479	27,997	81,795	65,634	100,718	66,711
CFS-FCF per Unit (\$)	\$0.59	\$0.29	\$0.23	\$0.57	\$0.40	\$0.59	\$0.37
Total Distributions Declared	90,608	103,139	107,766	138,609	155,344	181,406	143,614
Cash Distributions Paid	44,652	50,296	47,267	58,846	70,259	73,645	59,998
DRIP Reinvestment	45,956	52,843	60,499	79,763	85,085	107,761	83,616
CFS-FCF Surplus / (Deficit) vs Declared	(44,517)	(74,660)	(79,769)	(56,814)	(89,710)	(80,688)	(76,903)
CFS-FCF Payout Ratio (%)	196.6%	362.2%	384.9%	169.5%	236.7%	180.1%	215.3%

§4 FEE EXTRACTION SEVERE — 72% OF NOI

(\$000s)	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	Q3 2025
G&A	19,042	25,433	29,075	35,695	40,364	37,111	30,536
Asset Management Fee	—	—	—	—	14,533	44,728	35,002
Trailer Fees	5,246	6,650	8,376	11,469	14,393	14,591	12,698
Carry Allocation	—	—	—	—	16,400	67,794	5,519
Class M Cash Extraction	—	50,000	—	40,000	26,414	—	—
Total Fee Extraction	24,288	32,083	37,451	47,164	85,690	164,224	83,755
Fee Extraction as % of NOI	39.3%	39.7%	38.3%	29.5%	41.9%	72.1%	47.5%
Fee Excl. Carry as % of NOI	39.3%	39.7%	38.3%	29.5%	33.8%	42.3%	44.4%
Cumulative Fee Extraction	24,288	56,371	93,822	140,986	226,676	390,900	474,655

FY2024 FEE COMPOSITION	\$000s	% OF TOTAL
Carry Allocation	67,794	41.3%
Asset Management Fee	44,728	27.2%
G&A	37,111	22.6%
Trailer Fees	14,591	8.9%
Total	164,224	100.0%

§5 CASH SURPLUS WATERFALL

(\$000s)	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	Q3 2025
Cash from Operations	73,385	84,175	89,381	142,904	113,262	150,405	103,256

	(27,274)	(33,373)	(31,364)	(31,107)	(47,020)	(47,007)	(30,343)
Less: Cash Distributions Paid	(44,652)	(50,296)	(47,267)	(58,846)	(70,259)	(73,645)	(59,998)
Less: Cash Redemptions	(51,697)	(219,877)	(261,431)	(235,492)	(327,364)	(379,251)	(303,072)
Less: Scheduled Debt Amortization	(42,887)	(59,109)	(120,597)	(253,265)	(287,890)	(218,172)	(49,399)
Cash Deficit Before External Funding	(93,145)	(300,803)	(401,298)	(465,808)	(619,879)	(570,350)	(345,758)
FUNDED BY:							
New Equity Subscriptions	469,147	341,174	452,349	485,597	461,870	492,223	325,059
Mortgage Advances (net)	233,199	478,476	315,458	122,594	119,618	143,745	7,045
Credit Facility Draws (net)	(18,641)	1,275	(1,275)	80,000	128,000	(108,000)	82,000

§6 BALANCE SHEET & LEVERAGE

(\$000S UNLESS NOTED)	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	Q3 2025
Investment Properties	1,808,604	2,445,550	3,110,516	5,106,772	5,795,044	6,282,124	6,492,428
Equity Accounted Investments	170,521	217,539	341,428	311,312	352,599	405,374	392,675
Total Lending Portfolio	582,275	428,705	254,859	157,986	262,087	139,190	113,490
Total Assets	2,702,655	3,305,057	4,073,306	5,721,447	6,594,198	7,048,908	7,217,417
Mortgages & Credit Facilities	737,678	1,183,108	1,578,261	2,612,857	3,155,355	3,269,635	3,427,428
Net Assets (IFRS NAV)	1,892,816	2,069,477	2,425,811	3,038,080	3,356,228	3,610,766	3,660,811
Net Debt (\$000s)	667,123	1,041,579	1,332,650	2,575,523	3,131,776	3,241,029	3,385,974
Debt / GBV (%)	27.3%	35.8%	38.7%	45.7%	47.9%	46.4%	47.5%
Net Debt / EBITDA (x)	7.8x	10.6x	12.5x	18.8x	19.2x	20.6x	28.3x
WA Mortgage Rate (%)	2.97%	2.56%	2.62%	2.91%	3.29%	3.24%	3.14%
WA IFRS Cap Rate (%)	4.33%	4.20%	4.08%	4.06%	4.38%	4.38%	4.36%

§7 NAV & VALUATION

	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	Q3 2025
IFRS NAV per Unit (\$)	\$20.67	\$19.82	\$18.72	\$19.85	\$20.07	\$20.41	\$20.10
Management Unit Price (\$)	—	\$19.34	\$20.63	\$22.59	\$23.18	\$24.26	\$24.36
Premium: Mgmt over IFRS NAV (%)	—	-2.4%	10.2%	13.8%	15.5%	18.9%	21.2%
RF Analyst NAV per Unit (\$)	—	—	—	—	—	—	\$11.53
Premium: Mgmt over RF NAV (%)	—	—	—	—	—	—	111%
NNOI (\$000s)	77,922	108,805	141,294	223,026	258,946	282,971	—
NNOI Premium over IFRS NOI (%)	26.1%	34.7%	44.5%	39.4%	26.5%	24.2%	—
Market-Implied Cap Rate at Mgmt Price (%)	—	—	—	—	—	—	3.29%
NTM NOI Cap Rate (%)	—	—	—	—	—	—	3.58%
IFRS WA Cap Rate (%)	4.33%	4.20%	4.08%	4.06%	4.38%	4.38%	4.36%
RF Analyst Cap Rate (%)	—	—	—	—	—	—	5.00%

ANALYST NAV BUILD — Q3 2025	\$000S
NTM NOI	246,663
Analyst Cap Rate	5.00%
Implied IP Value	4,933,264
IFRS IP Fair Value	6,492,428
Discount to IFRS IP (%)	-24.0%
+ EAI Carrying Value	392,675
+ Non-RE Assets	332,314

Total Assets	5,808,200
Less: Total Liabilities	(3,557,406)
Analyst NAV	2,109,847
Analyst NAV per Unit (\$)	\$11.53
vs IFRS NAV per Unit (\$20.10)	-42.6%
vs Mgmt Price (\$24.36)	-52.6%

§8 CAPITAL FLOWS

(\$000S)	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	Q3 2025
Units Issued (gross \$)	469,147	341,174	452,349	485,597	461,870	492,223	325,059
Redemption of Units	(51,697)	(219,877)	(261,431)	(235,492)	(327,364)	(379,251)	(303,072)
Net Capital Flow	417,450	121,297	190,918	250,105	134,506	112,972	21,987
Cash Distributions Paid	(44,652)	(50,296)	(47,267)	(58,846)	(70,259)	(73,645)	(59,998)
DRIP Reinvestment	45,956	52,843	60,499	79,763	85,085	107,761	83,616
Redemption Rate (% beg. NAV)	—	11.6%	12.6%	9.7%	10.8%	11.3%	8.4%

CAPITAL FLOW SIGNAL	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	Q3 2025
Net Capital Flow (\$000s)	417,450	121,297	190,918	250,105	134,506	112,972	21,987
Flow Direction	POSITIVE	DECELERATING	POSITIVE	POSITIVE	DECELERATING	DECELERATING	NEAR ZERO
Subscription Trend	STRONG	DECLINING	RECOVERING	STABLE	STABLE	STABLE	DECLINING
Health Assessment	HEALTHY	CAUTION	HEALTHY	HEALTHY	CAUTION	CAUTION	WARNING

§9 UNIT COUNT BRIDGE

(000S)	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	Q3 2025
Total Units Outstanding	91,571	104,427	129,564	153,027	167,218	176,936	182,133
YoY Unit Growth (%)	—	15.0%	14.5%	31.8%	6.7%	26.7%	—
BY CLASS:							
Class A	59,208	62,989	71,572	76,872	80,232	79,625	81,653
Class F	28,801	35,694	46,806	55,721	61,472	69,541	72,434
Class I	3,031	4,918	10,705	13,439	16,174	19,834	20,174
Class M	50	19	13	4	0	0	0
Exchangeable LP	481	807	468	6,991	9,340	7,936	7,872

§10 OPERATING METRICS

	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	Q3 2025
Total Rental Units	8,742	12,166	15,067	20,457	22,022	22,148	23,410
Occupancy (%)	97.1%	92.0%	89.2%	93.5%	94.5%	94.8%	92.6%
Portfolio Avg Rent (\$/mo)	\$1,040	\$1,097	\$1,206	—	\$1,463	\$1,541	\$1,605
SS NOI Growth (%)	—	1.2%	-0.5%	10.0%	11.0%	8.6%	—
NOI per Rental Unit (\$)	\$7,068	\$6,638	\$6,492	\$7,823	\$9,298	\$10,285	\$7,526
Revenue per Rental Unit (\$)	\$10,349	\$10,141	\$10,286	\$12,131	\$14,427	\$15,814	\$11,800

§11 NNOI VS IFRS NOI — DID NNOI DELIVER?

(\$000S)	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
IFRS NOI (Reported)	61,790	80,752	97,812	160,041	204,755	227,787

Item Management Performance	11/24	10/23	11/24	10/23	10/23	10/23
NNOI Premium (\$000s)	16,132	28,053	43,482	62,985	54,191	55,184
NNOI Premium (%)	26.1%	34.7%	44.5%	39.4%	26.5%	24.2%

ORGANIC GROWTH TEST	FY2020	FY2021	FY2022	FY2023	FY2024
Prior Year NNOI Gap (\$000s)	16,132	28,053	43,482	62,985	54,191
Organic SS NOI Growth (\$000s)	741	(404)	9,781	17,573	17,670
% of Gap Closed	4.6%	-1.4%	22.5%	27.9%	32.6%
Organic Shortfall vs NNOI (%)	-19.8%	-26.2%	-23.9%	-20.4%	-14.1%

§12 AMPLIFICATION TEST — COST OF EXTERNAL MANAGEMENT

SEVERE — 4.5PP ANNUAL

	FY2020	FY2021	FY2022	FY2023	FY2024
Hypothetical NAV/Unit (\$)	\$21.37	\$21.87	\$24.09	\$24.76	\$26.83
Actual IFRS NAV/Unit (\$)	\$19.82	\$18.72	\$19.85	\$20.07	\$20.41
NAV Gap — Fee Drag (\$/unit)	\$1.55	\$3.14	\$4.24	\$4.69	\$6.43
Hypothetical AFFO/Unit (\$)	\$0.98	\$0.97	\$1.01	\$1.06	\$1.13
Actual RF-AFFO/Unit (\$)	\$0.07	\$0.03	\$0.07	\$0.11	-\$0.05
AFFO Gap — Fee Drag (\$/unit)	-\$0.91	-\$0.94	-\$0.94	-\$0.95	-\$1.18
Hypothetical YoY Total Return (%)	8.0%	6.8%	14.6%	6.8%	12.2%
Actual YoY Total Return — NAV Basis (%)	-0.2%	-1.4%	10.5%	5.4%	6.5%
Return Gap — Fee Structure Cost (pp)	8.2	8.2	4.0	1.4	5.8

SUMMARY (FY2020–FY2024)	HYPOTHETICAL (PUBLIC)	ACTUAL (CENTURION)	GAP
5-Year CAGR	9.6%	5.1%	4.5pp
FY2024 AFFO/Unit (\$)	\$1.13	-\$0.05	\$1.18
FY2024 NAV/Unit (\$)	\$26.83	\$20.41	\$6.43
Classification	SEVERE		

FORWARD PROJECTION	FY2026E	FY2027E	FY2028E	FY2029E	FY2030E
Hypothetical NAV/Unit (\$)	\$27.83	\$28.77	\$29.75	\$30.62	\$31.52
Hypothetical AFFO/Unit (\$)	\$1.15	\$1.17	\$1.20	\$1.23	\$1.26
Hypothetical YoY Total Return (%)	7.3%	6.9%	6.7%	6.1%	6.1%
Actual YoY Total Return (%)	2.3%	1.8%	1.5%	0.8%	0.4%
Return Gap (pp)	4.9	5.0	5.2	5.3	5.7

FORWARD SUMMARY (FY2026E–FY2030E)	VALUE
Hypothetical Forward CAGR	6.6%
Actual Forward CAGR	2.1%
Avg Annual Fee Structure Cost	4.5pp

§13 ACCRETION ENGINE — WORKED EXAMPLE (\$500M EQUITY RAISE)

ITEM	VALUE
Equity Raised (\$000s)	500,000
Issuance Price (\$)	\$24.36
New Units Issued (000s)	20,525
Acquisition Cap Rate (%)	4.80%

	Q3 2025
Total Acquisitions (\$000s)	1,111,111
Acquired NOI (\$000s)	53,333
IFRS Cap Rate (%)	4.36%
IFRS FV of Acquired IP (\$000s)	1,223,242
Day-1 FV Gain (\$000s)	112,130
NAV/Unit BEFORE (\$)	\$20.10
NAV/Unit AFTER (\$)	\$21.08
Accretion per Unit (\$)	\$0.99
Accretion (%)	4.9%

ACCRETION ENGINE STATUS	FY2023	FY2024	Q3 2025 (ANN.)
Gross Subscriptions (\$000s)	461,870	492,223	~433,412
Gross Redemptions (\$000s)	(327,364)	(379,251)	~(404,096)
Net Capital Flow (\$000s)	134,506	112,972	~21,987
Engine Status	SLOWING	SLOWING	STALLING

\$14 ENTITY-SPECIFIC: LENDING PORTFOLIO

(\$000S)	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	Q3 2025
Mortgage Investments (net)	454,725	315,737	143,887	120,599	222,484	118,021	94,134
Participating Loan Interests	127,550	112,968	110,972	37,387	39,603	21,169	19,356
Total Lending Portfolio	582,275	428,705	254,859	157,986	262,087	139,190	113,490
Lending as % of Total Assets	21.5%	13.0%	6.3%	2.8%	4.0%	2.0%	1.6%
Interest Income (\$000s)	48,505	49,144	31,802	19,011	28,822	28,997	21,131

ECL STAGING (FY2024)	GROSS (\$000S)	% OF GROSS
Stage 1 (Performing)	75,004	60.0%
Stage 2 (Watch)	0	0.0%
Stage 3 (Impaired)	49,978	40.0%
ECL Allowance	(6,961)	

\$15 ENTITY-SPECIFIC: DEVELOPMENT PIPELINE

Q3 2025	\$000S
IP Under Development	260,168
Operational IP	6,232,260
Development as % of Total IP	4.0%
EAI — Development (carrying value)	245,965
Total Development Capital (IP + EAI)	506,133
Stabilized Units (diluted)	18,416
Unstabilized Units (diluted)	3,717
Unstabilized as % of Total	16.8%

DEVELOPMENT CASH DEPLOYED (\$000S)	FY2023	FY2024	Q3 2025
IP Development Costs (CFS)	(26,229)	(120,883)	(37,488)
EAI Funded (CFS)	(65,411)	(35,565)	(18,533)
Total Development Cash Deployed	(91,640)	(156,448)	(56,021)

(\$000s)	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	Q3 2025
EAI Carrying Value	170,521	217,539	341,428	311,312	352,599	405,374	392,675
Income from EAI	24,983	16,157	71,433	13,244	16,692	17,158	3,483

§17 FORWARD ESTIMATES (FY2026E–FY2030E)

KEY ASSUMPTIONS	FY2026E	FY2027E	FY2028E	FY2029E	FY2030E
SS NOI Growth (%)	3.8%	3.5%	3.5%	3.0%	3.0%
NOI Margin (%)	64.5%	65.0%	65.5%	66.0%	66.0%
G&A as % of Revenue	10.5%	10.5%	10.5%	10.5%	10.5%
AMF Rate (% of NAV)	0.9%	0.9%	0.9%	0.9%	0.9%
Trailer Fees as % of Revenue	4.0%	4.0%	4.0%	4.0%	4.0%
WA Mortgage Rate (%)	3.4%	3.5%	3.6%	3.6%	3.6%
Distribution per Unit (\$)	\$0.96	\$0.96	\$0.96	\$0.96	\$0.96
DRIP Participation (%)	58%	58%	58%	58%	58%
Mgmt Unit Price (\$)	\$24.50	\$24.75	\$25.00	\$25.25	\$25.50
Gross Subscriptions (\$000s)	350,000	300,000	275,000	250,000	225,000
Gross Redemptions (\$000s)	(380,000)	(400,000)	(400,000)	(375,000)	(350,000)
Carry Allocation	0	0	0	0	0
Debt (\$000s) — held constant	3,427,428	3,427,428	3,427,428	3,427,428	3,427,428
Analyst Cap Rate (%)	5.00%	5.00%	5.00%	5.00%	5.00%

PROJECTED CASH EARNINGS (\$000s)	FY2026E	FY2027E	FY2028E	FY2029E	FY2030E
Projected NOI	243,844	252,379	261,212	269,048	277,120
Less: G&A	(39,696)	(40,769)	(41,874)	(42,803)	(44,087)
Less: AMF	(33,000)	(32,940)	(32,940)	(32,940)	(32,940)
Less: Trailer Fees	(15,122)	(15,531)	(15,952)	(16,306)	(16,795)
Less: Finance Costs	(116,533)	(119,960)	(123,387)	(123,387)	(123,387)
Cash Earnings Before Capex	39,494	43,179	47,059	53,612	59,910
Less: Maintenance Capex (15% NOI)	(36,577)	(37,857)	(39,182)	(40,357)	(41,568)
Cash Available for Distributions	2,917	5,322	7,877	13,255	18,342
Less: Cash Distributions (excl DRIP)	(74,611)	(74,634)	(74,280)	(73,930)	(73,575)
Cash Deficit	(71,694)	(69,312)	(66,403)	(60,675)	(55,233)

PROJECTED UNIT COUNT (000s)	FY2026E	FY2027E	FY2028E	FY2029E	FY2030E
Beginning Units	182,133	185,048	185,105	184,226	183,358
+ Subscription Units	14,286	12,121	11,000	9,901	8,824
+ DRIP Units	4,139	4,097	4,121	4,082	4,023
– Redemption Units	(15,510)	(16,162)	(16,000)	(14,851)	(13,725)
Ending Units	185,048	185,105	184,226	183,358	182,478
YoY Unit Growth (%)	1.6%	0.0%	-0.5%	-0.5%	-0.5%

CREDIT FACILITY BREACH ANALYSIS (\$000s)	FY2026E	FY2027E	FY2028E	FY2029E	FY2030E
Cash Deficit Before External Funding	(512,913)	(191,024)	(213,320)	(207,796)	(202,560)
Cumulative Deficit	(512,913)	(703,938)	(917,258)	(1,125,054)	(1,327,613)
Net Mortgage Refinancing	65,000	65,000	65,000	65,000	65,000
CF Draw Required	447,913	126,024	148,320	142,796	137,560

Cumulative CF Balance	627,710	700,700	704,200	1,047,004	1,104,010
CF Capacity	300,000	300,000	300,000	300,000	300,000
CF Headroom / (BREACH)	(329,913)	(455,938)	(604,258)	(747,054)	(884,613)

§18 STRUCTURAL RETURN PROFILE — PER-UNIT INVESTOR RETURN

	FY2026E	FY2027E	FY2028E	FY2029E	FY2030E
Beginning Value (\$)	\$24.50	\$24.75	\$25.00	\$25.25	\$25.50
Ending Economic Value (\$)	\$24.67	\$24.80	\$24.97	\$25.05	\$25.19
Cash Distribution (\$)	\$0.40	\$0.40	\$0.40	\$0.40	\$0.40
YoY Total Economic Return (%)	2.3%	1.8%	1.5%	0.8%	0.4%
Capital Component (%)	0.7%	0.2%	-0.1%	-0.8%	-1.2%
Income Component (%)	1.6%	1.6%	1.6%	1.6%	1.6%

5-YEAR FORWARD SUMMARY	VALUE
Entry Price	\$24.50
FY2030E Economic Value	\$25.19
Cumulative Cash Distributions	\$2.02
Total Economic Return	\$2.71 (11.1%)
5-Year CAGR	2.1%

§19 ENTITY-SPECIFIC: PERFORMANCE EXTRACTION HISTORY

(\$000S)	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	Q3 2025
Class M Cash Extraction	—	50,000	—	40,000	26,414	—	—
Carry Accrued	—	—	—	—	16,400	67,794	5,519
Cumulative Performance Extraction	—	50,000	50,000	90,000	132,814	200,608	206,127

CHARTS

FEE EXTRACTION AS % OF NOI

Total fee extraction (incl. carry) relative to net operating income, FY2019–Q3 2025



NET CAPITAL FLOW (\$000S)

Gross subscriptions less redemptions — secular decline from \$417M to \$22M



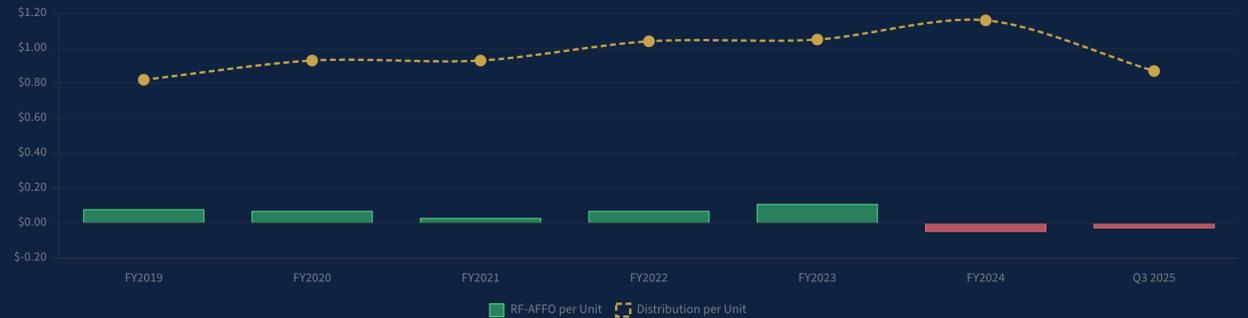
NAV PER UNIT — THREE VALUES COMPARED

Management price, IFRS NAV, and RF analyst NAV (Q3 2025 only)



RF-AFFO PER UNIT VS DISTRIBUTION PER UNIT (\$)

The earnings that exist vs the distributions that are paid



SUPPORTING METRICS — Q3 2025

PER-UNIT SUMMARY

NOI / Unit (FY2024)	\$10,285
RF-AFFO / Unit (FY2024)	-\$0.05
CFS-FCF / Unit (FY2024)	\$0.59
Distribution / Unit	\$1.16
IFRS NAV / Unit	\$20.10
Mgmt Price / Unit	\$24.36

LEVERAGE & LIQUIDITY

Debt / GBV	47.5%
ND / EBITDA	28.3x
WA Mortgage Rate	3.14%
WA Maturity (yrs)	5.28
CF Drawn / Capacity	\$182M / \$300M
CF Headroom	\$118M

FEE PROFILE (FY2024)

Total Fees / NOI	72.1%
Fees Excl. Carry / NOI	42.3%
AMF (\$000s)	\$44,728
Carry (\$000s)	\$67,794
Cumulative Extraction	\$474,655
Amplification Cost (pp/yr)	4.5pp

VALUATION

IFRS Cap Rate	4.36%
Implied Cap at Mgmt Price	3.29%
Analyst Cap Rate	5.00%
Mgmt Premium / IFRS	21.2%
Analyst NAV / Unit	\$11.53
NNOI Premium / NOI	24.2%

Total Rental Units	23,410	Net Flow (Q3 2025 YTD)	\$21,987
Occupancy	92.6%	Redemption Rate	8.4%
Avg Rent (\$/mo)	\$1,605	DRIP Participation	58%
SS NOI Growth (FY2024)	8.6%	Total Units (000s)	182,133
NOI Margin	63.8%	Fwd 5Y CAGR	2.1%
Unstabilized Units	16.8%	COT Notes	Active 2025

Source: Centurion Apartment REIT financial statements (FY2019–Q3 2025), REIT Forensics pro forma model (FY2026E–FY2030E). All operating metrics from company reports and offering memorandum. Pro forma assumes zero acquisitions, zero carry allocation, SS NOI growth declining from 3.8% to 3.0%, gross subscriptions declining from \$350M to \$225M, gross redemptions declining from \$380M to \$350M, DRIP participation of 58%, distribution of \$0.96/unit, debt held constant at \$3.43B, analyst cap rate of 5.00%. Forward projections are illustrative scenarios, not forecasts.

Centurion Apartment REIT presents itself as a straightforward proposition: Canadian apartment real estate, professionally managed, yielding a steady distribution. The portfolio is real—23,410 rental units across a diversified Canadian apartment platform, generating **\$227.8M** of net operating income in fiscal 2024, with same-store NOI growth of 8.6% that year and 11.0% the year before. These are good properties in a structurally undersupplied housing market. The operating platform works. What does not work is everything that sits between the properties and the unitholder.

The forensic analysis reveals an entity where the fee apparatus—asset management fees, performance carry, trailer fees, and general administration—consumed **72.1%** of NOI in fiscal 2024, leaving essentially nothing for the people who own the buildings. RF-AFFO, the honest measure of per-unit cash earnings after all fees, interest, and maintenance capital, turned negative in FY2024 at **-\$0.05** per unit. Distributions of **\$1.16** per unit were paid anyway—funded not by operations but by a continuous flow of new investor subscriptions that totalled **\$492** million that year. The entity has never generated a cash surplus after distributions and redemptions in any period covered by this model. It requires **\$350–500** million of fresh equity capital annually just to stay liquid. Net capital flow has collapsed from **\$417** million in FY2019 to just **\$22** million through the first nine months of 2025, and the credit facility—the last liquidity buffer—is projected to breach its **\$300** million capacity by early 2026.

The amplification test quantifies the damage: a hypothetical public REIT operating the identical portfolio and leverage structure would have delivered a **9.6%** compound annual return over FY2020–FY2024. Centurion delivered **5.1%**. The fee structure costs unitholders approximately **450** basis points of annual return. In dollar terms, an investor who held **\$100,000** at the start of FY2020 would have approximately **\$128,000** today under a public REIT cost structure; under Centurion's actual structure, they have approximately **\$112,000**—a **\$16,000** shortfall attributable entirely to intermediation costs. The management unit price of **\$24.36**, meanwhile, stands **21%** above IFRS book value and **111%** above the analyst's independent NAV estimate of **\$11.53** per unit. The forward base case—no acquisitions, no equity raises, flat cap rates—

apartments. It is an investment in a fee structure that happens to own Canadian apartments.

1.

The Operating Platform

Sector Investment Characteristics

Canadian multi-residential real estate is one of the most structurally favoured asset classes in the developed world. Population growth—driven by immigration targets that remain elevated even after recent adjustments—consistently outpaces housing completions. CMHC's latest rental market survey shows vacancy rates below 2% in most major markets, with average rent increases exceeding 5% nationally.¹ The sector trades on low cap rates (4.0–5.0% for institutional-quality product), moderate capex intensity (10–20% of NOI for suite renovations and building envelope maintenance), and a return profile dominated by current income with modest capital appreciation. Distribution sustainability in this sector depends almost entirely on the operating cost structure and leverage—the top-line revenue stream is among the most predictable in real estate.

For an externally managed private vehicle, the return composition question takes on a different character. The assets themselves should deliver 6–8% unlevered returns (4–5% cap rate plus 2–3.5% NOI growth). Levered returns at 45–50% LTV should reach 8–11% before fees. The central investment question is how much of that return reaches the unitholder after the intermediation cost is deducted—and whether the fee structure leaves enough to fund a competitive distribution from operations.

What Investors Should Be Getting

At a 5.00% analyst cap rate on Centurion's NTM NOI of \$246.7M, the property portfolio has an implied unlevered value of approximately \$4.93 billion. Levered at 47.5% debt-to-gross-book-value with a weighted-average mortgage rate of 3.14%, the equity should earn a levered return in the range of 8–10% before costs, depending on NOI growth assumptions. Under a public REIT cost structure—internalized management at 9.5% of NOI in G&A, no external management fee, no trailer fees, no performance carry—the hypothetical AFFO per unit was \$1.13 in FY2024, comfortably funding a distribution and leaving capital for reinvestment. That is what the assets produce. What investors are actually getting is RF-AFFO of $-\$0.05$ per unit, a payout ratio that is mathematically undefined (you cannot divide a positive distribution by negative earnings), and a forward total economic return of 2.1% annually at the management-set entry price. The gap between what the properties earn and what unitholders receive is not a rounding error. It is the thesis.

Operating Performance

The properties themselves perform credibly. Revenue grew from \$90.5 million in FY2019 to \$350.3 million in FY2024, and NOI expanded from

rental units—but same-store performance has been strong. Same-store NOI growth registered 11.0% in FY2023 and 8.6% in FY2024, reflecting the pricing power that Canadian landlords enjoy in a structurally tight market. Average monthly rent rose from \$1,040 (FY2019) to \$1,605 (Q3 2025), a 54% increase. Occupancy has been volatile, dropping to 89.2% during FY2021's pandemic troughs before recovering to 94.8% by FY2024 and settling at 92.6% at Q3 2025—the latter figure reflecting the 16.8% of portfolio units that remain unstabilized in the development pipeline.

NOI margins have been stable in the 63–65% range after declining from 68.3% in FY2019, reflecting the portfolio's shift toward larger, more operationally complex assets with higher operating cost ratios. Per-unit NOI reached \$10,285 in FY2024, up from \$7,068 in FY2019—a 45% increase that validates the same-store growth story. None of this is the problem. The buildings work. The cost structure imposed on top of them is the problem.

NNOI vs. Reported NOI—The Valuation Input Gap

Management values the portfolio using Normalized NOI (NNOI)—not the IFRS NOI that appears on the income statement. NNOI adds back a “Rent-to-Market Gap” (\$38.0 million in FY2024) and a “Vacancy & Stabilization” adjustment (\$36.8 million), producing an income figure that exceeded reported IFRS NOI by 24–45% across the model period. The NNOI premium peaked at 44.5% in FY2021 and stood at 24.2% in FY2024—meaning management's valuation input was \$55.2 million higher than what the properties actually earned.

Does this unrealized income eventually materialize? The forensic analysis tests this directly. In any given year, organic same-store NOI growth closed only 5–33% of the prior year's NNOI gap. In FY2021, same-store NOI actually declined while NNOI claimed \$43.5 million of embedded income. Even in FY2024—the best year for delivery, when organic growth closed 32.6% of the prior gap—the organic shortfall remained –14.1%. NNOI systematically overstates the portfolio's current earning power, and this overstatement flows directly into property valuations, which flow into NAV, which determines the asset management fee base.



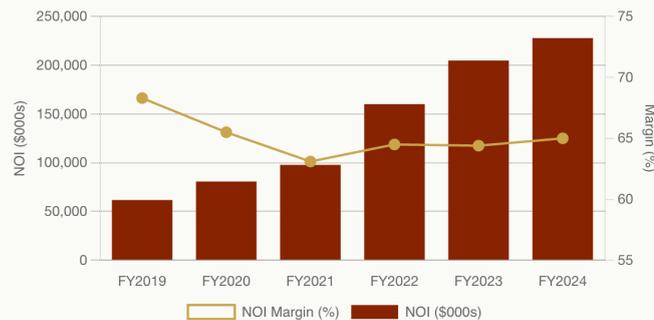
The Lending Portfolio

Centurion maintains a legacy mortgage investment and participating loan interest portfolio that has declined from \$582 million (21.5% of total assets) in FY2019 to \$113 million (1.6%) at Q3 2025. This is a high-yield lending book—weighted-average effective rate of 12.7%—concentrated in private mortgage lending. Interest income contributed \$29.0 million in FY2024, a meaningful offset to the entity's cash earnings shortfall. Without lending income, pre-capex cash earnings would have been negative in every period, not just FY2024 and Q3 2025.

IFRS 9, with only \$7.0 million in expected credit loss allowances—implying an 86% recovery expectation that may prove optimistic. The participating loan interest book is being wound down, with fair value losses of \$9.7 million in FY2024. As this portfolio shrinks, the interest income disappears, widening the RF-AFFO deficit further. The lending book is simultaneously the entity's most vulnerable asset and one of its few remaining sources of genuine cash earnings.

NOI GROWTH & MARGIN (FY2019–FY2024)

Total NOI (\$000s, bars) and NOI Margin (%; line) across the full historical period



The chart tells the story of an operating platform that scaled successfully. NOI nearly quadrupled from \$61.8 million to \$227.8 million, while margins held in a tight 63–65% band after an initial compression from FY2019's 68.3%. The growth was overwhelmingly acquisition-driven—same-store NOI accounts for roughly one-third of the increase—but the margin stability suggests efficient integration of new properties. The question is not whether management can operate apartments. It is what they charge for the privilege.

11.

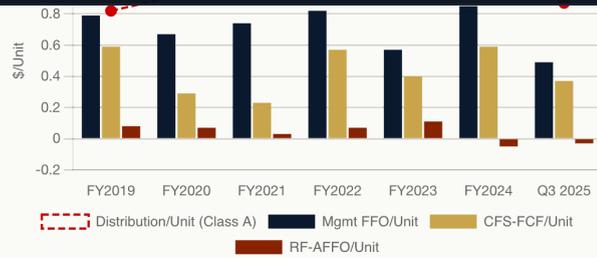
Per-Unit Economics—What a Single Unit Actually Earns

Management does not report AFFO. For a \$7.2 billion entity, this is a deliberate choice, not an oversight. There is no capex classification, no maintenance capital deduction, no attempt to present unitholders with the cash earnings their units actually generate. The entity reports a non-standard “Management FFO” that adds back the asset management fee, trailer fees, and realized gains—expenses that are real cash costs to unitholders—producing a figure that overstated honest cash earnings by **\$160.0M** in FY2024.

RF-AFFO (REIT Forensics AFFO) is constructed independently from first principles: IFRS NOI, less all cash operating costs (G&A, asset management fee, trailer fees), less cash interest, less current tax, less economic maintenance capital at 15% of NOI—the institutional maintenance benchmark for apartment assets based on Green Street, NAREIT/EY, and CBRE estimates.² This is what a single unit actually earns in cash after every real cost of doing business.

PER-UNIT EARNINGS CASCADE (FY2019–Q3 2025)

Management FFO/unit, RF-AFFO/unit, CTS-FFO/unit, and Distribution/unit (Class A)



The chart makes the coverage gap visceral. The dashed red line—the distribution per unit—floats above every measure of actual earnings in every period. Management FFO per unit, the entity’s own most generous metric, peaked at \$0.85 in FY2024 but covered only 73% of the \$1.16 distribution. CFS-FCF per unit (cash from operations less capital spending, divided by units outstanding) ranged from \$0.23 to \$0.59—never more than half the distribution. RF-AFFO per unit, the most economically honest measure, never exceeded \$0.11 and turned negative in FY2024. The distribution has been unfunded by any measure of earnings in every single period.

The unit count, meanwhile, has nearly doubled—from 91.6 million at FY2019 to 182.1 million at Q3 2025. This growth reflects subscriptions (the dominant source), DRIP reinvestment at a 2% discount to the management price, and carry-related unit issuance (2.8 million units in FY2024 alone). DRIP participation has risen from 51% to 58–59% of declared distributions, reducing cash outflows but accelerating unit dilution. The Class F unit class (no trailer fee) has grown from 31% to 40% of total units, reflecting a shift toward fee-aware investors—though the trailer fee persists for the majority.

RF-AFFO turned negative in FY2024. Every dollar distributed since then has come not from earnings but from new investor subscriptions, debt, or erosion of asset value. The distribution is a return OF capital disguised as a return ON capital.

IIII.

The Fee Structure—What It Costs

This section is the center of gravity for any externally managed vehicle. Centurion’s fee structure has four layers, and understanding each is essential to understanding why good properties produce poor unitholder economics.

Layer 1: General & Administrative Expenses

G&A includes salaries and wages, professional fees, IT, office costs, fund administration, and advertising. In FY2024, G&A totalled **\$37.1M**, down from \$40.4 million in FY2023 but still substantial at 16.3% of NOI. In an externally managed structure, G&A is additional to the external management fee—it is not a substitute. The entity pays its external

Layer 2: Asset Management Fee

Introduced explicitly in September 2023, the AMF is charged at 0.90% (temporarily reduced from the contractual 1.00%) of NAV, payable monthly to Centurion Asset Management Inc.—100% owned indirectly by Gregory Romundt. The AMF generated \$14.5 million in the partial FY2023 year and **\$44.7M** in FY2024, its first full year. At Q3 2025, the trailing annualized rate was approximately \$46.7 million. The AMF is calculated on IFRS NAV, which is itself inflated by the NNOI-based valuation methodology. This creates a fee-valuation circularity: management controls the NNOI normalization inputs, those inputs inflate NAV, and the inflated NAV determines the fee base. A 10% overstatement in NAV directly produces a 10% higher AMF. Cumulative AMF since introduction: \$94.3 million.

Layer 3: Trailer Fees (Dealer Compensation)

Trailer fees compensate the dealers who sold units to investors. These are ongoing annual payments—not one-time commissions—running at approximately 4% of revenue. In FY2024, trailers totalled **\$14.6M**, growing from \$5.2 million in FY2019 as the unit base expanded. Cumulative trailers: \$78.9 million. Trailer fees are a direct cost to unitholders that does not exist in a public REIT structure—public investors pay their own brokerage commissions, not an ongoing embedded fee.

Layer 4: Performance Carry / Class M Extraction

This is the fee that does not appear in the operating expense section of the income statement. Prior to September 2023, management extracted performance compensation through Class M units—a special unit class that management received and periodically redeemed for cash. Total Class M cash extraction: \$116.4 million (\$50.0 million in FY2020, \$40.0 million in FY2022, \$26.4 million in FY2023). The Class M mechanism was eliminated and replaced by a 15% carry allocation on total returns above a 7.25% IRR hurdle. In FY2024, carry totalled **\$67.8M**—settled not in cash but in 2.8 million Class D LP units, creating latent dilution when those units are eventually exchanged into Class F units upon triggering events. From 2026 forward, carry continues to accrue to Class D units, deferring cash extraction but building a growing claim on unitholder equity.

The carry allocation is embedded within fair value gains on the income statement. A unitholder reviewing only operating expenses would see G&A plus AMF plus trailers equalling \$96.4 million in FY2024 and conclude the fee burden, while high, was manageable at 42.3% of NOI. They would entirely miss the \$67.8 million carry deducted from fair value gains before those gains flowed to unitholder equity. Including carry, total fee extraction was \$164.2 million—72.1% of NOI.

The Fee Restructuring—Before and After

The September 2023 restructuring was presented as a modernization of the fee arrangement. The reality, measured in dollars, is that it

million—29.5% of NOI. In FY2024, the first full year under the new structure, total fees reached \$164.2 million—72.1% of NOI. Even excluding carry (which is volatile and partially deferred), operating fees (G&A plus AMF plus trailers) rose from \$47.2 million to \$96.4 million—more than doubling. The AMF was added on top of existing G&A, not as a replacement. The carry mechanism replaced Class M extraction but at a far higher rate: \$67.8 million of carry in FY2024 versus the \$40.0 million Class M extraction in FY2022.

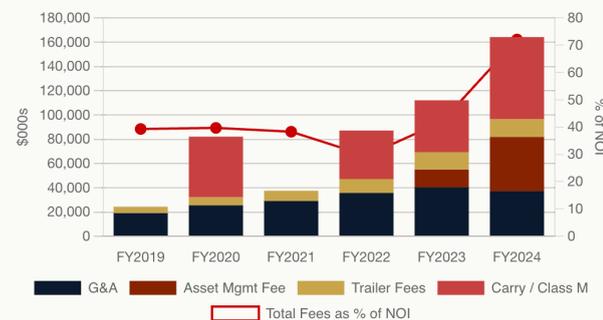
\$474.7M	72.1%	\$206.1M
CUMULATIVE FEE EXTRACTION (FY2019–Q3 2025)	FY2024 TOTAL FEES AS % OF NOI	CUMULATIVE PERFORMANCE EXTRACTION (CLASS M + CARRY)

What a Public REIT Costs—The Comparison

Under a public REIT structure, the same assets would cost investors approximately \$21.6 million annually (9.5% of NOI in internalized G&A, no external management fee, no trailer fees, no carry allocation). Under the current structure, they cost \$164.2 million—7.6 times as much. The incremental cost of \$142.6 million per year is the price of intermediation. It is not a theoretical construct. It is the reason RF-AFFO is negative.

FEE EXTRACTION BY COMPONENT (FY2019–FY2024)

G&A, AMF, Trailer Fees, and Carry Allocation (\$000s, stacked bars) with Total as % of NOI (line)



The stacked bars show a fee structure that more than tripled from \$24.3 million (FY2019) to \$164.2 million (FY2024). The composition shift is striking: carry and AMF, which did not exist as explicit line items before FY2023, now account for 68.5% of total fees. The red line—total fees as a percentage of NOI—held in the 29–40% range for years before spiking to 72.1% in FY2024, the year the fee restructuring took full effect. The FY2024 figure includes a large carry accrual that may not recur at the same magnitude, but even excluding carry, the operating fee burden of 42.3% is materially higher than the pre-restructuring 29.5%.

IV.

Distribution Sustainability—Following the Cash

The CFS-FCF analysis and the full cash surplus waterfall reveal the structural dependency at the core of this entity. The math is unambiguous: cash from operations has never been sufficient to fund distributions, let alone distributions plus redemptions plus debt service.

CFS-FCF—cash from operations less investment property improvements, the broadest measure of cash generation from the audited cash flow statement—ranged from \$28.0 million (FY2021) to \$100.7 million (FY2024). Against declared distributions of \$90.6 million to \$181.4 million, the shortfall ranged from \$44.5 million to \$89.7 million. CFS-FCF per unit peaked at \$0.59 in both FY2019 and FY2024—roughly half the distribution per unit. Distributions have exceeded CFS-FCF in every period in the model. The cumulative CFS-FCF deficit against declared distributions from FY2019 through Q3 2025 is approximately **\$502M**.

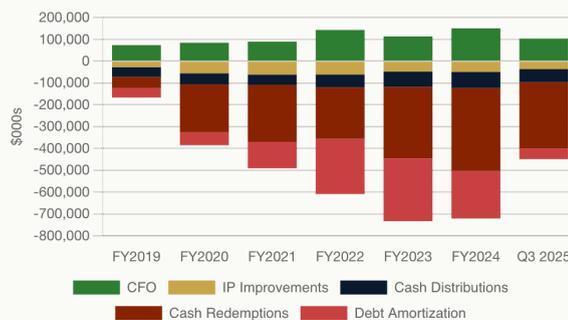
The Full Cash Waterfall—Where the Money Actually Goes

When you extend the waterfall beyond distributions to include cash redemptions, debt amortization, and capital spending, the true cash need emerges. In FY2024, cash from operations of \$150.4 million was consumed by: IP improvements (\$49.7 million), cash distributions (\$73.6 million), cash redemptions (\$379.3 million), and scheduled debt amortization (\$218.2 million)—a total outflow of \$720.7 million against \$150.4 million of inflows. The cash deficit before external funding was **\$570.4M**.

How was this funded? New equity subscriptions of \$492.2 million and net mortgage advances of \$143.7 million. The math is circular: new investors fund the redemptions of departing investors, the distributions of existing investors, and the debt service that operations cannot cover. FY2023 was even worse—the deficit reached \$619.9 million, funded by \$461.9 million in subscriptions and \$119.6 million in new mortgages plus \$128.0 million in credit facility draws.

CASH SURPLUS WATERFALL (FY2019-Q3 2025)

CFO, minus IP Improvements, minus Cash Distributions, minus Redemptions, minus Debt Amortization = Cash Deficit (2020E)



The waterfall makes the structural imbalance unmistakable. The green bar—cash from operations—is the only positive component, and it is overwhelmed by the four outflow categories stacked below. Redemptions (dark red) are the largest single drain, exceeding CFO in every period from FY2020 onward. In Q3 2025, just nine months of redemptions (\$303.1 million) consumed nearly three times the cash generated by operations (\$103.3 million). The total deficit before external funding reached \$345.8 million in those nine months alone.

Forward Cash Waterfall—The Credit Facility Breach

The forward projections assume gross subscriptions declining from \$350 million (FY2026E) to \$225 million (FY2030E), with redemptions holding at \$350–400 million. Under these assumptions—which the model characterizes as a base case, not a stress test—the cumulative cash deficit

shortfall growing to \$885 million by FY2030E. Cash available for distributions after fees and maintenance capex never exceeds \$18.3 million against \$73.6 million of required cash distributions—meaning the annual cash deficit narrows from \$71.7 million to \$55.2 million but never closes.

The entity has generated a cash deficit in every period since FY2019. New investor subscriptions of \$3.0 billion over six and a half years have funded \$1.8 billion of redemptions, \$440 million of cash distributions, and \$475 million of fee extraction. The buildings are incidental to the capital flow.

v.

The Valuation Question

Three Values, Three Realities

Centurion operates in **Regime 3—Management Price Above Liquidation Value**. The management unit price of \$24.36 exceeds IFRS NAV per unit of \$20.10 by 21.2%, and exceeds the analyst's independent NAV estimate of \$11.53 by 111%. This premium has widened consistently since FY2021, when the management price was only 10.2% above IFRS NAV. The divergence is driven by two mechanisms.

First, IFRS NAV itself is inflated. Property valuations use NNOI rather than reported NOI, adding \$55 million of unrealized income to the valuation input. The IFRS cap rate of 4.36% is tighter than the analyst's market-based cap rate of 5.00%. Together, these produce an IFRS property value of \$6.49 billion. At a 5.00% cap rate on NTM NOI of \$246.7 million, the properties are worth \$4.93 billion—a \$1.56 billion or 24% haircut. Equity per unit falls from \$20.10 (IFRS) to \$11.53 (analyst estimate).

Second, the management price includes an additional premium above IFRS NAV. The implied cap rate at the management unit price—derived by backing into what cap rate the management price implies on actual forward NOI—is 3.29%. This is 107 basis points tighter than the IFRS cap rate and 171 basis points tighter than the analyst's market-based cap rate. For context, the most prime urban apartment assets in Canada trade publicly at 4.0–4.5% implied cap rates.³

MANAGEMENT PRICE VS. IFRS NAV VS. ANALYST NAV PER UNIT

Per-unit values FY2020–Q3 2025, with analyst NAV shown at Q3 2025



The divergence is stark. Management price (red) and IFRS NAV (navy) moved in tandem through FY2020 but separated from FY2021 onward, with the management price rising steadily while IFRS NAV essentially flatlined between \$18.72 and \$20.41. The gold triangle at Q3 2025 shows the analyst NAV—\$11.53—revealing the full gap. An investor entering today at \$24.36 is paying 111% more than the properties appear to be worth under market-based assumptions. If the IFRS cap rate expanded by just 64 basis points (from 4.36% to 5.00%), the management price premium over IFRS NAV would reverse from 21% to an overshoot of approximately 111%.

The Accretion Engine—And Its Breakdown

In a Regime 3 entity, above-NAV issuance creates an accretion engine: capital raised at \$24.36 per unit is deployed into acquisitions at market cap rates (~4.80%), IFRS reappraises those properties at a tighter cap rate (4.36%), and the day-one fair value gain accretes to existing unitholders. A worked example from the model illustrates the mechanics: a \$500 million equity raise at \$24.36 per unit creates 20.5 million new units, funds \$1.11 billion of acquisitions at 55% LTV and a 4.80% cap rate, generates a \$112 million day-one fair value gain on IFRS reappraisal at 4.36%, and accretes \$0.99 per unit (4.9%) to existing unitholders.

But the engine has broken down. The leakage analysis reveals why. In Q3 2025, gross subscriptions of \$325 million were nearly entirely consumed by redemptions (\$303 million) and cash distributions (\$60 million). Net capital available for acquisitions was effectively zero. In FY2024, \$492 million of gross subscriptions minus \$379 million of redemptions minus \$74 million of cash distributions left roughly \$39 million for all other uses—a tiny fraction of the capital raised. The accretion engine requires a large, continuous surplus of new capital over outflows. That surplus has shrunk from \$417 million (FY2019) to approximately \$22 million (Q3 2025 annualized). Meanwhile, the fee drag of approximately \$71.7 million annually is fixed and must be offset by accretion just to break even. The engine is stalling precisely when the fee burden is highest.

VI.

Capital Flow Dynamics

Net capital flow is in secular decline. It peaked at \$417 million in FY2019, recovered partially to \$250 million in FY2022, and has collapsed to just \$22 million through the first nine months of 2025. This trajectory is driven by two forces moving in opposite directions: subscriptions are decelerating while redemptions are escalating and proving persistent.

underway. Gross redemptions have grown relentlessly—from \$51.7 million in FY2019 to \$379.3 million in FY2024 to \$303.1 million in just nine months of 2025 (annualized: approximately \$404 million). The redemption rate as a percentage of beginning NAV has fluctuated between 8.4% and 12.6%, but the absolute dollar amounts reflect a dramatically larger NAV base.

The commencement of Centurion Operating Trust (COT) Note issuance in 2025 is a critical structural indicator. When monthly cash redemptions exceed the \$50,000 per month gate, the excess is satisfied with unsecured 5-year COT Notes bearing rates below the distribution yield. The use of COT Notes means the entity's internal liquidity cannot accommodate the redemption demand. Investors seeking exit are being offered IOUs instead of cash—a mechanism that works in low-stress environments but risks triggering accelerating redemptions in stressed ones.

NET CAPITAL FLOW (FY2019–Q3 2025)

Gross Subscriptions, Gross Redemptions, and Net Capital Flow (\$'000s)



The gold line tells the story. Net capital flow declined from \$417 million to \$22 million in six and a half years. The green bars (subscriptions) have held relatively stable in absolute terms but cannot keep pace with the red bars (redemptions), which have grown sevenfold. The DRIP mechanism partially obscures this: 58–59% of declared distributions are reinvested rather than paid in cash, converting distribution outflows into unit dilution. Without DRIP reinvestment, cash distribution requirements would be approximately \$181 million rather than the \$74 million actually paid in cash in FY2024—and the capital flow picture would be far worse.

The unit count bridge reflects this dynamic. Total units grew from 91.6 million to 182.1 million, with subscriptions driving the majority of growth, DRIP adding a persistent 4–5 million units annually, and carry settlement contributing 2.8 million units in FY2024. The forward projections assume unit growth turns negative from FY2028E as subscriptions decline below redemptions—the entity would begin shrinking.

VII.

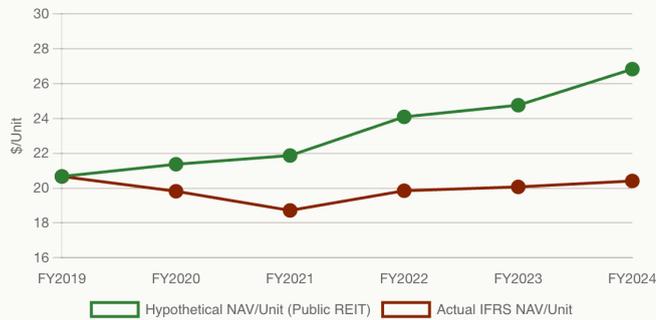
The Amplification Test—What Unitholders Lost

The amplification test holds the FY2019 balance sheet constant—same properties, same leverage, same lending portfolio—and applies actual same-store NOI growth and actual interest rates. The only variable

dilution from fee-related issuance. The results quantify the all-in cost of external management.

HYPOTHETICAL VS. ACTUAL NAV PER UNIT (FY2019-FY2024)

Hypothetical (public REIT cost structure) vs. Actual IFRS NAV/Unit



The green line is what the properties would have delivered. The red line is what unitholders received. The lines diverge immediately and the gap widens in every period. By FY2024, the hypothetical NAV per unit was \$26.83 versus the actual \$20.41—a gap of **\$6.43** per unit, attributable entirely to the fee structure. On the entity’s FY2019 unit base of 91.6 million units (held constant in the hypothetical), this represents approximately \$589 million of cumulative value transferred from unitholders to the fee apparatus.

The earnings gap is equally stark. The hypothetical AFFO per unit was \$1.13 in FY2024. Centurion’s RF-AFFO per unit was -\$0.05. The difference — **\$1.18** per unit—is the annual per-unit cost of the fee structure on an earnings basis. Under a public REIT cost structure, these properties would generate meaningful per-unit earnings comfortably covering a distribution. Under Centurion’s structure, they generate nothing.

The total return comparison is definitive. The hypothetical delivered a 9.6% compound annual return over FY2020–FY2024. Centurion delivered 5.1%. The average annual fee structure cost: **450** basis points. This is not a relative shortfall—it is a MATERIAL classification under the amplification framework. The actual return of 5.1% is positive but below a reasonable proxy for the cost of equity capital in Canadian real estate (roughly 8%), placing this firmly in the territory of absolute value erosion rather than mere opportunity cost.

Made personal: an investor who placed \$100,000 into Centurion at the start of FY2020 and reinvested distributions has approximately \$128,100 today under the hypothetical (public REIT cost structure with identical properties and leverage). Under the actual Centurion structure, they have approximately \$112,800. The difference of \$15,300 is the cumulative cost of intermediation over five years on a single \$100,000 investment.

\$6.43	\$1.18	450 bps
CUMULATIVE NAV GAP PER UNIT (FY2024)	ANNUAL AFFO GAP PER UNIT (FY2024)	AVERAGE ANNUAL FEE STRUCTURE COST

delivers 2.1%. The annual return gap widens slightly from 4.9 to 5.7 percentage points as fee drag compounds against a slower-growing NOI base.

VIII.

The Forward View

The base case assumes no acquisitions, no equity raises beyond the declining subscription trajectory already underway, flat cap rates, and same-store NOI growth moderating from 3.8% (FY2026E) to 3.0% (FY2030E). This is the portfolio's autopilot rate—what unitholders earn if management simply runs the existing portfolio. It is not conservative; it is structural.

Forward Earnings and Coverage

Projected NOI grows from \$243.8 million (FY2026E) to \$277.1 million (FY2030E) on same-store momentum. But the fee apparatus consumes the growth: G&A, AMF, and trailers total \$87.8–\$93.8 million annually. Finance costs of \$116.5–\$123.4 million reflect the debt burden at modestly rising rates (3.4–3.6% WA mortgage rate). Cash available for distributions after all fees, interest, and maintenance capex ranges from \$2.9 million (FY2026E) to \$18.3 million (FY2030E). Against required cash distributions (net of DRIP) of \$73.6–\$74.6 million, the annual cash deficit narrows from \$71.7 million to \$55.2 million but never closes.

Per-Unit Forward Return

The per-unit investor return at the management unit price tells the final story. At a FY2026E entry price of \$24.50, the investor receives an ending economic value of \$25.19 in FY2030E plus cumulative cash distributions of \$2.02 (at \$0.40 per unit after DRIP dilution)—a total economic return of \$2.71, or 11.1% over five years, or a 2.1% compound annual return. The capital component turns negative from FY2028E onward as fee drag exceeds NOI-driven NAV accretion. By FY2030E, the annual total return is just 0.4%, with the capital component at –1.2% partially offset by the 1.6% income component.

A 2.1% annual return on a real estate vehicle carries meaningful opportunity cost. The Government of Canada 5-year bond yields approximately 3.0%.⁴ A GIC at a major bank offers 3.5–4.0%.⁵ The investor is being asked to accept illiquidity risk, valuation risk, credit risk, and fee risk in exchange for a return below what a risk-free government bond provides.

Sensitivity Matrix

The three variables that most influence the forward outcome are same-store NOI growth, the analyst cap rate applied to the properties, and gross subscription levels. The following matrix shows NAV per unit at FY2030E under different combinations of NOI growth and cap rate, holding the management price at \$25.50:

4.00%	\$17.43	\$18.32	\$18.79	\$19.75	\$20.76
4.36% (IFRS)	\$14.86	\$15.65	\$16.07	\$16.93	\$17.84
4.75%	\$12.50	\$13.19	\$13.56	\$14.32	\$15.12
5.00% (Base)	\$11.12	\$11.76	\$12.10	\$12.80	\$13.55
5.50%	\$8.72	\$9.27	\$9.56	\$10.17	\$10.82

Source: REIT Forensics model. Base case highlighted. Management price at FY2030E: \$25.50. Premium of management price over analyst NAV at base case: 111%. All figures assume no acquisitions, no carry allocation, debt held constant, subscriptions declining per model assumptions.

The matrix reveals the valuation fragility. Even at the most optimistic combination (4.00% cap rate, 5.0% SS NOI growth), the analyst NAV per unit of \$20.76 remains well below the management price of \$25.50. At the base case (5.00% cap rate, 3.0% growth), NAV per unit is \$12.10—less than half the management price. At 5.50% (a rate that would reflect any meaningful widening in market cap rates), NAV falls below \$10.00. There is no plausible combination of cap rate and NOI growth that brings analyst NAV within striking distance of the management price.

Credit Facility Breach Timeline

The most acute forward risk is not earnings deterioration but liquidity exhaustion. The credit facility (\$300 million capacity, \$182 million drawn at Q3 2025) is the entity's last liquidity buffer. The forward cash waterfall projects draws of \$448 million in FY2026E alone—breaching capacity by \$330 million. By FY2030E, the cumulative breach reaches \$885 million. This is not a stress scenario; it is the base case. The only variables that prevent this outcome are: (a) gross subscriptions materially exceeding the model's assumed \$350 million declining to \$225 million trajectory, or (b) a dramatic reduction in redemptions below \$350 million, or (c) significant asset dispositions (not modelled). None of these can be assumed.

ix.

The Capex Question

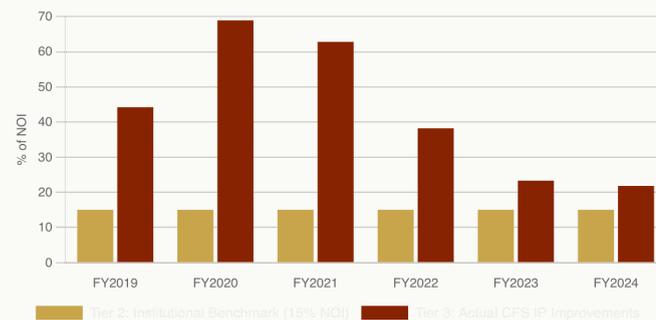
Management does not disclose capex classification of any kind—there is no maintenance capital line, no value-add capex segregation, and no AFFO calculation. The only capex data available from the audited cash flow statement is the aggregate “IP Improvements” line (Tier 3 capex), which totalled \$49.7 million in FY2024, or 21.8% of NOI.

The institutional benchmark for apartment maintenance capex is 15% of NOI (Tier 2), based on composite estimates from Green Street, NAREIT/EY, and CBRE for the multi-residential sector.² In FY2024, this implies \$34.2 million of economic maintenance capital. The gap between actual IP improvements (\$49.7 million) and the institutional benchmark (\$34.2 million) is \$15.5 million—capital that may represent value-add renovation spending, suite upgrades, or simply higher-than-benchmark maintenance requirements for an aging portfolio. Without management disclosure, it is impossible to know.

AFFO per unit—\$0.85 versus -\$0.05 in FY2024—is not primarily a capex classification difference. It is the fee structure. Even at zero capex, RF-AFFO before capex (pre-capex cash earnings) was only \$24.8 million in FY2024—a fraction of the \$150.7 million in Management FFO. The absence of any AFFO disclosure is not an oversight for a \$7.2 billion entity. It is a design feature of an information architecture that presents the rosiest possible picture of per-unit earnings to distribution-focused investors.

THREE-TIER CAPEX COMPARISON (FY2019–FY2024)

Tier 1 (Management Maintenance – Not Disclosed), Tier 2 (Institutional Benchmark at 15% NOI), and Tier 3 (Actual CFS IP Improvements), as % of NOI



Tier 1 (management-defined maintenance capex) is zero across all periods—management does not disclose it. The chart therefore compares only Tier 2 (the 15% institutional benchmark, gold bars) against Tier 3 (actual CFS IP improvements, red bars). The early years show very high Tier 3 spending (44–69% of NOI in FY2019–FY2021), likely reflecting acquisition-related capital programs and development spending capitalized as IP improvements. By FY2023–FY2024, Tier 3 converged closer to the benchmark at 21–23% of NOI, suggesting the portfolio has moved past its heavy renovation phase. The ongoing gap above the 15% benchmark represents either prudent capital recycling or higher maintenance requirements for the asset base—both plausible for a diversified apartment portfolio.

x.

Peer Comparison

Comparing Centurion to publicly traded Canadian apartment REITs illuminates the cost-of-intermediation gap. The following table places Centurion against four public peers on the metrics that matter most for understanding the unitholder experience:

METRIC	CENTURION (PRIVATE)	CANADIAN APARTMENT PROPERTIES REIT (CAR.UN)	KILLAM APARTMENT REIT (KMP.UN)	INTERRENT REIT (IIP.UN)	MINTO A
Suites / Units	23,410	~67,000	~19,800	~13,200	
Implied Cap Rate	3.29% (at mgmt price)	~4.6%	~4.8%	~4.4%	
AFFO Payout Ratio	-1,938% (RF-AFFO)	~68%	~80%	~70%	
G&A + Mgmt Fee as % of NOI	42.3% (excl. carry)	~6%	~8%	~7%	

	47.1%	67%	10%	8%
ND / EBITDA	28.3x	~10x	~11x	~9x
SS NOI Growth (TTM)	8.6%	~5%	~7%	~8%
Distribution Yield	~4.0% (on mgmt price)	~3.3%	~3.7%	~2.8%

Source: Public REIT data approximate, based on most recent quarterly filings and market data as of Q3 2025. Centurion data from forensic model.⁶⁷⁸⁹

The comparison is devastating on cost structure. Centurion’s operating fee load (42.3% of NOI before carry) is five to seven times that of its public peers. Its net debt to EBITDA of 28.3x is nearly three times the public peer average of 10x. Its AFFO payout ratio is negative versus the 68–80% range for public peers. Its implied cap rate is 100–150 basis points tighter than public comparables, despite the illiquidity, higher fees, and weaker governance of a private structure. On the only metric where Centurion compares favourably—same-store NOI growth at 8.6%—the properties deserve the credit, not the cost structure.

XI.

Risks

1. Capital Flow Risk—The Existential Question

The entity requires \$350–500 million of annual gross subscriptions to remain liquid. Net capital flow has collapsed from \$417 million to \$22 million. Annualized redemptions in Q3 2025 (~\$404 million) exceed annualized subscriptions (~\$433 million) by a narrow margin. If subscriptions decelerate by another 10–15%—entirely plausible given regulatory scrutiny of exempt market products and rising redemption demand—net capital flow turns negative on a sustained basis. The credit facility (\$118 million remaining headroom) is the only buffer, and the forward model projects its breach in FY2026E. A sustained net capital outflow would force one or more of: distribution cuts, redemption gate tightening, forced asset sales, or a unit price markdown. All four would likely accelerate redemptions.

2. Fee Structure Risk

The carry allocation mechanism settles in Class D LP units, creating a latent dilution pool that materializes upon triggering events. The AMF at 0.90% is described as a temporary reduction from the contractual 1.00%—a return to the full rate would add approximately \$3.7 million annually. The fee-valuation circularity (NNOI → inflated NAV → higher AMF base) has no external check. If the carry allocation resumes at FY2024 levels (\$67.8 million), total fee extraction could approach 70% of NOI again in any strong fair value year.

3. Valuation Risk

The sensitivity matrix demonstrates that even modest cap rate expansion destroys significant equity value. A move from 4.36% (IFRS) to 5.00% (analyst) reduces equity per unit by 43%. A further move to 5.50% reduces

or if external valuers challenge the NNOI normalization, a material write-down is possible. Any reduction in the management unit price, once initiated, risks triggering accelerating redemptions from investors who purchased at higher prices.

4. Liquidity Risk

The \$50,000 per month cash redemption gate, already breached as evidenced by COT Note issuance, means investors cannot exit at will. Excess redemptions receive unsecured 5-year COT Notes at rates below the distribution yield. For an investor who needs liquidity, the choice is: accept a below-market IOU or wait. The absence of a secondary market means there is no price discovery mechanism and no alternative exit. Redemptions at management-set prices with settlement potentially in COT Notes is a fundamentally different liquidity profile from a publicly traded security.

5. Leverage Risk

Net debt to EBITDA of 28.3× is extreme by any real estate standard. While debt-to-GBV of 47.5% appears comfortable against the 75% covenant, this ratio is calculated on IFRS asset values that are themselves inflated by NNOI-based appraisals. At the analyst's 5.00% cap rate, implied debt-to-GBV rises to approximately 60%—still below covenant but with dramatically less headroom. Near-term maturities are manageable (only 6.4% within 12 months), and the WA maturity of 5.3 years provides term. But the credit facility draw rate—\$82 million in nine months of 2025 alone—signals that the refinancing risk is not in the mortgage book but in the revolving facility that funds the operating deficit.

6. Governance Risk

Centurion Asset Management Inc., 100% owned indirectly by Gregory Romundt, serves as both the external manager and the entity responsible for setting the management unit price, determining NNOI normalizations, and controlling the fee structure. The manager sets the price at which units are issued, the income figure used to appraise the properties, and the fee rate charged on the resulting NAV. There is no external board of independent directors with authority to terminate the management agreement or negotiate fee reductions on behalf of unitholders. Termination of the external management arrangement, if possible, would likely involve a substantial termination fee. The alignment of interests between the external manager and unitholders is structural—and the structure favours the manager.

xii.

The Verdict

Is this product suitable for any investor? The operating assets are real and performing. Canadian apartments are a defensible long-term asset class. An investor who genuinely has no need for liquidity, who is comfortable with a total economic return of 2.1% annually at the management-set price, and who understands that this return is

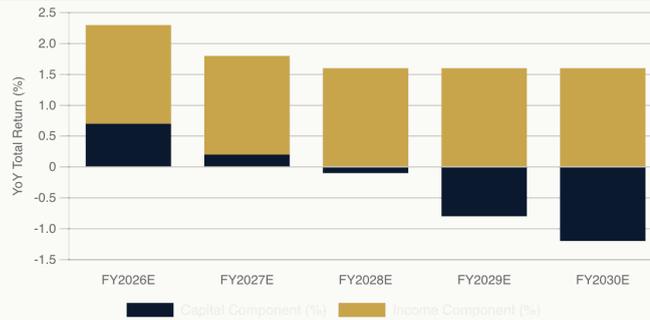
decision. The difficulty is that the product is not marketed on these terms. It is marketed on a distribution yield of approximately 4.0%, a Management FFO that overstates honest earnings by \$160 million, and a management unit price that exceeds independent analyst NAV by 111%. An investor making a decision based on the disclosures available to them is not making an informed decision.

What is the honest total return expectation? At the current management entry price of \$24.36, the forward base case (no acquisitions, no equity raises, flat cap rates) delivers a 2.1% CAGR over five years. Approximately 1.6 percentage points comes from the cash distribution (net of DRIP dilution); the remaining 0.5 points comes from modest capital appreciation that turns negative in later years. This return depends critically on continued capital inflows: if subscriptions decelerate faster than modelled, the credit facility breaches earlier, distribution cuts become necessary, and the return deteriorates further. A scenario where management reprices units closer to IFRS NAV (\$20.10) or analyst NAV (\$11.53) would produce an immediate capital loss of 17% or 53% respectively. None of these scenarios is embedded in the 2.1% base case.

What would have to change for this to be a good investment? Three things, simultaneously: total fee extraction would need to fall from 42–72% of NOI to the 10–15% range, requiring elimination or dramatic reduction of the AMF, carry, and trailer fees. Distributions would need to be reset to a level supportable by RF-AFFO—approximately \$0.03–\$0.10 per unit, or a 90%+ reduction from the current \$0.96 per unit annually. And the management price premium would need to be eliminated, with unit pricing aligned to IFRS NAV or below. None of these changes appear to be under consideration. The external manager has no economic incentive to reduce fees that generate \$164 million annually. A distribution cut would trigger accelerating redemptions. And eliminating the price premium would collapse the accretion engine that has masked the fee drag for years.

What is the single most important thing a dealer or investor should understand? The distribution is not funded by earnings. It has never been funded by earnings. RF-AFFO is negative, meaning the properties generate zero cash earnings after fees, interest, and maintenance capital. Every dollar distributed comes from new investor subscriptions, mortgage refinancing, or credit facility draws. When new capital inflows slow—and they are slowing—the distribution must be cut, the management price must be reduced, or the entity must sell assets to fund its obligations. The current trajectory projects that all three become necessary within the next one to three years.

Seventy-two cents of every dollar these apartments earn is consumed by fees before a single cent reaches the unitholder. The distribution is funded by new investor capital. The question is not whether this structure is sustainable. It is when the math becomes undeniable.



The forward return chart distills the entire thesis into a single image. The gold bars (income component) are stable at 1.6%—the cash distribution yield after DRIP dilution. The navy bars (capital component) begin modestly positive at 0.7% and deteriorate to -1.2% by FY2030E as fee drag compounds against slowing NOI growth. Total return declines from 2.3% to 0.4%. An investor entering today is buying an asset that, on its own forward trajectory, delivers less than a savings account within five years.

Endnotes

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2. Green Street, “Sector Maintenance Capex Benchmarks”; NAREIT/EY, “Global REIT Survey”; CBRE, “Canadian Cap Rate and Investment Insights.” The 15% of NOI benchmark for multi-residential maintenance capex is a composite drawn from these industry sources and is consistent with the institutional maintenance assumptions used by major research firms for Canadian apartment portfolios. <https://www.greenstreet.com>
3. CBRE Canada, “Canadian Cap Rate Survey – H2 2024,” March 2025. Multi-residential cap rate ranges for institutional-quality urban product in major Canadian markets. <https://www.cbre.ca/insights/figures/canada-cap-rate-survey>
4. Bank of Canada, “Government of Canada Bond Yields,” accessed October 2025. Five-year benchmark bond yield. <https://www.bankofcanada.ca/rates/interest-rates/canadian-bonds/>
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6. Canadian Apartment Properties REIT (CAR.UN), Q3 2025 Financial Statements filed on SEDAR+. <https://www.sedarplus.ca/landingpage/>
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8. InterRent REIT (IIP.UN), Q3 2025 Financial Statements filed on SEDAR+. <https://www.sedarplus.ca/landingpage/>
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centres 10,000 and over.” Housing completions vs. population growth context. <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=3410013301>

12. Ontario Securities Commission, National Instrument 45-106 — Prospectus Exemptions. Regulatory framework governing exempt market product distribution. <https://www.osc.ca/en/securities-law/instruments-rules-policies/4/45-106>

ABOUT THIS ANALYSIS

This forensic analysis covers Centurion Apartment REIT from FY2019 through Q3 2025 (September 30, 2025), with forward projections through FY2030E. The model encompasses the entity's income statement, balance sheet, cash flow statement, fee extraction, capital flows, unit count bridge, NAV build, amplification test, accretion engine, lending portfolio, development pipeline, equity accounted investments, and NNOI delivery analysis. All historical data is sourced from the entity's audited and interim financial statements. FY2019 data carries noted reconciliation variances (CFO: \$24,422; NI: \$174,882) attributable to comparative restatements in FY2020 AR; all other periods reconcile. RF-AFFO applies a 15% of NOI maintenance capex assumption in the absence of management AFFO disclosure. The analyst NAV build uses a 5.00% cap rate on NTM NOI of \$246.7M. Forward projections represent base-case illustrative scenarios, not forecasts.

REIT FORENSICS

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