Centurion Apartment REIT

A known REV measurement for dealers and advisers—covering structure, costs, valuation, risk, liquidity, and distribution sustainability—built from six years of audited financials and a seventeen-call forensic model.

NEXT Research | February 2026 | Sector Focus: Apartment | Jurisdiction: Canadian

DISCLAIMER SUMMARY

This report is for informational purposes only and does not constitute investment advice, a recommendation to buy, sell, or hold units, or a guarantee of any kind. Forward-looking statements, including those regarding distribution sustainability, NAV growth, and future performance, are based on management guidance and NEXT's proprietary models and are subject to material risks and uncertainties. Past performance is not a reliable indicator of future results. Distributions are not guaranteed and may be reduced, suspended, or eliminated at any time. Readers should conduct their own due diligence and consult qualified professionals before making any investment decisions.

The economic dislocation caused by Liquidity Event 2 (Q1–Q2 2026) is treated as a stress test of the business model, not as a forecast of normal operating conditions.

Centurion Apartment REIT is a Canadian private real estate trust that owns approximately 23,400 rental units—16,700 conventional apartments and 6,700 student housing beds—primarily in Ontario and Quebec. It also holds a $118 million mortgage lending portfolio and $40 million in equity-accounted investments. It is distributed through exempt market dealers at a trailing 12-month yield of 7.0% on a distribution rate of 5.83%. This assessment applies a single discipline: follow every dollar from the property to the investor, and measure what actives. The properties are genuinely good. What sits between them and the investor is not.

$220M	$156M	$8.40	$0.19	$0.16
Gross Rental Revenue (TTM)	Net Operating Income (TTM)	Adjusted EBITDA (TTM)	Adjusted EPS (TTM)	Distributions Paid (TTM)

A REVENUE & EXPENSE ... | FEBRUARY 2026

How the Product Is Organized

Centurion is a non-traded, externally managed REIT distributed through exempt market dealers. There is no public market for its units. The trust is managed by Centurion Asset Management Inc. ("CAMI"), controlled by Greg Romanek, who simultaneously serves as President, CEO, and Trustee of the REIT. This concentration of roles means the entity that earns the management fees and the entity responsible for oversight of those fees are functionally inseparable.

The trust offers multiple unit classes: Class A ($0.96/unit annual distribution), Class F ($1.16/unit, no embedded trailer fee), and Class I ($1.16/unit, institutional minimum). Distribution reinvestment is available but non-active at the management set price. DRIP participation was 39% in FY2024, meaning the majority of declared distributions are recycled back into the trust as new units rather than paid in cash. Combined with new subscriptions and carry settlement, this mechanism is material to the capital structure. Redemptions are capped at gross from $5 million to $20 million over the years—an 80% increase—while IFRS NAV per unit was flat. The $11.5 million in cumulative property value growth was entirely absorbed by dilution and fee extraction. None of it reached the per-unit investor.

The business model has three revenue streams. The core is conventional apartments (79% of units) and student housing (21% of units), which generated $126 million in combined NOI in FY2024. The trust also holds a mortgage lending portfolio yielding approximately 11.7% (8.0 cash + 3.7 PIK) and equity-accounted investments in student housing JV assets. A 1.4% cash distribution payable to a related party, totaling $2.7 million, with $260 million in carrying value.

Sponsor / Fee	Distribution Collection
Non-Traded REIT	**External**
Exempt market dealers; 7.0% trailing yield; typical ticket $25–$50 K	Dealer fees; DRIP participation; carry settlement; non-cash distributions as leakage

23,410 units	$7.2 million
Conventional apartments (79%) + student housing (21%)	Gross rental revenue, trailing 12 months

A WHAT THE FEES PAID FOR THE YEAR | 30 NOV, 2024

Three Measures of Value—and the Gap Between Them

The first question any buyer should ask of any asset is what it is worth? For Centurion, there are three answers, and the distance between them is the most important number in this assessment.

The management price is $24.26 per unit. This is the price at which new investors subscribe. It is set by the external manager.

The IFRS book value is $20.19 per unit (Q2 2025). This is the audited net asset value on the balance sheet, derived from property appraisals. The management price sits 21% above this figure—a premium that is not itemized or reconciled to any published document. This premium alone generates approximately $6 million per year in incremental management fees. Because the asset management fee is calculated on NAV at the management price, not at IFRS book value.

The market NAV is $11.15 per unit. This is the value produced by applying public market capitalization rates to the same portfolio. It implies a 54% gap to the audited book value and a 118% premium to the IFRS value. The industry-standard valuation convention—adding non-property assets at book value, and deducting liabilities. These cap rates are conservative; they sit within the range at which comparable Canadian apartment REITs actually transact.

The gap between $24.26 and $11.15 is $13.10 per unit. An investor buying at the management price is paying an 50% premium to an independently derived asset value. This is not a theoretical exercise. It is the difference between what the management fee is calculated on and what the investor is being asked to pay.

$24.26	$20.19	$13.10
Management Price	IFRS Book Value	Gap

Why the gap exists: the implied cap rate. To reverse-engineer the management price, start with the $24.26 subscription price, multiply by 23,410 units, add back $260 million in debt, subtract $40 million in address-less property assets, and divide NOI by the result. The result is an implied capitalization rate of approximately 5.4%. No comparable Canadian apartment portfolio has changed hands at a 5.4% cap rate. The IFRS stated cap rate of 4.4% is itself generous; the NYM NOI yield on reported investment property value is only 3.8%.

The difference between the stated cap rate and the actual NOI yield is explained by the valuation methodology. Centurion values its properties using Normalized Net Operating Income (NNOI)—a management-defined measure that adjusts for capital expenditures, vacancy allowances, vacancy stabilization, and other formal building adjustments. In FY2024, NNOI exceeded actual NOI by approximately $16–22 million (24–29%). This means the audited property values already embed income that has not yet been earned. The analyst NAV uses actual NOI.

KEY NAV COMPONENTS

Item	Q2 2025	Q4 FY 24 (Audited)	Q2 2026
Management Fee Implied	5.0%	17.18	24.26
IFRS Book Value (NAV)	5.0%	16.90	20.19
IFRS Cap Rate	4.4%	16.90	20.19
Analyst Cap Rate	5.4%	13.40	11.15
Gap (Management Price − Analyst NAV)	50%	28%	118%

A CAPITAL & REPORT ... | 30 NOV, 2024 | 30 JUN, 2025 | 30 JUN, 2026

The Fee Architecture

Under the Client-Focused Reform, dealers must understand not just the existence of fees but their impact on returns. This is the most consequential section of this assessment.

The total management cost burden in FY2024 comprised four layers: an asset management fee of 1.7% of NAV ($44.7 million), a performance allocation of 25% of total return above a 12% hurdle ($6.1 million, accumulated) high that in retrospective settlement), trailer fees to dealers (0.5% of NAV, $13.1 million), operating expenses ($7.2 million, excluding trust admin, or 17% of IFRS NOI. The FY2024 carry was original, normalizing to recurring fees alone, the burden runs at approximately 41–48% of NOI—and more than four times the 9–10% overhead ratio at a comparable publicly traded Canadian apartment REIT.

The cumulative impact is staggering. Through the end of FY2024, total fees extracted from the trust since inception of this series exceed **$400 million**. By FY2026, the model projects cumulative extraction surpassing **$1.36 billion**. For a trust with $1.7 billion in equity, this means the fee structure has extracted roughly 80% of the equity value from the management structure over the period. The properties earned it. The structure took it. The investor did not receive it.

72%	−4.5%	−9.5%	$1.0mM
Of Gross Rental Revenue	Trailing 12-month NAV Change	Trailing 12-month Unit Price Change	Cumulative Fees Since Inception

THE DILUTION & THE CONSTRAINT

NAV	IFRS Book Value	Unit Price	Liquidity Gate
$11.15	$20.19	$10.00	$5–$20 M/Q
Market Implied	Audited Balance Sheet	Last Transaction	Redemption Cap

Unit Discount
−50.5%
Unit Price vs. IFRS Book Value

The trust pays fees on the IFRS Book Value, but the market prices the units at $10.00. The gap between these two numbers is the dilution. Redemptions are capped at $5–$20 million per quarter, regardless of demand.

A CAPITAL & REPORT ... | 30 JUN, 2025

What the Trend Lines—According to Management, the Industry, and the Analyst

Centurion reports two proprietary earnings metrics: Net Rental Income (NRI) and Net Property Income (NPI). Neither appears in any mortgage figure. To understand how much the trust actually earns, three independent calculations are required.

Track 1: Management (NRI/JE/Trust). Revenue minus property operating expenses minus interest expense, divided by the trust's average equity. By standard, that it does only back $47 million in asset management fees, $12 million in trailer fees, and $6 million in financing amortization. There are, nonetheless, real costs of the external management structure. Re-standard IFRS deferrals—not NAREIT, not REALPAC—Management's fee, adding them back inflates NPI by the million, or roughly 35.47 per unit.

Management's NPI/JE (Trust) gives further, layering on an additional $9.5 million in maintenance Capex, a $6 million turn to equity, and Income the properties could theoretically turn at market rates but do not yet earn, $47 million in vacancy and stabilization costs. Income the unstabilized properties might generate once fully leased, plus another items, 10 bn (8.1) bandwidth, 30% expansion increase the rent increase, NPI/JE is the only metric that "covers" the distribution. It does so by counting excess that does not exist.

Track 2: REALPAC FFO (Rl-AGAAP). This is the standard industry metric for Canadian REITs. It adds back depreciation, IFRS fair value adjustments and deferred taxes but does not add back management fees, trailers, or amortization, because these are real operating costs. This is what the trust earns after paying management structure. Centurion does not report this figure.

Track 3: AP-AFFO (Rl-Trust). This deducts estimated maintenance Capex ($27.500 per unit) from REALPAC FFO. Management does not report maintenance capex separately—all capital expenditure is bundled as a single line item without distinguishing maintenance from value add. The $27.500 figure is an analyst estimate. It is the most conservative of the three. The trust would need to generate this from its operations before any affect cash earnings to cover distributions from operations alone.

THREE TRACKS FOR CENTURION | FY2024

Metric	NRI/JE	REALPAC	Trust-Adj	NRI/JE (Per Unit)
Rental Revenue	$6.1M	$6.0M	0%	261.00
Mgmt Fee	$47.0M	$47.0M	0%	2,000.00
Trailer Fee	$6.1M	$6.1M	0%	Distributed Back Indirect
Maintenance Capex	$9.5M	$27.500	289%	Blocks FFO / Distributions Gap
Distributable Cash	$6.0M	$-15.200	353%	Revenue Less NRI Management

Management Fees are added back NRI/JE but not REALPAC. Trailer fees are deducted from both but not added back. Maintenance Capex is the only line that differs materially between REALPAC and Trust-Adj.

The gap between the 3x to baseline and the 6x to bottom line is flow per unit—the combined cost of non-standard deferrals, fee add-backs, unrealized income, and deferred maintenance. That dollar is the distance between what management reports and what the investor actually earns.

A DISTRIBUTION SUSTAINABILITY | 30 JUN, 2025 | 30 JUN, 2026

Where the Cash Comes From—and Where It Goes

The most direct way to assess whether a distribution is sustainable is to trace every dollar of cash through the trust. The following waterfall uses FY2024 figures (annualized from Q3 2025 interim reporting).

CASH FLOW WATERFALL | FY2024

Cash Flow Operations (TTM)	$2.35M
Less: Maintenance Capex	−$.12
Less: Interest Expense (Cash)	−$5.0
Free Cash Flow to Equity	**$2.0**
Less: Cash Distributions Paid	−$2.0
Less: Cash Retained	−$0.0
Less: Embedded Cash Shortfall	−$0.0
Cash Retained Before Financing	**$0.0**
Less: Financing Activities	−$0.0
Net Equity Subscriptions	$10.0
DRIP Reinvestment (non-cash)	$0.0
Net Mortgage Proceeds	$0.0
FX Effect on Balance Sheet	$0.0

The message of this waterfall is stark. After paying operating expenses, maintenance capex, cash distributions, redemptions, and debt service, the trust faces a $16 million annual cash deficit. This deficit is covered by new subscriptions, DRIP reinvestment, and mortgage proceeds—all of which are refinancing. When the stream of new capital slowed in late 2025, the trust began issuing promissory notes (CDT Series) to satisfy redemptions it could not pay in cash.

The critical ratio **cash from operations covers only 15% of cash redemption demand.** The remaining 17% must come from non-investor subscriptions. This is the structural definition of a capital-flow dependent vehicle. In FY2024, gross redemptions $8M (without caused) are equal to total $20M outflow for the first time in the trust's history—not negative capital flow before DRIP.

The distribution at current levels is funded from a blend of operating cash flow, lending book liquidation, and new investor subscriptions—and the first two of those sources shrink every year. The third has begun shrinking too.

A NAV ... | 30 JUN, 2025

Capital Loss, Concentration, Credit Quality, and Structural Conflict

Capital loss risk. An investor purchasing at $24.26 faces an immediate notional discount of $11.41 per unit relative to the analyst NAV of $12.85, and a 54% discount to the IFRS book value of $20.19. The trust's units are not IFRS-refined appraisals. Over the full six-year series, IFRS NAV per unit declined from $26.94 to $20.19 despite $1.5 billion in cumulative property value growth, because dilution from DRIP, new equity issuance, and carry settlement absorbed the gains. This is not a temporary condition. It is structural to the external management model, which creates new units at a price that exceeds per unit value creation.

Distribution sustainability risk. The $0.96 Class A distribution exceeds estimated AFFO by roughly four to one, as detailed in Section 5. The distribution is funded by a blend of property operating cash flow, lending portfolio liquidation, lending book repayments, and debt. All three non-operating sources are depleting: net new equity has declined from $77 million in FY2023 to negative territory in FY2024; lending repayments shrink as the book winds down; and incremental debt capacity is constrained by a 17% debt to GBV ratio. In late 2025, this trust mainstreamed. Higher than normal redemption requests triggered a Managed Redemption Program.

Lending portfolio credit risk. The $118 million mortgage lending book yields 11.7% (8.0 cash + 3.7 PIK) and is concentrated in Ontario (~80%). Loan investments between FY2022 and FY2024 ($52 million) carry coverage on large loans is only 12.7%. The portfolio is being wound down, but as performing loans mature and exit, the remaining book concentrates in impaired credits. The lending income ($29 million) is what IFRS estimated AFFO covered in FY2024. If the lending book liquidates, there is positive $0.29 – $0.00 = negative AFFO after distributable cash.

Student housing policy risk. The 6,700 bed student housing segment (21% of units) has benefited from immigration-driven demand. Canadian federal policy has tightened international student permit issuance since 2024–2025. Any sustained reduction in enrollment would compress occupancy and rents in a segment producing elevated rent-based spreads of 11% ~ spreads that are cyclically high and projected to moderate.

Leverage risk. Net debt to EBITDA is ~x yrs the basis is 21% ~ will allows for sensitive threshold for Canadian REITs. After all management costs, the ratio is approximately 20x. Post the debt service coverage DSC ratio is approximately 1.0x, leaving no margin for error. The trust's debt ladder is small (FY 2027, 2 year average term, 5.18% rate, CAD). Interest where eligible, but the free cash flow to equity after the two senior claimants—lenders and management—are paid, is near zero remains for unitholders.

Conflict of interest risk. The external manager controls the NNOI inputs that drive property valuations, the fee on which its own fees are calculated, and the cash prices at which new investors subscribe. The performance allocation creates an incentive to maximize fair value appreciation. These conflicts are structural to the external management model and cannot be eliminated by disclosure alone.

A CAPITAL ... | 30 JUN, 2025

Redemption Mechanics, Gates, and the Managed Redemption Program

There is no public market for Centurion units. Liquidity is available only through the redemption program, subject to quarterly caps and management discretion. Specific redemption mechanics are in the Declaration of Trust and Offering Memorandum, not in the quarterly reports.

Gross redemptions have escalated from $3 million (1.7% of NAV) in FY2020 to $40 million (21% of NAV) in FY2024. This was historically offset by gross subscriptions exceeding $60 million annually, maintaining net positive capital flows. That changed in 2025. Subject-those redemptions were triggered a Managed Redemption Program (MRP) that reduced redemption capacity from 2.0% to 0.5% per quarter. Gross redemptions fell, leaving 12% increase, beginning September 2025—earlier than cash, effectively converting unitholders who requested liquidity into involuntary creditors. Post-quarter, an additional $62 million was settled via notes. Capital raising decreased to approximately $12.4 million per month in the post-quarter period, versus a run rate of $8 million per month during the first nine months of 2025.

11%	$115M	0.33×
Gross Redemptions as % of Opening NAV	Redemption Notes Issued Post-Quarter	Subscription Coverage of Redemptions

For liability purposes: this product has no exchange liquidity. management controlled redemption mechanisms, and a resource history of substituting promissory notes for cash redemptions. The base case model projects net capital flows including DRIP declining further through FY2026. If this trajectory materializes, the trust faces a choice between continuing to issue promissory notes or further tightening the gates. Neither option is sustainable. The underlying properties are fine. The liquidity facility is not and cannot be extended and potentially indefinite period.

NYL SERIES FINANCIAL SYNOPSIS | 30 JUN, 2025

The Property Story Is Solid. The Structure Erodes It.

This distinction matters. Centurion's underlying real estate is genuinely good. Same-store NOI growth of 6.6% in FY2024, driven by apartment rents of $1,710/month with new lease spreads approaching 10% and renewal spreads around 5%. Student housing units rent at 93 gross 14% with 11% new tenant spreads. The IFRS NOI margin of 71% is consistent with a well-managed portfolio. The problem is that the property economics of the trust are not the investor's economics. The management fee, the carry, the DRIP, the lending portfolio, and the structural conflicts between the trust's interests and the investor's interests are not in the property. They are in the structure. The properties earned it. The structure took it. The investor did not receive it.

The problem is not the properties. It is the distance between the properties and the investor. Of the $220 million in NOI generated in FY2024, $156 million (71%) was consumed by the management structure. Of the remaining $64 million, $40 million was distributed to unitholders. The gap between $156 million and $40 million is where the value creation takes place. The gap, but it is a wasting asset. Looking forward, the base case model shows REALPAC FFO per unit at $0.16 in 2026 through FY2027 before slowly recovering as the fee burden normalizes against a growing NOI base. The trust's current distribution of $0.19 exceeds REALPAC FFO per unit in every year. Total distributions exceed aggregate AFFO.

PROPERTY OPERATIONS					
IFRS NOI ($M)	**$227.8**	*$234.9*	*$248.9*	*$274.4*	*$294.8*
SS NOI Growth	**8.6%**	*3.9%*	*3.8%*	*3.5%*	*3.0%*
NOI Margin	**65.0%**	*63.8%*	*64.4%*	*65.2%*	*65.8%*
Stabilized Occupancy	**97.5%**	**97.0%**	*97.2%*	*97.5%*	*97.5%*
LENDING PORTFOLIO					
Net Mortgage Investments ($M)	**$118.0**	$94.1	*$74.4*	*$41.4*	*$27.6*
Stage 3 Impaired (% of Gross)	**54.7%**	**55.0%**	**50.0%**	**30.0%**	**20.0%**
COST STRUCTURE					
Total Fee Burden (% NOI)	**72%**	**48%**	**44%**	**42%**	**42%**
Cumulative Fee Extraction ($M)	**$368**	**$480**	**$589**	**$817**	**$1,061**
PER-UNIT ECONOMICS & COVERAGE					
REALPAC FFO / Unit	**$0.40**	**$0.34**	**$0.34**	**$0.35**	**$0.36**
RF-AFFO / Unit	**$0.19**	**$0.11**	**$0.11**	**$0.12**	**$0.13**
Distribution / Unit (CL A)	$0.96	$0.96	$0.96	$0.96	$0.96
REALPAC FFO Payout	**249%**	**318%**	**308%**	**297%**	**289%**
VALUATION & CAPITAL FLOWS					
IFRS NAV / Unit	$20.41	$20.10	*$19.02*	*$17.61*	*$16.26*
Analyst NAV / Unit	**$13.75**	**$13.23**	*$12.61*	*$11.93*	*$10.34*
Mgmt Price Premium to IFRS	**13.6%**	**20.7%**	**27.5%**	**42.0%**	**59.9%**
Mgmt Price Premium to Analyst NAV	**69%**	**83%**	**92%**	**110%**	**151%**
CFO / Cash Redemptions	**0.39×**	**0.33×**	**0.44×**	**0.54×**	**0.63×**

Italicized values = model assumptions. All actuals sourced from Centurion audited financial statements, FY2020–FY2024, and Q3 2025 interim report. AFFO estimated using REALPAC FFO less maintenance capex at $2,100–$2,500/unit (management does not report AFFO or classify capex). Pro forma IFRS NAV declines reflect zero fair value gain assumption; management will likely book FV gains that sustain reported NAV at higher levels. Analyst NAV uses NTM (next twelve-month) NOI at 4.7–5.0% apartment / 5.0–5.3% student cap rates, per industry valuation convention. Full seventeen-tab forensic model available to subscribers.
• Green = healthy · Amber = monitor · Red = concern

IX. INVESTOR RETURNS — NI 31-103 S. 13.3(1)(A)(IV): IMPACT OF COSTS

What the Investor Actually Earns

This section answers the question a dealer must be prepared to address: if my client buys today, what do they make? We compute five-year IRRs under four exit scenarios, all assuming entry at the current management price of $24.26, Class A distributions of $0.96/year, and five-year holding period.

FIVE-YEAR IRR BY EXIT SCENARIO — CLASS A ($0.96/YR)

EXIT SCENARIO	EXIT VALUE	5-YEAR IRR	WHAT IT ASSUMES
Exit at Analyst NAV	$10.34	**−10.1%**	Market-comparable cap rates on NTM NOI
Exit at 80% of IFRS NAV	$13.01	**−6.6%**	Modest haircut to generous book value
Exit at Full IFRS NAV	$16.26	**−3.1%**	Full audited book value; no discount
Exit at Management Price	$26.00	**+5.2%**	Manager continues setting price above NAV
No Exit (Distributions Only)	—	**19.8% CoC**	Cash-on-cash over 5 years; no capital return

Entry: $24.26/unit. Distributions: $0.96/year (Class A). Exit at FY2030E values from forensic model. "No Exit" scenario returns cumulative distributions as % of entry price, no principal recovery.

The only scenario that generates a positive IRR requires the external manager to continue setting the unit price above both IFRS and analyst NAV through 2030—which is the structural problem this assessment has documented. In every scenario grounded in independently verifiable asset values, the investor loses money. The 4.0% distribution yield on the management price does not compensate for the capital loss embedded in the entry premium.

Class F investors (receiving $1.16/year, no embedded trailer) fare marginally better: the five-year IRR at the analyst NAV exit improves to approximately −8.9%. The difference is the $0.20/year trailer fee that Class A investors pay indirectly through their reduced distribution.

For context: a comparable publicly traded Canadian apartment REIT (Killam, CAPREIT, Minto) traded at or near IFRS NAV, offered similar or higher distribution yields, charged total overhead of 9–10% of NOI, and provided daily exchange liquidity. An investor choosing Centurion over a public alternative accepts an 83% entry premium, a 4× fee multiple, no liquidity, and no independent price discovery. The question for the dealer is what client profile and what set of circumstances would make that the suitable choice.

X. DISCLOSURE GAPS — CSA 33-315: "PARTIES INVOLVED"

What the Issuer Does Not Report

A dealer's KYP obligation requires understanding the issuer's financial position and the transparency of its reporting. Several disclosure gaps are material to the KYP and suitability assessment:

AFFO is not reported. Management does not publish AFFO in any form, does not deduct maintenance capex from any earnings metric, and does not distinguish maintenance from value-add capital expenditure. This is the single most consequential disclosure gap. Every publicly traded Canadian apartment REIT reports AFFO with a maintenance capex breakdown. Without it, a dealer cannot independently assess distribution sustainability—which is why this assessment reconstructs it from audited figures.

FFO is non-standard. Management's FFO adds back asset management fees, carry allocations, and trailer fees—$66 million in real, recurring cash costs. This produces an FFO of $0.77/unit that is $0.37/unit higher than the REALPAC standard. There is no disclosure of what a standard REALPAC FFO would be, forcing the analyst to reconstruct it independently.

NFFO includes 36% unrealized income. The "Normalized" metric adds $75 million in rent-to-market gap and vacancy stabilization income that has not been received. This is the only metric that appears to cover the distribution. The distinction between actual and projected income is not prominently flagged.

Redemption terms are not in the quarterly report. Specific mechanics are in the DOT/OM. Given the active Managed Redemption Program and $115 million in redemptions satisfied via notes, this gap is material for suitability.

Management price has no published reconciliation to IFRS NAV. The premium has widened from 3% in FY2020 to 21% in FY2025 with no itemized explanation. The premium generates approximately $8 million per year in incremental asset management fees attributable solely to the gap between IFRS book value and the subscription price.

Capex is not classified. All capital expenditure is reported as a single line. There is no maintenance versus value-add split. This is a disclosure standard that every public Canadian apartment REIT meets.

XI. SUITABILITY CONSIDERATIONS — NI 31-103 S. 13.3(1)

For Dealers Making Suitability Determinations

The following observations are intended to support, not replace, the dealer's independent suitability analysis.

Time horizon. This product has no exchange liquidity and has recently restricted cash redemptions. It should be assessed as a long-term, potentially illiquid holding. Clients who may need access to their capital within a 3–5 year window face meaningful liquidity risk. The COT Notes program demonstrates that even requesting redemption does not guarantee receiving cash.

Income reliance. Clients relying on the distribution as stable income should understand that the $0.96 Class A distribution exceeds estimated cash earnings (REALPAC FFO) by roughly 2.5 to 1, and estimated after-maintenance earnings (RF-AFFO) by roughly 5 to 1. The distribution is funded in significant part from capital sources—new subscriptions, lending book wind-down, debt refinancing—rather than operations. The level is not assured and is dependent on continued capital inflows.

Entry price. The management price of $24.26 implies a capitalization rate of 3.4% on NTM NOI. The analyst NAV at market-comparable cap rates is $13.23. Even the generous IFRS book value is $20.10. Under every exit scenario except continued management pricing above NAV, a five-year investor loses capital. Clients should understand that their entry price embeds a significant premium to any independently derived measure of asset value.

Cost impact. The total annual cost burden exceeds 42% of NOI on a normalized basis—rising to 72% in years with carry settlement. Cumulative fees are projected to reach $1 billion by FY2030. This is a structural feature of the external management model and represents a permanent drag on per-unit returns relative to a comparable publicly traded REIT. Clients should understand that the majority of operating income generated by the properties is consumed by the management structure before reaching investors.

Concentration. The 47% debt-to-GBV, the geographic concentration in Ontario (34%) and Quebec (31%), and the dependence on immigration-driven demand for the student housing segment represent concentration risks that should be assessed in the context of the client's overall portfolio.

About this assessment. This KYP document is based on a seventeen-tab forensic model (FY2020–FY2024 actuals, Q3 2025 interim, FY2026E–FY2030E projections) comprising 3,273 formula cells across core financial statements, supporting schedules, fee decomposition, unit activity analysis, three-track FFO/AFFO reconciliation, cash-flow sustainability waterfall, analyst NAV, implied cap rate analysis, investor return profiling, and a diagnostic scorecard. The model is reconciled to Centurion's audited financial statements with full balance sheet and cash flow integrity verification. Forward projections reflect the author's assumptions and are subject to material uncertainty. This document is intended to support dealer KYP compliance and does not constitute investment advice or a recommendation to buy or sell any security.

REIT Forensics provides independent forensic KYP assessments and due diligence on Canadian private and public REITs. The full forensic model—including fee extraction waterfall, NNOI reconciliation, lending portfolio credit analysis, three-tier NAV bridge, distribution funding decomposition, redemption stress testing, IRR scenario builder, and diagnostic scorecard—is available to subscribers.

ACCESS THE FULL FORENSIC MODEL →