



Managed Redemptions FREQUENTLY ASKED QUESTIONS:

General Overview:

What is a managed redemption program?

A managed redemption program ensures liquidity is provided in a controlled way, with limits on redemptions to protect the stability of the Trust and all Investors.

To manage liquidity, the Board of Trustees has implemented a managed redemption program. This program will permit Unitholders who have submitted a redemption request to either rescind the entire redemption amount, reduce the total redemption amount, or receive a Centurion Operating Note (COT) in lieu of cash.

\$20,000,000 of these notes will be redeemed on a pro-rata basis each month. This amount will be assessed monthly by the REIT trustees.

Why is the REIT implementing a managed redemption program?

The past 18 months have presented challenges across the alternative investment industry, with elevated redemption requests and tighter capital flows affecting many market participants. Several alternative investment companies have suspended redemptions, resulting in the Centurion Apartment REIT becoming a source of liquidity for some Unitholders at a rate 3-4 times higher than the normal course.

Despite these conditions, the REIT has remained resilient, maintaining a net positive capital raising position and positive operating performance, a testament to the strength of our portfolio, operating teams and long-term strategy. As this is an atypical event for us, prudence dictates a measured approach until the REIT has clarity into the near-term environment.

The decision to limit redemptions was made to protect the interests of all Unitholders and the REIT's liquidity. We believe that a disciplined approach to managing liquidity and large redemptions is necessary to ensure the long-term stability of the REIT.

This decision to proceed with a managed redemption program was made out of prudence to protect all Unitholders.

- Centurion is not facing the same structural issues as others in the alternative investment sector
- The program is a temporary, disciplined measure designed to ensure stability and protect all Investors during a period of heightened redemption demand.
- We believe that a disciplined approach to managing liquidity and large redemptions is necessary to ensure the long-term stability of the REIT.

Has the REIT limited redemptions before?

No. This is the first time in the REIT's operating history that redemptions have been limited. This is a new program in response to elevated redemption levels currently in the marketplace.

Redemption Process and Timing:**How does the managed redemption program work?**

Redeeming Unitholders may choose to either rescind their redemption, reduce their redemption amount or receive a COT Note in lieu of cash. Unitholders have until September 25, 2025 to provide their choice.

Once all redeeming Unitholders have made their choice, pro-rata cash payments will be made and COT notes issued at the end of September.

The first \$50,000 of redemption requests received by the REIT will be honoured in cash. Please note, this applies to the total redemption requests received and is not a \$50,000 cash payment per Investor.

What is COT? What is a COT note?

COT is Centurion Operating Trust, the operating trust subsidiary in the REIT's corporate structure. A COT Note is the note to be issued by Centurion Operating Trust to honour the redemption.

Note Details:

- a. Principal Amount: The balance of the redemption request for each Unitholder after the payment in 1) above.
- b. Interest Rate: 2.57 %
- c. Term/Maturity: 5 Years
- d. Security: Unsecured
- e. Interest Payment: Interest will be paid monthly on the same date as the REIT distributions

What happens once I take a COT Note?

Once the Trust receives the Investor's redemption notification form, the Investor will no longer have rights to those redeemed units other than receiving the redemption payment and note. This means the Investor will no longer receive any future REIT distributions for the redeemed units.

The COT note interest payment will be paid on the 15th of every month, beginning November 15, 2025.

How are redemptions prioritized/processed?

Redemptions will be processed on a pro-rata basis each month, ensuring all Unitholders are treated equally.

How long will redemptions be limited?

These limitations are temporary and will be reviewed on a monthly basis with the goal of returning to meeting normal redemptions as soon as conditions allow.

When will I receive my redemption proceeds?

The pro-rata cash payment is expected to be paid no later than September 30, 2025. Any notes **issued will also be delivered, noting the outstanding amount owed to the Unitholder.**

Will distributions be paid out as normal?

Yes. Cash and DRIP distributions will continue to be paid out as usual for all Unitholders invested in the REIT.

Implications of Redemptions:

What does pro-rata cash payment mean, and how will it affect my redemption?

A pro-rata cash payment is an allocation of an amount that is distributed and paid out proportionately to each Unitholder. Pro rata payments are used to ensure fairness and accuracy as the REIT distributes the redemption proceeds.

\$20,000,000 will be paid out in redeem notes on a pro-rata basis in September and will be reviewed each month.

Can a Unitholder rescind their redemption?

Yes. Each Unitholder will be provided the opportunity to rescind their redemption by September 25, 2025. Unitholders have the option to select one of three choices:

1. Rescind the redemption
2. Reduce original redemption amount by \$_____ and receive a COT Note for the revised redemption amount and the subsequent pro-rata share of the \$20,000,000 CAD redemption payment.
3. Receive a COT Note for the redemption amount and the subsequent pro-rata share of the \$20,000,000 CAD redemption payment.

What are the tax implications?

Redemptions are a **taxable event** and will result in capital gains for Unitholders for the full amount of the redemption request. In addition, if a portion of a redemption is satisfied through the issuance of COT Notes, any interest income earned on COT Notes will be taxable as interest. **Please note that COT Notes are not eligible for registered plans such as RRSPs, TFSAs, or other registered plans.**

We strongly encourage Unitholders to consult their professional tax advisor regarding their individual circumstances. Please note, there may be significant tax consequences, particularly for registered accounts.

Please see the CRA guidelines for more information:

<https://www.canada.ca/en/revenue-agency/services/tax/individuals/topics/anti-avoidance-rules-rrsps-rrifs/tax-payable-on-non-qualified-investments.html>

Given the announcement of the **Managed Redemption Program** and the potential tax implications of receiving COT Notes, we recognize that some Unitholders may prefer not to proceed with their redemption requests. To accommodate these preferences, Unitholders will be provided with a **form to either confirm, reduce or rescind** their redemption request, ensuring that each Investor can make the suitable choice most appropriate for their situation.

Liquidity and Risk Management:

Is Centurion continuing to raise capital?

Yes. The REIT is continuing to raise capital. As at Tuesday, September 2, 2025, trade date, Centurion Apartment Real Estate Investment Trust (REIT) is offering a 2% non-dilutive discount to Net Asset Value (“NAV”) for all new subscriptions up to and including December 1, 2025, or until our targeted allocation of \$200,000,000 is reached.

What other tools will Centurion use to manage its liquidity?

We are not standing still. Beyond the redemption program, the Trust is actively working to enhance liquidity through:

- **Arranging additional sources of capital** to strengthen financial flexibility.
- **Revisiting strategic partnerships** to unlock new opportunities.
- **Selling non-core assets** that are not critical to our long-term strategy.
- **Offering a 2% non-dilutive discount to Net Asset Value (“NAV”)** for all new subscriptions up to and including December 1, 2025.

These measures reflect our commitment to supporting Unitholders during this period of market stress and ensuring the REIT is positioned for recovery as conditions improve.

In addition to addressing near-term liquidity needs, Centurion will look to seek Unitholder approval for enhancements to the Declaration of Trust, designed to strengthen and streamline the redemption process.

How does Centurion see the market, and what does that mean for the REIT?

Our market outlook for the multi-family sector continues to remain positive. Canada's rental apartment market remains strong despite broader economic uncertainty. Long-term fundamentals—population growth and housing demand—support the sector's reliability. As rent growth moderates and supply increases, professionally managed communities, especially those operated by experienced platforms like Centurion, are positioned to perform well in.

Canada's rental housing market continues to benefit from population growth, structural undersupply, and strong long-term demand. With its national scale, disciplined approach, and focus on quality assets, Centurion is well-positioned to navigate near-term liquidity challenges and continue delivering long-term value.

Communication and Transparency:**How will Centurion communicate updates about the program?**

The REIT will provide updates on an ongoing basis and as needed, and these updates will be communicated by Centurion's sales team.

Who should Advisors/Investors contact if they have questions about the redemption process?

Advisors: If you have any questions or require further clarification, please reach out directly to your wholesaling team.

Investors: If you have any questions or require further clarification, please reach out directly to your investment advisor.