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**SPECIAL MEETING OF THE  
UNITHOLDERS OF CENTURION REAL ESTATE OPPORTUNITIES TRUST**  
to be held on December 8, 2020

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**NOTICE OF SPECIAL MEETING  
and  
MANAGEMENT INFORMATION CIRCULAR**

October 26, 2020

**TO THE CLASS A UNITHOLDERS, CLASS F UNITHOLDERS AND CLASS I UNITHOLDERS  
OF CENTURION REAL ESTATE OPPORTUNITIES TRUST**

October 26, 2020

Dear Unitholder:

You are invited to attend the special meeting (the “**Meeting**”) of holders of (a) Class A units (the “**Class A Units**”) of Centurion Real Estate Opportunities Trust (the “**Terminating Trust**” or “**REOT**”) (the “**Class A Unitholders**”); (b) Class F units (the “**Class F Units**”) of REOT (the “**Class F Unitholders**”); and (c) Class I units (the “**Class I Units**”, and together with the Class A Units and the Class F Units, collectively, the “**Units**”) of REOT (the “**Class I Unitholders**” and together with the Class A Unitholders and the Class F Unitholders, collectively, the “**Unitholders**”), to be held on December 8, 2020 via conference call at the following Call-In-Number: 1-888-350-3035 and Conference Room Number: 274-368-919. The Meeting will commence at 2:00 p.m. Eastern Standard Time. Due to restrictions relating to Covid-19, Unitholders will not be able to attend their respective Meeting in person. The Meeting will focus only on the items noted in the Notice of Special Meeting of Unitholders dated October 26, 2020 (the “**Notice**”). Centurion Apartment Real Estate Investment Trust (the “**REIT**”) and Centurion Financial Trust, together as the only holders of Class R units of REOT, will not be voting on the matters set forth in the Notice but have expressed their support for such matters described therein.

**PLEASE NOTE:** The Meeting is being proposed for Unitholders to consider, and if deemed advisable, authorize by special resolution (the “**Special Resolution**”), the merger (the “**Merger**”) of REOT into REIT that will occur on a net asset value to net asset value (“**Nav-to-NAV**”), tax-deferred, rollover basis, provided the appropriate elections are made and filed in a timely manner with REIT as the continuing trust (the “**Continuing Trust**”). Unitholders will receive the same class of units of REIT that they currently own. REOT and REIT (each, a “**Trust**”, and together, the “**Trusts**”) are each governed by a declaration of trust under the laws of the Province of Ontario. REIT invests in a diversified portfolio of rental apartments, student housing properties and multifamily residential and commercial mortgages across Canada and the United States, and participates in the profits derived from them. Centurion Asset Management Inc. is the asset manager (the “**Manager**”) and an exempt market dealer in certain jurisdictions, of the Trusts.

The Manager is proposing the Merger to better take advantage of the current and mutually complementary nature of the business of each Trust and to capitalize on certain efficiencies and economies of scale to be achieved by combining the assets of REOT into REIT. See “The Proposed Merger – Reasons for the Merger” in the accompanying management information circular of REOT dated October 26, 2020 (the “**Circular**”).

As noted above, REIT will be the Continuing Trust under the Merger. As of September 30, 2020, REIT had total consolidated assets of approximately \$3.3 billion and net assets of approximately \$2.0 billion. As at September 30, 2020, the net asset value per unit of REIT was \$19.243, and the current annual distribution yield for the REIT’s class A units, class F units, and class I units was 4.44%, 5.04%, 5.04%, respectively. REIT has a proven track record of stable returns. As at September 30, 2020, the compound trailing returns of its Class A units for the 1-year, 2- year, and 5-year periods were 19.24%, 19.52% and 16.42%, respectively.

Unitholders who do not wish to be part of the Merger have the option of redeeming their Units for a cash amount equal to 100% of the applicable net asset value per Unit determined on the date of redemption pursuant to a special redemption right (the “**Special Redemption Right**”) to be implemented by REOT. If the Merger is approved, Unitholders may exercise their Special Redemption Right at any time prior to 4:00 p.m. on December 17, 2020. A vote in favour of the Special Resolution does not deprive a Unitholder of the right to redeem their Units. REOT will waive any deferred sales charge or short-term trading fees that would have otherwise applied to the redemption of Units pursuant to the exercise of the Special Redemption Right. In addition, Unitholders who would currently be subject to short-term trading fees and deferred sales charges will not be subject to any such deferred sales charge or short-term trade fee with respect to any units of the Continuing Trust received upon completion of the Merger.

## RECOMMENDATION OF THE INDEPENDENT TRUSTEES

The independent trustees of REOT (the “Independent Trustees”), having received an opinion from MNP LLP that based on the assumptions, scope of review and limitations set out therein, the methodology for completing the Merger on a NAV-to-NAV basis is fair from a financial point of view to Unitholders, have determined that the Merger is in the best interest of REOT and recommends that the all Unitholders vote in favour of the Special Resolution to be considered at the Meeting, or any adjournment thereto. Reference is made to the disclosure under the heading “*Recommendation of the Independent Board*” in the Circular. If the Merger is completed, all associated costs, including costs of proxy solicitation, will be borne by REIT. However, if the Merger is not completed, REOT and REIT shall each be responsible for their respective costs associated with the Merger; for greater certainty, if the Merger is not completed, REOT shall bear the costs associated with the Meeting and proxy solicitation, including the fairness opinion and legal expenses, which costs are estimated to be approximately \$300,000 (or \$0.005 per unit of REOT).

In recommending the Merger, the Independent Trustees considered, among other things, the benefits of ownership of units of the Continuing Trust, including the opportunity to participate in the ownership of REIT post-Merger, which will be one of Canada’s largest private real estate investment trusts with an enterprise value of approximately \$3.3 billion, as well as the expected economies of scale, consolidated development pipeline, increased leveraged opportunities and decreased tax leakage. See “Reasons for the Recommendation” in the accompanying Circular for further details.

## REQUIRED APPROVALS

In order to become effective, the Special Resolution must be approved by 66 2/3% of the votes cast by (a) the Class A Unitholders; (b) the Class F Unitholders; and (c) the Class I Unitholders, voting together as a single class, represented by proxy at the Meeting, or any adjournment thereof. If approved, the Merger is expected to be implemented on or about December 31, 2020, or such other date as the Independent Trustees may determine at their discretion.

You are urged to read the Circular carefully and consult your financial, legal and tax advisors with respect to how to vote. In particular, the Circular describes among other things, the details of the Merger, details about REOT and REIT, the benefits that the Manager believes the Merger will have, the risk factors Unitholders should be aware of, the tax consequences of the Merger, how Unitholders may exercise their voting rights and where Unitholders can find additional information. For more details on the tax consequences of the Merger, see “*Canadian Federal Income Tax Considerations*” in the Circular.

Furthermore, on November 9, 2020 at 2:00 p.m. Eastern Standard Time, REOT will host a conference call for the financial advisors of Unitholders to discuss the Merger. Financial advisors wishing to have their questions related to the Merger addressed by REOT may send their questions to Paul Mayer at [pmayer@centurion.ca](mailto:pmayer@centurion.ca) by no later than 2:00 p.m. Eastern Standard Time on November 8, 2020. **If you are in doubt as to how to deal with the matters described in the Circular, you should consult your financial advisor.**

## VOTING

All voting must be made by returning a completed proxy form by no later than 4:00 p.m. (Toronto time) on December 4, 2020 by mail to 25 Sheppard Avenue West Suite 1800, Toronto, ON M2N 6S6 or by email to [lSalvatore@centurion.ca](mailto:lsalvatore@centurion.ca), as no voting will be permitted at the time of the Meeting.

In the event that REOT is required to adjourn the Meeting because a quorum of Unitholders was not met, any reconvened meeting(s) following such adjourned Meeting will be held for the same purposes set out in the Notice on December 9, 2020 by way of conference call at the following Call-In-Number: 1-888-350-3035 and Conference Room Number: 274-368-919 beginning at 2:00 p.m. Eastern Standard Time.

(Signed) “Ken Miller”

Ken Miller

Chairman

Centurion Real Estate Opportunities Trust

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## **FORWARD-LOOKING STATEMENTS**

Certain statements in this Circular and the documents incorporated by reference are forward-looking statements, including those identified by the expressions "anticipate", "believe", "plan", "estimate", "expect", "intend" and similar expressions to the extent that they relate to the either of the Trusts or the Manager. Forward-looking statements are not historical facts but reflect the current expectations of the Trusts or the Manager regarding future results or events. Such forward-looking statements reflect the Trusts' or the Manager's current beliefs and are based on information currently available to them. Forward-looking statements involve significant risks and uncertainties. A number of factors could cause actual results or events to differ materially from current expectations. Some of these risks, uncertainties and other factors are described under the heading "Risk Factors" in the offering memorandum of REIT (the "**REIT Offering Memorandum**") dated October 1, 2020, and which is incorporated by reference herein. Such risks have also been reproduced as Schedule "D" to the Circular. Although the forward-looking statements contained in the Circular and the documents incorporated by reference are based upon assumptions that the Trusts and the Manager believe to be reasonable, none of the Trusts nor the Manager can assure investors that actual results will be consistent with these forward-looking statements. The forward-looking statements contained herein were prepared for the purpose of providing Unitholders with information about the Merger and the Trusts and may not be appropriate for other purposes. None of the Trusts nor the Manager assume any obligation to update or revise forward-looking statements to reflect new events or circumstances, except as required by law.

## **DOCUMENTS INCORPORATED BY REFERENCE**

**Information has been incorporated by reference in this Circular from documents filed with securities commissions or similar authorities in Canada.** Copies of the documents incorporated by reference in this Circular may be obtained through the System for Electronic Document Analysis and Retrieval ("SEDAR") at [www.sedar.com](http://www.sedar.com) or by accessing the Manager's website at <https://centurion.ca/>.

The following documents are specifically incorporated by reference in this Circular:

1. offering memorandum of REOT dated May 1, 2020 (the "**REOT Offering Memorandum**") along with the financial statements contained therein; and
2. REIT Offering Memorandum along with the financial statements contained therein.

Documents referenced in any of the documents incorporated by reference in this Circular but not expressly incorporated by reference therein or herein are not incorporated by reference in this Circular.

**Any statement contained herein or in a document incorporated by reference in this Circular shall be deemed to be modified or superseded, for purposes of this Circular, to the extent that a statement contained herein or in any other subsequently filed document that also is or is deemed to be incorporated by reference in this Circular modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document which it modifies or supersedes. The making of such a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Circular.**

**NOTICE OF THE SPECIAL MEETING  
OF CLASS A UNITHOLDERS, CLASS F UNITHOLDERS AND CLASS I UNITHOLDERS OF  
CENTURION REAL ESTATE OPPORTUNITIES TRUST**

**TAKE NOTICE** that a special meeting (the “**Meeting**”) of the holders of (a) Class A units (the “**Class A Units**”) of Centurion Real Estate Opportunities Trust (the “**Terminating Trust**” or “**REOT**”) (the “**Class A Unitholders**”); (b) Class F units (the “**Class F Units**”) of REOT (the “**Class F Unitholders**”); and (c) Class I units (the “**Class I Units**”, and together with the Class A Units and Class F Units, collectively, the “**Units**”) of REOT (the “**Class I Unitholders**” and together with the Class A Unitholders and the Class F Unitholders, collectively, the “**Unitholders**”) will be held on December 8, 2020 via conference call at the following Call-In-Number: 1-888-350-3035 and Conference Room Number: 274-368-919. The Meeting will commence at 2:00 p.m. Eastern Standard Time. Centurion Apartment Real Estate Investment Trust (the “**REIT**”) and Centurion Financial Trust, together as the only holders of Class R units of REOT, will not be voting on the matters contemplated herein. In accordance with the advice of public health officials with respect to COVID-19, and in compliance with the REOT’s amended and restated declaration of trust dated September 12, 2014, the Meeting will be held exclusively by telephone conference call. Unitholders will not be able to attend the Meeting in person.

**Important**

As the Meeting is being held by way of a conference call, Unitholders are encouraged to complete, date and sign the enclosed form of proxy and return it either (i) by mail to the offices of the REOT at 25 Sheppard Avenue West Suite 1800, Toronto, ON M2N 6S6; or (ii) by email to [lsalvatore@centurion.ca](mailto:lsalvatore@centurion.ca), no later than 4:00 p.m. (Toronto time) on December 4, 2020. Only Unitholders of record at the close of business on October 23, 2020 will be entitled to vote on matters to be brought before the Meeting. Unitholders will not be able to vote through the conference call or otherwise at the Meeting.

**Purpose of Meeting**

The Meeting is being held for the following purposes:

1. to consider and, if thought appropriate, approve, with or without variation, a special resolution (the “**Special Resolution**”) in the form attached as Schedule “B” to the accompanying management information circular dated October 26, 2020 (the “**Circular**”) authorizing and approving the merger (the “**Merger**”) of REOT with REIT in the manner described in the Circular; and
2. to transact such other business as may properly come before the Meeting, or any postponement or adjournment thereof.

The specific details of the matters to be put before the Meeting are set forth in the Circular accompanying this Notice of Special Meeting of Unitholders.

If Unitholders approves the Merger, it is proposed that the Merger will occur after the close of business on or about December 31, 2020 or such later date as may be determined by REOT in its discretion (the “**Effective Date**”).

In addition, if the Merger is approved, Unitholders who do not wish to be part of the Merger will have the option of redeeming their Units for a cash amount equal to 100% of the applicable net asset value per Unit determined on the Special Redemption Date (as defined below) pursuant to a redemption right (the “**Special Redemption Right**”) to be implemented by REOT. Unitholders must provide notice of exercise of the Special Redemption Right to the head office of REOT by no later than 4:00 p.m. on December 17, 2020. The redemption date for the Special Redemption Right (the “**Special Redemption Date**”) shall be on December 30, 2020 or such later date as may be determined by REOT in its discretion. Payment of the applicable redemption amount for Units redeemed on the Special Redemption Date shall be made on or before January 31, 2021. A vote in favour of the Special Resolution does not deprive a Unitholder of the right to redeem their Units. REOT will waive any deferred sales charge or short-term trading fees that would have otherwise applied to the redemption of Units pursuant to the exercise of the Special Redemption Right. In addition, Unitholders who would currently be subject to short-term trading fees and

deferred sales charges pursuant to their purchase option selected with respect to their purchase of Units will not be subject to any such deferred sales charge or short-term trade fee with respect to any units of REIT received upon completion of the Merger.

**NOTICE IS HEREBY FURTHER GIVEN** that, in the event REOT is required to adjourn the Meeting because a quorum of Unitholders is not met, any reconvened meeting(s) following such adjourned Meeting(s) will be held for the same purposes set out in this notice on December 9, 2020 via conference call at the following Call-In-Number: 1-888-350-3035 and Conference Room Number: 274-368-919 beginning at 2:00 p.m. Eastern Standard Time. A quorum consists of two or more Unitholders represented by proxy and owning or representing not less than 10% of all outstanding Units.

**DATED** at Toronto, Ontario this 26th day of October, 2020.

**By Order of the Board of Trustees of Centurion Real Estate Opportunities Trust**

(Signed) *"Ken Miller"*

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Ken Miller  
Chairman  
Centurion Real Estate Opportunities Trust

**MANAGEMENT INFORMATION CIRCULAR  
IN RESPECT OF THE SPECIAL MEETING  
OF THE CLASS A UNITHOLDERS, CLASS F UNITHOLDERS AND CLASS I UNITHOLDERS OF  
CENTURION REAL ESTATE OPPORTUNITIES TRUST**

This management information circular (the “**Circular**”) is being made available to holders of (a) Class A units (the “**Class A Units**”) of Centurion Real Estate Opportunities Trust (the “**Terminating Trust**” or “**REOT**”) (the “**Class A Unitholders**”); (b) Class F units (the “**Class F Units**”) of REOT (the “**Class F Unitholders**”); and (c) Class I units (the “**Class I Units**”, and together with the Class A Units and the Class F Units, collectively, the “**Units**” or “**REOT Units**”) of REOT (the “**Class I Unitholders**” and together with the Class A Unitholders and the Class F Unitholders, collectively, the “**Unitholders**”), in connection with the Meeting (as defined below) for the reasons set out in the accompanying Notice of the Special Meeting of Unitholders of Centurion Real Estate Opportunities Trust (the “**Notice**”).

## **SUMMARY**

### **Date, Time and Place of Meeting**

The special meeting (the “**Meeting**”) of the holders of Class A Unitholders, Class F Unitholders and Class I Unitholders will be held on December 8, 2020 via conference call at the following Call-In-Number: 1-888-350-3035 and Conference Room Number: 274-368-919. The Meeting will commence at 2:00 p.m. Eastern Standard Time.

### **Purpose of Meeting**

The purpose of the Meeting is (i) for Unitholders to consider, and if deemed advisable, authorize by special resolution the merger (the “**Merger**”) of REOT with Centurion Apartment Real Estate Investment Trust (the “**REIT**” or the “**Continuing Trust**” and with the Terminating Trust, the “**Trusts**”) that may occur on a tax-deferred, rollover basis, provided the appropriate elections are made and filed in a timely manner; and (ii) to transact such other business as may properly come before the Meeting, or any adjournment thereof.

### **Summary of Key Dates**

Proxy Due Date .....	December 4, 2020
Meeting Date .....	December 8, 2020
Special Redemption Right Notice Deadline for the Terminating Trust .....	December 17, 2020 <sup>(1)</sup>
Special Redemption Date for the Terminating Trust.....	December 30, 2020 <sup>(2)</sup>
Anticipated Effective Date of the Merger .....	December 31, 2020 <sup>(3)</sup>
Special Redemption Right Payment Date.....	January 31, 2020

<sup>(1)</sup> Unitholders who exercise their monthly redemption right with respect to January shall, if the Merger is approved, be deemed to have exercised their Special Redemption Right and shall receive redemption proceeds on the Special Redemption Right Payment Date.

<sup>(2)</sup> The Special Redemption Date is expected to be on or about December 30, 2020, but may be a later date, as determined by REOT in its discretion.

<sup>(3)</sup> The Effective Date is expected to be on or about December 31, 2020, but may be a later date, as determined by REOT in its discretion.

## **THE PROPOSED MERGER**

### **The Trusts**

Each of REOT and REIT have been formed pursuant to a declaration of trust under the laws of the Province of Ontario. Centurion Asset Management Inc. (the “**Manager**”) is the asset manager and an exempt market dealer in certain jurisdictions of each of the Trusts. The principal place of business of each of the Trusts is 25 Sheppard Avenue West, Suite 1800, Toronto, ON M2N 6S6.

A summary comparison of the Terminating Trust with the Continuing Trust is set out under “*Comparison of Trusts*” in Schedule “A” to this Circular.

## Reasons for the Proposed Merger

The Manager is proposing the Merger to better take advantage of the current and mutually complementary nature of the business of each Trust and to capitalize on certain efficiencies and economies of scale that the Manager believes can be achieved by combining the assets of REOT and REIT. In particular, in proposing the Merger, the Manager considered, among other things, the following factors and their benefits to the Unitholders:

- (a) ***Benefits of Ownership of the Continuing Trust.*** The Merger provides Unitholders with the opportunity to participate in the ownership of REIT post-Merger, which will be one of Canada's largest private real estate investment trusts with an enterprise value of approximately \$3.3 billion and a significant development pipeline, including benefits arising from the following:
  - (i) ***Proven Track Record.*** REIT has a proven track record of stable returns. As at September 30, 2020, the compound trailing returns of the Class A units for the 1-year, 2-year, and 5-year periods were 19.24%, 19.52% and 16.42% respectively. As at September 30, 2020, the compound trailing returns for the period since inception in August 2009 was 13.5%. REIT has paid a monthly distribution per unit each month since inception, with the current monthly distribution of \$0.06833 for Class A units and \$0.0775 for Class F units and Class I units, respectively, having been paid every month since of May 2012. See "*Details of the Continuing Trust – Select Historical Information of REIT*" for further details on the historical performance of REIT.
  - (ii) ***Economies of Scale.*** The Continuing Trust will have a greater and more diversified level of assets which may result in economies of scale for operating expenses as part of a larger combined trust.
  - (iii) ***Consolidated Development Pipeline.*** The Continuing Trust will benefit from a consolidated development pipeline that the Manager believes presents meaningful value creation opportunities.
  - (iv) ***Increased Leverage Opportunities.*** Unitholders will benefit from the Continuing Trust's ability to obtain more leverage at a better rate. The Manager expects that the availability of cheaper leverage gives the Continuing Trust increased flexibility to complete transactions efficiently and reduce drag on the returns, without increasing the risk profile.
  - (v) ***Better Liquidity Management.*** Unitholders will benefit from the Continuing Trust's ability to use any cash that REOT's portfolio generates from time to time and/or from maturing mortgages in REOT's portfolio more opportunistically on different types of assets.
  - (vi) ***Decreased Tax Leakage.*** Dispositions of development properties by REOT often give rise to land transfer taxes. The Continuing Trust will avoid such taxes on any development properties that are ultimately retained in, and operated by, the Continuing Trust.
- (b) ***Waiver of Deferred Sales Charges and Short-Term Trading Fees:*** Unitholders who would currently be subject to a deferred sales charge or short-term trading fee pursuant to the purchase option selected with respect to their purchase of Units will not be subject to any such deferred sales charge or short-term trade fee with respect to any Continuing Trust Units (as defined below) received upon completion of the Merger. REOT will waive any deferred sales charge or short-term trading fees that would have otherwise applied to the redemption of Units pursuant to the exercise of the Special Redemption Right.

- (c) ***Similar Liquidity Rights.*** Upon completion of the Merger, holders of trust units of the Continuing Trust (“Continuing Trust Units” or “REIT Units”) will have similar rights to distributable income of the Continuing Trust and to redemptions of their Continuing Trust Units as those rights under REOT’s amended and restated declaration of trust dated September 12, 2014 (the “REOT DoT”).
- (d) ***Fairness Opinion.*** MNP LLP has provided a fairness opinion (the “Fairness Opinion”) stating that the Merger is fair, from a financial point of view, to Unitholders. See “*The Proposed Merger – Fairness Opinion*”.
- (e) ***Disinterested Unitholder Approval.*** Approval of 66 2/3% of the votes cast by the Class A Units, Class F Units and Class I Units, voting together as a single class, at the Meeting or any adjournments thereof, is required to effect the Merger. No REOT Units held by REIT, the Manager or their respective affiliates, officers and directors will be voted at the Meeting. See “*Interest of Management and Others in the Transactions*”.
- (f) ***Similar Management Fee Structure:*** The Continuing Trust will be subject to a fee structure that is substantially similar to the one current in place for REOT. The Manager is and will continue to be entitled to a 1.00% sourcing fee for properties or other forms of equity investments bought by REIT.
- (g) ***The Special Redemption:*** Unitholders who do not wish to be part of the Merger will have the option of redeeming their Units at a price per Unit equal to the applicable net asset value (“NAV”) per Unit on the Special Redemption Date (as defined below) pursuant to a redemption right (the “Special Redemption Right”) implemented by REOT, if the Merger is approved. See “*Special Redemption Right*” below. Unitholders must provide notice of exercise of the Special Redemption Right to the head office of REOT by no later than 4:00 p.m. on December 17, 2020. The redemption date for the Special Redemption Right (the “Special Redemption Date”) shall be on December 30, 2020 or such later date as may be determined by REOT in its discretion. Payment of the applicable redemption amount for Units redeemed on the Special Redemption Date shall be made as soon as practicable after the Effective Date (expected to be paid on or about January 31, 2021). A vote in favour of the Special Resolution does not deprive a Unitholder of the right to redeem their Units.
- (h) ***NAV-for-NAV Exchange and Tax-Deferred Upon Election:*** The Merger is being effected at the NAV of each Trust and will occur on a tax-deferred, rollover basis, provided the appropriate elections are made and filed in a timely manner. Unitholders (of REOT) will receive the same class of Continuing Trust Units that they currently own.
- (i) ***Costs of the Merger:*** If the Merger is completed, all associated costs, including costs of proxy solicitation, will be borne by REIT. However, if the Merger is not completed, REOT and REIT shall each be responsible for their respective costs associated with the Merger; for greater certainty, if the Merger is not completed, REOT shall bear the costs associated with the Meeting and proxy solicitation, including the Fairness Opinion and legal expenses, which costs are estimated to be approximately \$300,000 (or \$0.005 per Unit of REOT).

#### **Recommendation of the Independent Trustees**

The Merger was considered only by members of REOT’s board of trustees who have no direct or indirect material relationship with REOT that could, in the view of the trustees, reasonably interfere with their judgment when voting on the approval of the Merger (the “Independent Trustees”). See “*Interest of Management and Others in the Transactions*”.

The Independent Trustees have determined that the Merger is in the best interests of REOT and the Unitholders and recommends that all Unitholders vote in favour of the Special Resolution to be

considered at the Meeting. In arriving at such determination, consideration was given to, among other things, the factors set forth under "*Reasons for the Merger*".

### **Details of the Proposed Merger**

If approved by Unitholders, the Merger will be effected on the following basis:

- (a) The Terminating Trust will transfer all or substantially all of its net assets to the Continuing Trust in consideration for the issuance, by the Continuing Trust to the Terminating Trust, of a number of Continuing Trust Units on a NAV-to-NAV basis on the Effective Date.
- (b) Immediately following the transfer of the assets of the Terminating Trust to the Continuing Trust and the issuance of Continuing Trust Units to the Terminating Trust, all Units (of the Terminating Trust) will be automatically redeemed and each Unitholder participating in the Merger will receive the same class of Continuing Trust Units and such number of Continuing Trust Units as is equal to the NAV of the Units being redeemed, as determined on the Effective Date. As a result of the Merger occurring on a tax-deferred basis, each Unitholder will acquire Continuing Trust Units with the same cost base as the Units previously held in the Terminating Trust.
- (c) The Continuing Trust offers Class A units, Class F units and Class I units. Following the completion of step (b), Class A Unitholders, Class F Unitholders and Class I Unitholders will become unitholders of the corresponding class of Continuing Trust Units.
- (d) As soon as reasonably possible following the Merger, the Terminating Trust will be wound up and dissolved.

### **Distributions of the Trusts**

REIT has historically made lower distributions to its unitholders compared to distributions made to Unitholders by REOT. The current annual distribution yield rate of Class A Units (of REOT) is 6.42% while that of both Class F Units and Class I Units (of REOT) is 7.36%; the current annual distribution rate of Class A units of REIT is 4.44% while that of Class F units and Class I units of REIT, is 5.04%. While REIT has historically paid lower distributions, the total return generated by REIT has been higher than REOT. For further information on the REIT's historical performance, see "Selected Historical Information of REIT", below. Furthermore, a greater percentage of the distributions paid by REIT historically have consisted of returns of capital which are not immediately taxable but which reduce the adjusted cost base of REIT Units held by a Unitholder (a "**REIT Unitholder**"). For further details, see "Selected Historical Information - Tax Treatment of Distributions" of the REIT Offering Memorandum.

Unitholders who are currently enrolled in the distribution reinvestment plan of REOT and who do not exercise their Special Redemption Right will automatically be enrolled in the distribution reinvestment plan of REIT upon becoming unitholders of REIT.

### **Deferred Sales Charges, Short-Term Trading Fees, and Trailers Fees**

Unitholders who would currently be subject to a deferred sales charge or short-term trading fee pursuant to the purchase option selected with respect to their purchase of Units will not be subject to any such deferred sales charge or short-term trade fee with respect to any Continuing Trust Units received upon completion of the Merger. REOT will waive any deferred sales charge or short-term trading fees that would have otherwise applied to the redemption of Units pursuant to the exercise of the Special Redemption Right. Unitholders who exchange their Units for Continuing Trust Units pursuant to the Merger shall continue to be subject to ongoing trailers for each class of Units held by them at the same, current rate.

## **Special Redemption Right**

If the Merger is approved, Unitholders who do not wish to be part of the Merger will have the option, pursuant to Special Redemption Right implemented by REOT, of redeeming their Units for a cash amount equal to 100% of the applicable NAV per Unit on the Special Redemption Date. Unitholders must provide notice of exercise of the Special Redemption Right to the head office of REOT by no later than 4:00 p.m. on December 17, 2020. The Special Redemption Date shall be on or before the Effective Date. Payment of the applicable redemption amount for Units redeemed on the Special Redemption Date shall be paid on or before January 31, 2021. A vote in favour of the Special Resolution does not deprive a Unitholder of the right to redeem their Units. Consequently, the Independent Trustees recommend that Unitholders who wish to exercise the Special Redemption Right also vote in favour of the Special Resolution.

Any Unitholders who provide a notice of exercise in respect of any Units pursuant to the January monthly redemption right shall be deemed to have submitted such notice in respect of the Special Redemption Right.

## **Termination of the Merger**

The Merger may, at any time before or after the holding of the Meeting, but no later than the Effective Date, be terminated by REOT without further notice to, or action on the part of, the Unitholders if the Manager determines that it would be inadvisable for REOT to proceed with the Merger. Such determination may be made if excessive Units are tendered for redemption under the Special Redemption Right.

## **If the Merger Does Not Proceed**

If the Merger is not completed, REOT currently intends to continue operating in accordance with the strategies, objectives and restrictions set out in the REOT Offering Memorandum, while also considering any other strategic alternatives. The Manager expects that REIT will re-evaluate its options if the Merger does not proceed. REIT has the ability to redeem all of its Class R units of REOT at any time and may choose to do so if the Merger is not completed. In accordance with the REOT DoT, any such redemption by REIT may be satisfied in-kind, at the option of REIT.

## **Fairness Opinion**

In connection with the Merger, the Independent Trustees asked MNP LLP to provide a Fairness Opinion providing that the Merger was fair, from a financial point of view, to REOT Unitholders, which opinion will be confirmed on the Effective Date once the NAV of each of the Terminating Trust and the Continuing Trust has been determined.

The following summary of the Fairness Opinion is qualified in its entirety by reference to the full text of the fairness opinion, which is attached and contained herein in Schedule “C”. **Unitholders are urged to read the Fairness Opinion in its entirety.**

The Independent Trustees formally engaged MNP LLP on October 5, 2020 to provide independent valuation services for the preparation and delivery of the Fairness Opinion.

In preparing the Fairness Opinion, MNP LLP has assumed and relied on, among other things, the completeness, accuracy and fair presentation of all information, data, advice, opinions or representations supplied or otherwise made available to MNP LLP including discussions with senior management of the Manager and the board of trustees of REOT along with publicly available information (collectively, the “**Information**”), and MNP LLP has not assumed any responsibility for independently verifying such Information. The Fairness Opinion is based upon economic, financial and other general business conditions as they existed on or about the date of the Fairness Opinion.

In the opinion of MNP LLP, based upon the assumptions made, the scope of its review and limitations set forth in the Fairness Opinion, the Merger is fair, from a financial point of view, to REOT Unitholders. MNP

LLP will also confirm its Fairness Opinion on the Effective Date once the NAV of each of the Terminating Trust and Continuing Trust has been determined. The Fairness Opinion was prepared at the request and for the information of the Independent Trustees and does not constitute a recommendation to any REOT Unitholder as to how any such REOT Unitholder should vote with respect to the Merger.

## **DETAILS OF THE CONTINUING TRUST**

REIT will be the Continuing Trust under the Merger. REIT was established on August 31, 2009, but the history of its properties and predecessors date back as far as 2003. As of September 30, 2020, REIT had total assets of approximately \$3.3 billion and net assets of approximately \$2.0 billion. As at September 30, 2020, the net asset value per unit of REIT was \$19.243, and the current annual distribution yield for the REIT's class A units, class F units, and class I units was 4.44%, 5.04%, 5.04%, respectively.

### **Certain Attributes of REIT**

#### *Investment Objectives of REIT*

The long term objectives are to: (i) provide REIT Unitholders with stable and growing cash distributions, payable monthly and, to the extent reasonably possible, tax deferred, from investments in a diversified portfolio of income-producing multi-unit residential properties located in Canada and the United States; and (ii) maximize trust unit value of REIT through the ongoing management of REIT's assets and through the future acquisition of additional multi-unit residential properties. REIT intends to accomplish these objectives through the achievement of its short-term objectives.

REIT's short-term objectives are to:

- (a) raise sufficient funds to complete the acquisition of additional properties in Canada and the United States;
- (b) make property capital improvements;
- (c) build a pipeline of future property acquisitions;
- (d) provide an investment warehousing facility for REOT and Centurion Financial Trust; and
- (e) leverage mortgage lending capabilities to increase investment opportunities.

#### *Investment Strategies of REIT*

Management of REIT intends to enhance its value through numerous distinct and well executed strategies, including:

- (a) a commitment to customer satisfaction;
- (b) maintenance and repair programs;
- (c) quality on-site building staff;
- (d) detailed financial reporting;
- (e) strategic debt management;
- (f) enhancement of REIT's portfolio;
- (g) timely communications and disclosure; and
- (h) the obtainment of more competitive financing and pricing on commodities and contracted expensed items through the strength of the portfolio.

By focusing predominately on one asset class (multi-unit residential properties), REIT expects to bolster its market presence, thereby enhancing REIT's opportunities for future multi-unit residential property acquisitions at attractive prices. Through such acquisitions, REIT intends to geographically diversify its portfolio by purchasing properties in thriving communities that will continue to strengthen REIT and

reduce its risk of owning properties in one community or geographic area. In addition, REIT intends to increase the stability of its income stream and provide REIT Unitholders with increased liquidity through the acquisition of new properties and the issuance of additional trust units. REIT generally concentrates on communities that have low vacancy levels and strong population demographics that align with the class of multi-residential properties that are acquired by REIT.

#### *Selected Historical Information of REIT*

Presented below is select historic summary information about REIT. Information presented in the table titled, "Calendar Returns" and the graph titled, "Growth Since Inception" was calculated using NAV and assumed the reinvestment of distributions under REIT's Distribution Reinvestment Plan.

#### Annual Distributions per Class A REIT Unit

Year	Annual Distributions per Class A REIT Unit
2009	\$0.20000 <sup>(1)</sup>
2010	\$0.80000
2011	\$0.80853
2012	\$0.81808
2013	\$0.81996
2014	\$0.81996
2015	\$0.81996
2016	\$0.81996
2017	\$0.81996
2018	\$0.81996
2019	\$0.81996
2020	\$0.68330 <sup>(2)</sup>

(1) REIT commenced making distributions in October, 2009.

(2) Accounts for distributions made in 2020 up to and including October.

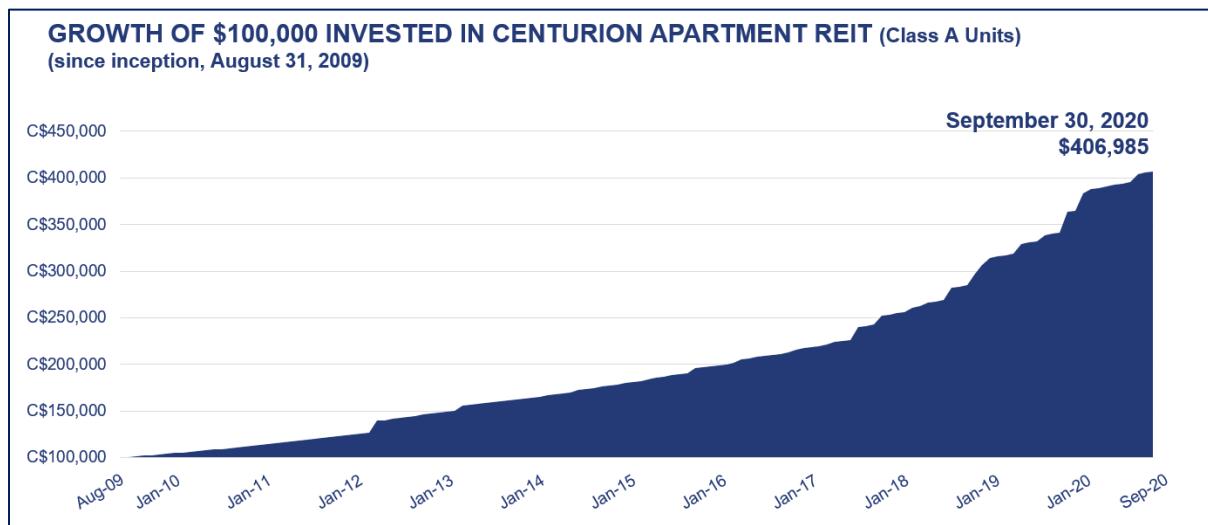
#### Calendar Returns

Calendar Returns	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
	2.75% <sup>(1)</sup>	8.48%	10.21%	20.01%	10.95%	9.21%	10.82%	9.80%	17.24%	23.44%	21.79%	6.24% <sup>(2)</sup>

(1) For partial year August 31, 2009 to December 31, 2009

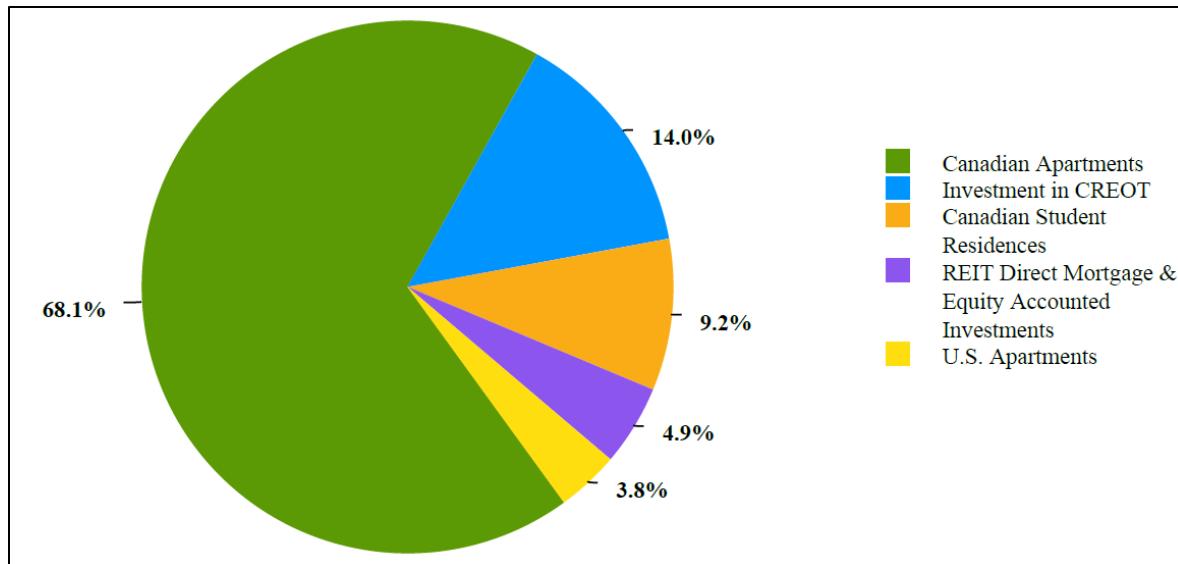
(2) As at September 30, 2020

#### Growth Since Inception



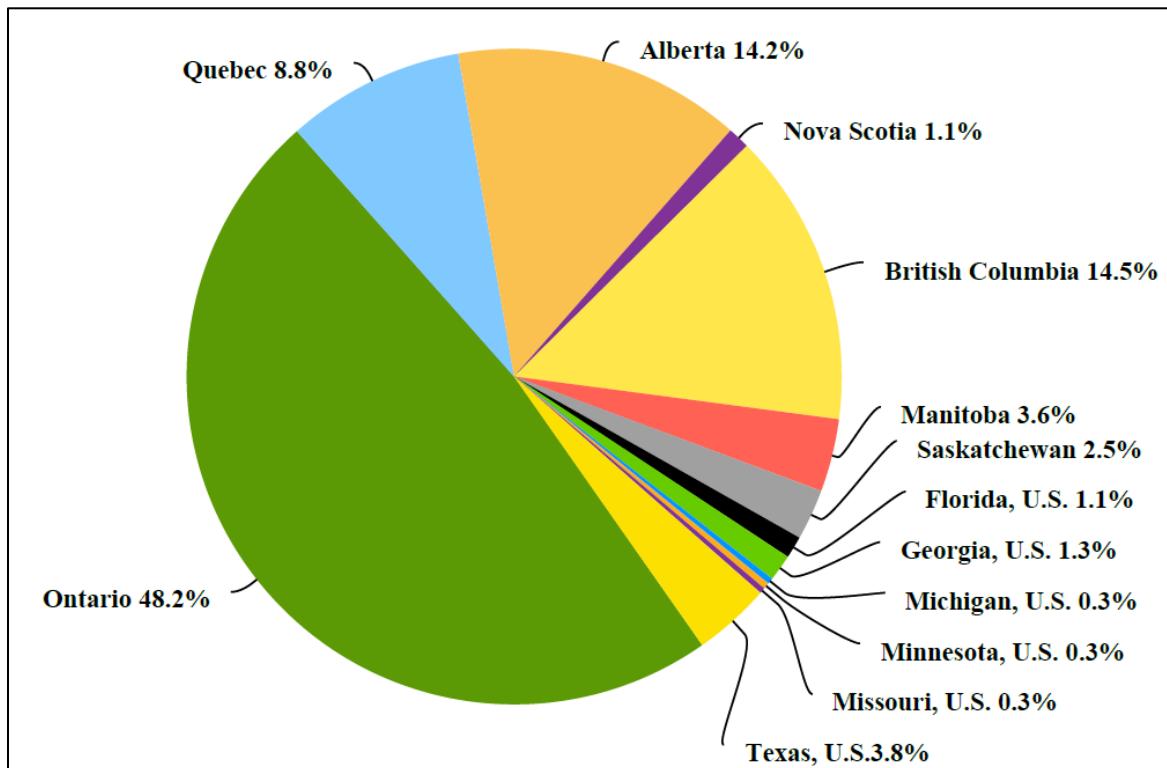
### Portfolio Breakdown

The following chart shows the percentage of REIT's portfolio as at September 30, 2020 that is invested through (i) ownership of income producing Canadian apartments, U.S. apartments and student residences; (ii) its holding of Class R units of REOT (referred to in the chart as "CREOT"); and (iii) mortgage and equity accounted investments.



### Geographic Exposure by \$ Value of Assets

The following chart details where REIT's assets are located across Canada and the United States as at September 30, 2020.



## **Comparison of REIT and REOT**

For a comparison of the Continuing Trust and REOT, including information with respect to investment objectives, strategies and restrictions, see “*Comparison of Trusts*” in Schedule “A” of this Circular. Such summaries contained herein and therein are qualified entirely by the REOT Offering Memorandum and the REIT Offering Memorandum, both of which are incorporated by reference herein.

## **RISK FACTORS**

The Merger is structured to qualify as a “qualifying exchange” under section 132.2 of the *Income Tax Act* (Canada) (the “**Tax Act**”). If the Merger does not so qualify, the Merger would be a taxable disposition to REOT and, to the extent a Unitholder’s Units are redeemed as part of the implementation the Merger, the Unitholder would have a taxable disposition of such Units on their redemption. This could result in material adverse tax consequences to Unitholders.

In addition, an investment in Continuing Trust Units involves certain risk factors, including risks associated with the Continuing Trust’s investment strategies. Such risks are set out in the REIT Offering Memorandum, which is incorporated by reference herein, and have been reproduced in Schedule “D” hereto. The risk factors should be carefully evaluated by Unitholders as prospective investors.

## **REQUIRED UNITHOLDER APPROVAL**

The full text of the Special Resolution is set out in Schedule “B”. The Special Resolution of the Unitholders must be approved by 66 2/3% of the votes cast by the Class A Unitholders, the Class F Unitholders, the Class I Unitholders, voting together as a single class, represented by proxy at the Meeting, or any adjournments thereof. The Independent Trustees are authorized, in their sole discretion, not to proceed with implementing the Special Resolution, even if all classes of Unitholders approve such Special Resolution.

## **CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS**

The following is a summary of the principal Canadian federal income tax considerations under the Tax Act generally applicable to a Unitholder who, for purposes of the Tax Act and at all relevant times, is or is deemed to be resident in Canada and who: (i) disposes of REOT Units to REOT for cash pursuant to the Special Redemption Right; or (ii) disposes of REOT Units to REOT in exchange for REIT Units on the redemption of REOT Units pursuant to the Merger. This summary is generally applicable to a Unitholder who deals at arm’s length with and is not affiliated with REOT or REIT and holds REOT Units and will hold REIT Units received in exchange therefor as capital property. REOT Units and REIT Units generally will be considered capital property to a Unitholder unless the Unitholder holds such units in the course of carrying on a business, or the Unitholder has acquired them in a transaction or transactions considered to be an adventure in the nature of trade. Certain Unitholders who are resident in Canada and whose REOT Units or REIT Units might not otherwise qualify as capital property may be eligible to make an irrevocable election in accordance with subsection 39(4) of the Tax Act to have the REOT Units, REIT Units and every other “Canadian security” (as defined in the Tax Act) owned by such holder deemed to be capital property in the taxation year of the election and all subsequent taxation years.

This summary assumes that each of REOT and REIT currently qualifies as a “mutual fund trust” (as defined in the Tax Act) and will continue to so qualify throughout the period during which Unitholders hold any REOT Units or REIT Units. This summary also assumes that REOT and REIT will jointly elect under the Tax Act for the Merger to be a “qualifying exchange” under the Tax Act.

This summary is not applicable to a Unitholder that is a “financial institution”, that is a “specified financial institution”, that has elected to determine its Canadian tax results in a currency other than Canadian currency, or to a Unitholder an interest in which is a “tax shelter investment” (as all such terms are defined in the Tax Act). Moreover, this summary does not apply to a Unitholder who has entered or will enter into a “derivative forward agreement” as that term is defined in the Tax Act with respect to the REOT Units or REIT Units. All such Unitholders should consult with their own tax advisors with respect to the tax consequences of the proposed transactions.

This summary is based on the provisions of the Tax Act in force on the date hereof and counsel's understanding of the current published administrative practices and policies of the Canada Revenue Agency (the "CRA"). This summary takes into account all specific proposals to amend the Tax Act which have been publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "Proposed Amendments") and assumes that all such Proposed Amendments will be enacted in their present form. No assurances can be given that the Proposed Amendments will be enacted in the form proposed, if at all.

This summary is not exhaustive of all possible Canadian federal tax considerations and, except for the Proposed Amendments, does not take into account or anticipate any changes in law, whether by judicial, governmental or legislative decision or action or changes in administrative practices of the CRA, nor does it take into account provincial, territorial or foreign income tax legislation or considerations.

The Canadian federal income tax consequences discussed herein are for general information only. Unitholders are urged to consult their own tax advisors to determine the tax consequences to them of the Special Redemption Right or the Merger (as applicable) in their particular circumstances.

### **Redemption of Units for Cash Consideration under the Special Redemption Right**

The disposition of a Unit by a Unitholder pursuant to the Special Redemption Right will generally result in a capital gain (or a capital loss) to the Unitholder equal to the amount, if any, by which the proceeds of disposition of the Unit, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of the Unit to the Unitholder immediately prior to such redemption. Proceeds of disposition will not include an amount payable by REOT that is otherwise required to be included in the Unitholder's income.

One-half of any capital gain realized on the disposition of a REOT Unit will be included in the Unitholder's income as a taxable capital gain and one-half of any capital loss realized on the disposition of a REOT Unit may generally be deducted only from taxable capital gains in accordance with the provisions of the Tax Act. Any excess of allowable capital losses over taxable capital gains of the REOT Unitholder for the year of disposition may be carried back up to three taxation years or forward indefinitely and deducted against net taxable capital gains in those other years to the extent and in the circumstances prescribed in the Tax Act.

A Unitholder that is a Canadian-controlled private corporation for the purposes of the Tax Act may be liable to pay an additional refundable 6<sup>2/3</sup>% tax in respect of any taxable capital gains realized on a disposition of REOT Units.

In general, capital gains realized by a Unitholder who is an individual may increase the Unitholder's liability for alternative minimum tax.

### **The Merger**

#### *Transfer of REOT Assets to REIT Pursuant to the Merger*

The transfer by REOT of its assets (the "REOT Assets") to REIT will occur as part of a "qualifying exchange" as defined in section 132.2 of the Tax Act, thereby allowing the REOT Assets to be transferred to REIT for proceeds of disposition equal to the tax cost of such assets. In such circumstances, there should be no taxable income to REOT arising from the transfer of the REOT Assets. Therefore, there should be no need to make any distributions to REOT Unitholders as a result of the transfer of the REOT Assets and there should be no tax liability to Unitholders resulting from the transfer of the REOT Assets.

#### *Computation of Income of REOT*

The current taxation year of REOT will be deemed to end on the Effective Date following the transfer of the REOT Assets to REIT as part of the Merger. If, based on bona fide best estimates, REOT determines that its undistributed taxable income for the current taxation year exceeds prior distributions made to

Unitholders in that period, REOT will pay a special distribution to Unitholders to ensure that REOT will not be liable for tax under Part I of the Tax Act for the current taxation year.

#### *Disposition of REOT Units by Unitholders Pursuant to the Merger*

Where a Unitholder disposes of REOT Units to REOT in exchange for REIT Units on the redemption of REOT Units pursuant to the Merger, the Unitholder's proceeds of disposition for the REOT Units disposed of, and the cost to the Unitholder of the REIT Units received in exchange therefor, will be deemed to be equal to the adjusted cost base to the Unitholder of the REOT Units immediately prior to their disposition. Therefore, Unitholders will not realize a capital gain (or capital loss) in respect of their REOT Units as a result of the Merger. For the purpose of determining the adjusted cost base of REIT Units acquired by a Unitholder on such exchange, the cost of such REIT Units will be averaged with the adjusted cost base of all other REIT Units held as capital property by such Unitholder immediately before the time of the exchange.

#### **Holding and Disposing of REIT Units Following the Merger**

##### *Status and Taxation of REIT*

The Tax Act contains rules providing for a tax on certain income earned by a "SIFT trust" (as defined in the Tax Act) (the "**SIFT Rules**"). This summary is based on the assumption that REIT will at no time be a SIFT trust. Provided that REIT Units are not listed or traded on a stock exchange or other "public market", as defined in the Tax Act, the Trust will not be subject to the SIFT Rules.

REIT will be subject to tax in each taxation year under Part I of the Tax Act on the amount of its income for the taxation year less the portion thereof that it deducts in respect of the amount paid or payable to REIT Unitholders in the taxation year. REIT intends to distribute to its unitholders in each year its net income and net realized capital gains to such an extent that REIT will not be liable in any year for income tax under Part I of the Tax Act, after taking into account any Capital Gains Refund (as defined below) to which REIT is entitled for such year.

REIT will be entitled for each taxation year to reduce (or receive a refund in respect of) its liability, if any, for tax on its net realized taxable capital gains by an amount determined under the Tax Act based on the redemption of REIT Units during the year (the "**Capital Gains Refund**"). In certain circumstances, the Capital Gains Refund in a particular taxation year may not completely offset REIT's tax liability for such taxation year.

Losses incurred by REIT cannot be allocated to REIT Unitholders but may be deducted by REIT in future years in accordance with the Tax Act.

##### *Taxation of REIT Unitholders*

A REIT Unitholder will generally be required to include in income for a particular taxation year the portion of the net income of REIT for a taxation year, including the taxable portion of net realized capital gains, that is paid or payable to the REIT Unitholder in the particular taxation year. Provided that appropriate designations are made by REIT, net realized taxable capital gains, if any, as are paid or payable or are deemed to be paid or payable to a REIT Unitholder, will effectively retain their character and be treated as such in the hands of the REIT Unitholder for purposes of the Tax Act.

The non-taxable portion of any net realized capital gains of REIT, the taxable portion of which was designated to a REIT Unitholder in a taxation year, that is paid or payable to a REIT Unitholder in a taxation year will not be included in computing REIT Unitholder's income for the year. Any other amount in excess of the net income of REIT that is paid or payable to a REIT Unitholder in such year (otherwise than as proceeds of disposition of REIT Units) will not generally be included in the REIT Unitholder's income for the year but will reduce the adjusted cost base of REIT Units to the REIT Unitholder. To the extent that the adjusted cost base of a REIT Unit would otherwise be less than zero, the negative amount

will be deemed to be a capital gain realized by the REIT Unitholder from the disposition of the REIT Unit and will be added to the adjusted cost base of the REIT Unit such that the adjusted cost base will be zero.

On the disposition or deemed disposition of a REIT Unit, whether on a redemption or otherwise, a REIT Unitholder will realize a capital gain (or capital loss) equal to the amount by which the REIT Unitholder's proceeds of disposition exceed (or are less than) the aggregate of the adjusted cost base of the REIT Unit and any reasonable costs of disposition. Proceeds of disposition will not include an amount payable by REIT that is otherwise required to be included in the REIT Unitholder's income.

One-half of any capital gain realized on the disposition of a REIT Unit will be included in the REIT Unitholder's income as a taxable capital gain and one-half of any capital loss realized on the disposition of a REIT Unit may generally be deducted only from taxable capital gains in accordance with the provisions of the Tax Act. Any excess of allowable capital losses over taxable capital gains of the REIT Unitholder for the year of disposition may be carried back up to three taxation years or forward indefinitely and deducted against net taxable capital gains in those other years to the extent and in the circumstances prescribed in the Tax Act.

A REIT Unitholder that is a Canadian-controlled private corporation for the purposes of the Tax Act may be liable to pay an additional refundable 6<sup>2/3</sup>% tax in respect of any taxable capital gains realized on a disposition of REIT Units.

In general, capital gains realized by a REIT Unitholder who is an individual may increase the REIT Unitholder's liability for alternative minimum tax.

### **Eligibility for Investment**

Provided that REIT qualifies as a mutual fund trust for purposes of the Tax Act, REIT Units will be, at the time of acquisition pursuant to the Merger, qualified investments under the Tax Act for trusts governed by registered retirement savings plans, registered retirement income funds, registered education savings plans, registered disability savings plans and tax-free savings accounts, each as defined in the Tax Act (collectively, "**Plans**" and, individually, a "**Plan**"), and trusts governed by deferred profit sharing plans. Notwithstanding the foregoing, holders, annuitants or subscribers of Plans (collectively, "**Controllers**" and, individually, a "**Controller**") will be subject to a penalty tax in respect of REIT Units held in a trust governed by such a Plan if such REIT Units are a "prohibited investment" for the purposes of the Tax Act. REIT Units will generally not be a "prohibited investment" for a Plan unless the Controller of the Plan (i) does not deal at arm's length with REIT for purposes of the Tax Act or (ii) has a "significant interest", as defined in the Tax Act, in REIT. In addition, REIT Units will generally not be a "prohibited investment" if such REIT Units are "excluded property" for Plans. Controllers should consult their own tax advisors with respect to the application of these rules in these circumstances.

### **INTERESTS OF INFORMED PERSONS IN THE TRANSACTIONS**

The Manager is the asset manager of each of the Trusts. The Manager manages the day-to-day operations of each Trust pursuant to an asset management agreement.

The Manager under the Terminating Trust is entitled to an acquisition fee or sourcing fee of 1.00% of the purchase price of any properties or other forms of equity investments bought by the Terminating Trust, provided that where the Manager or an affiliate of the Manager receives an acquisition, sourcing or like fee directly from the vendor or counterparty, the Manager receives an acquisition or sourcing fee from the Terminating Trust to the extent such other acquisition, sourcing or like fee is less than 1.00% of the purchase price and in any such cases only to the extent of the differential (if any). Further, the Manager is entitled to an acquisition fee or sourcing fee of 1.00% of the principal amount of any mortgage investment acquired by the Terminating Trust, provided that where the Manager or an affiliate of the Manager receives an acquisition, sourcing or like fee directly from the borrower or counterparty, the Manager receives an acquisition fee or sourcing fee from the Continuing Trust to the extent such other acquisition, sourcing or like fee is than 1.00% of the purchase price and in any such cases only to the extent of the

differential (if any). Finally, the Manager or an affiliate thereof is entitled to keep any borrower or counterparty-paid fees on all committed investments made by the Terminating Trust.

With respect to the Continuing Trust, the Manager is entitled to an acquisition fee of 1.0% of the purchase price of any properties bought for the Continuing Trust. The Manager or an affiliate thereof is entitled to keep any borrower paid fees on mortgage investments made by the Continuing Trust.

Gregory Romundt serves as a trustee for both the Terminating Trust and the Continuing Trust, and is affiliated with the Manager as its founder and President. Stephen Sender is not affiliated with the Manager but serves as trustee for both the Terminating Trust and the Continuing Trust. Stephen Stewart, a trustee of REOT, is affiliated with the Manager as its Executive Vice President of Mortgage Investments and Joint Ventures. As such, neither Mr. Romundt, Mr. Sender, nor Mr. Stewart are considered Independent Trustees for the purposes of considering the Merger. Accordingly, each of Mr. Romundt, Mr. Sender, and Mr. Stewart disclosed their conflict of interests and refrained from voting on matters considered by the board of trustees of REOT relating to the Merger.

## **PRINCIPAL UNITHOLDERS**

To the knowledge of the Independent Trustees, no person of record owns more than 10% of the Class A Units, Class F Units or Class I Units.

REIT owns 36,290,332.61 Class R Units of REOT, representing 93.11% of the Class R Units and 62.70% of all units of REOT on a consolidated basis. Centurion Financial Trust holds 2,684,031.48 Class R Units of REOT, representing 6.89% of the Class R Units and 4.60% of all units of REOT on a consolidated basis.

Gregory Romundt owns 50,000 Class M Units of REOT, representing 100% of the Class M Units and 5% of the current outstanding Units of all other classes of Units of REOT (other than Class R Units).

## **GENERAL PROXY INFORMATION**

### **Information Circular**

This Circular is furnished in connection with the solicitation by the Manager for use at the Meeting to be held at the time, by the method of communication method and for the purposes set out in the Notice accompanying this Circular. The solicitation will be by mail, the cost of which will be borne by REIT.

### **Proxies and Voting Thereof**

Unitholders are strongly encouraged to vote prior to the Meeting by the means described below. Unitholders can appoint one of the Independent Trustees to vote on their behalf by completing the enclosed form of proxy. Any Unitholder has the right to appoint a person (who need not be a Unitholder) other than one of the Independent Trustees to represent them at the Meeting and in order to do so the Unitholder may insert the name of such person in the blank space provided in the form of proxy, or may use another appropriate form of proxy. All proxies should be properly executed and delivered (i) by mail to the offices of REOT at 25 Sheppard Avenue West Suite 1800, Toronto, ON M2N 6S6; or (ii) by email to [lSalvatore@centurion.ca](mailto:lSalvatore@centurion.ca), by no later than 4:00 p.m. (Toronto time) on December 4, 2020.

The Units represented by the proxy which is hereby solicited will be voted in accordance with the instructions of the Unitholder on any ballot that may be called for and, if the Unitholder specifies a choice with respect to any matter to be acted upon, the Units shall be voted accordingly. If two directions are made in respect of any matter, such Units will not be voted on such matter. Where no specification is made to vote for, withhold from voting, or vote against a matter, the securities shall be VOTED FOR.

The enclosed proxy confers discretionary authority with respect to any amendments or variations to the matters referred to in the Notice and any other matters which may properly come before the Meeting. At the date of this Circular, none of the Independent Trustees nor the Manager are aware of any

amendments, variations or other matters which may come before the Meeting, other than the matters referred to in the Notice.

### **Quorum**

A quorum consists of two or more Unitholders represented by proxy and owning or representing not less than 10% of all outstanding Units. In the event that such quorum is not present within 30 minutes after the time fixed for the Meeting, the Meeting shall be terminated and adjourned to December 9, 2020 at 2:00 p.m. Eastern Standard Time and will be held by way of conference call at the following Call-In-Number: 1-888-350-3035 and Conference Room Number: 274-368-919. If at such adjourned Meeting a quorum as defined above is not present, the Unitholders represented by proxy shall form a quorum and any business shall be brought before or dealt with at such an adjourned Meeting which might have been brought before or dealt with at the original Meeting in accordance with the Notice.

The Special Resolution of the Unitholders must be approved by 66 2/3% of the votes cast by the Class A Unitholders, the Class F Unitholders and the Class I Unitholders, voting together as a single class, represented by proxy at the Meeting, or any adjournments thereof.

### **Revocation of Proxies**

A proxy given pursuant to this solicitation may be revoked either (i) by instrument in writing executed by the Unitholder or by his or her attorney authorized in writing and deposited at the office of the Trust at 25 Sheppard Avenue West Suite 1800, Toronto, ON M2N 6S6; or (ii) by email to [lsalvatore@centurion.ca](mailto:lsalvatore@centurion.ca) if sent either by the Unitholder or by his or her authorized attorney on their behalf, at any time up to and including the last business day preceding the day of the Meeting and any adjournment or adjournments thereof at which the proxy is to be used by the Chairman on the day of the Meeting or any adjournment or adjournments thereof.

### **Voting Rights and Record Date**

As of October 16, 2020, there are a total of 18,889,629.58 Class A, Class F and Class I Units outstanding, each carrying the right to one vote. Each Unitholder pursuant to REOT DoT is entitled to the number of votes as outlined in the REOT DoT and shown as registered in his/her name on the list of Unitholders which is available for inspection during normal business hours at the Trust in Toronto, Ontario. Unitholders of record at the close of business on October 23, 2020 will be entitled to vote at the Meeting in respect of all matters which may properly come before the Meeting, save that if such a Unitholder subsequently transfers the ownership of such a Unit and the transferee establishes that he/she owns such a Unit and makes a request to REOT prior to the Meeting that his/her name be included in the Unitholders list, such transferee will be entitled to vote such Unit via proxy.

### **APPROVAL BY THE INDEPENDENT TRUSTEES**

The contents of this Circular and its sending to the Unitholders have been approved by the Independent Trustees.

**DATED** at Toronto, Ontario this 26<sup>th</sup> day of October 2020.

(Signed) "Ken Miller"

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Ken Miller  
Chairman  
Centurion Real Estate Opportunities Trust

**SCHEDULE "A"**  
**COMPARISON OF TRUSTS**

The following table describes certain features of the Trusts. Capitalized terms that are otherwise undefined herein have the meanings ascribed to them in the Circular. All information below is presented as at September 30, 2020, unless otherwise indicated.

	<b>Centurion Real Estate Opportunities Trust (REOT)</b>	<b>Centurion Apartment Real Estate Investment Trust (REIT)</b>
<i>Asset Manager</i>		Centurion Asset Management Inc.
<i>Mortgage Manager</i>		Centurion Mortgage Capital Corporation
<i>Property Manager</i>		Centurion Property Associates Inc.
<i>Total Assets</i>	\$694,497,000	\$3,292,337.000
<i>Net Asset Value Per Unit</i>	Class A - \$11.457 Class F - \$11.457 Class I - \$11.457	Class A - \$19.243 Class F - \$19.243 Class I - \$19.243
<i>Investment Objectives</i>	<p>The long-term objectives are to provide Unitholders with income (payable monthly) and capital growth from a diversified portfolio of mortgages and opportunistic real estate investments and other investments. REOT intends to accomplish these objectives through prudent management of its affairs by the Manager, Mortgage Manager and Property Manager, along with the achievement of its short-term objectives.</p> <p>REOT's short-term objectives are to:</p> <ul style="list-style-type: none"> <li>(a) increase exposure and gain market share;</li> <li>(b) service and monitor current borrowers and investments;</li> <li>(c) raise sufficient funds to make additional investments, diversify the investment portfolio and diversity the Unitholder base; and</li> <li>(d) continue to receive approval on a number of registered dealer platforms.</li> </ul> <p>The Manager has significant relationships with registered dealers and advisors and has a large diversified client base from its management of REOT and Centurion Financial Trust.</p>	<p>The long term objectives are to: (i) provide unitholders of REIT ("REIT Unitholders") with stable and growing cash distributions, payable monthly and, to the extent reasonably possible, tax deferred, from investments in a diversified portfolio of income-producing multi-unit residential properties located in Canada and the United States; and (ii) maximize trust unit value of REIT through the ongoing management of REIT's assets and through the future acquisition of additional multi-unit residential properties. REIT intends to accomplish these objectives through the achievement of its short-term objectives.</p> <p>REIT's short-term objectives are to:</p> <ul style="list-style-type: none"> <li>(a) raise sufficient funds to complete the acquisition of additional properties in Canada and the United States;</li> <li>(b) make property capital improvements;</li> <li>(c) build a pipeline of future property acquisitions;</li> <li>(d) provide an investment warehousing facility for REOT and Centurion Financial Trust; and</li> <li>(e) leverage mortgage lending capabilities to increase investment opportunities.</li> </ul>

<p><i>Investment Strategies</i></p>	<p>The Trust expects to capitalize upon many real estate opportunities which may not be available to other real estate investors through the Manager's significant experience in the real estate debt and equity business, in the operation of real properties and the Manager's significant industry relationships.</p> <p>The Trust generally pursues a "barbell strategy" for its investment portfolio, allocating between mortgage investments for income and growth-oriented real estate opportunities for capital growth. REOT expects that most of the investments will have either a fixed maturity (like a mortgage) or an exit strategy or event (like an equity interest in a development project), as REOT does not intend to be "permanent capital" for any particular investment. There is no specific percentage allocation between the income and capital growth portions of the portfolio. However, the Manager has a general preference when investing in equity opportunities, to invest in the preferred equity portion of the capital stock to reduce downside risk and to attempt to achieve a preferred return to meet the Trust's income targets.</p> <p>The strategy of the Manager has, and continues to be, to take advantage of the mutually complementary relationship between REOT and REIT, including the "end to end" solution that the Manager, its affiliates, REOT and REIT, as a group, bring with respect to the development of new apartments and student housing (ie. the ability to finance the debt and equity during development, experience in determining project feasibility, understanding what renters want, experience in lease up and management, and ultimately being an interested buyer for the property upon completion).</p> <p>As part of its strategy, REOT is targeting the following areas for its investment portfolio: (i) mortgage investments; (ii) multi-residential apartment and student housing developments; and (iii) other growth-oriented real estate opportunities.</p>	<p>Management of REIT intends to enhance its value through numerous distinct and well executed strategies, including:</p> <ul style="list-style-type: none"> <li>(a) a commitment to customer satisfaction;</li> <li>(b) maintenance and repair programs;</li> <li>(c) quality on-site building staff;</li> <li>(d) detailed financial reporting;</li> <li>(e) strategic debt management;</li> <li>(f) enhancement of REIT's portfolio;</li> <li>(g) timely communications and disclosure; and</li> <li>(h) the obtainment of more competitive financing and pricing on commodities and contracted expensed items through the strength of the portfolio.</li> </ul> <p>By focusing predominately on one asset class (multi-unit residential properties), REIT expects to bolster its market presence, thereby enhancing REIT's opportunities for future multi-unit residential property acquisitions at attractive prices. Through such acquisitions, REIT intends to geographically diversify its portfolio by purchasing properties in thriving communities that will continue to strengthen REIT and reduce its risk of owning properties in one community or geographic area.</p> <p>In addition, REIT intends to increase the stability of its income stream and provide REIT Unitholders with increased liquidity through the acquisition of new properties and the issuance of additional trust units.</p> <p>REIT generally concentrates on communities that have low vacancy levels and strong population demographics that align with the class of multi-residential properties that are acquired by REIT.</p>
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<i>Distributions</i>	<p>With respect to the end of each calendar month, REOT may distribute to Unitholders, at the discretion of the board of trustees of REOT (the “<b>REOT Board</b>”), a percentage of the net income of REOT and its applicable consolidated subsidiaries for such period as set out in its financial statements, subject to certain adjustments.</p> <p>In addition, the REOT Board may declare to be payable and make distributions, from time to time, out of income of REOT, net realized capital gains of REOT, the net recapture income of REOT, the capital of REOT or otherwise, in any year, in such amount or amounts, and on such dates on or before the last business day of REOT’s taxation year as the REOT Board may determine, to the extent such income, capital gains and capital has not already been paid, allocated or distributed to the Unitholders.</p>	<p>With respect to the end of each calendar month, REIT may distribute to REIT Unitholders, at the discretion of the board of trustees of REIT (the “<b>REIT Board</b>”), a percentage of the net income of REIT and its applicable consolidated subsidiaries for such period as set out in its financial statements, subject to certain adjustments (the “<b>Continuing Trust Distributable Income</b>”). Notwithstanding the foregoing, REIT currently intends to distribute in each year, subject to appropriate reserves as determined by the REIT Board, in the range of 85% of the Continuing Trust Distributable Income for such year provided that REIT receives amounts equal to such distributions from its investments.</p> <p>In addition, the REIT Board may declare to be payable and make distributions, from time to time, out of income of REIT, net realized capital gains of REIT, the net recapture income of REIT, the capital of REIT or otherwise, in any year, in such amount or amounts, and on such dates on or before December 31 of that year as the REIT Board may determine, to the extent such income, capital gains and capital has not already been paid, allocated or distributed to the REIT Unitholders.</p>
<i>Management Fees</i>	<p>Acquisition fee or sourcing fee of 1.00% of the purchase price of any properties or other forms of equity investments bought by REOT.</p> <p>Acquisition fee or sourcing fee of 1.00% of the principal amount of any mortgage investment acquired by REOT.</p> <p>Manager can keep any borrower or counterparty-paid fees on all committed investments made by REOT.</p>	<p>Acquisition fee or sourcing fee of 1.00% of the purchase price of any properties or other forms of equity investments bought by REIT.</p> <p>The Manager or any affiliate thereof can keep any borrower paid fees on mortgage investments made by REIT.</p>
<i>Risk Factors</i>	<p>There are certain general risks inherent in an investment in REOT Units, including those related to:</p> <ul style="list-style-type: none"> <li>• the Novel Coronavirus Disease (Covid-19)</li> <li>• Development Risks;</li> <li>• Mortgage Extensions and Mortgage Defaults;</li> <li>• Foreclosure or Power of Sale and Related Cost on Mortgage Investments;</li> </ul>	<p>There are certain general risks inherent in an investment in units of REIT (“<b>REIT Units</b>”), including those related to:</p> <ul style="list-style-type: none"> <li>• the Novel Coronavirus Disease (Covid-19)</li> <li>• Real Property Ownership;</li> <li>• Development Risks;</li> <li>• Future Property Acquisitions;</li> <li>• Revenue Producing Properties;</li> <li>• No Guarantees or Insurance on Mortgage Investments;</li> </ul>

	<ul style="list-style-type: none"> <li>• No Guarantees or Insurance on Mortgage Investments;</li> <li>• Mortgage Warehouse Arrangements;</li> <li>• Availability of Cash for Dividends;</li> <li>• Potential Conflicts of Interest;</li> <li>• Allocation of Investment Opportunities;</li> <li>• Interest Rates;</li> <li>• Availability of Investments in Mortgages Assets;</li> <li>• Unfunded Commitments;</li> <li>• Real Property Ownership;</li> <li>• Future Property Acquisitions;</li> <li>• Revenue Producing Properties;</li> <li>• Litigation Risks;</li> <li>• Competition for Real Property Investments;</li> <li>• Competition for Tenants;</li> <li>• Debt Financing;</li> <li>• General Economic and Political Conditions;</li> <li>• General Uninsured Losses;</li> <li>• Government Regulations;</li> <li>• Environmental Matters;</li> <li>• Unitholder Liability;</li> <li>• Dependence on Key Personnel;</li> <li>• Failure or Unavailability of Computer and Data Processing Systems and Software;</li> <li>• Tax-Related Risks;</li> <li>• Dilution;</li> <li>• Restrictions on Potential Growth and Reliance on Credit Facilities;</li> <li>• Potential Inability to Fund Investments;</li> <li>• Liquidity of Units and Redemption Risk;</li> <li>• Nature of Units;</li> <li>• Lack of Independent Experts Representing Unitholders;</li> <li>• Real Estate Securities;</li> <li>• Change in Real Property Values;</li> <li>• Foreign investment and Currency Exposure;</li> <li>• Asset Allocation Risk; and</li> <li>• Joint Arrangements.</li> </ul>	<ul style="list-style-type: none"> <li>• Risks Related to Mortgage Extensions and Mortgage Defaults;</li> <li>• Foreclosure or Power of Sale and Related Costs on Mortgage Investments;</li> <li>• Litigation Risks;</li> <li>• Competition for Real Property Investments;</li> <li>• Competition for Tenants;</li> <li>• Interest Rates;</li> <li>• Debt Financing;</li> <li>• General Economic Conditions;</li> <li>• General Uninsured Losses;</li> <li>• Availability of Cash for Distributions;</li> <li>• Government Regulation</li> <li>• Environmental Matters;</li> <li>• Unitholder Liability;</li> <li>• Dependence on Key Personnel;</li> <li>• Failure of Unavailability of Computer and Data Processing Systems and Software;</li> <li>• Potential Conflicts of Interest;</li> <li>• Allocation of Investment Opportunities;</li> <li>• Tax-Related Risks;</li> <li>• Critical Estimates, Assumptions and Judgements;</li> <li>• Risks Relating to Unfunded Commitments;</li> <li>• Lack of Independent Experts Representing Unitholders;</li> <li>• Joint Arrangements;</li> <li>• Dilution;</li> <li>• Restrictions on Potential Growth and Reliance on Credit Facilities;</li> <li>• Potential Inability to Fund Investments;</li> <li>• Liquidity of REIT Units and Redemption Risk; and</li> <li>• the Nature of REIT Units.</li> </ul>
<i>Fees Payable Directly by Investors</i>	<p>There are costs associated with the redemption of Units, including commissions and such other costs, if any, related to the sale of any investments, to fund such redemptions, in addition to any Early Redemption Charge, as defined in the REOT DoT.</p> <p>Compensation Paid to Sellers and Finders</p>	<p>In connection with the redemption of REIT Units, REIT Unitholders will be subject to an Early Redemption Charge (as defined in the amended and restated declaration of trust of REIT dated September 19, 2017 (the “REIT Declaration of Trust”).</p> <p>Compensation Paid to Sellers and Finders (Purchase Options)</p>

	(Purchase Options)	
<i>Operating Expenses</i>	<p>As part of the expenses of REOT, the REOT Board may pay reasonable fees, costs and expenses incurred in connection with the administration and management of REOT, including (without limitation) real property and brokerage commissions in respect of investments and dispositions of real property made by REOT, fees of auditors, accountants, lawyers and lawyers.</p> <p>The Manager is entitled to recover its reasonable costs and expenses</p>	<p>As part of the expenses of REIT, the REIT Board may pay reasonable fees, costs and expenses incurred in connection with the administration and management of REIT, including (without limitation) real property and brokerage commissions in respect of investments and dispositions of real property made by REIT, fees of auditors, accountants, lawyers and lawyers.</p>
<i>Eligibility for Registered Plans</i>	<p>The trust units of either Trust are qualified investments under the Tax Act for trusts governed by registered retirement savings plans, registered retirement income funds, registered disability savings plans, registered education savings plans, deferred profit-sharing plans, and tax-free savings accounts, provided that, at all times, such Trust qualifies as a “mutual fund trust” within the meaning of the Tax Act.</p>	

The information provided in the above chart is qualified in its entirety by the REOT Offering Memorandum and the REIT Offering Memorandum which are incorporated by reference herein. Unitholders may access each offering memorandum by accessing the SEDAR profiles of REOT and REIT at [www.sedar.com](http://www.sedar.com), or by accessing the website of the Manager at the following link <https://centurion.ca/>. See the section of the Circular titled, “Documents Incorporated by Reference” for further information.

**SCHEDULE "B"**  
**CENTURION REAL ESTATE OPPORTUNITIES TRUST**  
**SPECIAL RESOLUTION OF THE CLASS A UNITHOLDERS, CLASS F UNITHOLDERS AND CLASS I**  
**UNITHOLDERS**

**BE IT RESOLVED AS AN SPECIAL RESOLUTION THAT:**

1. The merger of the Centurion Real Estate Opportunities Trust and Centurion Apartment Real Estate Investment Trust (the "**Merger**"), substantially in accordance with the description thereof in the management information circular of the Centurion Real Estate Opportunities Trust dated October 26, 2020 (the "**Circular**"), is hereby approved.
2. The Manager and the trustees are hereby authorized and directed to enter into and amend any contracts to which REOT is a party, including, for greater certainty, any amendments that may be required to the REOT DoT, and take all such actions and to execute and deliver all such documentation as may be necessary or desirable in order to implement the Merger, this special resolution and the transactions described in the Circular.
3. Notwithstanding the provisions hereof, the Manager and the trustees are hereby authorized, at their sole discretion, without further approval of the Unitholders of Centurion Real Estate Opportunities Trust, to determine not to proceed with the transactions contemplated in this special resolution and to revoke this special resolution at any time prior to the execution of the Merger giving effect to this special resolution.
4. Any officer or trustee of REOT or the Manager is hereby authorized and directed for and on behalf of REOT to execute or cause to be executed and to deliver or cause to be delivered all such other documents and instruments and to perform or cause to be performed all such other acts and things as such person determines may be necessary or desirable to give full effect to the foregoing resolution and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such document or instrument or the doing of any such act or thing.

All capitalized terms not otherwise defined in this resolution have the meanings ascribed thereto in the Circular.

**SCHEDULE "C"**  
**FAIRNESS OPINION**

PRIVATE AND CONFIDENTIAL

October 23, 2020

Centurion Real Estate Opportunities Trust  
Suite 1800 – 25 Sheppard Avenue West  
Toronto, ON  
M2N 6S6

Attention: Board of Trustees, Centurion Real Estate Opportunities Trust

**Re: Fairness Opinion**

MNP understands that Centurion Asset Management Inc. has decided to combine two of its Trusts (the "Proposed Transaction"): The Centurion Apartment Real Estate Investment Trust (the "REIT") and the Centurion Real Estate Opportunities Trust (the "REOT"). The Proposed Transaction will involve the acquisition of all of the assets of REOT by REIT through an exchange of REOT units for REIT units on a tax-deferred basis. The Proposed Transaction will be valued based on a Net Asset Value-to-Net Asset Value ("NAV") basis on the effective date of the Proposed Transaction.

The Board of Trustees of REOT has retained MNP to provide a fairness opinion (the "Fairness Opinion") in conformity with the Practice Standards of the Canadian Institute of Chartered Business Valuators (the "CICBV"). The purpose of this Fairness Opinion is to provide our opinion as to the fairness of the Proposed Transaction, from a financial point of view, to the existing unitholders of REOT. The effective date of this Fairness Opinion is October 23, 2020 (the "Opinion Date").

MNP's compensation for this Fairness Opinion was not contingent upon any action or event resulting from the use of this Fairness Opinion.

## Currency of the Fairness Opinion

Unless otherwise noted herein, the currency of this Fairness Opinion is denominated in Canadian dollars.

## Qualifications of MNP

MNP is the 5th largest chartered accountancy and business advisory firm in Canada. Founded in 1945, MNP has grown from a single office in Manitoba to over 60 locations and 4,000 team members across Canada including over 600 partners. MNP is a member of the Praxity affiliation of accounting and advisory firms, and benefits from the shared knowledge and resources of affiliates.

MNP's Valuation Practice has broad experience in completing assignments involving the valuation of companies and assets for various purposes including transactions involving publicly traded companies, financial reporting, income tax compliance and planning, dispute resolution, economic loss quantification, among others. MNP's Valuation Practice has prepared fairness opinions across a wide variety of industries. Our team of valuators, who have professional designations and education including Chartered Business Valuator, Chartered Financial Analyst, Chartered Professional Accountant, and Master of Finance have experience with the preparation of fairness opinions.

This Fairness Opinion was prepared by Michael Sileika, lead MNP partner for valuation services in Canada. Mr. Sileika is a Chartered Professional Accountant and a Chartered Business Valuator with over 20 years of valuation and valuation related experience. All MNP staff involved in the preparation of this Fairness Opinion were under the direct supervision of Mr. Sileika.

## Relationship with Interested Parties

Neither MNP, nor the principals or any of its employees, affiliates or associates is an insider, associate or affiliate of Centurion Asset Management Inc., The Centurion Apartment Real Estate Investment Trust or the Centurion Real Estate Opportunities Trust, or any of their respective associates or affiliates (collectively, the "Companies") in connection with any matter.

Neither MNP, nor the principals or any of its employees, affiliates or associates have a financial interest in the completion of the Proposed Transaction. The compensation received for undertaking this assignment is based on a flat fee arrangement, and is in no way dependent in whole or in part on the agreement, arrangement or an understanding that gives a financial incentive in respect of the conclusion reached or the outcome or completion of the Proposed Transaction.

This Fairness Opinion was prepared in conformity with the Practice Standards of the CICBV, and in doing so the author acted independently and objectively.

Except as otherwise noted herein, neither MNP, nor its principals or any of its employees, affiliates or associates is acting as an advisor to the Companies in connection with any matter, including other advisory service, other than providing this Fairness Opinion as described herein.

There are currently no understandings, agreements or commitments between MNP and the Companies with respect to any other future business dealings.

## Scope of Review and Scope of Restrictions

The Scope of Review describes the information that we have reviewed and relied upon in arriving at this Fairness Opinion. This information is listed in Exhibit A.

Our conclusions contained herein should not be construed as a recommendation to vote in favour of or against the Proposed Transaction. No opinion, advice, or interpretation is intended in matters that require legal or other appropriate professional advice, and we have not provided such advice to the Board of Trustees. It is assumed that such opinions, counsel or interpretations have been or will be obtained from the appropriate professional sources.

MNP has relied upon the completeness, accuracy and fair presentation of all of the financial and other factual information, data, advice, opinions or representations obtained by it from public sources and management of the Companies ("Management"). Our conclusion is conditional upon the completeness, accuracy and fair presentation of such information. Subject to the exercise of professional judgment, MNP has not attempted to verify independently the accuracy, completeness or fair presentation of information obtained.

This Fairness Opinion is given as of the Opinion Date, on the basis of prevailing securities markets, economic, financial, and general business conditions, and the condition, prospects, financial and otherwise, for REOT and REIT as they were reflected in the information and explanations obtained from Management and reviewed by us. MNP disclaims any undertaking or obligation to advise any person of any change in any fact or matter affecting this Fairness Opinion which would have been known or expected to be known as at the date of this Fairness Opinion, but which may come to our attention after the aforementioned date.

In our analysis in connection with the preparation of this Fairness Opinion, MNP made many assumptions with respect to industry performance, general business and economic conditions, and other matters, which are beyond the control of MNP and the Companies.

We have not been engaged or authorized to solicit bids for REOT or its units, nor have we been engaged to propose alternatives to the Proposed Transaction.

This Fairness Opinion must be considered in its entirety by the reader, as selecting and relying on only specific portions of the analyses or factors considered by us, without considering all factors and analyses together, could result in the misinterpretation of the comments and the conclusions therefrom. It is not appropriate to extract partial analyses or make summary descriptions. Any attempt to do so could lead to undue emphasis on a particular factor or analysis.

We reserve the right, but will be under no obligation, to review all calculations and analysis supporting this Fairness Opinion and, if we consider it necessary, to revise our conclusion in light of any information existing at the Opinion Date which becomes known to us after the date of this Fairness Opinion.

## Assumptions

Prior to reaching the conclusions noted herein, we have assumed the following:

1. The financial information as provided by Management has been prepared with a reasonable degree of care and attention to reflect the judgment of Management;
2. The accuracy of Management's written representations to us as to the completeness of the disclosure of material information and facts available up to the date of this Fairness Opinion;
3. All quantitative and qualitative information provided to us is complete and accurate;
4. The financial information provided to us and upon which we have relied in arriving at the conclusion expressed herein, presents fairly, in all material respects, the financial positions of REIT and REOT;
5. There were no significant events subsequent to the Opinion Date but prior to the date of this Fairness Opinion that would materially impact the Proposed Transaction; and,
6. The Proposed Transaction, as described below, will be completed in accordance with the terms set out in the Information Circular dated October 26, 2020.

This Fairness Opinion is not expressing an opinion as to the value of REIT nor REOT, or the NAV of the units of REIT or REOT, and this Fairness Opinion should not be construed as such.

The preparation of a fairness opinion is a complex process and our opinion was arrived at giving consideration to our analyses viewed as a whole and is not susceptible to partial analysis.

## Overview of Centurion Apartment Real Estate Investment Trust

Centurion Apartment Real Estate Investment Trust is an unincorporated open-ended investment trust created by a declaration of trust made as of August 31, 2009 and governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein.

Centurion Apartment Real Estate Investment Trust invests in a diversified portfolio of rental apartments and student housing properties across Canada and the United States and participates in the profits derived from them. As at the Opinion Date, REIT owned 80 properties in 28 cities, combining for a total of over 10,000 of rental units under management.

The assets and liabilities of REIT include:

Assets	Liabilities
<ul style="list-style-type: none"> <li>• Cash &amp; restricted cash</li> <li>• Receivable and other assets</li> <li>• Investment properties</li> <li>• Mortgage investments</li> <li>• Participating loan interests</li> <li>• Equity accounted investments</li> <li>• Investment in REOT</li> </ul>	<ul style="list-style-type: none"> <li>• Unit subscriptions in trust</li> <li>• Accounts payable</li> <li>• Mortgages payable and credit facilities</li> </ul>

REIT holds approximately 36.3 million Class R REOT units, equivalent to a 61.65% ownership interest in REOT.

NAV for REIT is calculated monthly based on International Financial Reporting Standards ("IFRS") balance sheet carrying values plus certain adjustments. Adjustment factors include:

1. capitalization of certain expenses, whose benefits accrue over a long period of time and should be allocated between exiting, remaining, and incoming Unitholders but may be written off or effectively written off under IFRS or where the value of such expense is not as yet reflected, in whole or in part in the Investment Portfolio valuation due to timing lags, if any;
2. portfolio premiums, if any;
3. portfolio inter-quarter timing adjustments, if any; and,
4. discretionary adjustments, if any.

The most material input into the NAV calculation is the value of the investment properties.

Management values the investment properties based on the net operating income anticipated for each property, divided by a Management selected capitalization rate. It is our understanding that an external expert provides Management with external market-based capitalization rates for the relevant properties. Value of a property is pro-rated where REIT owns less than a 100% interest in the property.

REIT has a December 31 year-end, KPMG is the auditor of the annual financial statements.

## Overview of Centurion Real Estate Opportunities Trust

Centurion Real Estate Opportunities Trust is an unincorporated investment trust created by a declaration of trust made as of August 13, 2014, as amended and governed by the laws of the Province of Ontario.

Centurion Real Estate Opportunities Trust is an income and growth-oriented trust that invests in a diversified portfolio of mortgages and opportunistic real estate developments and investments. Investors pool their funds to invest in mortgage and growth-oriented real estate opportunities and participate in the yields from interest income and net profit from the sales of completed multi-residential, student housing, and commercial construction projects.

The assets and liabilities of REOT include:

Assets	Liabilities
<ul style="list-style-type: none"> <li>• Cash</li> <li>• Receivables and other assets</li> <li>• Mortgage investments</li> <li>• Participating loan interests</li> <li>• Equity accounted investments</li> <li>• Foreclosed property</li> </ul>	<ul style="list-style-type: none"> <li>• Unit subscriptions in trust</li> <li>• Accounts payable</li> <li>• Syndicated mortgage investment liabilities</li> </ul>

NAV for the REOT is calculated monthly applying the same methodology as REIT.

Material inputs into the NAV calculation includes the value of the mortgage investments, participating loan interests, equity accounted investments and syndicated mortgage investment liabilities.

## Overview of the Proposed Transaction

The Proposed Transaction would see the combination of REOT into REIT. The Proposed Transaction will be achieved through three steps:

1. REOT will transfer all of its assets and liabilities to REIT in exchange for REIT units of equivalent value. REIT unit value will be determined and REOT assets transferred on a net asset value-to-net asset value basis. Following this step, REOT's only asset class would be REIT units ("Step 1");
2. REOT will redeem all outstanding REOT units. REOT unitholders will receive from REOT the REIT units in an amount equal to the NAV of REOT units being redeemed ("Step 2"); and,
3. REOT will be wound up as soon as practical ("Step 3").

It is in connection with Step 1 that the Fairness Opinion is primarily concerned, specifically, if REIT units to be received by REOT are of a value that is no less than equivalent to the value of REOT net assets exchanged. If REIT units received by REOT are of equal or greater value, than the net assets transferred to REIT, then the transaction is fair, from a financial point of view, to the unit holders of REOT.

If Step 1 is fair, from a financial perspective, to the REOT unitholders, then the REIT unit assets held by REOT at completion of Step 1 are of no less than an equivalent value to the net assets transferred. It follows that if Step 1 is fair, from a financial perspective, to the REOT unitholders, then Step 2 will also be fair.

## Methodology Applied in Performing Fairness Analysis

In order to determine if the Proposed Transaction is fair, from a financial perspective, to the REOT unitholders, we reviewed the structure of the Proposed Transaction, specifically completing on a NAV-to-NAV basis.

NAV is determined by REIT and REOT based on the formula discussed herein, specifically:

$$NAV = (IFRS\ Balance\ Sheet\ Assets - IFRS\ Balance\ Sheet\ Liabilities + Adjustment\ Factors) / Total\ number\ of\ outstanding\ trust\ units$$

In order for the Proposed Transaction to be fair, from a financial perspective, to the REOT unitholders, we must satisfy the following:

1. The REIT NAV as utilized in the Proposed Transaction is no greater than fair market value ("FMV"); and / or,
2. The REOT NAV as utilized in the Proposed Transaction is no less than FMV.

In order to test the above conditions, we reviewed the IFRS balance sheets of REIT and REOT as at the Opinion Date, then reviewed the Adjustment Factors applied by Management.

For both the REIT and REOT, we have assumed that the fair value of working capital balance sheet items are equivalent to FMV. The current nature of working capital makes it unlikely that any market-based adjustments are required to book values to arrive at FMV.

We note that the annual financial statements for REIT and REOT are audited by KPMG and stated as prepared under IFRS. As noted in the REIT's Offering Memorandum, on an annual basis the auditor reviews the investment property valuation framework, assumptions and controls.

In preparing our Fairness Opinion, we reviewed the book values as reported on the balance sheets of REIT and REOT for the following material assets and liabilities:

Asset / Liability	REIT	REOT
Investment properties	✓	
Mortgage investments	✓	✓
Participating loan interests	✓	✓
Equity accounted investments	✓	✓
Foreclosed property		✓
Investment in REOT	✓	
Mortgages payable and credit facilities	✓	
Syndicated mortgage investment liabilities		✓

Our procedures for each material asset and liability are as follows.

## Investment Properties

In order to gain comfort that the FMV of investment properties is no less than book value as utilized in NAV determination, we reviewed the investment property valuation procedures as disclosed in the Offering Memorandum, held discussions with Management, performed independent research and undertook our own analysis. We confirmed that the investment property valuation procedures as performed by Management were consistent with the procedures articulated in the offering memorandum and reviewed by the auditor. Specific procedures performed by MNP on the residential units include:

1. Reviewed recently prepared third party appraisals for a number of the properties and confirmed that they generally supported the property values as determined by Management;
2. Where available, reviewed publicly available information, such as property tax assessments, for comparison against property values as determined by Management;
3. We reviewed average rent per unit for selective properties against rent as disclosed on cpliving.com;
4. We reviewed REIT's September 30, 2020 operating margin against publicly traded comparable companies. REIT's approximate operating margin of 64.2% is within the publicly traded company range of approximately 58.0% to 65.0%;
5. We reviewed the weighted average capitalization rate utilized by Management in the investment property valuation against market-based data. The investment property valuation utilized a weighted average capitalization rate of 4.29%, within the range of market-based data of approximately 3.0% to 6.0%; and,
6. We reviewed expectations of capitalization rates as they related to multi-unit residential buildings around the Opinion Date and note that they slightly declined in 2020 and are expected to remain flat for the remainder of 2020.

We note that REIT also owns commercial units in certain residential properties. It is our understanding that REIT owns no stand-alone commercial units. We note that commercial units represent 3.3% of Management concluded investment property value. We performed a capitalization rate sensitivity test on the commercial unit value. Increasing the capitalization rate by 1.5% resulted in a decrease in Management calculated NAV of less than 1.0%. Reducing commercial property value to nil would decrease Management calculated NAV by less than 4.0%. Commercial property value has a minimal effect on our conclusion of fairness herein.

## Mortgage Investments

Mortgage Investments consists of loan arrangements that are secured against the real estate property of the borrower. The following illustrates a summary of the Mortgage Investments of REIT and REOT:

Mortgage Investments	REIT	REOT
Number of mortgage investments	3	62
Interest Rate	8.00% to 10.00%	6.75% to 20.00%
Maturity Term (years)	0.25 to 1.75	1 day to 5.50
Weighted Average Maturity Term (years)	1.15	0.58

In calculating the NAV for REIT and REOT, Management utilized principal and interest earned ("PAR") of the Mortgage Investments as FMV. Implicitly, Management assumed a discounted cash flow ("DCF") approach utilizing a discount rate equivalent to the coupon rate of the respective mortgages. Future cash flows associated with the mortgages are scheduled contractual obligations while determination of the discount rate involves analysis and professional judgement.

Management considered the discount rate to be equivalent to the coupon rate as at the Opinion Date. As Mortgage Investments could be considered high-yield mortgages and have relatively brief weighted average maturity terms, minor interest rate changes have minimal to no impact on NAV.

We also considered that REOT carries variable rate mortgages, any movement in the interest rate environment would have been captured in NAV.

We note that the loan-to-value of Mortgage Investments, as at the Opinion Date, was less than 100.0%, with some mortgages below 10.0%.

As REOT participates in syndicated mortgages, the non-owned component of mortgage investments is recognized on the balance sheet as 'syndicated mortgage investment liabilities'.

## Participating Loan Interests

Participating loan interest represents loans advanced by REIT or REOT including an ownership interest in the real estate project. Similar to mortgage investments, the debt component is valued by Management at PAR. We reviewed third party or internal appraisals to corroborate the equity component. Internal appraisals are performed by Management in a manner similar to the investment portfolio.

## Equity Accounted Investments

Equity accounted investments represents a less than 100% ownership interest by REIT or REOT in real estate construction projects.

We reviewed internal appraisals to corroborate the equity value derived by Management. Internal appraisals are performed by Management in a manner similar to the investment portfolio.

## Foreclosed Property

The foreclosed property 100% owned by REOT is a mid-rise residential building located in Calgary, AB. As at the Opinion Date, the foreclosed property was in construction and approximately 60.0% complete. We reviewed the Management obtained independent appraisal report as at May 2020 and corroborated the pro-rata value based on the percentage of completion.

## Investment in REOT

As REIT owns 61.65% of REOT, the pro-rata NAV of REOT is recognized on the REIT balance sheet. Our procedures performed to determine the fairness of the Proposed Transaction, from a financial perspective, to the REOT unitholders supports the recognized value.

## Mortgages Payable and Credit Facilities

Mortgages payable and credit facilities consist of first and second mortgage borrowing by REIT which are secured by investment properties. The mortgages payable consists of monthly payment of interest and principal, as well as a balloon payment at the end of the mortgage term. In arriving at the FMV of the mortgages payable, Management utilized a DCF approach applying the market interest rate of the mortgages as the discount rate.

## Net Asset Value Adjustment Factors

In calculating NAV, Management performs two adjustment factors on REIT and one on REOT, as follows:

1. *Portfolio Premium* – Management adds a 5.0% ‘portfolio premium’ to REIT’s IFRS Canadian investment property values. It is our understanding that a portfolio premium is added to represent the additional value applicable to a portfolio of properties compared to the aggregated value of individual properties. It is reasonable to expect that owning a portfolio of properties provides risk diversification, operational synergies and cost reductions not available to a single property. We observed a 5.0% portfolio premium included in appraisals of other portfolios of multi-unit residential properties.
2. *Net Capitalization Adjustments* – Management adds back certain costs incurred to their calculation of NAV, specifically: the most recent 12 months of capital expenditures; trailing 3 years of acquisition costs and trailing 3 years of capital raising costs. Capital expenditures are added back to reflect the accretive effect they have on value. Acquisition and capital raising costs are added back to eliminate unwarranted short-term effects on NAV from acquisition and capital raising costs.

## Corroboration of Analysis

To corroborate this Fairness Opinion to our primary approach, we considered the market capitalization of publicly listed Canadian companies comparable to REIT and REOT. Our procedures were as follows.

### Real Estate Investment Trusts

We screened for publicly listed Canadian multi residential REIT's and compared their market capitalization to book value against REIT. Our analysis identified that, as at the Opinion Date, multi-unit Canadian publicly traded REIT's had a market capitalization generally in the range of 90.4% to 116.3% of net book value. NAV of REIT is equivalent to 110.5% of net book value, within the range noted above.

We also reviewed the late 2019 acquisition of Continuum Residential Real Estate Investment Trust ("Continuum") by Starlight Group Property Holdings Inc. ("Starlight Investments"). Publicly available information states that Starlight Holdings valued Continuum at \$1.7 billion, including Continuum's debt of approximately \$670.7 million. At the time Continuum held investment property with an appraised value of \$1.5 billion, using a 4.12% capitalization rate. Utilizing available information, this transaction values Continuum's equity at approximately 119.1% of book value.

We note that RBC Capital Markets as at October 1, 2020 expected Canadian multi residential REIT valuations to improve '*over the next few quarters*'.

### Mortgage Investment Corporations

We screened for publicly listed Canadian mortgage investment corporations ("MIC") and compared market capitalization as at the Opinion Date to book value. Our analysis identified that, as at the Opinion Date, Canadian MIC's had a market capitalization generally in the range 101.1% to 113.9% of net book value. NAV of REOT is equivalent to 100.7% of net book value, materially indifferent from the low end of the range noted above.

## COVID-19

As at the Opinion Date, Canada was experiencing an outbreak of COVID-19 (coronavirus), which has had a notable impact on businesses through restrictions put in place by federal, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. As at the Opinion Date, there was significant uncertainty as to the overall economic impact of COVID-19 on Canadians and Canadian businesses.

In considering the impact of COVID-19 on REIT and REOT, amongst other factors we considered the following:

- The necessity of housing to Canadians and the Canadian economy;
- Publicly available data on vacancy rates for multi-family residential for the months prior to the Opinion Date;
- Current and future expectations of capitalization rates;
- Government of Canada immigration policy;
- Tangible nature of the investment properties;
- Current and expectations of future government support to Canadians and the Canadian economy;
- Security supporting mortgage investments, participating loan interests and equity accounted investments; and,
- The long-term nature of business operations of the REIT.

Considering the above, while the REIT and the REOT are unlikely to escape any short- or medium-term economic impacts of COVID-19, over the long-term the effects are likely to be minimal.

## Fairness Opinion

Based upon our scope of review, analysis, qualifications, assumptions, and subject to the foregoing, MNP is of the opinion that, as at the Opinion Date, the Proposed Transaction is fair, from a financial point of view, to the unitholders of Centurion Real Estate Opportunities Trust.

Yours sincerely,

MNP LLP

The logo for MNP LLP, featuring the letters "MNP" in a bold, stylized font with a horizontal line through the "P", followed by "LLP" in a smaller, standard font.

Per:

Michael Sileika, CPA, CA, CBV

Valuation and Litigation Support

## Exhibit A: Scope of Review

Prior to reaching our determination on the conclusion noted herein, we examined and relied, without audit or verification by us, primarily upon the following information:

1. Confidential Offering Memoranda for REOT and REIT dated May 1, 2020, inclusive of the respective audited financial statements as at December 31, 2019;
2. Draft Management information circular to the unitholders of REOT, dated October 26, 2020;
3. REIT and REOT Interim Statement of Financial Position, as at September 30, 2020;
4. Management prepared NAV calculation for REIT and REOT as at September 30, 2020;
5. Various Microsoft Excel based internal working papers developed by Management used to reconcile REIT and REOT financial statement balances as at September 30, 2020;
6. Comprehensive Microsoft Excel based financial models developed by Management to calculate fair market value of investment and other properties held by REIT and REOT;
7. Independent appraisals for various investment and other properties held by REIT and REOT;
8. Internal memo from REOT related to the determination of the fair value of mortgage investments;
9. Transaction and comparable company screening reports, S&P Capital IQ, [www.capitaliq.com](http://www.capitaliq.com);
10. Various publicly available information related to the planned IPO of Continuum Residential Real Estate Investment Trust and acquisition by Starlight Group Property Holdings Inc.;
11. Q3 Canada Cap Rate Report, Colliers International, [www.collierscanada.com](http://www.collierscanada.com);
12. Canadian Residential REITs equity research, RBC Capital Markets, [www.rbccm.com](http://www.rbccm.com);
13. Real Estate Investment Trusts in Canada Industry Report, February 2020, IBISWorld, [www.ibisworld.com](http://www.ibisworld.com);
14. Information obtained from Bank of Canada website, <https://www.bankofcanada.ca>;
15. Primary rental market trends, CMHC Housing Market Information Portal, [www03.cmhc-schl.gc.ca](http://www03.cmhc-schl.gc.ca);
16. Discussions and information obtained from key personnel of REIT and REOT:
  - Mr. Robert Orr, Chief Financial Officer; and,
  - Mr. Clint Kooger, Vice President, Finance.
17. Information obtained from Centurion Property Associates' website, [www.cpliving.com](http://www.cpliving.com);
18. Information obtained from Centurion Asset Management Inc.'s website, [www.centurion.ca](http://www.centurion.ca)
19. Other publicly available information through internet searches; and,
20. A letter of representation obtained from Management wherein they confirmed certain representations and warranties that they have made to us, including a general representation that they have no information or knowledge of any facts or material information not specifically noted in this Fairness Opinion which, in their view, would reasonably be expected to affect the fairness conclusions expressed herein.

We have not audited or otherwise verified the accuracy or completeness of the information relied upon in preparing our Fairness Opinion, except as specifically disclosed herein.

Should any of the above noted information not be factual or correct our valuation conclusion, as expressed herein, may be materially different.

## **SCHEDULE “D” RISK FACTORS**

**Capitalized terms that are otherwise undefined herein have the meanings ascribed to them in the REIT Offering Memorandum.**

### **Speculative Investment**

**AN INVESTMENT IN THE TRUST MAY BE DEEMED SPECULATIVE AND IS NOT INTENDED AS A COMPLETE INVESTMENT PROGRAM. THERE IS NO ASSURANCE THAT DISTRIBUTIONS WILL BE PAID. A SUBSCRIPTION FOR UNITS OF REIT SHOULD BE CONSIDERED ONLY BY PERSONS FINANCIALLY ABLE TO MAINTAIN THEIR INVESTMENT AND WHO CAN BEAR THE RISK OF LOSS ASSOCIATED WITH AN INVESTMENT IN THE TRUST. INVESTORS SHOULD REVIEW CLOSELY THE INVESTMENT OBJECTIVE, STRATEGIES AND RESTRICTIONS TO BE UTILIZED BY THE TRUST AS OUTLINED IN THE REIT OFFERING MEMORANDUM TO FAMILIARIZE THEMSELVES WITH THE RISKS ASSOCIATED WITH AN INVESTMENT IN THE TRUST.**

### **Risks Related to the Novel Coronavirus Disease (COVID-19)**

There has been and continues to be a global pandemic related to an outbreak of the novel coronavirus disease (COVID-19). This outbreak (and any future outbreaks) of COVID-19 has led (and may continue to lead) to disruptions in global economic activity, resulting in, among other things, a general decline in equity prices and lower interest rates. These circumstances are likely to have an adverse effect on levels of employment, which may adversely impact the ability of tenants, borrowers and other counterparties to make timely payments on their rents, mortgages and other loans. An increase in delinquent payments by tenants, borrowers and other counterparties may negatively affect the Trust's financial position. While governments are closely monitoring the rapidly evolving situation, no assurance can be made regarding the policies that may be adopted by the Bank of Canada, the Canadian federal, provincial or municipal governments, their agencies, the United States government or any other foreign or sub-national government to address the effects of COVID-19 or any resulting market volatility. Following multiple interest rate cuts by the Bank of Canada in March 2020, which cuts were announced in an attempt to curb the economic effects of COVID-19, it is possible that the Bank of Canada may make further interest rate cuts or that it may in the future resume interest rate increases. Any such increases or decreases may occur at a faster rate than expected. To the extent that interest rates increase as a result of the Bank of Canada's actions or otherwise, the availability of refinancing alternatives for credit facilities, mortgage and other loans may be reduced. No assurance can be made regarding such matters or their effect on real estate markets generally and on the value and performance of mortgage loans. The Trust actively monitors regulatory developments and will adjust to any regulatory changes that may arise as a result of the COVID19 outbreak.

The COVID-19 outbreak may lead to disruptions of the Trust's normal business activity and a sustained outbreak may have a negative impact on the Trust and its financial performance. The Trust has business continuity policies in place and is developing additional strategies to address potential disruptions in its operations. However, no assurance can be made that such strategies will successfully mitigate the adverse impacts related to the COVID-19 outbreak. A prolonged outbreak of COVID-19 could adversely impact the health of the Trust's employees, borrowers, counterparties and other stakeholders.

The full extent of the duration and impact that COVID-19, including any regulatory responses to the outbreak, will have on the Canadian, United States and global economies and the Trust's business is highly uncertain and difficult to predict at this time.

## **Real Property Ownership**

All real property investments are subject to elements of risk. Such investments are affected by general economic conditions, local real estate markets, demand for multi-unit residential premises, competition from other available residential premises and various other factors.

Certain significant expenditures, including property taxes, capital repair and replacement costs, maintenance costs, mortgage payments, insurance costs and related charges must be made throughout the period of ownership of real property regardless of whether the property is producing any income. If REIT is unable to meet mortgage payments on any property, losses could be sustained as a result of the mortgagee's exercise of its rights of foreclosure or sale.

Real property investments tend to be relatively illiquid, with the degree of liquidity generally fluctuating in relation to demand for and the perceived desirability of such investments. Such illiquidity may tend to limit REIT's ability to vary its portfolio promptly in response to changing economic or investment conditions. If REIT was required to liquidate its real property investments, the proceeds to REIT might be significantly less than the aggregate value of its properties on a going-concern basis.

REIT will be subject to the risks associated with debt financing, including the risk that existing mortgage indebtedness secured by the Properties will not be able to be refinanced or that the terms of such refinancing will not be as favourable as the terms of existing indebtedness.

## **Development Risks**

REIT may, directly or indirectly, invest in real estate development projects. Any existing or future development investments of REIT will entail certain risks, including the expenditure of funds on and devotion of management's time to evaluating projects that may not come to fruition; the risk that development costs of a project may exceed original estimates, possibly making the project uneconomical; the risk of construction overrun or other unforeseeable delays, during which the interest rate and leasing risk may fluctuate; the risk that occupancy rates and rents at a completed project will be less than anticipated or that there will be vacant space at the project; the risk that expenses at a completed development will be higher than anticipated; and the risk that permits and other governmental approvals will not be obtained. In addition, REIT's future real estate development investments may require a significant investment of capital. REIT may be required to obtain funds for its capital expenditures and operating activities, if any, through cash flow from operations, property sales or financings. If REIT is unable to obtain such funds, it may have to defer or otherwise limit certain development activities.

## **Future Property Acquisitions**

While REIT may enter into non-binding letters of intent with respect to properties under review, there can be no assurance that such properties will be acquired. Accordingly, there can be no assurance that REIT will be able to acquire Properties at the rates of return that the management of the REIT is targeting. No forecast has been made for the acquisition of properties under review.

## **Revenue Producing Properties**

The Properties generate income through rental payments made by the tenants thereof. Upon the expiry of any lease, there can be no assurance that such lease will be renewed or the tenant replaced. The terms of any subsequent lease may be less favorable to REIT than the existing lease. Unlike commercial leases which generally are "net" leases and allow a landlord to recover expenditures, residential leases are generally "gross" leases and the landlord is not able to pass on costs to its tenants.

## **No Guarantees or Insurance on Mortgage Investments**

A mortgage borrower's obligations to REIT or any other person are not guaranteed by the Government of Canada, the government of any province or any agency thereof nor are they insured under the National Housing Act (Canada). In the event that additional security is given by the borrower or a third party or that a private guarantor guarantees the mortgage borrower's obligations, here is no assurance that such additional security or guarantee will be available or sufficient to make REIT whole if and when resort is to be had thereto.

## **Risks Related to Mortgage Extensions and Mortgage Defaults**

Management of REIT may from time to time deem it appropriate to extend or renew the term of a mortgage past its maturity, or to accrue the interest on a Mortgage, in order to provide the borrower with increased repayment flexibility. Management of REIT generally will do so if it believes that there is a very low risk to REIT of not being repaid the full principal and interest owing on the mortgage. In these circumstances, however, REIT is subject to the risk that the principal and/or accrued interest of such mortgage may not be repaid in a timely manner or at all, which could impact the cash flows of REIT during and after the period in which it is granting this accommodation. Further, in the event that the valuation of the asset has fluctuated substantially due to market conditions, there is a risk that REIT may not recover all or substantially all of the principal and interest owed to it in respect of such mortgage.

When a mortgage is extended past its maturity, the loan can either be held over on a month-to-month basis, or renewed for an additional term at the time of its maturity. Notwithstanding any such extension or renewal, if the borrower subsequently defaults under any terms of the loan, the Mortgage Servicer (being Centurion Mortgage Services Corporation) has the ability to exercise its mortgage enforcement remedies in respect of the extended or renewed mortgage. Exercising mortgage enforcement remedies is a process that requires a significant amount of time to complete, which could adversely impact the cash flows of REIT during the period of enforcement. In addition, as a result of potential declines in real property values, the priority ranking of the mortgage and other factors, there is no assurance that REIT will be able to recover all or substantially all of the outstanding principal and interest owed to it in respect of such mortgages by the Mortgage Service Provider's exercise of mortgage enforcement remedies for the benefit of REIT. Should REIT be unable to recover all or substantially all of the principal and interest owed to it in respect of such mortgage loans, the assets of REIT would be reduced, and the returns, financial condition and results of operations of REIT could be adversely impacted.

## **Foreclosure or Power of Sale and Related Costs on Mortgage Investments**

One or more borrowers could fail to make payments according to the terms of their loan, and REIT could therefore be forced to exercise its rights as mortgagee. The recovery of a portion of REIT's assets may not be possible for an extended period of time during this process and there are circumstances where there may be complications in the enforcement of REIT's rights as mortgagee. Legal fees and expenses and other costs incurred by REIT in enforcing its rights as mortgagee against a defaulting borrower are usually recoverable from the borrower directly or through the sale of the mortgaged property by power of sale or otherwise, although there is no assurance that they will actually be recovered. In the event that these expenses are not recoverable they will be borne by REIT.

Furthermore, certain significant expenditures, including property taxes, capital repair and replacement costs, maintenance costs, mortgage payments to prior charge holders, insurance costs and related charges must be made through the period of ownership of real property regardless of whether mortgage payments are being made. REIT may therefore be required to incur such expenditures to protect its investment, even if the borrower is not honouring its contractual obligations.

## **Litigation Risks**

REIT may, from time to time, become involved in legal proceedings in the course of its business. The costs of litigation and settlement can be substantial and there is no assurance that such costs will be recovered in whole or at all. During litigation involving a borrower in respect of a mortgage, REIT may not be receiving payments of interest on a mortgage that is the subject of litigation, thereby impacting cash flows. The unfavorable resolution of any legal proceedings could have an adverse effect on REIT and its financial position and results of operations that could be material.

## **Competition for Real Property Investments**

REIT competes for suitable real property investments with individuals, corporations and institutions (both Canadian and foreign) and other real estate investment trusts which are presently seeking, or which may seek in the future, real property investments similar to those desired by REIT. A number of these investors may have greater financial resources than those of REIT or operate without the investment or operating guidelines of REIT or according to more flexible conditions. An increase in the availability of investment funds, and an increase in interest in real property investments, may tend to increase competition for real property investments, thereby increasing purchase prices and/or reducing the yield on them.

## **Competition for Tenants**

The real estate business is competitive. Numerous other developers, managers and owners of properties compete with REIT in seeking tenants. The existence of competing developers, managers and owners for REIT's tenants could have an adverse effect on REIT's ability to lease suites in its properties and on the rents charged.

## **Interest Rates**

It is anticipated that the market price for the REIT Units at any given time may be affected by the level of interest rates prevailing at that time. A rise in interest rates may have a negative effect on the market price of REIT Units. A decrease in interest rates may encourage tenants to purchase condominiums or other types of housing, which could result in a reduction in demand for rental properties. Changes in interest rates may also have effects on vacancy rates, rent levels, refurbishing costs and other factors affecting REIT's business and profitability.

## **Debt Financing**

REIT is subject to the risks associated with debt financing, including the risk that REIT may be unable to make interest or principal payments or meet loan covenants, the risk that defaults under a loan could result in cross defaults or other lender rights or remedies under other loans, and the risk that existing indebtedness may not be able to be refinanced or that the terms of such refinancing may not be as favourable as the terms of existing indebtedness. A portion of Centurion's Acquisition and Operating Facilities are at floating interest rates, and accordingly, changes in short-term borrowing will affect REIT's costs of borrowing.

## **General Economic Conditions**

REIT is affected by general economic conditions, local real estate markets, competition from other available rental premises, including new developments, and various other factors. The competition for tenants also comes from opportunities for individual home ownership, including condominiums, which can be particularly attractive when home mortgage loans are available at relatively low interest rates. The existence of competing developers, managers and owners for REIT's tenants could have an adverse effect on REIT's ability to lease suites in its properties and on the rents charged, increased leasing and marketing costs and increased refurbishing costs necessary to lease and re-lease suites, all of which

could adversely affect REIT's revenues and, consequently, its ability to meet its obligations. In addition, any increase in the supply of available space in the markets in which REIT operates or may operate could have an adverse effect on REIT.

### **General Uninsured Losses**

REIT carries comprehensive general liability, fire, flood, extended coverage, rental loss and pollution insurance with policy specifications, limits and deductibles customarily carried for similar properties. There are, however, certain types of risks (generally of a catastrophic nature such as from wars) which are either uninsurable or not insurable on an economically viable basis. REIT has insurance for earthquake risks, subject to certain policy limits, deductibles, and self insurance arrangements, and will continue to carry such insurance if economical to do so. Should an uninsured or underinsured loss occur, REIT could lose its investment in, and anticipated profits and cash flows from, one or more of its Properties, but REIT would continue to be obligated to repay any recourse mortgage indebtedness on such Properties.

### **Availability of Cash for Distributions**

Distributable income is calculated before deducting items such as principal repayments and capital expenditures and, accordingly, may exceed actual cash available to REIT from time to time. REIT may be required to use part of its debt capacity or raise additional equity in order to accommodate such items, and there can be no assurance that funds from such sources will be available on favourable terms or at all. In such circumstances, distributions may be reduced or suspended, which may therefore also have an adverse impact on the market price of the REIT Units. Accordingly, cash distributions are not guaranteed and cannot be assured. Further, Distributable Income can exceed net income and have the result of an erosion of Adjusted Unitholder's Equity. See "Distribution Policy" [of the REIT Offering Memorandum].

Distributable Income is calculated in accordance with the REIT Declaration of Trust. Distributable Income is not a measure recognized under Canadian generally accepted accounting principles and does not have a standardized meaning prescribed by IFRS. Distributable income is presented herein because management of REIT believes this non-IFRS measure is a relevant measure of the ability of REIT to earn and distribute cash returns to REIT Unitholders. Distributable Income as computed by REIT may differ from similar computations as reported by other similar organizations and, accordingly, may not be comparable to distributable income as reported by such organizations. Distributable income is calculated by reference to the net income of REIT on a consolidated basis, as determined in accordance with IFRS, subject to certain adjustments as set out in the constating documents of REIT.

### **Government Regulation**

REIT currently has interests in properties located in the provinces of Ontario and Quebec. The nature of apartment construction and operation is such that refurbishment and structural repairs are required periodically, in addition to regular ongoing maintenance. In addition, legislation relating to, among other things, environmental and fire safety standards is continually evolving and changes thereto may give rise to ongoing financial and other obligations of REIT, the costs of which may not be fully recoverable from tenants.

Multi-unit residential rental properties are subject to rent control legislation in most provinces in Canada. Each province in which the Trust operates maintains distinct regulations with respect to tenants' and landlords' rights and obligations. The legislation in various degrees provides restrictions on the ability of a landlord to increase rents above an annually prescribed guideline or require the landlord to give tenants sufficient notice prior to an increase in rent or restricts the frequency of rent increases permitted during the year. The annual rent increase guidelines as per applicable legislation attempts to link the annual rent increases to some measure of changes in the cost of living index over the previous year. The legislation also, in most cases, provides for a mechanism to ensure rents can be increased above the guideline increases for extraordinary costs. As a result of rent controls, the Trust may incur property capital investments in the future that will not be fully recoverable from rents charged to the tenants.

Applicable legislation may be further amended in a manner that may adversely affect the ability of the Trust to maintain the historical level of cash flow from its properties. In addition, applicable legislation provides for compliance with several regulatory matters involving tenant evictions, work orders, health and safety issues, fire and maintenance standards, etc.

### **Environmental Matters**

Environmental and ecological legislation and policies have become increasingly important, and generally restrictive. Under various laws, REIT could become liable for the costs of removal or remediation of certain hazardous or toxic substances released on or in its properties or disposed of at other locations. The failure to remove or remediate such substances, if any, may adversely affect an owner's ability to sell such real estate or to borrow using such real estate as collateral, and could potentially also result in claims against the owner by private plaintiffs. Where a property is purchased and new financing is obtained, Phase I Environmental Assessments are performed by an independent and experienced environmental consultant. In the case of mortgage assumption, the vendor will be asked to provide a satisfactory Phase I and/or Phase II Environmental Assessment that management of REIT will rely upon and/or determine whether an update is necessary.

### **Unitholder Liability**

The REIT Declaration of Trust provides that no Unitholder will be subject to any liability whatsoever to any person in connection with the holding of a Unit. In addition, legislation has been enacted in the Province of Ontario and certain other provinces and territories that is intended to provide Unitholders in those provinces and territories with limited liability. However because of uncertainties in the law relating to investment trusts, there is a risk, which is considered by counsel to be remote in the circumstance, that a REIT Unitholder could be held personally liable for obligations of REIT (to the extent that claims are not satisfied by REIT) in respect of contracts which REIT enters into and for certain liabilities arising other than out of contracts including claims in tort, claims for taxes and possibly certain other statutory liabilities. The Trustees intend to cause REIT's operations to be conducted in such a way as to minimize any such risk including by obtaining appropriate insurance and, where feasible, attempting to have every material written contract or commitment of REIT contain an express disavowal of liability against REIT Unitholders.

### **Dependence on Key Personnel**

In assessing the risk of an investment in the REIT Units offered hereby, potential investors should be aware that they will be relying on the good faith, experience and judgment of the directors and officers of the Asset Manager to manage the business and affairs of the Trust. The management of the Trust depends on the services of certain key personnel. The termination of employment by the Asset Manager or the Property Manager of any of these key personnel could have a materially adverse effect on the Trust.

There is no guarantee that the directors and officers of the Asset Manager or the REIT Trustees will remain unchanged. It is contemplated that the directors, officers and employees of the Asset Manager will devote to the Trust's affairs only such time as may be reasonably necessary to conduct its business.

### **Failure or Unavailability of Computer and Data Processing Systems and Software**

REIT is dependent upon the successful and uninterrupted functioning of its computer and data processing systems and software. The failure or unavailability of these systems could interrupt operations or materially impact REIT's ability to collect revenues and make payments. If sustained or repeated, a system failure or loss of data could negatively and materially adversely affect the ability of REIT to discharge its duties and the impact on REIT may be material.

## Potential Conflicts of Interest

REIT may be subject to various conflicts of interest because of the fact that the REIT Trustees and senior officers of REIT, the Asset Manager, the Mortgage Manager and the Mortgage Servicer are engaged in a wide range of real estate and other business activities. REIT may become involved in transactions which conflict with the interests of the foregoing.

The REIT Trustees may from time to time deal with persons, firms, institutions, or corporations with which REIT may be dealing, or which may be seeking investments similar to those desired by REIT. The interests of these persons could conflict with those of REIT. In addition, from time to time, these persons may be competing with REIT for available investment opportunities.

The Asset Manager, the Mortgage Manager, and the Mortgage Servicer (collectively, the “**Service Providers**”) are not owned by REIT but are related by common management and personnel to REIT. This could create conflicts of interest between the Asset Manager, the Mortgage Manager and the Mortgage Servicer and REIT.

The Service Providers’ services are not exclusive to the Trust, as each Service Provider provides services to several other clients. In particular, each Service Provider also provides similar services to REOT, an investment trust with overlapping investment objectives to those of REIT. REIT and REOT operate independently from one another and have separate boards of trustees, with Gregory Romundt and Stephen Sender serving as trustees for both REIT and REOT. Although Steven Sender serves as a trustee of both REIT and REOT, he is otherwise independent of the Asset Manager and its affiliates.

Additionally, the Warehouse Agreement among the Trust, REIT and the Asset Manager and the arrangements thereunder may give rise to certain conflicts of interest, including with respect to (i) any Property Purchase Options or Property Offer Options (and the valuation and transfer thereof), (ii) the valuation and transfer of Warehoused Mortgages and/or Warehoused Other between the Trust and REIT and (iii) the allocation of risk as between the Trust and REIT. The Asset Manager will follow procedures established by the REIT Trustees that are designed to ensure an appropriate allocation of risk under the Warehouse Agreement and related arrangements.

*REIT is a connected issuer, and may be considered to be a related issuer, of Centurion Asset Management Inc. (the “Asset Manager”), its asset manager and an exempt market dealer, investment fund manager, and restricted portfolio manager in certain jurisdictions, in connection with the distribution of REIT’s securities hereunder, which may result in potential conflicts of interest. REIT is a connected issuer of the Asset Manager due to the factors described in the REIT Offering Memorandum under “Relationship between Centurion Apartment REIT, The Asset Manager and Affiliates of The Asset Manager” as a result of the fact that the President of REIT and the Asset Manager are the same and Mr. Gregory Romundt and his family beneficially own all of the shares of the Asset Manager, the Mortgage Manager and the Mortgage Servicer. REIT may be considered to be a related issuer of the Asset Manager by virtue of the Asset Manager’s right to appoint a prescribed number of nominees to the REIT Trustees. REIT owns 61.65% (as at September 30, 2020) of a private mutual fund trust, REOT, which also has engaged Centurion Asset Management Inc. to be its asset manager. See “Trustees” and “Relationship Between Centurion Apartment REIT, The Asset Manager and Affiliates of The Asset Manager” [of the REIT Offering Memorandum].*

The REIT Declaration of Trust contains “conflict of interest” provisions requiring REIT Trustees to disclose material interests in Material Contracts and transactions and to refrain from voting thereon.

## Allocation of Investment Opportunities

While REIT and REOT are not naturally competing for the same investments as their primary investment portfolios will generally have different time horizons, there may be instances in which REOT and REIT

both have an interest in the same investment opportunity. For example, REOT may invest in long-term real-estate properties and REIT may from time to time invest in Mortgage Assets. In the event that REOT and REIT are both interested in pursuing the same investment opportunity, the Asset Manager will seek to allocate investment opportunities on a basis which it determines to be fair and reasonable. However, there is no requirement that the Asset Manager allocate investment opportunities on a pro rata basis between REOT and REIT. Additionally, there may be situations where an investment opportunity is allocated to REOT despite REIT having an interest in such investment opportunity.

### **Tax-Related Risks**

There can be no assurance that income tax laws and the treatment of mutual fund trusts will not be changed in a manner which adversely affects REIT or the REIT Unitholders.

If REIT fails or ceases to qualify as a mutual fund trust for the purposes of the Tax Act, the tax consequences described under “Canadian Federal Income Tax Considerations” and “Eligibility for Investment” would in some respects be materially and adversely different. In addition, REIT Unitholders may become subject to provincial taxes, such as Ontario Land Transfer Tax, in respect of their REIT Units.

If investments in REIT become publicly listed or traded, there can be no assurances that REIT will not be subject to the SIFT Rules, as described under “Canadian Federal Income Tax Considerations – SIFT Rules” [of the REIT Offering Memorandum], at that time. REIT or its subsidiaries may be reassessed for taxes from time to time. Such reassessments together with associated interest and penalties could adversely affect REIT.

### **Critical Estimates, Assumptions and Judgements**

The preparation of financial statements as per IFRS requires management to make judgments, assumptions and estimates that affect the reported amounts in the consolidated financial statements. Actual results could differ from these estimates. Financial statement carrying values, in addition to other factors (See “VALUATION POLICY” [of the REIT Offering Memorandum]), serve as the basis for the calculation of the Fair Market Value of REIT Units. If such carrying values should prove to be incorrect, the Fair Market Value of the REIT Units could be different. To the extent that the carrying values or critical estimates, assumptions and judgements are inaccurate, and given that property portfolio values, which comprise the vast majority of REIT’s assets, are calculated quarterly on a lagging basis, the Posted Price per REIT Unit in any given month may be understated or overstated as the case may be. In light of the foregoing, there is a risk that a REIT Unitholder who redeems all or part of its REIT Units will be paid an amount less than it would otherwise be paid if the critical estimates, assumptions and judgements were different and that the calculation of property values wasn’t calculated on a quarterly basis and thus potentially lagging the market. Similarly, there is a risk that such Unitholder might, in effect, be overpaid if the actual Fair Market Value is lower than the calculated Fair Market Value. In addition, there is a risk that an investment in the REIT by a new Unitholder (or an additional investment by an existing Unitholder) could dilute the value of such investments for the other Unitholders if the Posted Price of the REIT Units is higher than the actual Fair Market Value of the REIT Units. Further, there is a risk that a new REIT Unitholder (or an existing Unitholder than makes an additional investment) could pay more than it might otherwise if the actual Fair Market Value of the REIT Units is lower than the Posted Price. REIT does not intend to adjust the Fair Market Value of the REIT retroactively.

As set forth in the definitions of “Fair Market Value”, the value of the REIT Units is determined by the Trustees, in their sole discretion, using reasonable methods of determining fair market value. Fair Market Value may or may not be equal to the net asset value of the Units. The description of the methodology of investment property valuations and the calculation of Fair Market Value and Post Prices of REIT Units reflects the methodology used by the Trustees as at the date hereof in calculating Fair Market Value. The Trustees may, in their discretion, adopt alternative methodologies to calculate investment property values and Fair Market Value from time to time, without notice to, or approval by, REIT Unitholders.

REIT may buy properties from REOT which would be affected at a purchase price equal to fair market value. The determination of fair market value will be made in part by the Asset Manager and will be reviewed and approved by the Independent Trustees. Such determination will involve numerous estimates, assumptions, and uncertainties. To the extent that these estimates and assumptions are incorrect, the REIT may be adversely affected.

### **Risks Relating to Unfunded Commitments**

In connection with the seeding of REOT, REIT has agreed to fund the unfunded commitments existing at the date of seeding. If the REIT is required to hold reserves of cash for an extended period of time in anticipation of funding the unfunded commitments, the returns generated by the REIT may be reduced.

### **Lack of Independent Experts Representing Unitholders**

Each of REIT and the Asset Manager has consulted with legal counsel regarding the formation and terms of REIT and the offering of REIT Units. REIT Unitholders have not, however, been independently represented. Therefore, to the extent that REIT, REIT Unitholders, or this offering could benefit by further independent review, such benefit will not be available. Each prospective investor should consult his or her own legal, tax and financial advisors regarding the desirability of purchasing REIT Units and the suitability of investing in REIT.

### **Joint Arrangement**

REIT may invest in, or be a participant in, joint arrangements and partnerships with third parties in respect of the mortgage investments and/or other real estate investments. A joint arrangement or partnership involves certain additional risks which could result in additional financial demands, increased liability and a reduction in the Asset Manager's control over the mortgage investments and/or the other real estate investments and its ability to sell the REIT's interests in a mortgage investment and/or other real estate investments within a reasonable time frame.

### **Dilution**

The number of REIT Units that REIT is authorized to issue is unlimited. REIT Trustees have the discretion to issue additional REIT Units in other circumstances, pursuant to REIT's various incentive plans. Any issuance of additional REIT Units may have a dilutive effect on the holders of REIT Units.

### **Restrictions on Potential Growth and Reliance on Credit Facilities**

The payout by REIT of a substantial part of its operating cash flow could adversely affect REIT's ability to grow unless it can obtain additional financing. Such financing may not be available, or renewable, on attractive terms or at all. In addition, if current credit facilities were to be cancelled or could not be renewed at maturity on similar terms, REIT could be materially and adversely affected.

### **Potential Inability to Fund Investments**

REIT may commit to making future investments in anticipation of repayment of principal outstanding and/or the payment of interest under existing Mortgage investments and/or in reliance on its credit facilities. In the event that such repayments of principal or payments of interest are not made, or where credit facilities aren't available, REIT may be unable to advance some or all of the funds required to be advanced pursuant to the terms of its commitments and may be required to obtain interim financing and to fund such commitments or face liability in connection with its failure to make such advances.

### **Liquidity of REIT Units and Redemption Risk**

The REIT Units are not listed on an exchange. There is currently no secondary market through which the REIT Units may be sold, there can be no assurance that any such market will develop, and REIT has no current plans to develop such a market. Accordingly, the sole method of liquidation of an investment in REIT Units is by way of a redemption of the REIT Units. Aggregate redemptions are limited to \$50,000 per month unless approved by the Board of Trustees. Accordingly, in the event that REIT experiences a large number of redemptions, REIT may not be able to satisfy all of the redemption requests. Depending upon the Purchase Option selected and the amount of time the REIT Units have been held, there may be a Deferred Sales Charge or Short-Term Trading Fee associated with an early redemption (see "Redemption of REIT Units" [of the REIT Offering Memorandum]).

The REIT Units are not the same as shares of a corporation. As a result, the Unitholders will not have the statutory rights and remedies normally associated with share ownership, such as the right to bring "oppression" or "derivative" actions.



### Form of Proxy

**This Form of Proxy is solicited by the Trustees (each a “Trustee”, and collectively, the “Trustees”) of Centurion Real Estate Opportunities Trust (the “Trust”) for use at the special meeting (the “Meeting”) of Class A, Class F, and Class I unitholders (each, a “Unitholder”, and collectively, the “Unitholders”) of the Trust to be held via conference call on December 8, 2020 at 2:00 p.m. (Eastern Standard Time). The undersigned Unitholder(s) of the Trust hereby appoint(s) Ken Miller, a Trustee of the Trust, or in lieu of the foregoing, Michael Lovett, a Trustee of the Trust, or in lieu of the foregoing, Christopher Humeniuk, a Trustee of the Trust, or in lieu of the foregoing, Peter Smith, a Trustee of the Trust, or in lieu of any of the foregoing,**

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as proxyholder for the undersigned, with power of substitution, to attend, act, and vote on behalf of the undersigned at the Meeting, and any adjournments thereof.

#### COMPLETE THIS SECTION TO PROVIDE VOTING INSTRUCTIONS

The undersigned specifies that all of the voting securities owned by the undersigned and represented by this Form of Proxy shall be voted as indicated below:

Special resolution of the Class A Unitholders, Class F Unitholders and Class I Unitholders to authorize the merger of the Centurion Real Estate Opportunities Trust and Centurion Apartment Real Estate Investment Trust, as more particularly described in the management information circular of Centurion Real Estate Opportunities Trust dated October 26, 2020.	FOR	OR	AGAINST
	<input type="checkbox"/>		<input type="checkbox"/>

Details of the special resolution are set out in Schedule “B” to the accompanying Management Information Circular.

The undersigned hereby revokes any proxy previously given.

If any amendments or variations to matters identified in the Notice of Special Meeting are proposed at the Meeting or any adjournments thereof or if any other matters properly come before the Meeting or any adjournments thereof, this proxy confers discretionary authority to vote on such amendments or variations or such other matters according to the best judgment of the person voting the proxy at the Meeting or any adjournments thereof.

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 2020.

Name of Unitholder (please print): \_\_\_\_\_

Signature of Unitholder or authorized representative: \_\_\_\_\_

## NOTES AND INSTRUCTIONS

**A Unitholder has the right to appoint a person, who need not be a Unitholder of the Trust, to attend and act for the Unitholder and on the Unitholder's behalf at the Meeting or any adjournments thereof other than the persons designated on this Form of Proxy. Such right may be exercised by inserting in the blank space provided the name of the person to be appointed.**

1. This Form of Proxy must be signed. When the Unitholder signs this proxy form, they authorize the proxyholder to act and vote their securities on their behalf at the Meeting and any adjournment and to carry out their voting instructions. If the Unitholder is an individual, the Unitholder, or their attorney who is duly authorized in writing, must sign the form. For securities registered in the name of two or more owners (for example, trustees, executors, etc.), all joint owners must sign. If the Unitholder is a body corporate, an officer of such body corporate, or an attorney thereof who is duly authorized, must sign.
2. The securities represented by this proxy will be voted in accordance with the instructions of the Unitholder on any ballot that may be called for, and where a choice is specified, the securities shall be voted accordingly. **Where no specification is made to vote for or withhold from voting, the securities shall be VOTED FOR.**
3. The proxyholder may vote the Unitholder's securities as they see fit on any amendments or variations to matters identified in the Notice of Special Meeting and on any other items that may properly come before the Meeting or any adjournment.
4. Please date the proxy. If not dated, the proxy shall be deemed to be dated on the day on which it is mailed to the Unitholder by the Trustees.

TO BE VALID, this form of proxy must be received no later than 4:00 p.m. (Toronto time) on December 4, 2020 either (i) by mail to 25 Sheppard Avenue West Suite 1800, Toronto, ON M2N 6S6, Attention: Laura Salvatore, or (ii) by email to [lsalvatore@centurion.ca](mailto:lsalvatore@centurion.ca), as no voting will be permitted at the Meeting.