CENTURION
REAL ESTATE OPPORTUNITIES TRUST

Q2 REPORT

2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and six months ended June 30, 2020

PROFILE

Centurion Real Estate Opportunities Trust ("REOT" or the "Trust") is an income-producing, investment trust made up of a diversified portfolio of mortgage investments and growth-oriented real estate investments.

Q2 2020 HIGHLIGHTS

- Total assets decreased 10.7% from $771.1 million to $688.4 million
- Net interest income for the six months ended June 30 increased 7.6% from $21.0 million in 2019 to $22.6 million in 2020
- Committed funds of $709.4 million across 95 investments with 87 funded
- Investments include a diverse portfolio of first mortgages, second mortgages, joint ventures, and participating equity investments across five Canadian provinces and four U.S. states
- Class A 7.90% trailing 12-month compounded return
- Class F 8.85% trailing 12-month compounded return

OBJECTIVES

- To provide investors with cash distributions, payable monthly, with the opportunity for long-term growth and a focus on the preservation of capital
- To maximize unit value through the active management of the portfolio
- To leverage the strategic relationships within Centurion Asset Management Inc.'s network to increase investment opportunities and manage risk

FINANCIAL HIGHLIGHTS

PORTFOLIO PERFORMANCE

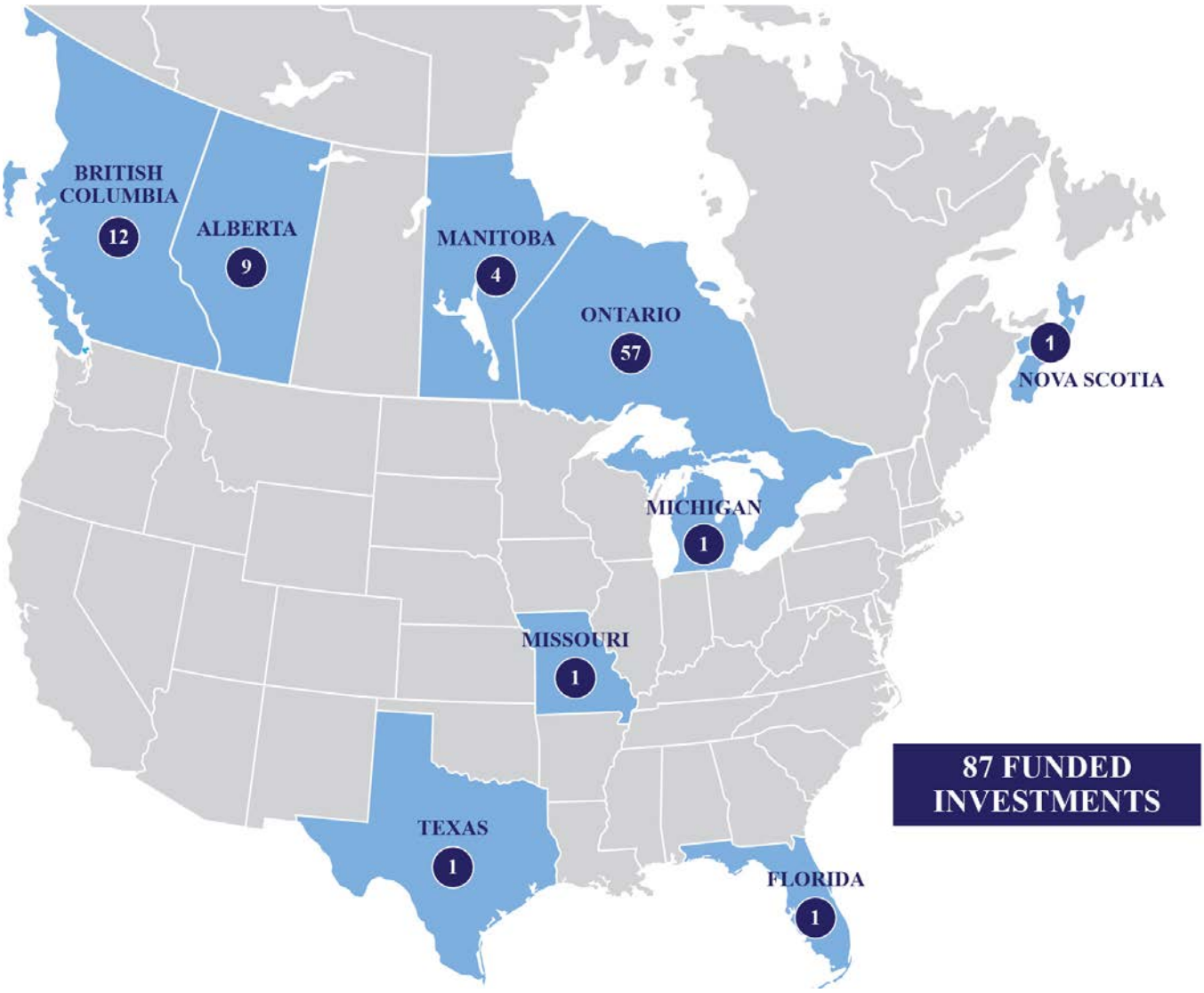
(expressed in thousands of Canadian dollars)

As at	June 30, 2020	December 31, 2019
Total Assets	$688,415	$771,115
Mortgage Investments	$389,122	$445,740
Participating Loan Interests	$68,802	$94,967
Equity Accounted Investments	$116,770	$109,600
Total Committed Funds	$709,380	$848,790

	Three Months Ended June 30		Six Months Ended June 30	
	2020	2019	2020	2019
Net Interest Income	$11,004	$11,469	$22,640	$21,043
Income from Equity Accounted Investments	$3,055	$3,690	$5,965	$8,249
Fair Value Gains (Losses) on Participating Loan Interests	($2,438)	$947	($2,641)	$1,217
EBITDA Ratio	82.60%	91.76%	86.84%	90.66%
Net Income and Comprehensive Income per Unit	$0.13	$0.25	$0.40	$0.50
FFO per Unit	$0.15	$0.25	$0.41	$0.50
NFFO per Unit	$0.17	$0.27	$0.46	$0.53
Weighted Average Number of Units	57,614,983	58,771,989	58,072,511	55,027,572

Trailing 12-Month Returns	June 30, 2020	December 31, 2019
Class A	7.90%	7.86%
Class F	8.85%	8.81%
Class I	8.85%	8.81%
Closing Price of Units	$11.553	$11.478

PORTFOLIO DIVERSIFICATION



BRITISH COLUMBIA | 18%
ALBERTA | 5%
MANITOBA | 5%
ONTARIO | 60%
NOVA SCOTIA | 1%
UNITED STATES |11%

Percentage based on dollar amounts as at June 30, 2020

LETTER FROM THE PRESIDENT

The second quarter of 2020 was a positive quarter for the Centurion Real Estate Opportunities Trust (the "Trust") with the portfolio performing well, and we are very pleased with the results of the Trust during these unprecedented times. As an organization, we continue to work from home and will continue to do so for the foreseeable future.

The portfolio performance remained resilient through the second quarter. The trailing 12-month returns for the Class A and Class F units were 7.90% and 8.85% respectively. The quarterly returns for Class A and Class F units were 3.80% and 4.26%, respectively. As at June 30, 2020, the annual distribution yield for reinvested units for Class A and Class F were 6.36% and 7.32%, respectively.

The portfolio held a diverse mix of first mortgages, second mortgages, equity investments, joint ventures, and participating debt as at June 30, 2020. There were 95 investments with mortgage investment commitments of $709.4 million. During the second quarter, we funded $31.5 million of investments and received $78.5 million in repayments. In our participating investment portfolio, the ongoing COVID-19 pandemic produced headwinds that have impacted project timelines and projected costs related to some of the underlying active construction projects, resulting in total fair value gains of $0.6 million for the quarter compared to $2.7 million in the previous quarter. Net Interest Income for the Trust increased by 7.6% from $21.0 million to $22.6 million.

Our primary focus in the past quarter has been monitoring our existing portfolio. Investments considered in default represent only 5.1% of total assets. We believe we will not incur any losses with respect to these investments that are currently in default as they will be resolved in workout.

The Trust has remained capped for investment during the year. Year-to-date redemptions have been minimal at $13.8 million; all of which have been fully paid.

The Trust has a strong liquidity position with a considerable cash balance of $83.7 million as at June 30, 2020.

Overall, we believe our portfolio of investments is healthy, borrowers continue to show progress on their construction projects, and the future bodes well. Looking ahead, we continue to believe we are well-positioned to execute on future opportunistic investments without taking on any unnecessary risk.

GREG ROMUNDT
President, CEO, and Trustee

TABLE OF CONTENTS

Forward-Looking Statements

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

The Management's Discussion and Analysis ("MD&A") of Centurion Real Estate Opportunities Trust ("Centurion" or "Centurion REOT" or "REOT" or the "Trust") contains "forward-looking statements" within the meaning of applicable securities legislation. This document should be read in conjunction with the material contained in the Trust's unaudited condensed consolidated interim financial statements (See Appendix C) three and six months ended June 30, 2020, along with Centurion REOT documents available on the Trust's website. Forward-looking statements appear in this MD&A under the heading "Outlook" and generally include, but are not limited to, statements with respect to management's beliefs, plans, estimates and intentions, and similar statements concerning anticipated future events, results from circumstances, performance, or expectations, including but not limited to financial performance and equity or debt offerings, new markets for growth, financial position, and proposed acquisitions. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur", or "be achieved".

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

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

- Overall national economic activity
- Regional economic factors, such as employment rates
- Inflationary/deflationary factors
- Long, medium, and short-term interest rates
- Legislated requirements
- Development risks
- Mortgage extensions and mortgage defaults

Although the forward-looking information contained herein is based upon what Management believes are reasonable assumptions, there can be no assurance that actual results will be consistent with these forward-looking statements. Centurion REOT has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements; however, there may be other factors that cause results not to be as anticipated, estimated, or intended.

There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. Centurion REOT does not intend to update any forward-looking statements that are incorporated by reference herein, except in accordance with applicable securities laws.

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

CENTURION REAL ESTATE OPPORTUNITIES TRUST

Centurion Real Estate Opportunities Trust is a private investment trust focused on investing in a diversified portfolio of mortgages and opportunistic real estate investments. The Trust is an unincorporated open-ended private investment trust created by a declaration of trust dated August 13, 2014, and as amended and restated, (the "Declaration of Trust") and governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein. See "Declaration of Trust" and "Description of Units".

The objectives of the Trust are to provide Unitholders with stable cash distributions, payable monthly from a diversified portfolio of mortgages, opportunistic real estate investments, and other investments.

DECLARATION OF TRUST

The investment policies of the Trust are outlined in the Declaration of Trust (the "DOT") dated August 13, 2014, or as it is amended and restated from time to time. The DOT can be found at:

https://www.centurion.ca/investment-solutions/centurion-reot

The investment guidelines and operating policies set out in the DOT.

ACCOUNTING POLICIES

The Trust's significant accounting policies are described in Note 3 of the Centurion Real Estate Opportunities Trust Condensed Consolidated Interim Financial Statements (see "Appendix C") for the three and six months ended June 30, 2020. The Condensed Consolidated Interim Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of consolidated financial statements.

In applying these policies, in certain cases, it is necessary to use estimates, which Management determines using information available to the Trust at the time.

Management reviews key estimates on a quarterly basis to determine their appropriateness and any change to these estimates is applied prospectively in compliance with IFRS. Significant estimates are made with respect to the fair values of investment properties and the fair values of financial instruments.

NON-IFRS MEASURES

The Trust prepares unaudited condensed consolidated interim financial statements and audited consolidated financial statements in accordance with IFRS. In this MD&A, as a complement to the financial results provided in accordance with IFRS, the Trust also discloses and discusses certain financial measures not recognized by IFRS including Normalized Net Operating Income ("NNOI"), Funds from Operations ("FFO") and Normalized Funds from Operations ("NFFO").

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

Normalized Net Operating Income ("NNOI") is a key measure of potential operating performance used in the real estate industry and long-term stabilizing assumptions are made in the calculation of NNOI. Such assumptions may reflect a stabilized (normalized) view of key inputs in the calculation of NNOI. NNOI is often used by property appraisers in valuing a property. NNOIs have been used, among other things for evaluating potential property acquisitions, to determine fair values of the investment properties, and to estimate the capacity to make and the level of distributions. Management believes that given the rapid rate of growth of the portfolio and that new acquisitions often require stabilization and repositioning periods and that many in the real estate industry use NNOI when purchasing or selling a property, that NNOI is a useful tool in evaluating the portfolio.

Funds from Operations ("FFO") is a financial measure used to define their operating performance to provide an idea of the Trust's cash performance, which is a better indicator of a Trust's performance than earnings which includes large non-cash items. Management does not look at FFO to be a very useful indicator of stabilized cash flow or earnings but calculates and presents FFO as an input into the calculation of the measures such as NFFO.

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

PFFO is Management's preferred indicator of the Trust's long term cash flow generating capacity because it incorporates much more of the up to date information available to Management and is forward-looking rather than rearward looking like FFO and NFFO.

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

The Trust has five classes of units, The Class "A" Units, the Class "F" Units, the Class "I" Units, the Class "M" Units and the Class "R" Units. Under IFRS, the Trust has no instrument qualifying for equity classification on its Consolidated Statement of Financial Position and as such, all units are classified as financial liabilities. The classification of all units as financial liabilities with the presentation as net assets attributable to Unitholders does not alter the underlying economic interest of the Unitholders in the net assets and net operating results attributable to Unitholders.

NON-IFRS MEASURES RECONCILIATION

Reconciliation of IFRS to Management Reporting

As at	June 30, 2020	December 31, 2019
Total Gross Mortgage Investments, per IFRS	**$389,122**	**$445,740**
Add: Allowance for ECL	$2,111	$1,637
Add: Participating Loan Interests classified as Mortgage Investments, per Management	$35,894	$60,535
Total Gross Mortgage Investments, per Management	**$427,127**	**$507,912**
Total Participating Loan Interests, per IFRS	**$68,802**	**$94,967**
Less: Participating Loan Interests classified as Mortgage Investments, per Management	($35,894)	($60,535)
Add: Equity Accounted Investments classified as Participating Loan Interests, per Management	$62,764	$49,024
Total Participating Loan Interests, per Management	**$95,672**	**$83,456**
Total Equity Accounted Investments, per FS	**$116,770**	**$109,600**
Less: Equity Accounted Investments classified as Participating Loan Interests, per Management	($62,764)	($49,024)
Equity Accounted Investments, per Management Reporting	**$54,006**	**$60,576**

Management reporting of investments, as shown in Appendix A "Summary Information About The Investment Portfolio", is an alternative reporting method used to present the composition of investments held by the Trust in alignment with the business.

Specifically, Management believes this method better reflects the underlying nature of the risk profile and expected returns of these investments when compared to the reporting requirements in accordance with IFRS, and consequently, this method provides Management with a platform to evaluate investments with similar characteristics and actively manage risk.

Management believes the Trust holds certain investments that include the characteristics of participating loan interests, which are classified as equity accounted investments in accordance with IFRS. Furthermore, Management believes the Trust holds certain investments that include the characteristics of mortgage investments, which are classified as participating loan interests in accordance with IFRS.

OUTLOOK AND BUSINESS STRATEGY

The goals for 2020 continue to be profitable growth and risk mitigation. Demand for mortgage debt continued to accelerate in Q2 2020 however the COVID-19 pandemic has impacted the global and Canadian economy. Our focus over the next several months will be monitoring our current investments and the general economic conditions.

As at June 30, 2020, the weighted average mortgage investment yield decreased from 9.33% to 9.31%, which was mainly attributed to Management's strategy to pursue more opportunistic business without assuming unnecessary risk. While absolute returns do matter, our primary concerns are to protect capital and earn the best risk-adjusted returns that we can. As such, we believe that the portfolio allocation decisions we have been making are improving the risk-adjusted returns of the portfolio while also maintaining total return.

Currently, approximately 5.1% of the Trust's total assets is in default, which is well below what we anticipate is the normal work out rate. Management believes that at this point in the market cycle, this strategy is what makes the most sense.

With lending at higher rates, comes higher risk. The Trust's underwriting and due diligence processes attempts to protect the Trust from unnecessary risk; however, defaults and other events may occur from time to time.

Target yields for 2020 remain in the 7%-12% range on non-participating investments and 20% on participating investments.

Q2 2020 OPERATING RESULTS

The second quarter of 2020 was a solid quarter for the Trust both operationally and performance wise.

Since its last fiscal year-end, assets of the Trust decreased approximately 10.7% from $771.1 million to $688.4 million as at June 30, 2020. During the six months ended June 30, 2020, interest income increased 9.0% from $21.6 million in 2019 to $23.5 million in 2020.

The portfolio continues to be well-diversified with 87 funded investments. Of these 87 investments, 9 are participating and 6 are equity. Participating means that the Trust has an equity-type risk position in these projects resulting in the potential for upside beyond the return from the mortgage investment side of the projects. This is in alignment with the strategic goals of the Trust. Since its last fiscal year-end, the Trust's equity investments decreased by 10.8% representing a total funded value of $54.0 million as at June 30, 2020. Some of these equity investments will provide a pipeline of investment acquisition opportunities to Centurion Apartment REIT. Since its last fiscal year-end, this pipeline was exercised whereby the Trust completed dispositions of two equity accounted investments for total proceeds of $11.8 million, one of which was acquired by Centurion Apartment REIT. These transactions resulted in a total realized fair value gain on sale of equity accounted investments of $5.3 million. The Trust sold the following equity accounted investments: No. 21 Apartments LP for $7.3 million and 9 Dawes LP for $4.5 million, the former one was sold to Centurion Apartment REIT.

Of the investments categorized as mortgage investments (non-participating), the weighted average interest rate is 9.31%, with a term to maturity of 0.54 years and a weighted average loan to value of 69.46%. 86% of the investments are residential and 14% are commercial. This is further broken down into pre-development (20%), construction (61%), and term (19%). 91% of the investments are in a preferred position in terms of the capital stack. The investments by rank include first positions (54%), second positions (37%), and equity positions (9%). The average investment size was $5.8 million.

Portfolio turnover was strong with $78.5 million in pay-downs against $31.5 million in funding for the six months ended June 30, 2020.

As at June 30, 2020, the Trust has an allowance for expected credit losses of approximately $2.1 million related to mortgage investments, which is consistent with the balance recorded at the end of 2019 and represents approximately 0.5% of the mortgage investment portfolio. This is an allowance against future potential credit related losses not identified and does not reflect an actual loss incurred.

As at June 30, 2020, the Trust has four investments in the United States totaling $46.6 million USD located in Florida, Michigan, Missouri, and Texas. These investments are 58.3% hedged against any currency fluctuations. The Trust continues to seek new opportunities in the United States.

Please see Appendix A for details of the portfolio.

NET INCOME AND COMPREHENSIVE INCOME

(expressed in thousands of Canadian dollars)

For the six months ended	June 30, 2020	June 30, 2019
Interest income on mortgage investments	$22,640	$21,043
Other income	199	155
Income from equity accounted investments	5,965	8,249
Fair value gains on participating loan interests	(2,641)	1,217
Fair value loss on foreclosed properties	(1,064)	—
Recovery of (allowance for) expected credit losses	(474)	(240)
General and administrative expenses	(2,379)	(1,958)
Finance costs	(33)	(109)
Current and deferred income tax provision	(323)	—
Currency translation gains (losses)	1,103	(907)
Net Income and Comprehensive Income	**$22,993**	**$27,450**

General and administrative expenses incurred during the six months ended June 30, 2020 were made up of salaries, commissions, professional fees, and other expenses as noted in Note 11 of the Centurion Real Estate Opportunities Trust Condensed Consolidated Interim Financial Statements.

The expected returns for the portfolio based on current expectations are as follows:

EXPECTED RETURNS

	Weight	Anticipated Returns
Non-participating investments	75.00 %	9.31 %
Participating investments	25.00 %	18.74 % [1]
Weighted anticipated investments	100.00 %	11.67 %

[1] *This represents IRR of deal underwriting over the life of the specific investment. The IRR's on participating investments are estimated, are not guaranteed, may not be realized, are not expected to occur linearly, and may change materially. The IRR's are estimated over the investments life and may not be realized in 2020. The weighted anticipated returns are gross returns prior to operating expenses.*

See Appendix A – Summary Information About the Investment Portfolio

KEY PORTFOLIO METRICS *(expressed in thousands of Canadian dollars)*	**June 30, 2020**	**December 31, 2019**
Total investments committed	$709,380	$848,790
Total investments funded	$533,637	$611,729
Mortgage investments	$427,127	$507,912
Participating loan interests	$62,868	$55,732
Equity accounted investments	$43,642	$48,085
LTV on mortgage investments	69.5%	68.7%
Investment Ranking		
First position	54%	56%
Second position	37%	35%
Equity position	9%	9%
Weighted average term*	0.54 years	0.63 years
Weighted average interest rate*	9.31%	9.50%

* Mortgage investments only.
** This schedule excludes fair value on participating loan interests and equity accounted investments.
*** This is an operational schedule and does not align with accounting treatment per the balance sheet.

"FFO" AND "NFFO"

Funds From Operations and Normalized Funds From Operations

	Trailing 12-Months Ended		Three Months Ended		Six Months Ended	
(expressed in thousands of Canadian dollars)	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
FFO (Funds From Operations)						
Net Income and Comprehensive Income	$51,259	$50,158	$7,730	$14,509	$22,993	$27,450
Plus: Provision for income tax	3,726	—	285	—	323	—
Plus: Allowance (recovery) for expected credit losses	713	(2,055)	511	218	474	240
Plus: Capital raising costs expensed through G&A	63	32	8	14	27	21
FFO	**$55,761**	**$48,135**	**$8,534**	**$14,741**	**$23,817**	**$27,711**
NFFO (Normalized Funds From Operations)						
FFO	$55,761	$48,135	$8,534	$14,741	$23,817	$27,711
Plus: Unlevered cash [1]	6,413	1,986	1,378	991	2,721	1,682
NFFO	**$62,174**	**$50,121**	**$9,912**	**$15,732**	**$26,538**	**$29,393**
Adjusted Number of Outstanding Units	60,231,884	48,583,939	57,614,983	58,771,989	58,072,511	55,027,572
Per Unit Statistics (Per Adjusted Number of Outstanding Units)						
Net Income and Comprehensive Income	$0.85	$1.03	$0.13	$0.25	$0.40	$0.50
FFO	$0.93	$0.99	$0.15	$0.25	$0.41	$0.50
NFFO	$1.03	$1.03	$0.17	$0.27	$0.46	$0.53

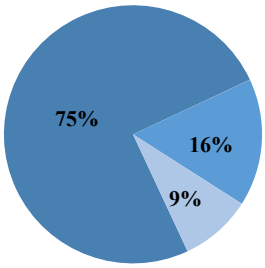
Notes:

[1] *Represents the average cash balance deployed at 10.0% net return*

PORTFOLIO SUMMARY

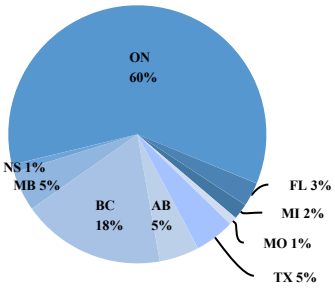
The following charts provide summary for the portfolio as at June 30, 2020.

BY PARTICIPATION

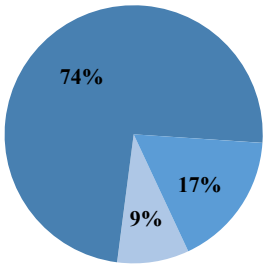


- Mortgage Investment
- Participating Loan Interests
- Equity Accounted Investments

BY PROVINCE/STATE

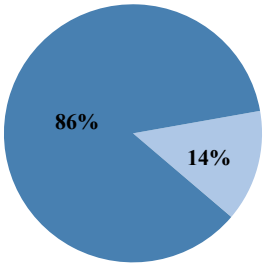


BY PURCHASE OPTIONS



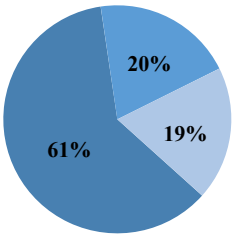
- With
- Without
- Equity Accounted Investments

BY LOAN TYPE



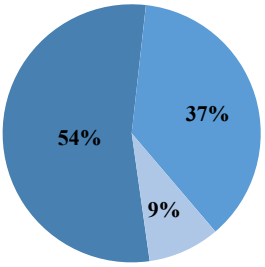
- Commercial
- Residential

BY DEVELOPMENT STAGE



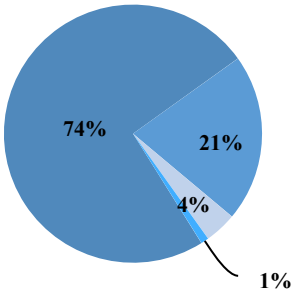
- Construction
- Pre-construction
- Term

BY RANK



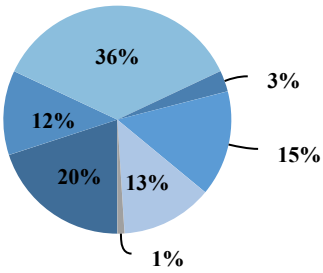
- 1st
- 2nd
- Equity Accounted Investment

BY MATURITY



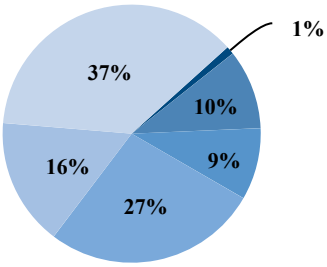
- 2020
- 2021
- 2022
- 2023

BY UNDERLYING SECURITY



- Multi Family Apartments
- Land
- Low Rise Residential
- Industrial
- High-Rise Condominium
- Commercial/Mixed Use

BY INVESTMENT SIZE



- $1m or less
- > $1m - $3m
- > $3m - $5m
- > $5m - $10m
- > $10m - $15m
- > $15m

ISSUED AND OUTSTANDING NUMBER OF UNITS

The following table depicts the number of Issued and Outstanding Units as at June 30, 2020:

SUMMARY OF UNIT HOLDINGS		
	June 30, 2020	**December 31, 2019**
Class A	8,011,891	8,057,404
Class F	4,985,410	4,760,833
Class I	6,141,255	5,292,770
Class R	38,304,268	46,209,470
Class M	50,000	50,000
Total	57,492,824	64,370,477

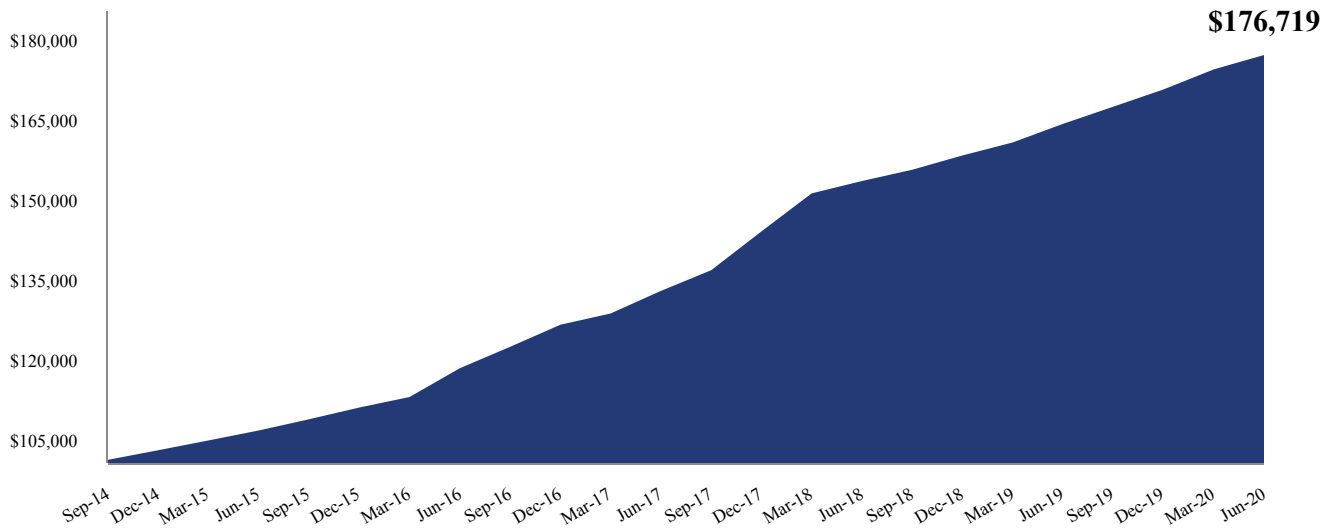
As at June 30, 2020, Centurion Apartment REIT held 60.94% of the Trust.

TOTAL RETURNS

Calendar Returns	2014	2015	2016	2017	2018	2019	2020 YTD
Centurion REOT	2.4%*	7.2%	14.1%	13.9%	10.0%	7.9%	3.8%

Compound Returns	1-Year	2-Year	3-Year	4-Year	5-Year	Since Inception
Centurion REOT	7.9%	7.5%	10.1%	10.7%	10.7%	10.3%

Growth of $100,000 Invested



** For partial year September 15, 2014 to December 31, 2014*

APPENDIX A

Summary Information About The Investment Portfolio (June 30, 2020)

Investments Segregation (excl. Foreclosed Properties)	REOT						
	Funded				Committed		
	$	#	% ($)	Wt.-Avg. Rate	$	#	% ($)
By Participation							
Mortgage Investments	427,128	72	75%	9.31%	588,841	79	83%
Participating Loan Interests	95,671	9	16%	9.38%	63,982	9	9%
Equity Accounted Investments	54,006	6	9%	0.00%	56,557	7	8%
Total	**576,805**	**87**	**100%**	**9.44%**	**709,380**	**95**	**100%**
By Rank							
1st	308,185	43	54%	8.90%	408,289	47	58%
2nd	214,614	38	37%	10.02%	244,534	41	34%
Equity Accounted Investments	54,006	6	9%	0.00%	56,557	7	8%
Total	**576,805**	**87**	**100%**	**9.44%**	**709,380**	**95**	**100%**
By Loan Type							
Commercial	79,391	17	14%	9.30%	105,499	17	15%
Residential	497,414	70	86%	9.32%	603,881	78	85%
Total	**576,805**	**87**	**100%**	**9.44%**	**709,380**	**95**	**100%**
By Province/State							
Canada							
AB	30,504	9	5%	8.95%	46,693	10	7%
BC	102,840	12	18%	9.68%	96,323	13	14%
MB	28,156	4	5%	8.73%	29,431	4	4%
NS	4,235	1	1%	10.00%	4,235	1	1%
ON	347,579	57	60%	9.22%	482,695	63	67%
Subtotal (A)	**513,314**	**83**	**89%**	**9.43%**	**659,377**	**91**	**93%**
United States							
FL	18,842	1	3%	9.00%	13,643	1	2%
MI	8,874	1	2%	10.00%	10,289	1	1%
MO	5,413	1	1%	8.00%	3,874	1	1%
TX	30,362	1	5%	10.00%	22,197	1	3%
Subtotal (B)	**63,491**	**4**	**11%**	**9.55%**	**50,003**	**4**	**7%**
Grand Total (A + B)	**576,805**	**87**	**100%**	**9.44%**	**709,380**	**95**	**100%**

APPENDIX A

Summary Information About The Investment Portfolio (June 30, 2020)

Investments Segregation (excl. Foreclosed Properties)	REOT						
	Funded				Committed		
	$	#	% ($)	Wt.-Avg. Rate	$	#	% ($)
By City							
Greater Toronto Area							
Ajax	13,297	2	2.31%	9.14%	20,994	2	2.96%
Burlington	5,407	1	0.94%	8.50%	12,000	1	1.69%
Clarington	4,707	1	0.82%	10.00%	4,425	1	0.62%
Etobicoke	9,917	1	1.72%	10.00%	10,498	1	1.48%
Markham	36,363	3	6.31%	9.44%	40,604	3	5.72%
Mississauga	18,939	2	3.29%	9.73%	29,900	2	4.21%
Newcastle	2,237	2	0.39%	13.93%	4,565	2	0.64%
Oakville	10,202	1	1.77%	9.25%	10,202	1	1.44%
Pickering	7,336	2	1.27%	8.06%	7,416	2	1.05%
Richmond Hill	2,027	1	0.35%	16.00%	2,027	1	0.29%
Scarborough	44,816	5	7.78%	8.41%	61,686	7	8.70%
Toronto	46,937	9	8.15%	9.31%	60,028	10	8.46%
Subtotal (A)	**202,185**	**30**	**35.10%**	**9.30%**	**264,345**	**33**	**37.26%**
Greater Vancouver Area							
Delta	9,331	2	1.49%	12.85%	8,604	2	1.21%
Langley	3,524	1	0.61%	8.50%	23,150	1	3.26%
Surrey	32,559	3	5.65%	9.28%	34,815	3	4.91%
Subtotal (B)	**45,414**	**6**	**7.75%**	**9.91%**	**66,569**	**6**	**9.38%**
Vancouver Island							
Sooke	6,792	1	1.18%	9.50%	8,800	1	1.24%
Victoria	25,465	4	4.42%	11.15%	12,533	4	1.77%
Subtotal (C)	**32,257**	**5**	**5.60%**	**10.57%**	**21,333**	**5**	**3.01%**
Guelph-Waterloo Area							
Guelph	14,492	5	2.52%	9.92%	14,492	5	2.04%
Waterloo	33,538	5	5.82%	9.84%	32,105	5	4.53%
Subtotal (D)	**48,030**	**10**	**8.34%**	**9.87%**	**46,597**	**10**	**6.57%**

APPENDIX A

Summary Information About The Investment Portfolio (June 30, 2020)

Investments Segregation (excl. Foreclosed Properties)	REOT Funded $	Funded #	Funded % ($)	Funded Wt.-Avg. Rate	Committed $	Committed #	Committed % ($)
By City (cont'd)							
Other Canadian Cities							
Abbotsford	24,317	1	4.22%	8.25%	27,195	2	3.83%
Barrie	12,076	3	2.10%	9.45%	32,166	4	4.53%
Calgary	21,663	4	3.76%	8.63%	49,625	5	7.00%
Cochrane	8,147	1	1.41%	8.00%	9,874	1	1.39%
Dartmouth	4,235	1	0.74%	10.00%	4,235	1	0.60%
Edmonton	9,027	3	1.57%	8.44%	10,740	3	1.51%
Elk Point	857	1	0.15%	10.00%	857	1	0.12%
Grimsby	1,403	1	0.24%	10.00%	2,000	1	0.28%
Hamilton	47,794	2	8.30%	8.67%	52,925	2	7.46%
Kingston	271	1	0.05%	8.50%	3,500	1	0.49%
Minett	6,475	3	1.12%	8.50%	12,500	5	1.76%
Orillia	6,540	3	1.14%	9.41%	10,891	3	1.54%
Ottawa	7,218	1	1.25%	10.00%	7,218	1	1.02%
Squamish	4,375	1	0.76%	10.50%	4,375	1	0.62%
St. Albert	1,058	1	0.18%	9.00%	1,185	1	0.17%
Timmins	1,816	1	0.32%	10.00%	1,816	1	0.26%
Winnipeg	28,156	4	4.89%	8.73%	29,431	4	4.15%
Subtotal (E)	**185,428**	**32**	**32.20%**	**8.79%**	**260,533**	**37**	**36.73%**
United States							
Detroit	8,874	1	1.54%	10.00%	10,289	1	1.45%
Estero	18,842	1	3.27%	9.00%	13,643	1	1.92%
Irving	30,362	1	5.27%	10.00%	22,197	1	3.13%
Kansas City	5,413	1	0.94%	8.00%	3,874	1	0.55%
Subtotal (F)	**63,491**	**4**	**11.02%**	**9.56%**	**50,003**	**4**	**7.05%**
Grand Total (SUM A to F)	**576,805**	**87**	**100.01%**	**9.32%**	**709,380**	**95**	**100.00%**

APPENDIX A

Summary Information About The Investment Portfolio (June 30, 2020)

Investments Segregation (excl. Foreclosed Properties)	REOT						
	Funded				Committed		
	$	#	% ($)	Wt.-Avg. Rate	$	#	% ($)
By Purchase Options							
With	100,056	10	17%	9.53%	81,184	10	11%
Without	422,743	71	74%	9.28%	571,639	78	81%
Equity Accounted Investments	54,006	6	9%	0.00%	56,557	7	8%
Total	**576,805**	**87**	**100%**	**9.44%**	**709,380**	**95**	**100%**
By Development Stage							
Construction	352,313	49	61%	9.03%	475,592	56	67%
Pre-Construction	116,672	16	20%	9.37%	122,559	16	17%
Term	107,820	22	19%	10.24%	111,229	23	16%
Total	**576,805**	**87**	**100%**	**9.44%**	**709,380**	**95**	**100%**
By Underlying Security							
Multi Family Apartments	116,182	14	20%	9.51%	101,595	15	14%
Land	70,602	9	12%	9.41%	73,440	9	10%
Low-Rise Residential	203,417	29	36%	9.15%	267,602	33	38%
Industrial	19,785	4	3%	11.13%	25,650	4	4%
High-Rise Condominium	85,418	13	15%	9.08%	122,634	15	17%
Commercial/Mixed Use	75,826	17	13%	9.16%	112,884	18	16%
Multi Student Housing	5,575	1	1%	10.00%	5,575	1	1%
Total	**576,805**	**87**	**100%**	**9.44%**	**709,380**	**95**	**100%**
By Investment Size							
$1m or less	7,685	9	1%	9.60%	72,588	17	10%
> $1m - $3m	55,280	26	10%	10.57%	61,867	26	9%
> $3m - $5m	54,459	14	9%	9.28%	87,988	14	12%
> $5m - $10m	154,623	22	27%	9.64%	188,785	22	27%
> $10m - $15m	89,292	7	16%	8.87%	87,078	7	12%
> $15m	215,466	9	37%	8.86%	211,074	9	30%
Total	**576,805**	**87**	**100%**	**9.44%**	**709,380**	**95**	**100%**
By Maturity (excl. Equity & FV Adj.)							
2020	360,211	58	74%	9.37%	400,245	59	62%
2021	102,525	18	21%	8.96%	164,439	20	25%
2022	21,023	3	4%	10.22%	61,905	6	9%
2023	6,236	2	1%	8.76%	26,236	3	4%
Total	**489,995**	**81**	**100%**	**9.44%**	**652,825**	**88**	**100%**

APPENDIX A

Summary Information About The Investment Portfolio (June 30, 2020)

Investments Segregation (excl. Foreclosed Properties)	REOT Funded $	Funded #	Funded % ($)	Funded Wt.-Avg. Rate	Committed $	Committed #	Committed % ($)
By Interest/Pref Rate (excl. Equity & FV Adj.)							
8% or less	87,751	11	18%	7.85%	116,768	11	18%
> 8.0% - 8.5%	93,273	13	19%	8.43%	141,251	14	22%
> 8.5% - 9.0%	78,095	8	16%	8.98%	96,461	9	15%
> 9.0% - 9.5%	30,115	5	6%	9.40%	33,476	5	5%
> 9.5% - 10.0%	147,475	29	28%	10.00%	155,852	29	23%
> 10.0% - 10.5%	24,300	4	5%	10.43%	44,462	5	7%
> 10.5% - 11.0%	8,449	3	2%	10.98%	21,665	4	3%
> 11.5% - 12.0%	4,040	1	1%	12.00%	25,050	3	4%
> 12.5% - 13.0%	7,613	1	2%	12.70%	7,613	1	1%
> 13.5% - 14.0%	2,462	2	1%	13.76%	2,462	2	0%
> 14.5% - 15.0%	2,813	2	1%	15.00%	3,450	2	1%
> 15.0%	3,609	2	1%	17.75%	4,315	3	1%
Total	**489,995**	**81**	**100%**	**9.32%**	**652,825**	**88**	**100%**
By Committed LTV - Mortgage Investments							
50% or less	27,295	6	6%	9.62%	29,599	6	5%
> 50% - 60%	51,109	5	12%	8.99%	60,580	6	10%
> 60% - 70%	149,787	20	35%	9.25%	218,949	22	37%
> 70% - 80%	122,653	24	29%	9.42%	171,189	27	29%
> 80% - 90%	66,714	15	16%	9.25%	98,956	16	17%
> 90%	9,569	2	2%	10.00%	9,569	2	2%
Total	**427,127**	**72**	**100%**	**9.31%**	**588,842**	**79**	**100%**
By Payment Method - Mortgage Investments							
Interest Accrue	190,038	38	52%	9.51%	279,751	42	47%
Interest Reserve Payment	11,988	2	3%	9.20%	11,988	2	2%
Periodic Cheques	50,552	5	7%	9.05%	56,880	6	10%
Pre Authorized Payment	174,549	27	38%	9.17%	240,223	29	41%
Total	**427,127**	**72**	**100%**	**9.31%**	**588,842**	**79**	**100%**
Estimated Built Out Value of Purchase Options	**Undiluted**				**Diluted**		
Mortgage Investments	$ 85,537	3	10%		$ 81,656	3	14%
Participating Loan Interests	$ 373,713	7	45%		$ 275,835	7	46%
Equity Accounted Investments	$ 378,459	6	45%		$ 236,546	6	40%
Total	**$ 837,709**	**16**	**100%**		**$ 594,037**	**16**	**100%**

APPENDIX B

Risks and Uncertainties

There are certain risk factors inherent in an investment in the Units and in the activities of the Trust, including the following, which Subscribers should carefully consider before subscribing for the Units. Although investments made by the Trust will be carefully chosen by the Asset Manager, there is no representation made by the Asset Manager that such investments will have a guaranteed return to Unitholders nor that losses will not be suffered by the Trust from such investments. This Offering is not suitable for investors who cannot afford to assume significant risks in connection with their investments.

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 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 HEREIN TO FAMILIARIZE THEMSELVES WITH THE RISKS ASSOCIATED WITH AN INVESTMENT IN THE TRUST, INCLUDING THOSE SPECIFIED IN THIS APPENDIX B: RISKS AND UNCERTAINTIES.

CRITICAL ESTIMATES, ASSUMPTIONS, AND JUDGMENTS

The preparation of financial statements as per IFRS requires the Asset Manager to make judgments, assumptions, and estimates that affect the reported amounts in the condensed consolidated interim financial statements. Actual results could differ from these estimates. Financial statement carrying values, in addition to other factors (as described in Centurion Real Estate Opportunities Trust Offering Memorandum under "Item 4: Capital Structure – 4.1 Share Capital – Valuation Policy"), serve as the basis for the calculation of the Fair Market Value of Units. For example, the Trust takes into account the anticipated increase in development equity investments when calculating their carry value, a practice that involves numerous assumptions and uncertainty. If such carrying values should prove to be incorrect, the Fair Market Value of the Units could be different. To the extent that the carrying values or critical estimates, assumptions, and judgments are inaccurate, and given that investment portfolio values are calculated quarterly on a lagging basis, the Posted Price per Unit in any given month may be understated or overstated as the case may be. In light of the foregoing, there is a risk that a Unitholder who redeems all or part of its Units will be paid an amount less than it would otherwise be paid if the critical estimates, assumptions, and judgments were different, or if the calculation of property values was not 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 Trust 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 Units is higher than the actual Fair Market Value of the Units. Further, there is a risk that a new Unitholder (or an existing Unitholder than makes an additional investment) could pay more than it might otherwise have paid if the actual Fair Market Value of the Units is lower than the Posted Price. The Trust does not intend to adjust the Fair Market Value of the Trust retroactively.

As set forth in the definitions of "Fair Market Value", the value of the Units is determined by the Trustees, in their sole discretion, using reasonable methods of determining Fair Market Value. Fair Market Value of the Units may or may not be equal to the net asset value of the Units. The description of the methodology of investment portfolio valuations and the calculation of Fair Market Value and Posted Prices of Units reflect 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, such as obtaining

independent quarterly appraisals, which the Trust does not currently receive, without notice to, or approval by, Unitholders. Such alternative methodologies may present the same or additional risks.

The Trust may sell properties to Centurion Apartment REIT which would be affected at a purchase price equal to Fair Market Value. The determination of the 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 Trust may be adversely affected. See also "Mortgage Warehouse Arrangements", below.

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 borrowers and other counterparties to make timely payments on their credit facilities, mortgages and other loans. An increase in delinquent payments by 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 COVID-19 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.

DEVELOPMENT RISKS

The Trust may, directly or indirectly, invest in real estate development projects. Any existing or future development investments of the Trust 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, the Trust's future real estate development investments may require a significant investment of capital. The Trust 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 the Trust is unable to obtain such funds, it may have to defer or otherwise limit certain development activities.

RISKS RELATED TO MORTGAGE EXTENSIONS AND MORTGAGE DEFAULTS

The Asset Manager may from time to time deem it appropriate to extend or renew the term of a mortgage past its maturity, or to accrue the interest on a mortgage, in order to provide the borrower with increased repayment flexibility. The Asset Manager generally will do so if it believes that there is a relatively low risk to the Trust of not being repaid the full principal and interest owing on the mortgage. In these circumstances, however, the Trust 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 the Trust 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 the Trust may not recover any 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 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 the Trust 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 the Trust 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 Servicer's exercise of Mortgage enforcement remedies for the benefit of the Trust. Should the Trust be unable to recover any portion of the principal and interest owed to it in respect of such mortgage, the assets of the Trust would be reduced, and the returns, financial condition and results of operations of the Trust 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 the Trust could therefore be forced to exercise its rights as mortgagee. The recovery of a portion of the Trust'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 the Trust's rights as mortgagee. Legal fees and expenses and other costs incurred by the Trust 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 the Trust.

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. The Trust may therefore be required to incur such expenditures to protect its investment, even if the borrower is not honouring its contractual obligations.

NO GUARANTEES OR INSURANCE ON MORTGAGE INVESTMENTS

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

MORTGAGE WAREHOUSE ARRANGEMENTS

The Trust may own certain rights to Warehoused Mortgages and Warehoused Other Investments pursuant to the Warehouse Agreement. The Warehouse Agreement provides the Trust with a facility to fund the purchase of additional Mortgage Assets and other investments. For such time as Centurion Apartment REIT or Centurion Financial Trust is the beneficial owner of the Warehoused Mortgages and Warehoused Other Investments, the Trust has no rights to such Warehoused Mortgages or Warehoused Other Investments, but is fully-exposed to the related downside risks by virtue of Centurion Apartment REIT's or Centurion Financial Trust's unrestricted option to immediately sell any Warehoused Mortgages and/or Warehoused Other Investments that have been noted in default or that have otherwise experienced a negative credit or other event, as set out in the Warehouse Agreement. There is no guarantee that Centurion Apartment REIT or Centurion Financial Trust will accept the warehousing of any particular Mortgage Asset or other investment and Centurion Apartment REIT and Centurion Financial Trust may terminate the Warehouse Agreements on six (6) months' prior written notice. See also "Item 8: Risk Factors - Potential Conflicts of Interest".

AVAILABILITY OF CASH FOR DISTRIBUTIONS

There can be no assurance that the Trust will be able to achieve its distribution targets or that the Trust will make any distributions in any particular month. Distributable income is calculated before deducting items such as principal repayments and capital expenditures and, accordingly, may exceed actual cash available to the Trust from time to time. The Trust 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. 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 Centurion Real Estate Opportunities Trust Offering Memorandum under "Item 4: Capital Structure - 4.1 Share Capital - Distribution Policy".

Distributable Income is calculated in accordance with the 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 the Trust believes this non-IFRS measure is a relevant measure of the ability of the Trust to earn and distribute cash returns to Unitholders. Distributable Income as computed by the Trust 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 the Trust on a consolidated basis, as determined in accordance with IFRS, subject to certain adjustments as set out in the constating documents of the Trust.

POTENTIAL CONFLICTS OF INTEREST

The Trust may be subject to various conflicts of interest because the Trustees and senior officers of the Trust, senior officers of the Asset Manager, the Property Manager, the Mortgage Manager and the Mortgage Servicer are each engaged in a wide range of mortgage investment, real estate and other business activities. The Trust may become involved in transactions which conflict with the interests of one or more of the foregoing individuals and/or entities.

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

The Asset Manager, the Property Manager, the Mortgage Manager, and the Mortgage Servicer (collectively, the "Service Providers") are not owned by the Trust but are related by common management and personnel to the Trust. This could create conflicts of interest between any of the Service Providers and the Trust. 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 Centurion Apartment REIT, a real estate investment trust with overlapping investment objectives to those of the Trust. Centurion Apartment REIT and the Trust operate independently from one another and have separate boards of trustees, with Gregory Romundt and Stephen Sender serving as Trustees for both Centurion Apartment REIT and the Trust. Although Stephen Sender serves a trustee of both Centurion Apartment REIT and the Trust, he is otherwise independent of the Asset Manager and its affiliates.

Additionally, the Warehouse Agreements among the Trust, Centurion Apartment REIT, Centurion Financial Trust 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 Investments between the Trust and Centurion Apartment REIT and Centurion Financial Trust and (iii) the allocation of risk as between the Trust and Centurion Apartment REIT and Centurion Financial Trust. The Asset Manager will follow procedures established by the Board of Trustees that are designed to ensure an appropriate allocation of risk under the Warehouse Agreements and related arrangements.

The Trust is a connected issuer, and may be considered to be a related issuer, of Centurion Asset Management Inc., its asset manager and an exempt market dealer and investment fund manager in certain jurisdictions, in connection with the distribution of the Units hereunder, which may result in potential conflicts of interest. The Trust is a connected issuer of the Asset Manager due to the factors described in the Centurion Real Estate Opportunities Trust Offering Memorandum under "Item 2: Business of Centurion Real Estate Opportunities Trust - 2.1 Structure - Relationship between the Trust, the Asset Manager and Affiliates of the Asset Manager", and in particular as a result of the fact that the President of each of the Trust and the Asset Manager, namely Mr. Gregory Romundt, are the same and Mr. Gregory Romundt and his family beneficially own all of the shares of the Asset Manager and its affiliates, including the Property Manager, the Mortgage Manager and the Mortgage Servicer. The Trust has retained the Asset Manager to provide asset management services to it pursuant to the Asset Management Agreement as described in the Centurion Real Estate Opportunities Trust Offering Memorandum under "Item 2: Business of Centurion Real Estate Opportunities Trust - 2.1 Structure - Asset Manager's Duties" and the Trust has agreed to pay the Asset Manger the fees described herein. The Trust may be considered to be a related issuer of the Asset Manager by virtue of the Asset Manger's right, during the term of the Asset Management Agreement, to appoint a prescribed number of nominees to the board of trustees of the Trust as more particularly described in the Centurion Real Estate Opportunities Trust Offering Memorandum under "Item 2: Business of Centurion Real Estate Opportunities Trust - 2.1 Structure - Trustees". The prescribed number of nominees that the Asset Manager is entitled to appoint varies depending on the size of the board of trustees, but the prescribed number exceeds 20% of the number of trustees. In addition, the Asset

Manager is the asset manager of, and adviser to, Centurion Apartment REIT, which owns Class R Units of the Trust as set out herein. See Centurion Real Estate Opportunities Trust Offering Memorandum under "Item 2: Business of Centurion Real Estate Opportunities Trust - 2.1 Structure - Relationship between the Trust, the Asset Manager and Affiliates of the Asset Manager".

ALLOCATION OF INVESTMENT OPPORTUNITIES

While Centurion Apartment REIT and the Trust are not naturally competing for the same investment as their primary investment portfolios will generally have different time horizons, there may be instances in which the Trust and Centurion Apartment REIT both have an interest in the same investment opportunity. For example, the Trust may invest in long-term real estate properties and Centurion Apartment REIT may from time to time invest in Mortgage Assets. In the event that the Trust and Centurion Apartment 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 the Trust and Centurion Apartment REIT. Additionally, there may be situations where an investment opportunity is allocated to Centurion Apartment REIT despite the Trust having an interest in such an investment opportunity.

INTEREST RATES

The Trust's income will consist primarily of interest payments on the Mortgage Assets comprising the Portfolio. If there is a decline in interest rates (as measured by the indices upon which the interest rates of the Trust's mortgages are based), the Trust may find it difficult to purchase additional Mortgage Assets bearing rates sufficient to achieve the Trust's investment objectives. 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 the Trust's business and profitability.

Additionally, an increase in interest rates increase may negatively affect the value of the Portfolio.

AVAILABILITY OF INVESTMENTS IN MORTGAGE ASSETS

The ability of the Trust to make investments in accordance with the objectives of the Trust will depend upon the availability of suitable Mortgage Assets and other investments. The Trust will compete with individuals, corporations, trusts and financial institutions (both Canadian and foreign) for Mortgage Assets and the investment in the financing of real properties. A number of these investors may have greater financial resources than the Trust or operate without the investment or operating guidelines of the Trust, thus having greater flexibility when investing. An increase in the availability of funds for investment in Mortgage Assets may increase the competition for Mortgage Assets investments, thereby decreasing the yields which are now available and increasing the risk/reward ratio.

RISKS RELATING TO THE UNFUNDED COMMITMENTS

In connection with the Founding Transaction and the acquisition of the Initial Portfolio, Centurion Apartment REIT has agreed to fund such Unfunded Commitments, provided that until such time as the Trust has raised net proceeds from the Offering in excess of the Unfunded Commitments, all net proceeds for the subscription of Units pursuant to the Offering will be reserved to fund Unfunded Commitments. As such, the Trust may be prevented from deploying the net proceeds of the Offering to purchase additional Mortgage Assets to the extent there are any outstanding Unfunded Commitments. If the Trust is required to hold reserves of cash for an extended period of time, the returns generated by the Trust may be significantly reduced.

APPENDIX B

Risks and Uncertainties

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 properties, competition from other available residential properties 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 the Trust 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 the Trust's ability to vary its portfolio promptly in response to changing economic or investment conditions. If the Trust was required to liquidate its real property investments, the proceeds to the Trust might be significantly less than the aggregate value of its properties on a going-concern basis. The Trust will be subject to the risks associated with debt financing, including the risk that existing mortgage indebtedness secured by the Properties will not be able to be refinanced or that the terms of such refinancing will not be as favourable as the terms of existing indebtedness.

FUTURE PROPERTY ACQUISITIONS

While the Trust 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 the Trust will be able to acquire properties at the rates of return that the Asset Manager is targeting. No forecast has been made for the acquisition of properties under review.

REVENUE PRODUCING PROPERTIES

The Properties generate income through rental payments made by the tenants thereof. Upon the expiry of any lease, there can be no assurance that such lease will be renewed or the tenant replaced. The terms of any subsequent lease may be less favourable to the Trust 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.

LITIGATION RISKS

The Trust 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 in part. During litigation involving a borrower in respect of a mortgage, the Trust may not be receiving payments of interest on the mortgage that is the subject of litigation, thereby impacting the Trust's cash flows. The unfavourable resolution of any legal proceedings could have a material adverse effect on the Trust and its financial position and results of operations.

COMPETITION FOR REAL PROPERTY INVESTMENTS

The Trust 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 the Trust. A number of these investors may have greater

financial resources than those of the Trust or operate without the investment or operating guidelines of the Trust 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 the Trust in seeking tenants. The existence of competing developers, managers and owners for the Trust's tenants could have an adverse effect on the Trust's ability to lease suites in its properties and on the rents charged.

DEBT FINANCING

If the Trust enters into an operating credit facility, the Trust will be subject to the risks associated with debt financing, including the risk that the Trust 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 any such operating credit facility may be at floating interest rates, and accordingly, changes in short-term borrowing could affect the Trust's costs of borrowing. The total indebtedness of the Trust, including amounts drawn under an acquisition facility, is limited to no more than 75% of the Gross Book Value, provided that indebtedness shall exclude any obligations of the Trust under or arising out of Approved Mortgage Transactions (including any obligations to purchase mortgage or other investments on demand).

GENERAL ECONOMIC AND POLITICAL CONDITIONS

The Trust is affected by general economic conditions, local real estate markets, competition from other available rental properties, 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 the Trust's tenants could have an adverse effect on the Trust'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 the Trust'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 the Trust operates or may operate could have an adverse effect on the Trust.

The success of the Trust's activities may be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws, and national and international political circumstances including wars, public health crises, such as epidemics or pandemics, natural disasters, terrorist acts or security operations. These factors may affect the level and volatility of securities prices and the liquidity of the Trust's investments. Unexpected volatility or illiquidity could impair the Trust's profitability or result in losses.

GENERAL UNINSURED LOSSES

The Trust 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. The Trust 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, the Trust could lose its investment in, and anticipated profits and cash flows from, one or more of its properties, but the Trust would continue to be obligated to repay any recourse mortgage indebtedness on such properties.

GOVERNMENT REGULATION

The Trust currently has interests in developments and development properties located in Canada and the United States. The nature of apartment development, construction and operation is such that the going concern is generally subject to rental legislation and other legislation relating to, among other things, environmental and fire safety standards, which are continually evolving. Changes thereto may favourably or unfavourably impact project pro-formas or give rise to ongoing financial and other obligations of the Trust or its related parties, 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 and state 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 in recent years. Under various laws, the Trust could become liable for the costs of removal or remediation of certain hazardous or toxic substances released on or in its properties or disposed of at other locations. The failure to remove or remediate such substances, if any, may adversely affect an owner's ability to sell such real estate or to borrow using such real estate as collateral, and could potentially also result in claims against the owner by private plaintiffs. Where a property is purchased and new financing is obtained, Phase I Environmental Assessments are performed by an independent and experienced environmental consultant. In the case of mortgage assumption, the vendor will be asked to provide a satisfactory Phase I and/or Phase II Environmental Assessment that the Asset Manager will rely upon and/or determine whether an update is necessary.

UNITHOLDER LIABILITY

The 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 Unitholder could be held personally liable for obligations of the Trust (to the extent that claims are not satisfied by the Trust) in respect of contracts which the Trust 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 the Trust'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 the Trust contain an express disavowal of liability against Unitholders.

DEPENDENCE ON KEY PERSONNEL

In assessing the risk of an investment in the 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 Board of 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

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

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 the Trust or the Unitholders.

If the Trust fails or ceases to qualify as a mutual fund trust for the purposes of the Tax Act, the tax consequences described under "Item 6: Tax Consequences and RRSP Eligibility - Canadian Federal Income Tax Considerations" and "Item 6: Tax Consequences and RRSP Eligibility - Eligibility for Investment" would in some respects be materially and adversely different. In addition, Unitholders may become subject to provincial taxes, such as Ontario Land Transfer Tax, in respect of their Units.

If investments in the Trust become publicly listed or traded for the purpose of the Tax Act, there can be no assurances that the Trust will not be subject to the SIFT Rules at that time. If the Trust were a SIFT Trust and therefore subject to SIFT Rules, to the extent that it earns "non-portfolio earnings," as defined in the Tax Act, its Fair Market Value could be reduced and the tax consequences to the Trust and its Unitholders could be materially different.

The Tax Act contains loss restriction rules that could result in unintended tax consequences for unitholders, including an unscheduled allocation of income or capital gains that must be included in a unitholder's income for Canadian income tax purposes. If the Trust experiences a "loss restriction event", it will: (i) be deemed to have a year-end for Canadian tax purposes whether or not the Trust has losses (which would trigger an allocation of the Trust's net income and net realized capital gains to unitholders to ensure that the Trust itself is not subject to tax on such amounts); and (ii) the Trust will become subject to the Canadian loss restriction rules that generally apply to corporations, including a deemed realization of any unrealized capital losses and disallowance of its ability to carry

forward capital losses. Generally, the Trust will be subject to a loss restriction event if a person becomes a "majority-interest beneficiary", or a group of persons becomes a "majority-interest group of beneficiaries", of the Trust, as those terms are defined in the affiliated persons rules contained in the Tax Act, with certain modifications. Generally, a majority-interest beneficiary of a Trust is a beneficiary in the income or capital, as the case may be, of the Trust who, together with the beneficial interests of persons and partnerships with whom the beneficiary is affiliated, has a fair market value that is greater than 50% of the fair market value of all the interests in the income or capital, as the case may be, of the Trust. A loss restriction event could occur because a particular unitholder or an affiliate acquires Units of the Trust or because another person redeems Units of the Trust.

Pursuant to paragraph 251.2(3)(f) of the Tax Act, the Trust will not be subject to the loss restriction event rules where a person becomes a "majority-interest beneficiary" or group of persons becomes a "majority- interest group of beneficiaries" from the acquisition or disposition of units of the Trust at any time if (i) the Trust is an "investment fund" immediately before that time, and (ii) the acquisition or disposition, as the case may be, is not part of a series of transactions or events that includes the Trust ceasing to be an "investment fund". An "investment fund" generally includes a trust that is (i) a "mutual fund trust" throughout the period that begins the later of March 21, 2013 and the end of the calendar in which the trust is created, and (ii) at all times throughout the period that begins at the later of March 21, 2013 and the time of its creation, the trust (A) is resident in Canada, (B), all the beneficiaries under the trust hold fixed interests described by reference to units of the trust , (C) follows a reasonable policy of investment diversification, (D) limits its undertaking to the investing of its funds in property, (E) does not alone, or as a member of a group of persons, control a corporation, and (F) does not hold certain property (as detailed in the Tax Act).

Under U.S. withholding tax and reporting requirements, commonly referred to as FACTA, the Trust is required to collect information from all of its Unitholders and directly or indirectly provide that information to the U.S. Internal Revenue Service (the "**IRS**") in order to avoid a 30% U.S. withholding tax on the receipt of certain payments of : (1) U.S. source income (such as interest, dividends and other passive income) and (2) gross proceeds from the sale or disposition of property that can produce U.S. source interest or dividends made to the Trust. To achieve the U.S. objectives of FATCA in a manner that is consistent with Canada's privacy and other laws, Canada enacted Part XVIII ("**Part XVIII**") of the Tax Act and signed

the Canada-U.S. Tax Convention and accordingly, the Trust is generally required to conduct due diligence regarding its Unitholders and (where applicable) their beneficial owners, and to annually report to the CRA certain information regarding their U.S. Unitholders, including information regarding their name, address, and Taxpayer Identification Number. The CRA has agreed to provide this information to the IRS.

In addition, Canada has signed the Organisation for Economic Co-operation and Development ("**OECD**") Multilateral Competent Authority Agreement and Common Reporting Standard ("**CRS**"). The CRS is a global model for the automatic exchange of information on certain financial accounts that is similar in many ways to FATCA. More than 95 countries, including Canada, have agreed to implement the CRS (referred to as "**CRS participating countries**"). Canada has enacted legislation under Part XIX ("**Part XIX**") of the Tax Act, that requires the annual reporting of information to the CRA since May 2018. In addition, the CRA will then proceed to exchange information with those CRS participating countries with which Canada has a tax exchange agreement. Generally, the CRS will require the Trust to identify the tax residency status of, and other information relating to, their Unitholders who are resident for tax purposes in any country other than Canada or the U.S.

If a Unitholder does not provide the information required to comply with these obligations under Part XVIII and/or Part XIX, as the case may be, the Unitholder's Units may be redeemed at the sole discretion of the Trust without prior notice to such Unitholder. Notwithstanding the foregoing, the Trust's due diligence and reporting obligations under FATCA and CRS will not apply with respect to the following type of accounts, namely: registered retirement savings

plans, registered retirement income funds, pooled registered pension plans, registered pension plans, tax-free savings accounts, and deferred profit-sharing plans.

If the Trust fails to meet its obligations under Part XVIII and/or Part XIX, as the case may be, it may be subject to the offences and punishment of the Tax Act. The administrative costs arising from compliance with FATCA and CRS may cause an increase in the operating expenses of the Trust or other underlying fund(s) in which the Trust has invested, directly or indirectly, thereby reducing returns to Unitholders.

Investors should consult their own tax advisors regarding the possible implications of FATCA, Part XVIII, the Canada-U.S. IGA and CRS and Part XIX on their investment and the entities through which they hold their investment.

DILUTION

The Trust is authorized to issue an unlimited number of Units. The Trustees have the discretion to issue additional Units in other circumstances, pursuant to the Trust's various incentive plans. Any issuance of additional Units may have a dilutive effect on the holders of Units, whether through the Trust's incentive plans, the DRIP or to new investors. Additional Units are generally issued at the Posted Price, which may be less than the net asset value of the Units, and such issuances may have a dilutive effect on the holders of Units.

Notwithstanding the different upfront and ongoing trailer commissions with respect to each purchase option for the Class A Units, such commissions are borne by all holders of Class A Units. To the extent that the Trust is responsible for the payment of compensation to securities dealers, including upfront and ongoing trailer commissions, the funds available to the Trust for investment purposes and distributions will be reduced. Such pooling of commissions amongst all holders of Class A Units may have a dilutive effect on certain holders of Class A Units.

RESTRICTIONS ON POTENTIAL GROWTH AND RELIANCE ON CREDIT FACILITIES

The payout by the Trust of a substantial part of its operating cash flow could adversely affect the Trust'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, the Trust could be materially and adversely affected.

POTENTIAL INABILITY TO FUND INVESTMENTS

The Trust may commit to making future investments in anticipation of warehousing such investments under the Warehouse Agreement, repayment of principal outstanding and/or the payment of interest under existing mortgage investments and/or in reliance on its credit facilities, if any. In the event that such mortgage investments are not accepted under the Warehouse Agreement, repayments of principal or payments of interest are not made, or where credit facilities aren't available, the Trust 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 UNITS AND REDEMPTION RISK

The Units are not listed on an exchange. There is currently no secondary market through which the Units may be sold, there can be no assurance that any such market will develop and the Trust has no current plans to develop such a market or to list the Units on an exchange. Accordingly, it is expected that the sole method of liquidation of an investment in Units will be by way of redemption of the Units. Aggregate cash redemptions are limited to $50,000 per

month unless approved by the Board of Trustees or in respect of Class R Units held by Centurion Apartment REIT. Accordingly, in the event that the Trust experiences a large number of redemptions, the Trust may not be able to satisfy all of the redemption requests in cash or in specie. Depending upon the Purchase Option selected and the amount of time the Units have been held, there may be a Deferred Sales Charge or Short-Term Trading Fee associated with an early redemption (see "Item 5: Securities Offered - 5.3 Terms of Securities - Description of Securities").

NATURE OF UNITS

The Units are not traditional equity investments and are not the same as shares of a corporation. As a result, Unitholders will not have the statutory rights and remedies normally associated with share ownership, including, for example, the right to bring "oppression" or "derivative" actions. The Units are not "deposits" within the meaning of the Canada Deposit Insurance Corporation Act and are not insured under the provisions of that act or any other legislation. Each Unit represents an equal, undivided beneficial interest in the Trust.

LACK OF INDEPENDENT EXPERTS REPRESENTING UNITHOLDERS

Each of the Trust and the Asset Manager has consulted with a single legal counsel regarding the formation and terms of the Trust and the offering of Units. Unitholders have not, however, been independently represented. Therefore, to the extent that the Trust, 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 Units and the suitability of investing in the Trust. No outside selling agent unaffiliated with the Asset Manager or its affiliates has made any review or investigation of the terms of the offering of Units, the structure of the Trust or the background of the Asset Manager or its affiliates.

REAL ESTATE SECURITIES

The Trust may gain exposure to the real estate sector by investing in real estate-linked derivatives, real estate investment trust securities that trade on an exchange, and common, preferred, convertible, and debt securities of issuers in real estate-related industries. Each of these types of investments are subject to risks similar to those associated with direct ownership of real estate discussed in this Offering Memorandum, including loss to casualty or condemnation, increases in property taxes and operating expenses, zoning law amendments, changes in interest rates, overbuilding and increased competition, variations in market value, and possible environmental liabilities.

CHANGES IN REAL PROPERTY VALUES

The Trust's investments in Mortgage Assets will be secured by real property, the value of which may fluctuate. The value of single-family residential properties is affected by, among other factors, general economic conditions, local real estate markets, the attractiveness of the property and the level of supply and demand in the market for comparable properties.

A substantial decline in value of real property provided as security for a mortgage may cause the value of such Real Property to be less than the outstanding principal amount of the mortgage. In that case, and in the event the mortgage loan is uninsured, the Trust's realization on its security and its exercise of foreclosure or power of sale rights in respect of the relevant property might not provide the Trust with proceeds sufficient to satisfy the outstanding principal amount of, and interest owing, under the mortgage loan.

While independent appraisals are generally required before the Trust makes any mortgage investments, the appraised values provided, even where reported on an "as is" basis, are not necessarily reflective of the market value of the underlying real property, which may fluctuate. In addition, the appraised values reported in independent appraisals

may be subject to certain assumptions and conditions, including the completion of construction, rehabilitation, remediation or leasehold improvements on the real property providing security for the mortgage loan. There can be no assurance that these assumptions and conditions will be satisfied and if, and to the extent they are not satisfied, the appraised value may not be achieved. Even if such assumptions and conditions are satisfied, the appraised value may not necessarily reflect the market value of the real property at the time the conditions are satisfied.

FOREIGN INVESTMENT AND CURRENCY EXPOSURE

As the Trust may hold assets denominated in U.S. Dollars, the FMV of the Trust, when measured in Canadian Dollars, will, to the extent this has not been hedged against, be affected by changes in the value of the U.S. Dollar relative to the Canadian Dollar. The Trust may not be fully hedged or hedged at all and it is not intended that the distributions and income statements on the assets of the Trust will be hedged and accordingly no assurance can be given that the Trust will not be adversely impacted by changes in foreign exchange rates or other factors. The use of hedges, if used, involves special risks, including the possible default by the other party to the transaction, illiquidity and, to the extent the Asset Manager's assessment of certain market movements is incorrect, the risk that the use of hedges could result in losses greater than if the hedging had not been used. Hedging arrangements may have the effect of limiting or reducing the total returns to the Trust if the Asset Manager's expectations concerning future events or market conditions prove to be incorrect. In addition, the costs associated with a hedging program may outweigh the benefits of the arrangements in such circumstances.

ASSET ALLOCATION RISK

The Trust's investment performance depends upon how its assets are allocated and reallocated. There is a risk that the Asset Manager may make less than optimal or poor asset allocation decisions. The Asset Manager employs an active approach to make opportunistic investments, but there is no guarantee that such investment techniques will produce the desired results. It is possible that the Asset Manager will focus on an investment that performs poorly or underperforms other investments under various market conditions.

JOINT ARRANGEMENTS

The Trust 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 Trust's interests in a mortgage investment and/or other real estate investments within a reasonable time frame.

APPENDIX C

Unaudited Condensed Consolidated Interim Financial Statements

CENTURION REAL ESTATE OPPORTUNITIES TRUST
Condensed Consolidated Interim Financial Statements (Unaudited)
For the three and six months ended June 30, 2020

TABLE OF CONTENTS

CENTURION REAL ESTATE OPPORTUNITIES TRUST
CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION (UNAUDITED)
(EXPRESSED IN THOUSANDS OF CANADIAN DOLLARS)

As at	Note		**June 30, 2020**		December 31, 2019
Assets					
Cash		**$**	**83,740**	$	62,867
Restricted cash	9		**—**		2,700
Receivables and other assets	8		**2,930**		34,806
Mortgage investments	4		**389,122**		445,740
Participating loan interests	5		**68,802**		94,967
Equity accounted investments	6		**116,770**		109,600
Foreclosed property	7		**27,051**		20,435
Total Assets		**$**	**688,415**	$	771,115
Liabilities					
Unit subscriptions in trust	9	**$**	**—**	$	2,700
Accounts payable and accrued liabilities	10		**842**		1,214
Syndicated mortgage investment liabilities	4		**29,931**		28,520
Deferred income tax liabilities	16		**3,725**		3,502
Total Liabilities excluding net assets attributable to Unitholders		**$**	**34,498**	$	35,936
Net assets attributable to Unitholders		**$**	**653,917**	$	735,179

Commitments and contingencies (Notes 4, 5, 6, 13, 14 and 19)
Subsequent events (Note 21)

See accompanying notes to these condensed consolidated interim financial statements.

CENTURION REAL ESTATE OPPORTUNITIES TRUST
CONDENSED CONSOLIDATED INTERIM STATEMENT OF NET INCOME AND COMPREHENSIVE INCOME (UNAUDITED)
(EXPRESSED IN THOUSANDS OF CANADIAN DOLLARS)

		Three Months Ended June 30		**Six Months Ended June 30**	
	Note	**2020**	2019	**2020**	2019
Interest income	4 & 5	**$ 11,458**	$ 11,745	**$ 23,535**	$ 21,595
Interest expense on syndicated mortgage investment liabilities	4	**(454)**	(276)	**(895)**	(552)
Net interest income		**11,004**	11,469	**22,640**	21,043
Income from equity accounted investments	6	**3,055**	3,690	**5,965**	8,249
Net fair value gains (losses) on participating loan interests	5	**(2,438)**	947	**(2,641)**	1,217
Impairment on foreclosed property	7	**(931)**	—	**(1,064)**	—
General and administrative expenses	11	**(1,106)**	(1,013)	**(2,379)**	(1,958)
Recovery (allowance) for expected credit losses	4	**(511)**	(218)	**(474)**	(240)
Other income		**89**	1	**199**	155
Income from operations		**9,162**	14,876	**22,246**	28,466
Finance costs		**(17)**	(53)	**(33)**	(109)
Net income before tax		**9,145**	14,823	**22,213**	28,357
Current and deferred income tax expense	16	(285)	—	**(323)**	—
Net income		**8,860**	14,823	**21,890**	28,357
Currency translation adjustment		**(1,130)**	(314)	**1,103**	(907)
Net Income and Comprehensive Income		**$ 7,730**	$ 14,509	**$ 22,993**	$ 27,450

See accompanying notes to these condensed consolidated interim financial statements.

CENTURION REAL ESTATE OPPORTUNITIES TRUST
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS (UNAUDITED)
(EXPRESSED IN THOUSANDS OF CANADIAN DOLLARS)

For the six months ended		**June 30, 2020**
Net assets attributable to Unitholders at the beginning of the period	**$**	**735,179**
Net Income and Comprehensive Income		**22,993**
Units issued (net of issuance costs)		**21,286**
Reinvestment of distributions by Unitholders		**19,218**
Redemptions of units		**(120,386)**
Distributions to Unitholders		**(24,373)**
Net increase from Unitholder transactions		**(104,255)**
Net assets attributable to Unitholders at end of the period	**$**	**653,917**

For the six months ended		June 30, 2019
Net assets attributable to Unitholders at the beginning of the period	$	525,076
Net Income and Comprehensive Income		27,450
Units issued (net of issuance costs)		156,672
Reinvestment of distributions by Unitholders		17,272
Redemptions of units		(1,535)
Distributions to Unitholders		(21,728)
Net increase from Unitholder transactions		150,681
Net assets attributable to Unitholders at end of the period	$	703,207

See accompanying notes to the condensed consolidated interim financial statements.

CENTURION REAL ESTATE OPPORTUNITIES TRUST
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
(EXPRESSED IN THOUSANDS OF CANADIAN DOLLARS)

		Three Months Ended June 30		Six Months Ended June 30	
	Note	**2020**	2019	**2020**	2019
Operating activities					
Net income before tax		**$ 9,145**	$ 14,823	**$ 22,213**	$ 28,357
Adjustments for:					
Interest income, net of syndications		**(11,004)**	(11,469)	**(22,640)**	(21,043)
Interest received on mortgage investments, net of syndications		**12,069**	12,116	**20,890**	19,544
Allowance for (recovery of) expected credit losses	4	**511**	218	**474**	240
Non-cash portion of income from equity accounted investments	6	**(3,055)**	(3,690)	**(5,965)**	(8,249)
Fair value gains on participating loan interests	5	**2,438**	(947)	**2,641**	(1,217)
Interest received on participating loan interests	5	**5,404**	—	**9,248**	—
Impairment on foreclosed properties	7	**931**	—	**1,064**	—
Realized fair value gains (losses) on sale of participating loan interests and equity accounted investments	5 & 6	**(5,777)**	16,765	**(491)**	16,765
Changes in non-cash operating account balances		**(924)**	1,360	**(578)**	903
Net cash from operating activities		**9,738**	29,176	**26,856**	35,300
Financing activities					
Proceeds from units issued	20	**51**	43,813	**21,823**	120,823
Unit issuance costs	20	**(225)**	(380)	**(537)**	(652)
Redemptions of units		**(18,303)**	(859)	**(120,386)**	(1,535)
Cash distributions to Unitholders		**(2,658)**	(2,340)	**(5,155)**	(4,456)
Credit facility repayments		**—**	(7,000)	**—**	(13,000)
Net cash from financing activities		**(21,135)**	33,234	**(104,255)**	101,180
Investing activities					
Mortgage investments principal repaid, net of syndications	20	**38,985**	3,223	**108,017**	21,505
Mortgage investments principal funded, net of syndications	20	**(24,458)**	(26,527)	**(52,831)**	(114,410)
Capital improvements on foreclosed properties	7	**(4,679)**	(430)	**(7,680)**	(963)
Participating loan interests repaid	5	**30,619**	12,306	**39,755**	12,661
Participating loan interests funded	5	**(293)**	(2,478)	**(15,770)**	(7,972)
Equity accounted investments disposition proceeds	6	**768**	10,546	**7,257**	10,546
Equity accounted investments funded	6	**(6,804)**	(8,685)	**(11,388)**	(14,085)
Warehouse funding	13	**22,522**	—	**30,912**	—
Net cash used in investing activities		**56,660**	(12,045)	**98,272**	(92,718)
Net increase in cash		**45,263**	50,365	**20,873**	43,762
Cash, beginning of the period		**38,477**	17,126	**62,867**	23,729
Cash, end of the period		**$ 83,740**	$ 67,491	**$ 83,740**	$ 67,491

See accompanying notes to the condensed consolidated interim financial statements.

1. Trust Information

Centurion Real Estate Opportunities Trust ("REOT" or the "Trust") is an unincorporated, open-ended private investment trust which was created pursuant to a Declaration of Trust dated August 13, 2014 ("Declaration of Trust") and is governed by the laws of the Province of Ontario. The registered office of the Trust is located at 25 Sheppard Avenue West, Suite 1800, Toronto, Ontario, M2N 6S6.

The Trust invests in a diversified portfolio of mortgages and opportunistic real estate developments.

2. Basis of Presentation

a) Statement of Compliance

These condensed consolidated interim financial statements for the three and six months ended June 30, 2020, have been prepared in accordance with IAS 34 - Interim Financial Reporting ("IAS 34"). Accordingly, certain information and footnote disclosure normally included in the annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), have been omitted or condensed.

The condensed consolidated interim financial statements have been approved for issue by the Board of Trustees on August 27, 2020.

b) Basis of Measurement

The condensed consolidated interim financial statements have been prepared on a historical cost basis except for real estate held in equity accounted investments, one investment in a joint arrangement elected to be accounted for as a portfolio investment, participating loan interests, foreclosed property, and foreign currency futures contracts which have been measured at fair value through profit or loss ("FVTPL") as determined at each reporting date.

c) Principles of Consolidation

These condensed consolidated interim financial statements reflect the operations of the Trust and its wholly-owned subsidiaries Centurion Real Estate Opportunities Trust LP, Greg (Texas) Holding Corp., Centurion (Estero Florida) Holding Corp., and Greg KC Holding Corp. The financial statements of the subsidiaries included in these condensed consolidated interim financial statements are from the date that control commences, as defined by IFRS 10, Consolidations, until the date that control ceases.

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

d) Functional and Presentation Currency

These condensed consolidated interim financial statements are presented in thousands of Canadian Dollars, which is the functional currency unless otherwise noted.

e) Critical Accounting Estimates, Assumptions and Judgments

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

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

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

Measurement of Expected Credit Losses ("ECL")

The ECL model requires evaluation and recognition of an allowance for expected credit losses over the next 12 months for investments without significant deterioration in credit risk and an allowance of lifetime losses on investments that have experienced a significant increase in credit risk since origination.

Management assesses financial assets for objective evidence of significant changes in credit risk at each reporting period by specifically considering, but not limited to, the following:

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

The calculation of expected credit losses requires significant judgment to determine the variables that are relevant for each mortgage investment and probability weights that should be applied. Management exercises expert credit judgment in determining the amount of ECLs at each reporting date by considering reasonable and supportable information that is not already incorporated in the quantitative modeling process. Changes in these inputs, assumptions, models, and judgments directly impact the measurement of ECLs.

Measurement of Fair Values

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Quoted prices in active markets for similar assets or liabilities or valuation techniques where significant inputs are based on observable market data.

Level 3: Valuation techniques for which any significant input is not based on observable market data.

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

Note 5: Participating Loan Interests

Note 6: Equity Accounted Investments

Note 7: Foreclosed Property

Note 16: Fair Value Measurement

3. Significant Accounting Policies

a) Financial Instruments

Recognition and measurement

Financial instruments are classified as one of the following: (i) FVTPL, (ii) fair value through other comprehensive income ("FVOCI"), or iii) amortized cost or iv) other liabilities. Initially, all financial instruments are recorded in the consolidated balance sheets at fair value. After initial recognition, the effective interest related to financial instruments are measured at amortized cost and the gain or loss arising from the change in the fair value of the financial instruments are classified as FVTPL are included in net income for the year in which they arise. The classification of financial instruments depends on the purpose for which the financial instruments were acquired or issued, their characteristics, and the Trusts designation of such instruments. The Trust has no financial instruments classified as FVOCI.

Interest income from financial assets, not classified as FVTPL, is determined using the effective interest rate method.

Derecognition of financial assets and liabilities

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

b) Mortgage Investments

Mortgage investments are classified and measured at amortized cost using the effective interest method, less any impairment losses. Mortgage investments are assessed at each reporting date to determine whether there is objective evidence of significant changes in credit risk since origination. A mortgage investment's credit risk increases when objective evidence indicates that factors have occurred after the initial recognition of the mortgage investment and it can be estimated reliably that the loss event had a negative effect on the estimated future cash flows of that asset. The Trust's internal credit risk rating process involves judgment and combines multiple factors to arrive at a specific score to assess each mortgage investment's probability of default. These factors include the loan to value ratio, borrower's net worth and ability to service debt, project location, experience with the borrower, and credit score. Significant changes in the internal credit risk rating result in reclassifications of mortgage investments into Stage 2 and Stage 3.

Allowance for ECL on Mortgage Investments

The Trust maintains an allowance to cover impairment in the existing portfolio for mortgage investments that have not yet been individually identified as impaired. In accordance with IFRS, an allowance is recorded for ECL on financial assets according to the following stages:

Stage 1	When mortgage investments are recognized they are classified into Stage 1. The Trust recognizes an allowance based on 12 months ECLs, which represent lifetime ECLs related to default events that are expected to occur within 12 months after the reporting date. Stage 1 mortgage investments also include investments where the credit risk has subsequently improved such that the increase in credit risk since initial recognition is no longer significant and the mortgage investments have been reclassified from Stage 2.
Stage 2	When a mortgage investment has shown a significant increase in credit risk since origination, the Trust reclassifies the mortgage investment to Stage 2 and an allowance is recognized at an amount equal to ECL over the remaining life. Stage 2 mortgage investments also include investments where the credit risk has improved and the mortgage has been reclassified from Stage 3.
Stage 3	The Trust classifies mortgage investments to Stage 3 when payment defaults by the borrower are not cured within a reasonable period. In certain other cases, where qualitative thresholds indicate unlikeliness to pay as a result of a credit event, the Trust carefully considers whether the event should result in an assessment at Stage 2 or Stage 3 for ECL calculations. Allowances required for impaired loans are recorded for individually identified impaired investments to reduce their carrying value to the expected recoverable amount. The Trust reviews investments on an ongoing basis to assess whether any loans should be classified as impaired and whether an allowance or write-off should be recorded.

An impairment loss is calculated as the difference between the carrying amount of the mortgage investment and the present value of the estimated future cash flows discounted at the original effective interest rate. Losses are charged to the consolidated statement of net income and comprehensive income and are reflected in the allowance for accepted credit losses. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the consolidated statement of net income and comprehensive income.

If there is no significant deterioration in credit risk for a specific debt investment, the Allowance for ECL for a particular debt investment is calculated based on management's estimated deterioration in the probability-weighted value of the underlying security.

c) Joint Arrangements

The Trust enters into joint arrangements through joint operations and joint ventures. A joint arrangement is a contractual arrangement pursuant to which the Trust and other parties undertake an economic activity that is subject to joint control, whereby the strategic financial and operating policy decisions relating to the activities of the joint arrangement require the unanimous consent of the parties sharing control. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint arrangements that involve the establishment of a separate entity in which each party to the venture has rights to the net assets of the arrangement are referred to as joint ventures.

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

d) Participating Loan Interests

The Trust enters into debt investments that comprise of a combination of contractual interest and enhanced returns such as profit participation. Participating loan interests are measured at FVTPL due to the characteristics of the instrument not being solely for the payment of principal and interest. The Trust recognizes interest income on participating loan interests based on the contractual terms of the agreement and is included as part of interest income on the consolidated statement of net income and comprehensive income. At the end of each reporting period, the Trust determines the fair value of the entire instrument with the corresponding gain or loss recorded as fair value gain or loss directly in the consolidated statement of net income and comprehensive income. Any interest income arising from the contractual portion of the mortgage investment and/or the participating loan interest are recorded as interest income and any remaining non-contractual gains or losses are recognized through FVTPL.

e) Foreclosed Properties

When the Trust obtains the legal title of the underlying security of a default mortgage investment, the carrying value of the mortgage investment, which comprises principal, accrued interest, the related provision for mortgage investment loss, and costs incurred, if any, are reclassified to foreclosed properties at fair value. At each reporting date, foreclosed properties are measured at fair value, with changes in fair value included in the consolidated statement of net income and comprehensive income in the period they arise. The Trust uses management's best estimate to determine the fair value of the foreclosed properties; which may involve frequent inspections, engaging realtors to assess market conditions based on previous property transactions, costs consultants to estimate completion costs on development or construction projects, or retaining professional appraisers to provide independent valuations.

Contractual interest on the mortgage investment is discontinued from the date of transfer from mortgage investments to foreclosed properties. Any net income or loss generated from foreclosed properties is recorded as a net gain (loss) from foreclosed properties and recorded separately from fair value adjustments on foreclosed properties.

f) Foreign Currency Futures Contracts

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

g) Provisions

Provisions are recognized when the Trust has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are not recognized for future operating losses.

The amount of a provision is based on management's best estimate of the expenditure that is required to settle the obligation at the end of the reporting year.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

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

Trust has instituted a Dividend Reinvestment Plan ("DRIP") in accordance with Article 5.8 of the Declaration of Trust which provides that the Trustees may in their sole discretion establish a distribution reinvestment plan at any time providing for the voluntary reinvestment of distributions by some or all the Trust Unitholders as the Trustees determine. Currently, Unitholders receive a 2% discount on Units purchased via the DRIP. No commissions, service charges or brokerage fees are payable by participants in connection with the DRIP.

i) Income Taxes

The Trust qualifies as a Mutual Fund Trust for Canadian income tax purposes. In accordance with the terms of the Declaration of Trust, the Trust intends to distribute its income for income tax purposes each year to such an extent that it will not be liable for income taxes under Part I of the Income Tax Act (Canada). The Trust is eligible to claim a tax deduction for distributions paid and intends to continue to meet the requirements under the Income Tax Act (Canada). Accordingly, no provision for income taxes payable has been made. Income tax obligations relating to distributions of the Trust are the obligations of the Unitholders.

The Trust's U.S. properties and certain equity accounted investments that are held by U.S. subsidiaries that are taxable legal entities. The Trust uses the liability method of accounting for U.S. income taxes in which current income tax assets and liabilities are based on the amount expected to be paid to tax authorities, net of recoveries, based on the tax rates and laws enacted or substantively enacted as at the consolidated balance sheet dates.

Deferred income tax assets and liabilities are determined based on differences between the financial reporting and tax bases of assets and liabilities and are measured using substantively enacted tax rates and laws that will be in effect when the differences are expected to reverse. Deferred income tax assets are recognized for all deductible temporary differences, carryforward of unused tax credits and unused tax losses to the extent that it is probable that deductions, tax credits, and tax losses can be utilized. The carrying amounts of deferred income tax assets are reviewed as at each consolidated balance sheet date and reduced to the extent it is no longer probable that the income tax asset will be recovered.

In accordance with IAS 12, Income Taxes ("IAS 12"), the Trust measures deferred income tax assets and liabilities on its U.S. real estate properties based on the rebuttable presumption that the carrying amount of the real estate property is recovered through sale, as opposed to presuming that the economic benefits of the real estate property will be substantially consumed through use over time. This presumption is rebutted if the property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the income producing property over time rather than through sale.

j) Net Assets Attributable to Unitholders

In accordance with *IAS 32 - Financial Instruments: Presentation*, puttable instruments are generally classified as financial liabilities. The Trust's units are puttable instruments, meeting the definition of financial liabilities in IAS 32. There are exception tests within IAS 32 that could result in classification as equity; however, the Trust's units do not meet the exception requirements. Therefore, pursuant to IFRS, the Trust has no instrument qualifying for equity classification on the consolidated statement of financial position. The classification of all units as financial liabilities with the presentation as net assets attributable to Unitholders does not alter the underlying economic interest of the Unitholders in the net assets and net operating results attributable to Unitholders.

The Trust's units are carried on the consolidated statement of financial position at net asset value. Although puttable instruments classified as financial liabilities are generally required to be remeasured to fair value at each reporting year, the alternative presentation as net assets attributable to Unitholders reflects that, in total, the interests of the Unitholders are limited to the net assets of the Trust.

k) Changes in accounting policies

Business Combinations ("IFRS 3")

The IASB published an amendment to the requirements of IFRS 3 concerning whether a transaction meets the definition of a business combination. The amendment narrowed and clarified the definition of a business and provides additional illustrative examples. A significant change in the amendment is the option for an entity to assess whether substantially all of the fair value of the gross assets acquired is concentrated in a single asset or group of similar assets. If such a concentration exists, the transaction is not viewed as an acquisition of a business and no further assessment of the business combination guidance is required. The amendment is effective for periods beginning on or after January 1, 2020, with earlier application permitted. The Trust is currently in the process of evaluating the impact of this amendment on its condensed consolidated interim financial statements.

l) Future Accounting Policy Changes

Amendments to IFRS 3 - Business Combinations

Effective January 1, 2020, the Trust adopted the IASB's amendment to IFRS 3. In this amendment, the IASB provides clarification on the requirements of IFRS 3 concerning whether a transaction meets the definition of a business combination. The amendments narrowed and clarified the definition of a business and provide additional illustrative examples. A significant change in the amendment is the option for an entity to assess whether substantially all of the fair value of the gross assets acquired is concentrated in a single asset or group of similar assets. If such a concentration exists, the transaction is not viewed as an acquisition of a business and no further assessment of the business combination guidance is required. This will be relevant where the value of the acquired entity is concentrated in one property or a group of similar properties.

The amendment was applied prospectively in accordance with the IASB's requirements and the trust applied this amendment to all acquisitions subsequent to January 1, 2020.

4. Mortgage Investments

Mortgage investments represent amounts due under loan arrangements. The weighted average effective interest rate on mortgage investments maturing between 2020 and 2023 is 9.24% (December 31, 2019: 9.33%). Total interest income for the three and six months ended June 30, 2020, is as follows:

		Three Months Ended June 30		Six Months Ended June 30	
	Note	**2020**	2019	**2020**	2019
Interest income from mortgage investments		**$ 9,549**	$ 9,060	**$ 19,602**	$ 17,009
Interest income from participating loan interests	5	**1,909**	2,685	**3,933**	4,586
Total interest income		**$ 11,458**	$ 11,745	**$ 23,535**	$ 21,595

As at June 30, 2020, the Trust holds mortgage investments that contain participation agreements with third-party lenders, whereby the Trust retains residual interests including the syndicated portion when the derecognition criteria are not met. All interest and fee income earned by the Trust is included in the consolidated statement of net income and comprehensive income. Interest on syndicate mortgages for the three and six months ended June 30, 2020, was $454 and $895 (June 30, 2019: $276 and $552).

As at June 30, 2020, mortgage investments and syndicated mortgage investment liabilities are as follows:

As at June 30, 2020	**Gross Mortgage Investments**	**Syndicated Mortgage Investments**	**Net Mortgage Investments**
Non-current mortgage investments	$ 33,632	$ —	$ 33,632
Current mortgage investments	357,601	29,931	327,670
	391,233	29,931	361,302
Allowance for ECL	(2,111)	—	(2,111)
Total mortgage investments	**$ 389,122**	**$ 29,931**	**$ 359,191**

As at December 31, 2019, mortgage investments and syndicated mortgage investment liabilities are as follows:

As at December 31, 2019	**Gross Mortgage Investments**	**Syndicated Mortgage Investments**	**Net Mortgage Investments**
Non-current mortgage investments	$ 68,073	$ —	$ 68,073
Current mortgage investments	379,304	28,520	350,784
	447,377	28,520	418,857
Allowance for ECL	(1,637)	—	(1,637)
Total mortgage investments	**$ 445,740**	**$ 28,520**	**$ 417,220**

As at June 30, 2020, mortgage investments, including the allowance for ECL, is allocated between the ECL stages as follows:

For the six months ended June 30, 2020	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Gross mortgage investments, beginning of the period	$ 392,316	$ 24,625	$ 30,436	$ 447,377
Funding / remeasurement	69,742	7,585	689	78,016
Repayment	(115,786)	(1,879)	(16,495)	(134,160)
Transfers to (from)	(34,207)	13,649	20,558	—
Gross mortgage investments, end of the period	$ 312,065	$ 43,980	$ 35,188	$ 391,233
Allowance for ECL, beginning of the period	$ 698	$ 280	$ 659	$ 1,637
Funding / remeasurement	(114)	458	255	599
Repayment	(25)	—	(100)	(125)
Transfers to (from)	(20)	(267)	287	—
Allowance for ECL, end of the period	$ 539	$ 471	$ 1,101	$ 2,111
Total mortgage investments	**$ 311,526**	**$ 43,509**	**$ 34,087**	**$ 389,122**

As at June 30, 2019, mortgage investments, including the allowance for ECL, is allocated between the ECL stages as follows:

For the six months ended June 30, 2019	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Gross mortgage investments, beginning of the period	$ 259,494	33,280	3,580	$ 296,354
Funding / remeasurement	167,594	943	820	169,357
Repayment	(32,547)	(6,018)	(351)	(38,916)
Transfers to (from)	(1,900)	(6,399)	8,299	—
Gross mortgage investments, end of the period	$ 392,641	$ 21,806	$ 12,348	$ 426,795
Allowance for ECL, beginning of the period	$ 470	608	80	$ 1,158
Funding / remeasurement	95	137	158	390
Repayment	(25)	(125)	—	(150)
Transfers to (from)	(10)	(142)	152	—
Allowance for ECL, end of the period	$ 530	$ 478	$ 390	$ 1,398
Total mortgage investments	**$ 392,111**	**$ 21,328**	**$ 11,958**	**$ 425,397**

Future repayments for gross mortgage investments excluding the allowance for ECL are as follows:

As at		**June 30, 2020**		December 31, 2019
Within 1 year	**$**	**357,601**	$	379,304
1 to 2 years		**19,466**		33,233
2 to 3 years		**14,166**		32,824
3 to 4 years		**—**		2,016
4 to 5 years		**—**		—
Thereafter		**—**		—
Total repayments	**$**	**391,233**	$	447,377

The nature of the underlying assets for the Trust's mortgage investments as at June 30, 2020, is segregated as follows:

As at	**June 30, 2020**	December 31, 2019
Low-Rise Residential	**42 %**	39 %
Commercial/Mixed Use	**13 %**	16 %
Land	**18 %**	23 %
High-Rise Condominium	**14 %**	12 %
Multi Family Apartments	**7 %**	5 %
Industrial	**5 %**	4 %
Student Housing	**1 %**	1 %
	100 %	100 %

As at June 30, 2020 the Trust's mortgage investments are comprised of a 79% interest (December 31, 2019: 82%) in first mortgages and a 21% interest (December 31, 2019: 18%) in second mortgages.

As at June 30, 2020, the Trust has additional mortgage investment commitments of $159,258 (December 31, 2019: $204,719).

5. Participating Loan Interests

For the six months ended June 30, 2020, interest income was $3,933 (June 30, 2019: $4,586) and fair value losses recognized were $2,641 (June 30, 2019: fair value gains recognized were $1,217). The fair value of the underlying real estate assets was determined using a detailed valuation framework, and the techniques considered in this framework are as follows:

1. Consideration of recent prices of similar properties within similar market areas; and
2. The direct capitalized method, which is based on the conversion of future normalized earnings directly into an expression of market value.

As a result, the fair value of participating loan interests is based on Level 3 of the fair value hierarchy.

The following table outlines the activity for the fair value of participating loan interests:

For the six months ended		**June 30, 2020**		June 30, 2019
Balance, beginning of the period	**$**	**94,967**	$	111,803
Advances		**15,769**		7,972
Interest income		**3,933**		4,586
Fair value gains (losses)		**(2,641)**		1,217
Realized fair value (gain) loss on disposition		**5,777**		(8,879)
Repayments of principal		**(39,755)**		(12,661)
Repayments of interest		**(9,248)**		(2,681)
Balance, end of the period	**$**	**68,802**	$	101,357

As at June 30, 2020, the Trust has additional commitments for participating loan interests of $12,486 (December 31, 2019: $20,273).

During the six months ended June 30, 2020, the Trust completed the disposition of a participating loan interest with the Centurion Apartment REIT.

Disposition Date	**% of Holding**	**Disposition Proceeds**	**Principal Advanced**	**Prior Years Cumulative Fair Value Gains (Losses)**	**Gain (Loss) Recognized in 2020**
June 4, 2020	100%	$32,000	$37,777	$(4,093)	$(1,684)

During six months ended June 30, 2019, the Trust completed a disposition of a participating loan interest with the Centurion Apartment REIT.

Disposition Date	**% of Holding**	**Disposition Proceeds**	**Principal Advanced**	**Prior Years Cumulative Fair Value Gains (Losses)**	**Gain (Loss) Recognized in 2019**
May 31, 2019	50%	$13,366	$4,487	$8,452	$427

6. Equity Accounted Investments

Investment properties held within equity accounted investments are measured at fair value as at the consolidated statement of financial position dates. The Trust's share of any changes in the fair value are included in the consolidated statement of net income and comprehensive income. Fair value is supported by independent external valuations or detailed internal valuations using market-based assumptions, each in accordance with recognized valuation techniques. The techniques used comprise the capitalized net operating income method and include estimating, among other things (all considered Level 3 inputs), future normalized net operating income, capitalization rates, discount rates, and other future cash flows applicable to investment properties. The estimated fair values for investment properties are classified as Level 3 in the fair value hierarchy.

For the six months ended June 30, 2020, the following table outlines the fair value of equity accounted investments:

Entity	Ownership	December 31, 2019	Net Contributions/ (Distributions)	Income inclusive of Fair Value Adjustments	Foreign Currency Translation	Dispositions	June 30, 2020
ME Living Phase 1 LP [1]	75%	$ 17,632	$ 270	$ 351	$ —	$ —	$ 18,253
No. 21 Apartments LP [2]	50%	7,166	—	89	—	(7,255)	—
Trillium Mountain Ridge Inc.	50%	7,977	523	(353)	—	—	8,147
CCA Crossroads Kansas City LLC (US)	17%	4,643	—	552	218	—	5,413
Sage Apartments LP	50%	12,124	—	914	—	—	13,038
ACRON ARG Lake Carolyn Residential LLC (US)	75%	27,572	—	1,454	1,336	—	30,362
9 Dawes LP[2]	21%	4,672	—	(152)	—	(4,520)	—
Lee-Tamiami LLC (US)	75%	16,809	—	1,226	806	—	18,841
Centurion Rise (520 Ellesmere) LP	75%	8,955	(768)	1,884	—	—	10,071
The View at Charlesworth LP	50%	2,050	—	—	—	—	2,050
Bridgewater Trails III Apartments LP	45%	—	3,791	—	—	—	3,791
Centurion Rise (Royal Court Barrie) LP	75%	—	6,804	—	—	—	6,804
		$ 109,600	**$ 10,620**	**$ 5,965**	**$ 2,360**	**$ (11,775)**	**$ 116,770**

(1) The Trust has elected to measure investments in associates and joint ventures at FVTPL.
(2) The Trust disposed of its equity position in "No. 21 Apartments LP" and "9 Dawes LP"during 2020.

For the six months ended June 30, 2019, the following table outlines the fair value of equity accounted investments:

Entity	Ownership	December 31, 2018	Net Contributions/ (Distributions)	Income inclusive of Fair Value Adjustments	Foreign Currency Translation	Dispositions	June 30, 2019
The Residences of Seasons LP [1]	50%	$ 19,553	$ 350	$ (1,470)	$ —	$ (18,433)	$ —
ME Living Phase 1 LP [2]	50%	15,744	—	865	—	—	16,609
Bridgewater Trails Apartments LP	45%	8,154	—	143	—	—	8,297
No. 21 Apartments LP	50%	5,041	—	2,193	—	—	7,234
Bridgewater Trails II Apartments LP	45%	6,334	—	1,247	—	—	7,581
Trillium Mountain Ridge Inc.	50%	7,360	—	302	—	—	7,662
CCA Crossroads Kansas City LLC (US)	17%	—	3,073	129	(86)	—	3,116
Sage Apartments LP	40%	7,107	3,603	829	—	—	11,539
ACRON ARG Lake Carolyn Residential LLC (US)	48%	23,656	1,445	1,418	(2,408)	—	24,111
9 Dawes LP	21%	2,778	—	—	—	—	2,778
Lee-Tamiami LLC (US)	75%	10,278	5,615	2,368	(2,891)	—	15,370
		$ 106,005	**$ 14,086**	**$ 8,024**	**$ (5,385)**	**$ (18,433)**	**$ 104,297**

(1) The Trust has elected to measure investments in associates and joint ventures at FVTPL.
(2) The Trust disposed of its equity position in "The Residences of Seasons LP" during 2019..

As at June 30, 2020, the Trust has additional commitments for contributions to equity accounted investments of $3,999 (December 31, 2019: $12,071).

The following is the summarized financial information of the equity accounted investments at 100%:

For the six months ended June 30, 2020	ME Living Phase 1 LP (1)	Sage Apartments LP	ACRON ARG Lake Carolyn Residential LLC	Lee-Tamiami LLC	Other	Total
Non-current assets	$ 93,216	$ 11,562	$ 86,439	$ 50,772	$ 64,616	$ 306,605
Current assets	2,495	25,555	223	99	1,481	29,853
Total assets	95,711	37,117	86,662	50,871	66,097	336,458
Non-current liabilities	59,052	8,448	68,609	30,409	43	166,561
Current liabilities	21,456	3,422	5,003	4,921	311	35,113
Total liabilities	80,508	11,870	73,612	35,330	354	201,674
Total revenue	—	20	48	—	674	742
Total expenses	—	(2)	(490)	—	(600)	(1,092)
Total fair value gains	468	1,828	1,937	1,635	5,053	10,921
Net income	$ 468	$ 1,846	$ 1,495	$ 1,635	$ 5,127	$ 10,571

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

For the year ended December 31, 2019	ME Living Phase 1 LP (1)	Sage Apartments LP	ACRON ARG Lake Carolyn Residential LLC	Lee-Tamiami LLC	Other	Total
Non-current assets	$ 92,748	$ 9,735	$ 84,502	$ 49,137	$ 98,501	**$ 334,623**
Current assets	2,495	25,555	223	99	26,207	**54,579**
Total assets	95,243	35,290	84,725	49,236	124,708	**389,202**
Non-current liabilities	59,052	8,448	68,609	30,409	13,294	**179,812**
Current liabilities	21,456	3,422	5,003	4,921	7,698	**42,500**
Total liabilities	80,508	11,870	73,612	35,330	20,992	**222,312**
Total revenue	—	20	48	—	2,630	**2,698**
Total expenses	—	(2)	(490)	—	(2,465)	**(2,957)**
Total fair value gains	2,518	2,828	6,794	5,297	20,445	**37,882**
Net income	$ 2,518	$ 2,846	$ 6,352	$ 5,297	$ 20,610	**$ 37,623**

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

For the six months ended June 30, 2020, the Trust completed the disposition of the following equity accounted investments with Centurion Apartment REIT.

Entity	Disposition Date	% of Holding	Disposition Proceeds	Net Contributions	Prior Years Cumulative Fair Value Gains	Gain (Loss) Recognized in 2020
No. 21 Apartments LP	January 17, 2020	50%	$ 7,255	$ 3,712	$ 3,454	$ 89
9 Dawes LP	March 27, 2020	21%	4,520	2,778	1,894	(152)

During six months ended June 30, 2019, the Trust completed the disposition of an equity accounted investment in "The Residences of Seasons LP" with Centurion Apartment REIT.

Entity	Disposition Date	% of Holding	Disposition Proceeds	Net Contributions	Prior Years Cumulative Fair Value Gains	Gain (Loss) Recognized in 2019
The Residences of Seasons LP	June 28, 2019	50%	$ 18,433	$ 10,546	$ 9,358	$ (1,471)

7. Foreclosed Property

When the Trust receives title to real estate properties from foreclosure activities, management will engage resources for construction or redevelopment activity to support the best future disposition value. As at June 30, 2020, there is one foreclosed property (December 31, 2019: one foreclosed property), which is recorded at a fair value of $27,051 (December 31, 2019: $20,435). The fair value has been categorized as a level 3 fair value, primarily based on a direct comparison approach.

The changes in the foreclosed property during the six months ended June 30, 2020, and June 30, 2019, are as follows:

	For the six months ended June 30, 2020	For the six months ended June 30, 2019
Balance beginning of period	**$ 20,435**	17,000
Impairment	**(1,064)**	—
Capital improvements	**7,680**	963
Balance, end of period	**$ 27,051**	17,963

8. Receivables and Other Assets

As at	Note		June 30, 2020		December 31, 2019
Amounts due from mortgage servicer	15	**$**	**1,665**	$	1,678
Other receivables			**494**		296
Futures currency contracts			**771**		1,977
Warehouse advances			**—**		30,855
		$	**2,930**	$	34,806

As at June 30, 2020, the Trust holds USD futures currency contracts of $771 (December 31, 2019: $1,977) measured at fair value (based on level 2 inputs).

9. Restricted Cash / Unit Subscriptions in Trust

As at June 30, 2020, the restricted cash is $nil (December 31, 2019: $2,700). Restricted cash represents Unitholder subscriptions held in trust until the trade settlement date, and these amounts will be returned to investors if the proposed Unitholder subscriptions do not successfully proceed.

10. Accounts Payable and Accrued Liabilities

As at		June 30, 2020		December 31, 2019
Accounts payable	**$**	**191**	$	406
Accrued liabilities		**651**		808
	$	**842**	$	1,214

11. General and Administrative Expenses

		Three Months Ended June 30				Six Months Ended June 30		
		2020		2019		**2020**		2019
Salaries and wages	**$**	**750**	$	722	**$**	**1,716**	$	1,398
Fund administration costs		**130**		54		**220**		105
Advertising		**31**		33		**44**		84
Professional fees		**79**		68		**149**		136
Office expenses		**116**		136		**250**		235
	$	**1,106**	$	1,013	**$**	**2,379**	$	1,958

12. Classification of Units

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

Authorized

i. **Unlimited number of Class A Trust Units**

Class A Trust Units are participating, with one vote per unit, no par value.

ii. **Unlimited number of Class F Trust Units**

Class F Trust Units are participating, with one vote per unit, no par value.

iii. **Unlimited number of Class I Trust Units**

Class I Trust Units are participating, with one vote per unit, no par value.

iv. **Unlimited number of Class M Trust Units**

Class M Trust Units are participating, reserved for Centurion Asset Management Inc., and represent a beneficial interest set as the ratio of the number of investor units, such that the amount of Class M Units will equal the number of investor units divided by 0.95 less the number of investor units. Apart from certain voting restrictions, Class M unitholders are entitled to vote to that percentage of all Unitholder votes equal to the Class M unit percentage interest. At any time, the holder of a Class M unit may convert into either Class A and or Class R units.

v. **Unlimited number of Class R Trust Units**

Class R Trust Units are participating with no par value and reserved for a Centurion Family Entity as defined in the DOT. Apart from certain voting restrictions, Class R units are entitled to vote to that percentage of all Unitholder votes equal to the Class R Percentage Interest as defined in the DOT.

Each Unitholder shall be entitled to require the Trust to redeem Class A, F, I, M, or R Trust units on the "Redemption Date" of any month on demand. Unitholders whose units are redeemed will be entitled to receive a redemption price per unit ("Redemption Price") determined by a market formula at fair value less any applicable early redemption fees as outlined in the DOT.

The Redemption Price will be satisfied by way of cash payment. The Trust units tendered for redemption in any calendar month in which the total amount payable by the Trust exceeds $50 (the "Monthly Limit"), may be redeemed for cash by a distribution in specie of debt securities on a pro-rata basis.

Issued (in thousands of units)	**June 30, 2020**	December 31, 2019
Class A Trust Units		
Units as at January 1,	**8,057**	6,737
New units issued	**342**	1,235
Distribution reinvestment plan	**128**	426
Redemption of units	**(516)**	(341)
	8,011	8,057
Class F Trust Units		
Units as at January 1,	**4,760**	3,269
New units issued	**455**	1,319
Distribution reinvestment plan	**90**	258
Redemption of units	**(319)**	(86)
	4,986	4,760
Class I Trust Units		
Units as at January 1,	**5,292**	4,377
New units issued	**1,119**	659
Distribution reinvestment plan	**110**	279
Redemption of units	**(380)**	(23)
	6,141	5,292
Class M Trust Units	**50**	50
Class R Trust Units		
Units as at January 1,	**46,210**	31,024
New units issued	**—**	11,341
Distribution reinvestment plan	**1,373**	3,845
Redemption of units	**(9,278)**	—
	38,305	46,210

13. Commitments

The Trust has entered into a warehouse borrowing agreement with a related party, Centurion Apartment REIT ("REIT"), the warehouse lender, whereby REIT is allowed to fund mortgage investments originated by the Trust. The Trust has the right during the term of the agreement to purchase the mortgage investments previously funded by the warehouse lender, subject to the provisions of the agreement. Subject to the provisions of the agreement, the Trust may also be obligated to repurchase mortgage investments funded by REIT under the warehouse agreement. The Trust has guaranteed any losses on the mortgage investments funded by REIT under the warehouse agreement. The total amount borrowed under the warehouse facility as at June 30, 2020, was $nil (December 31, 2019: $nil).

The Trust has entered into warehouse lending agreements with related parties, Centurion Apartment REIT ("REIT") and Centurion Financial Trust ("CFIT"), the warehouse borrowers, whereby REIT and CFIT have the right to borrow against mortgage investments and certain other investments. The trust is not responsible for any losses on investments funded under the warehouse agreement. The total amount lent to REIT in the warehouse facilities as at June 30, 2020, was $57 (December 31, 2019: $30,855). As at June 30, 2020, and December 31, 2019, no amounts which had been funded through the CFIT warehouse agreements remain outstanding.

14. Contingencies

The Trust is engaged in legal matters arising out of the ordinary course of funding mortgage investments and investing in other real estate projects. The Trust has very limited exposure to any litigation or claims with merit regarding its operations. The Trust is currently not engaged in any legal matters and management is not aware of any such matters that could have a material impact on these condensed consolidated interim financial statements.

15. Related Party Transactions

A related party holds the 50,000 Class M Trust units. The distributions for these units for the three and six months ended June 30, 2020, were $184 and $362 (three and six months ended June 30, 2019: $150 and $287).

The mortgage servicer, which is a related party through common ownership of Class M Units, has an outstanding balance to the Trust as at June 30, 2020, of $1,665 (December 31, 2019: $1,678) primarily due to repayments of mortgage investments.

As at June 30, 2020, Centurion Apartment REIT holds 35,620,137 Class R Trust units of the Trust. The distributions for these units three and six months ended June 30, 2020, were $7,407 and $15,524 settled with 654,209 and 1,372,848 Class R Trust units respectively (three and six months ended June 30, 2019: $8,051 and $14,440 settled with 706,527 and 1,269,575 Class R Trust units respectively). During the three and six months ended June 30, 2020, Centurion Apartment REIT redeemed nil and 8,689,559 Class R Trust units for $nil and $100,000 (three and six months ended June 30, 2019: nil Class R Trust units for $nil).

As at June 30, 2020, CFIT holds 2,684,031 Class R Trust units of the Trust. The distributions for these units for the three and six months ended June 30, 2020, were $571 and $1,232 settled with cash (three and six months ended June 30, 2019: $545 and $1,164 settled with cash).

For the three months ended June 30, 2020, the Trust incurred expenses payable to Centurion Asset Management GP Inc. ("CAMGPI") of $750 (three months ended June 30, 2019: $722) related to payroll and $355 (three months ended June 30, 2019: $291) related to administrative expenses. For the six months ended June 30, 2020, the Trust incurred expenses payable to Centurion Asset Management GP Inc. ("CAMGPI") of $1,716 (six months ended June 30, 2019: $1,398) related to payroll and $663 (six months ended June 30, 2019: $560) related to administrative expenses.

For the three and six months ended June 30, 2020, the Trust repaid $nil and $30,855 to REIT by way of the warehouse agreement disclosed in Note 13. For the three and six months ended June 30, 2019, the Trust repaid $310 and $37,559 to REIT via the warehouse agreement. This included the issuance to REIT of $36,000 worth of Class R units of REOT as repayment of the warehouse.

For the three and six months ended June 30, 2020, the Trust funded $22,522 and $30,912 (three and six months ended June 30, 2019: $nil) to REIT by way of the warehouse agreement disclosed in Note 13.

16. Income Taxes

a) Canadian Status

The Trust is a "mutual fund trust" pursuant to the Act. Under current tax legislation, a mutual fund trust that is not a Specified Investment Flow-Through ("SIFT") Trust pursuant to the Act is entitled to deduct distributions of taxable income such that it is not liable to pay income taxes provided that its taxable income is fully distributed to Unitholders. The Trust intends to continue to qualify as a mutual fund trust that is not a SIFT Trust and to make distributions not less than the amount necessary to ensure that the Trust will not be liable to pay income taxes.

b) U.S. Status

A portion of the Trust's operations are conducted through its taxable U.S. subsidiaries, which are subject to U.S. federal and state corporate income taxes.

c) Income Tax Expense

		June 30, 2020		December 31, 2019
Current income tax recovery	**$**	**—**	$	(99)
Deferred income tax expense		**323**		3,502
Current and deferred income tax expense	**$**	**323**	$	3,403

As at June 30, 2020, the tax effects of temporary differences that give rise to significant portions of the deferred tax liabilities are related to U.S. mortgage investments and equity accounted investments held by the Trust.

17. Fair Value Measurement

Fair value is the price that market participants would be willing to pay for an asset or liability in an orderly transaction under current market conditions at the measurement date.

The fair values of the Trust's financial instruments were determined as follows:

- The carrying amounts of cash, restricted cash, unit subscriptions in trust, other receivables, amounts due from mortgage servicer, credit facility and accounts payable and accrued liabilities approximate their fair values based on the short-term maturities of these financial instruments.
- Management determines fair value based on its assessment of the current lending market for mortgage investment assets and syndicated mortgage investment liabilities of the same or similar terms since there are no quoted prices in an active market for these investments. The fair value of mortgage investments and syndicated mortgage investment liabilities as at June 30, 2020, is $389,122 (December 31, 2019: $445,740) and $29,931 (December 31, 2019: $28,520), respectively, based on interest rates received on similar investments.
- Management determines the fair value of participating loan interests, as detailed in Note 5, using either the direct capitalization approach or the direct comparison approach.
- The fair value of the foreign currency futures contracts was determined using Level 2 inputs which include spot and futures foreign exchange rates.

The table below analyzes assets and liabilities carried at fair value in the consolidated statement of financial position, by the levels in the fair value hierarchy, which are defined as follows:

June 30, 2020	Note	**Level 1**	**Level 2**	**Level 3**
Assets				
Participating loan interests	5	$ —	$ —	$ 68,802
Foreclosed properties	7	—	—	27,051
Futures currency contracts	8	—	770	—
Measured at fair value through profit and loss		**$ —**	**$ 770**	**$ 95,853**

December 31, 2019		**Level 1**	**Level 2**	**Level 3**
Assets				
Participating loan interests	5	$ —	$ —	$ 94,967
Foreclosed properties	7	—	—	20,435
Futures currency contracts	8	—	1,977	—
Measured at fair value through profit and loss		**$ —**	**$ 1,977**	**$ 115,402**

18. Capital Management

The Trust defines capital as net assets attributable to Unitholders, debt, and lines of credit. The Trust's objectives in managing capital are to ensure adequate operating funds are available to maintain consistent and sustainable Unitholder distributions and to provide for resources needed to fund new investments.

Various debt and earnings distribution ratios are used to ensure capital adequacy and monitor capital requirements. The primary ratios used for assessing capital management are the interest coverage ratio and net debt-to-gross carrying value. Other indicators include weighted average interest rate, average term to maturity of debt, and variable debt as a portion of the total debt. These indicators assist the Trust in assessing that the debt level maintained is sufficient to provide adequate cash flows for Unitholder distributions and for evaluating the need to raise funds for further expansion.

The carrying value of the units is impacted by earnings and Unitholder distributions. The Trust endeavors to make annual distributions. Amounts retained more than the distributions are used to fund new investments and working capital requirements. Management monitors distributions through various ratios to ensure adequate resources are available. These include the proportion of distributions paid in cash, DRIP participation ratio, and total distributions as a percent of distributable income and distributable income per unit.

19. Financial Instruments

a) Risk Management

The main risks that arise from the Trust's financial instruments are liquidity, interest, credit, and currency risk. The Trust's approach to managing these risks is summarized below:

Management's risk management policies are typically performed as a part of the overall management of the Trust's operations. Management is aware of risks related to these objectives through direct personal involvement with employees and outside parties. In the normal course of its business, the Trust is exposed to several risks that can affect its operating performance. Management's close involvement in operations helps to identify risks and variations from expectations. As a part of the overall operation of the Trust, management considers the avoidance of undue concentrations of risk.

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

i) Liquidity Risk

Liquidity risk is the risk that the Trust may not be able to meet its financial obligations as they fall due.

The Trust's principal liquidity needs arise from working capital, debt servicing and repayment obligations, planned funding of mortgage investments, and distributions to Unitholders. The Trust manages its liquidity risk by ensuring its projected financial obligations can be met through its cash flow from operations, credit facility, new capital issuances, and projected repayments under the existing mortgage investment portfolio.

The success of new capital issuances is subject to the capital markets being receptive to a unit issue with financial terms favorable to the Trust. As at June 30, 2020, the Trust has $83,740 (December 31, 2019: $62,867) in unrestricted cash.

The terms of the Trust's credit facility are as follows:

	June 30, 2020	December 31, 2019
Credit facility agreed	**$ 30,000**	$ 30,000
Available for use	**$ 30,000**	$ 30,000
Available as undrawn	**$ 30,000**	$ 30,000

The Trust has a revolving facility from a Schedule 1 Bank for $30,000 at an interest rate of prime plus 1.50%, which matures December 31, 2020. As at June 30, 2020, $nil has been drawn on this facility (December 31, 2019: $nil). Under the terms of the credit facility, the Trust is required to maintain a minimum tangible net worth and interest coverage ratio.

As at June 30, 2020, the Trust has contractual obligations totaling $210,241 (December 31, 2019: $272,997) due in less than one year, which include all liabilities excluding net liabilities attributable to Unitholders, noted within the consolidated statement of financial position, additional mortgage investment commitments (Note 4), additional participating loan interest commitments (Note 5) and equity accounted investments (Note 6). For purposes of contractual obligations, no interest on the credit facility has been included as it is not practical to forecast the outstanding balance on the credit facility.

ii) Interest Rate Risk

The Trust's objective of managing interest rate risk is to minimize the volatility of earnings. Management establishes floor rates for all variable rate mortgage investments to limit their exposure to interest rate risk. Management monitors the Trust's variable rate credit facility on an ongoing basis and assesses the impact of any changes in this variable rate on earnings as well as routinely assesses the suitability of the terms of this credit facility.

As at June 30, 2020 the Trust has mortgage investments of $288,514 (December 31, 2019: $225,094) that bore interest at variables rates, which are outlined as follows:

		-1%		1%	
	Carrying Amount	Income	Equity	Income	Equity
Financial assets					
Variable rate mortgage investments	$ 288,514	$ —	$ —	$ 2,885	$ 2,885

iii) Credit Risk

Credit risk related to mortgage investments is the possibility that a borrower under one of the mortgages comprising the investment portfolio, may be unable to honour their debt commitment(s) as a result of a negative change in the borrower's financial position or market conditions that could result in a loss to the Trust.

Any instability in the real estate sector or an adverse change in economic conditions in Canada could result in declines in the value of real property securing the Trust's investments. The Trust's maximum exposure to credit risk is represented by the mortgage investment and other accounts receivables from mortgage servicer.

iv) Currency Risk

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

As at June 30, 2020 the Trust has a portion of its assets denominated in USD and has entered into futures contracts to sell USD and reduce its exposure to foreign currency risk. As at June 30, 2020, the Trust has USD futures contracts with an aggregate notional value of $27,161 USD (December 31, 2019: $29,606 USD) at a futures contract rate of $0.74 and a maturity of September 11, 2020 (Note 17).

The following schedule, denoted in USD, outlines the Trust's net exposure to USD:

As at		**June 30, 2020**		December 31, 2019
Cash	**$**	**1,919**	$	2,669
Mortgage investments		**6,511**		6,196
Equity accounted investments		**40,077**		37,746
Total assets held in USD		**48,507**		46,611
USD futures and swaps contracts (notional value)		**(18,922)**		(29,606)
USD swaps (notional value)		**(8,239)**		
Net exposure	**$**	**21,346**	$	17,005

20. Supplementary Information

The following schedule outlines the non-cash and cash movements for items impacted by the warehouse facility and other operational activities:

		Three Months Ended June 30		Six Months Ended June 30	
	Note	**2020**	2019	**2020**	2019
Cash proceeds received		**$ 51**	$ 43,813	**$ 21,823**	$ 120,823
Repayment of the warehouse facility in units	15	**—**	—	**—**	36,500
Unit issuance costs		**(225)**	(380)	**(537)**	(652)
Total proceeds from units issued		**$ (174)**	$ 43,433	**$ 21,286**	$ 156,671
Mortgage investments funded in cash		**$ 24,458**	$ 25,823	**$ 52,831**	$ 114,438
Mortgage investments funded by the warehouse facility	15	**—**	—	**—**	36,500
Mortgage investments funded through syndication		**3,906**	—	**5,769**	—
Mortgage investments funded through accrued interest		**8,807**	10,685	**19,415**	18,419
Total mortgage investments funded		**$ 37,171**	$ 36,508	**$ 78,015**	$ 169,357
Mortgage investments interest received in cash		**$ 12,069**	$ 10,017	**$ 20,890**	$ 16,859
Mortgage investments principal repaid in cash		**38,985**	3,223	**108,017**	21,505
Mortgage investments interest received through syndication		**444**	276	**896**	552
Mortgage investments principal repaid through syndication		**—**	—	**4,357**	—
Total mortgage investments repaid		**$ 51,498**	$ 13,516	**$ 134,160**	$ 38,916

21. Subsequent Events

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

a) Warehouse advances of $50,000 to REIT.

b) Warehouse advances of $1,962 to CFIT.

c) Repayments of $1,294 were received for mortgages considered to be in default.

d) Cash distributions declared and paid were $1,572.

e) Redemptions paid were $4,292.

CENTURION
REAL ESTATE OPPORTUNITIES TRUST

25 Sheppard Ave W, Suite 1800, Toronto ON M2N6S6
416-733-5600 | www.CENTURION.ca