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**CONFIDENTIAL OFFERING MEMORANDUM
CENTURION REAL ESTATE OPPORTUNITIES TRUST**

DATE May 1, 2017

THE ISSUER
Name Centurion Real Estate Opportunities Trust (the “Trust”)
Head Office

Address: 25 Sheppard Avenue West, Suite 710, Toronto, ON M2N 6S6
Phone No.: (416) 733-5600
E-Mail: invest@centurionreit.com
Fax No. (416) 733-5602

Currently listed or quoted? **No - These securities do not trade on any exchange or market**

Reporting Issuer? No
SEDAR Filer? No

THE OFFERING
Securities Offered: **Class A, Class I, and Class F trust units of the Trust (collectively, the “Offered Units”)**
Price per security: **Determined by the trustees of the Trust from time to time and set forth in the subscription agreement(s) entered into between the subscriber(s) and the Trust.**
Minimum offering: **There is no minimum. You may be the only purchaser.**
Funds available under the offering may not be sufficient to accomplish our proposed objectives.
Maximum offering: **The Trust will offer an unlimited number of Offered Units on a continuous basis.**
Minimum Subscription Amount: \$25,000
Payment terms: Certified Cheque, Bank Draft or Wire Transfer due on closing
Proposed closing dates: The Offered Units will be offered for sale on a continuous basis commencing on the date of the certificate attached to this Offering Memorandum and ending at the discretion of the trustees of the Trust. Closings will occur on dates established by the Trust.
Income Tax Consequences There are important tax consequences to these securities. See “Item 6: Income Tax Consequences and RRSP Eligibility”.
Selling Agent: **Yes - See “Item 7: Compensation Paid to Sellers and Finders”.**
The Trust is a connected issuer, and may be considered to be a related issuer, of Centurion Asset Management Inc. (the “Asset Manager”), its asset manager and an exempt market dealer, investment fund manager and restricted portfolio manager in certain jurisdictions, in connection with the distribution of the Offered Units hereunder, which may result in potential conflicts of interest. See “Item 2: Business of Centurion Real Estate Opportunities Trust - 2.1 Structure” and “Item 7: Compensation Paid to Sellers and Finders”.

RESALE RESTRICTIONS

You will be restricted from selling your securities for an indefinite period. See “Item 10: Resale Restrictions”.

PURCHASER’S RIGHTS

If you are purchasing Units pursuant to the offering memorandum exemption contained in Section 2.9 of National Instrument 45-106 *Prospectus Exemptions* you have 2 business days to cancel your agreement to purchase these securities. If there is a misrepresentation contained in this offering memorandum, you have the right to sue for damages or to cancel the agreement. See “Item 11: Purchaser’s Rights”.

No securities regulatory authority or regulator has assessed the merits of these securities or reviewed this offering memorandum. Any representation to the contrary is an offence. This is a risky investment. See “Item 8: Risk Factors”.

This Offering Memorandum constitutes an offering of the securities described herein only in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, Nova Scotia, New Brunswick, Prince Edward Island, Newfoundland and Labrador, the Northwest Territories, Nunavut and Yukon, and to those persons to whom they may be lawfully offered for sale and only by persons permitted to sell these securities. This Offering Memorandum is not, and under no circumstances is it to be construed as, a prospectus or advertisement or a public offering of securities. No securities commission or similar authority in Canada or in any other jurisdiction has reviewed this Offering Memorandum or in any way passed upon the merits of the securities offered hereunder and any representation to the contrary is an offence. Persons who will be acquiring securities pursuant to this Offering Memorandum will not have the benefit of the review of this material by a securities commission or similar authority.

This Offering Memorandum is intended for use by investors solely in connection with the consideration of the purchase of these securities. No person is authorized to give any information or to make any representation not contained in this Offering Memorandum in connection with the offering of these securities and, if given or made, no such information or representation may be relied upon. This Offering Memorandum is confidential. By their acceptance hereof, prospective investors agree that they will not transmit, reproduce or make available to anyone this Offering Memorandum or any information contained herein.

CENTURION REAL ESTATE OPPORTUNITIES TRUST

CONTINUOUS OFFERING

Class A, Class F, and Class I Units



The Trust is a connected issuer, and may be considered to be a related issuer, of Centurion Asset Management Inc. (the "Asset Manager"), its asset manager and an exempt market dealer, investment fund manager, and restricted portfolio manager in certain jurisdictions, in connection with the distribution of 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 this Offering Memorandum under "Relationship between the Trust, The Asset Manager, and Affiliates of the Asset Manager", and in particular as a result of the fact that Mr. Gregory Romundt is the President of both the Trust and the Asset Manager, and Mr. Gregory Romundt and his family beneficially own all of the shares of the Asset Manager and its affiliates, 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 under "Item 2: Business of Centurion Real Estate Opportunities Trust - 2.1 Structure - Asset Manager's Duties" and to pay the manager the fees described under "Item 2: Business of Centurion Real Estate Opportunities Trust - 2.1 Structure - The Asset Manager's Fees". The Trust may be considered to be a related issuer of the Asset Manager by virtue of the Asset Manager'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 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 Real Estate Investment Trust, which owns approximately 60% (March 31, 2017) of the Units of the Trust, as well as several other clients. See "Item 2: Business of Centurion Real Estate Opportunities Trust - 2.1 Structure - Trustees", "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 "Item 7: Compensation Paid to Sellers and Finders".

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SUBSCRIPTION PROCEDURE AND CHECKLIST

Applicable Canadian securities laws prescribe certain of the documentation that must be completed in order to subscribe for Units. The documentation that you must complete will depend on the jurisdiction in which you are resident and the prospectus exemption on which you are relying. A summary of the documentation requirements is set forth below:

IMPORTANT: The following items must be completed and executed in connection with your subscription (as set out in the subscription agreement for Units (the "Subscription Agreement")). All references to pages and schedules below are references to the applicable page or schedule of the Subscription Agreement.

All Purchasers

_____ Complete and execute all applicable lines on pages 1 and 2 of the Subscription Agreement.

_____ Provide a certified cheque, or bank draft or wire transfer made payable to the Trust for the Total Subscription Price (as defined in the Subscription Agreement) indicated on page 1 of the Subscription Agreement. Provide a separate cheque marked "VOID" from the account to which distributions should be credited, if you have selected cash distributions.

Accredited Investor Exemption - All provinces and territories of Canada

_____ If an "accredited investor", complete and execute Schedule A - Accredited Investor Status Certificate, indicating which category is applicable. You do **not** need to complete Schedule B, C, or D if Schedule A is completed. investors must also complete Exhibit A TO Schedule A.

Minimum Amount Investment Exemption - All provinces and territories of Canada other than Québec

_____ If relying on the "Minimum Amount Investment" exemption, complete and execute Schedule C - Minimum Amount Investment Status Certificate. You do **not** need to complete Schedule A, B, or D if Schedule C is completed. This exemption is not available to residents of Québec.

Offering Memorandum Exemption - All provinces and territories of Canada (other than Ontario and Québec)

_____ If relying on the "Offering Memorandum" exemption, complete and execute Schedule D - Eligible Investor Status Certificate and Exhibit A attached thereto and Appendix A and Appendix B attached thereto if applicable. You do **not** need to complete Schedule A, B, or C if Schedule D is completed unless Schedule D specifically provides that you must complete one of Schedule A or Schedule B. You must also complete Exhibit A to Schedule D if you are a resident in Alberta, New Brunswick, Nova Scotia, Ontario, or Saskatchewan you must complete Appendix A and Appendix B to Exhibit A to Schedule D. This exemption is not available to residents of Québec.

Family, Friends and Business Associates Exemption - All provinces and territories of Canada (other than Québec)

If relying on the “Family, Friends and Business Associates” exemption complete and execute Schedule B – Family, Friends and Business Associates Status Certificate, indicating which category is applicable. You do not need to complete Schedule A, C, D if Schedule B is completed. If you are resident in Saskatchewan, you must also complete Exhibit A to Schedule B. If you are resident in Ontario, you must also complete Exhibit B to Schedule B. This exemption is not available to residents of Ontario or Québec.

All purchasers must provide a completed and originally executed copy of the Subscription Agreement, including this instruction sheet and the items required to be completed as set out above.

SUMMARY OF THE OFFERING

The following is a summary of certain information contained in this Offering Memorandum, and reference should be made to the more detailed and additional information contained elsewhere in this Offering Memorandum. Capitalized terms used and not otherwise defined herein have the meanings set out in the Glossary of Terms.

- Issuer:** Centurion Real Estate Opportunities Trust (the “Trust”)
- Issue:** Class A, Class F and Class I trust units issuable in series of the Trust offered pursuant to this Offering Memorandum (together, with any new class of units, collectively, the “Investor Units”).
- Price:** The price per Investor Unit will be determined by the trustees of the Trust from time to time and set forth in the subscription agreement(s) entered into between the subscriber(s) and the Trust.
- Minimum Subscription:** \$25,000
- Eligible Subscribers for Units:** Investors who are eligible to purchase Investor Units on an exempt basis under, and subject to compliance with, applicable securities laws.
- Closings:** The Investor Units will be offered for sale on a continuous basis commencing on the date of the certificate attached to this Offering Memorandum and ending at the discretion of the Trustees. Closings will occur on dates established by the Trust. All subscriptions are subject to rejection or acceptance in full or in part and the right is reserved to discontinue or resume the Offering at any time without notice by the Trust.
- Distributions:** The Declaration of Trust provides that the Trust may distribute to Unitholders such percentage of the Distributable Income for the calendar month then ended as the Trustees determine in their discretion for the period. See “Item 4: Capital Structure – 4.1 Share Capital – Distribution Policy”.
- The Trustees may, in their discretion, allocate distributions among the classes of Units to adjust for the commissions, trailers and other costs attributable to the sales channels relating to each class of Unit. For the twelve month period following the date of this Offering Memorandum, it is the Trust’s current intention to distribute \$0.70 per Class A Unit per annum and \$0.80 per Class F and Class I Unit per annum, payable on a monthly basis and to allocate distributions among the classes of Units to adjust for the commissions, trailers and other costs attributable to the sales channels relating to each class of Unit such that the Fair Market Value of each class of Units is the same. See “Item 4: Capital Structure – 4.1 Share Capital – Distribution Rates per Unit”.
- Attributes of Units:** The Units represent the beneficial ownership interest of the holders thereof in the Trust. Each Unit carries one (1) vote at meetings of Unitholders and a holder thereof is entitled to distributions as described above. The Trustees may, at any time and from time to time, authorize the Trust to issue additional classes of Units without the authorization of Unitholders. Each Units of a class will share in assets of the Trust attributable to such Class on an equal *pro rata* (or “*pari passu*”) basis.
- See “Item 5: Securities Offered – 5.1 Terms of Securities”.

Use of Available Funds (Proceeds):	The net proceeds to the Trust of the Offering, after deducting expenses in respect of the Offering, are expected to be used for future investments in properties and mortgages and for general trust purposes, in accordance with the investment objectives and subject to the investment guidelines and operating policies of the Trust. The Trust reserves the right to allocate the net proceeds of the Offering for other purposes in accordance with sound business judgment and subject to the investment guidelines and operating policies of the Trust.
Purchase Options:	<p>Subscribers may subscribe directly through the Asset Manager or through a registered dealer using one of five purchase options:</p> <p style="margin-left: 40px;">Class A Units:</p> <p style="margin-left: 80px;">(1) a deferred sales charge option; (2) a low load option; and (3) a front load option.</p> <p style="margin-left: 40px;">Class F Units:</p> <p style="margin-left: 80px;">(4) a fee based account option (fee based accounts only).</p> <p style="margin-left: 40px;">Class I Units:</p> <p style="margin-left: 80px;">(5) an Institutional account option.</p> <p>Direct subscriptions may only be made on the deferred sales charge option. See “Item 7: Compensation Paid to Sellers and Finders – Purchase Options” and “Item 2: Business of Centurion Real Estate Opportunities Trust – 2.1 Structure – The Asset Manager’s Fees”.</p>
Representations of Subscribers:	Each Subscriber will represent to the Trust and any dealer who sells the Units to such Subscriber that such Subscriber is eligible to purchase Units on an exempt basis under, and subject to compliance with, applicable securities laws.
Fees and Expenses:	The Asset Manager is entitled to an acquisition fee as well as to recover its reasonable costs and expenses, but excluding personnel costs of the Asset Manager, as more particularly described under “Item 2: Business of Centurion Real Estate Opportunities Trust – 2.1 Structure – The Asset Manager’s Fees”.
Conflicts of Interest:	The Trust may be subject to various conflicts of interest because of the fact that the Trustees and senior officers of the Trust, senior officers of the Asset Manager, the Mortgage Manager and the Mortgage Servicer are 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 entities. See “Item 8: Risk Factors – Potential Conflicts of Interest”.

GLOSSARY OF TERMS

“Additional Committees” means any additional committees governing the affairs of the Trust created by the Trustees, in their discretion pursuant to the Declaration of Trust.

“Adjusted Gross Income” means the aggregate of all rent, parking rents, rent for storage space, laundry and cable revenues, collected chargebacks and all other income whatsoever generated from tenants or otherwise from the Properties (net of vacancies and bad debt expenses), including damages (or amounts paid in lieu of) in respect of the Properties or any part thereof beyond the amount of any applicable security or damage deposits.

“Adjustment Factors” has the meaning ascribed thereto under “Item 4: Capital Structure - 4.1 Share Capital - Calculation of Unit Fair Market Value and Posted Prices”.

“Approved Warehouse Transactions” means a transaction governed by or completed pursuant to the Warehouse Agreement whereby Centurion Apartment REIT has agreed to fund (purchase) and warehouse certain investments originated by (or on behalf of) the Trust or whereby the Trust has agreed to fund (purchase) and warehouse certain investments originated by (or on behalf of) Centurion Financial Trust

“allowable capital loss” has the meaning ascribed thereto under “Item 6: Income Tax Consequences and RRSP Eligibility - Canadian Federal Income Tax Considerations”.

“Asset Manager” means Centurion Asset Management Inc., a corporation governed by the laws of the Province of Ontario that is engaged for the purpose of managing the day-to-day operations of the Trust.

“Asset Management Agreement” means the agreement dated January 1, 2015 between the Asset Manager and the Trust.

“Asset Transfer Agreement” means the asset transfer agreement September 12, 2014 between the Trust and Centurion Apartment REIT pursuant to which the Trust acquired the Initial Portfolio from Centurion Apartment REIT.

“Audit Committee” means the audit committee created pursuant to the Declaration of Trust.

“Board of Trustees” means the board of trustees of the Trust.

“Business Day” means a day, other than a Saturday or Sunday, on which Schedule I chartered banks are open for business in Toronto, Ontario.

“Canada-U.S. IGA” means the intergovernmental agreement in effect between the United States and Canada in respect of FATCA.

“capital gains refund” has the meaning ascribed thereto under “Item 6: Income Tax Consequences and RRSP Eligibility - Canadian Federal Income Tax Considerations”.

“Centurion Apartment REIT” means Centurion Apartment Real Estate Investment Trust, an unincorporated investment trust governed by the laws of the Province of Ontario.

“Centurion Appointees” has the meaning ascribed thereto under “Item 2: Business of Centurion Real Estate Opportunities Trust - 2.1 - Structure - Trustees”.

“Centurion Asset Management GP Inc.” and “CAMI GP” means Centurion Asset Management GP Inc. a corporation governed by the laws of the Province of Ontario owned by Centurion Apartment REIT and Centurion Real Estate Opportunities Trust.

“Centurion Financial Trust” means Centurion Financial Trust, an unincorporated investment trust governed by the laws of the Province of Ontario.

“Class” means a class of units of beneficial interest in the Trust.

“Class A Units” means a unit of beneficial interest in the Trust designated as Class A units.

“Class B GP Unit” means the Class B, non-voting, general partner units of Centurion Properties Limited Partnership.

“Class F Unit” means a unit of beneficial interest in the Trust designated as Class F units.

“Class I Unit” means a unit of beneficial interest in the Trust designated as Class I units.

“Class M Unit” means a unit of beneficial interest in the Trust designated as Class M units.

“Class R Unit” means a unit of beneficial interest in the Trust designated as Class R units.

“Conventional Mortgage” means a mortgage for which the principal amount, at the time of commitment, together with all other equal and prior ranking mortgages: (a) in the case of a property purchase, does not exceed the lower of 75% of the purchase price of the underlying real property securing the mortgage and 75% of the appraised value of the underlying real property securing the mortgage as determined by a qualified appraiser; and (b) in the case of a refinancing, does not exceed 75% of the appraised value of the underlying real property securing the mortgage as determined by a qualified appraiser at the time of such refinancing.

“CRA” means the Canada Revenue Agency.

“CREOT” has the meaning ascribed thereto under Item 2: Business of Centurion Real Estate Opportunities Trust - 2.1 Structure - Centurion Real Estate Opportunities Trust Operating Structure”.

“Declaration of Trust” means the amended and restated declaration of trust made as of August 13, 2014, as amended and restated as of September 12, 2014, governed by the laws of the Province of Ontario, pursuant to which the Trust was created, as amended, supplemented or amended and restated from time to time.

“Deferred Sales Charge” or **“DSC”** means any charge that is applied against the redemption proceeds to a Unitholder for an early redemption where the Unitholder has subscribed using the Deferred Sales Charge Option (see “Item 7: Compensation Paid to Sellers and Finders - Purchase Options”).

“Distributable Income” means, for any period, the net income of the Trust and its applicable consolidated Subsidiaries for such period set out in its consolidated financial statements as determined in accordance with IFRS, subject to certain adjustments, including: (a) adding back the following items: depreciation, amortization (except for amortization of deferred financing costs, future income tax expense, losses on dispositions of assets and amortization of any net discount on long-term debt assumed from vendors of properties at rates of interest less than fair value); and (b)

deducting the following items: future income tax credits, interest on convertible debentures to the extent not already deducted in computing net income, gains on dispositions of assets and amortization of any net premium on long-term debt assumed from vendors of properties at rates of interest greater than fair value and any other adjustments determined by the Trustees in their discretion.

“DRIP” means a distribution reinvestment plan established by the Trustees for the purposes of allowing Unitholders to reinvest distributions on the Units in additional Units.

“Fair Market Value” or **“FMV”** means the value of the Units determined by the Trustees, in their sole discretion, using reasonable methods of determining fair market value. Fair Market Value may or may not be equal to the net asset value of the Units, depending on the methods used by the Trustees in making a particular determination of Fair Market Value. See “Item 4: Capital Structure – 4.1 Share Capital – Valuation Policy”.

“FATCA” means the Foreign Account Tax Compliance provisions of the U.S. Hiring Incentives to Restore Employment Act of 2010.

“Fee Based Account” means an account in which the Unitholder would hold Units that has fees attached to the assets in the account and/or where the Unitholders advisor or portfolio manager is already being paid fees for service such that if commissions or trailers would be paid to the advisor or portfolio manager, the Unitholder would be in effect by paying a duplication of fees.

“Focus Activity” means Mortgage Assets, growth-oriented real estate investments (including real estate development), and ancillary real estate investments.

“Founding Transaction” means the purchase of the Initial Portfolio from Centurion Apartment REIT on September 12, 2014 for a purchase price equal to the then gross book value plus accrued interest of the Initial Portfolio in consideration for the issuance by the Trust to Centurion Apartment REIT of 5,892,722.80 Class R Units.

“Gross Book Value” means, at any time, the book value of the assets of the Trust, as shown on its then most recent balance sheet plus the amount of accumulated depreciation and amortization thereon.

“IFRS” means International Financial Reporting Standards.

“In Specie Distributions” has the meaning ascribed thereto under “Item 5: Securities Offered – 5.1 Terms of Securities – Description of the Units – Redemption of Units”.

“Independent” means, with respect to a Person, a Person who has no direct or indirect material relationship with the Asset Manager, its affiliates, or the Trust which could, in the view of the Board of Trustees, reasonably interfere with such Person’s judgment.

“Independent Trustee” means a trustee who has no direct or indirect material relationship with the Trust which could, in the view of the Board of Trustees, reasonably interfere with a Trustee’s independent judgment.

“Independent Trustee Matters” has the meaning ascribed thereto under “Item 2: Business of Centurion Real Estate Opportunities Trust – 2.1 Structure – Independent Trustee Matters”.

“Initial Portfolio” means the initial portfolio of Mortgage Assets held by CREOT on behalf of the Trust.

“Institutional Lenders” has the meaning ascribed thereto under “Item 2: Business of Centurion Real Estate Opportunities Trust – 2.4 Long Term Objectives – Mortgage Investments”.

“Investor Unit” means a Unit that is not a Class M Unit or a Class R Unit and is either a Class A, a Class F, a Class I unit or a New Class of Unit.

“Investment Committee” means has the meaning ascribed thereto under “Item 2: Business of Centurion Real Estate Opportunities Trust – 2.1 Structure – Investment Committee”.

“Investment Guidelines” means the investment guidelines and operating policies of the Trust set out under “Item 2: Business of Centurion Real Estate Opportunities Trust – 2.2 Our Business – Investment Guidelines and Operating Policies”.

“joint arrangement partners” has the meaning ascribed thereto under “Item 2: Business of Centurion Real Estate Opportunities Trust – 2.2 Our Business – Investment Guidelines and Operating Policies”.

“joint arrangement entity” has the meaning ascribed thereto under “Item 2: Business of Centurion Real Estate Opportunities Trust – 2.2 Our Business – Investment Guidelines and Operating Policies”.

“Joint Arrangement Properties” means properties owned by the Trust either directly or via subsidiaries that are partially owned by the Trust and where a joint arrangement partner(s) is part owner of the properties.

“Management” means the management team of the Trust.

“Material Contracts” has the meaning ascribed thereto under “Item 2: Business of Centurion Real Estate Opportunities Trust – 2.7 Material Agreements”.

“Monthly Limit” has the meaning ascribed thereto under “Item 5: Securities Offered – 5.1 Terms of Securities – Description of the Units – Redemption of Units”.

“Mortgage Assets” means mortgage loan investments and other mortgage assets.

“Mortgage Insurance Fees” means fees charged by Canada Mortgage and Housing Corporation or similar mortgage insurer.

“Mortgage Manager” means Centurion Mortgage Capital Corporation, a corporation governed by the laws of the Province of Ontario that is engaged by the Asset Manager, on behalf of The Trust for the purposes of sourcing mortgage investment opportunities for The Trust.

“Mortgage Servicer” means Centurion Mortgage Services Corporation, a corporation governed by the laws of the Province of Ontario that is engaged by the Asset Manager, on behalf of The Trust, for the purposes of servicing Mortgage Assets of the Trust that aren’t serviced by another licensed mortgage administrator.

“New Class of Unit” or **“New Classes of Units”** means any additional class or classes of units, as applicable, of the Trust which may be created by the Trust and sold pursuant to this Offering Memorandum (as amended).

“NI 45-106” means National Instrument 45-106 *Prospectus Exemptions* of the Canadian Securities Administrators, as it may be amended from time to time.

“Non-Resident Beneficiaries” has the meaning ascribed thereto under “Item 5: Securities Offered – 5.1 Terms of Securities – Description of the Units - Limitation on Non-Resident Ownership”.

“Notice” has the meaning ascribed thereto under “Item 5: Securities Offered – 5.1 Terms of Securities – Description of the Units – Redemption of Units”.

“Offering” means the offering of Investor Units on a continuous basis pursuant to this Offering Memorandum and any concurrent offering memorandum.

“Offering Memorandum” means this confidential offering memorandum, as may be amended or amended and restated.

“Other Investments” means growth-oriented real estate investments (including real estate development), ancillary real estate and other investments.

“Person” means an individual, partnership, limited partnership, corporation, unlimited liability company, trust, unincorporated organization, association, government, or any department or agency thereof and the successors and assigns thereof or the heirs, executors, administrators or other legal representatives of an individual, or any other entity recognized by law.

“Portfolio” means the portfolio of Mortgage Assets and Other Investments held by the Trust, directly or indirectly through one or more Subsidiaries, including CREOT.

“Posted Price” means, in respect of a Unit, the Fair Market Value of the Unit, as determined by the Trustees and posted on The Trust’s website.

“Properties” means collectively, the properties owned by the Trust directly or via subsidiaries and, where the context requires, properties that may be acquired by the Trust in the future, directly or via subsidiaries.

“Property Manager” means Centurion Property Associates Inc., a corporation governed by the laws of the Province of Ontario, owned by Centurion Apartment REIT, that has the general responsibility for the overall management of the Properties.

“Property Management Agreement” means the agreement dated September 12, 2014 between the Property Manager and the Trust.

“Property Net Income” means, with respect to a particular property, the net income earned from the operation thereof, net of all expenses and without deduction of capital cost allowance (as set out in the Tax Act) or depreciation.

“Property Offer Option” means an option granted by a debtor to the Trust in connection with the sourcing and financing of a mortgage loan and/or other investment, as applicable, pursuant to which the Trust is granted a right to make an offer to purchase an interest (whether a pre-determined interest or otherwise) at a price that is to be negotiated upon the completion and/or

stabilization of the properties that are the subject of the mortgage loan or that are underlying the other investment, as applicable.

“Property Purchase Option” means a purchase option granted by a debtor to the Trust in connection with the sourcing and financing of a mortgage loan and/or other investment, as applicable, pursuant to which the Trust is granted a right to purchase a pre-determined interest at a specified price or formula upon the completion and/or stabilization of the properties that are the subject of the mortgage loan or that are underlying the other investment, as applicable.

“Redemption Date” has the meaning ascribed thereto under “Item 5: Securities Offered – 5.1 Terms of Securities – Description of the Units – Redemption of Units”.

“Registered Plan” means any RRSP, RRIF, TFSA, deferred profit sharing plan, registered disability savings plan, or registered education savings plan.

“Related Party” means, with respect to any Person, a Person who is a “related party” as that term is defined in Ontario Securities Commission Rule 61-501, as amended from time to time (including any successor rule or policy thereto).

“REOT GP” means Centurion Real Estate Opportunities Trust GP Inc.

“REOT LP” means Centurion Real Estate Opportunities Trust LP.

“RRIF” means a registered retirement income fund.

“RRSP” means a registered retirement savings plan.

“RTA” means the residential tenancy or similar legislation in the applicable provinces of Canada.

“Service Providers” has the meaning ascribed thereto under “Item 8: Risk Factors – Potential Conflicts of Interest”.

“Short Term Trading Fee” means the amount, (if any) of the reduction in Unit redemption price that will be applied as a fee against the Unitholder’s redemption if a Unitholder redeems Units early. See “Item 7: Compensation Paid to Sellers and Finders – Purchase Options.”

“SIFT Rules” means the provisions of the Tax Act providing for a tax on certain income earned by a SIFT Trust or a SIFT Partnership, each as defined in the Tax Act.

“SIFT Trust” means a specified investment flow-through trust for the purposes of the Tax Act.

“sub limits” has the meaning ascribed thereto under “Item 2: Business of Centurion Real Estate Opportunities Trust – 2.1 Structure – Investment Committee”.

“Subscriber” means a Person purchasing Units pursuant to this Offering.

“Subsidiary” means, with respect to any Person (other than an individual), any other Person (other than an individual) the financial results of which would be required to be consolidated with those of the first Person’s in the preparation of the first Person’s consolidated financial statements if prepared in accordance with IFRS.

“**Tax Act**” means the *Income Tax Act*, R.S.C. 1985 (5th Supp.), c.1, and the regulations thereunder as may be amended from time to time.

“**taxable capital gain**” has the meaning ascribed thereto under “Item 6: Income Tax Consequences and RRSP Eligibility – Canadian Federal Income Tax Considerations”.

“**Tax Proposals**” means all specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof.

“**TFSA**” means a tax-free savings account.

“**Trustees**” means the trustees of Centurion Real Estate Opportunities Trust.

“**Underlying Assets**” has the meaning ascribed thereto under “Item 5: Securities Offered – 5.1 Terms of Securities – Description of the Units – Redemption of Units”.

“**Unfunded Commitments**” has the meaning ascribed thereto under “Item 2: Business of Centurion Real Estate Opportunities Trust -2.3 Development of Our Business – History of Centurion Real Estate Opportunities Trust”.

“**Unit**” means, as the context may require, a Class A Unit, a Class F Unit, a Class I unit, a New Class of Unit, a Class M Unit or a Class R Unit and includes a fraction of a unit of the Trust.

“**Unit Redemption Price**” has the meaning ascribed thereto under “Item 5: Securities Offered – 5.1 Terms of Securities – Description of the Units – Redemption of Units”.

“**Unitholder**” means a holder of one or more Units.

“**Valuation Date**” means (a) December 31 of each calendar year, (b) September 30 of each calendar year and (c) any other such day or days as determined from time to time by the Trustees in their discretion.

“**Warehouse Agreements**” means investment warehouse agreement dated September 12, 2014 between the Trust and Centurion Apartment REIT and between the Trust and Centurion Financial Trust dated January 16, 2017

“**Warehoused Mortgages**” has the meaning ascribed thereto under “Item 2: Business of Centurion Real Estate Opportunities Trust – 2.4 Long Term Objectives – Warehouse Agreement”.

“**Warehoused Other Investments**” has the meaning ascribed thereto under “Item 2: Business of Centurion Real Estate Opportunities Trust – 2.4 Long Term Objectives – Warehouse Agreement”.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this Offering Memorandum (and any provisions of the Offering Memorandum incorporated by reference herein) constitute forward-looking statements. All statements, other than statements of historical fact, that address activities, events or developments that the Trust believes, expects, or anticipates will or may occur in the future (including, without limitation, statements regarding any objectives and strategies of the Trust) are forward-looking statements. The use of any of the words “anticipate”, “continue”, “estimate”, “expect”, “may”, “will”, “project”, “should”, “believe” and similar expressions are intended to identify forward-looking statements. These statements involve known and unknown risks (including the risks identified under “Item 8: Risk Factors”), uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Asset Manager (and its affiliates, as applicable) believe that the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this Offering Memorandum (and any provisions of the Offering Memorandum incorporated by reference herein) should not be unduly relied on. These statements speak only as of the date of this Offering Memorandum or as of the date specified in such statements, as the case may be and, except as may be required by applicable securities laws, the Trust, and the Asset Manager (and its affiliates) disclaim any intent or obligation to update any forward-looking statements whether as a result of new information, future events, or results or otherwise.

ITEM 1: USE OF AVAILABLE FUNDS

1.1 Net Proceeds

The estimated total available funds to the Trust after giving effect to the Offering are as follows:

		Assuming max. offering ⁽¹⁾
A.	Amount to be raised by this Offering	N/A
B.	Selling commission and fees ⁽²⁾	N/A
C.	Estimated costs of the Offering (e.g. legal, accounting, audit, etc.)	N/A
D.	Available funds: $D = A - (B + C)$	N/A

Notes:

- (1) There is no minimum offering. The Trust will offer an unlimited number of Units on a continuous basis.
- (2) The Trust sells Units through securities dealers. It is expected that the Trust will pay compensation to such securities dealers, up to a maximum of approximately 5% of the subscription proceeds depending on the purchase option selected. The Trust will also pay trailing commissions to securities dealers in respect of Units sold by them or held in the client accounts of such securities dealers. The trailing commission will depend on the purchase option through which the Units are purchased. To the extent that the Trust is responsible for the payment of compensation to securities dealers, including trailing commissions, the funds available to the Trust for investment purposes and distributions will be reduced. See “Item 7: Compensation Paid to Sellers and Finders”.

1.2 Use of Available Funds

The following table provides a detailed breakdown of how the Trust will use the available funds.

Description of Intended Use of Available Funds Listed in Order of Priority	Assuming max. offering ⁽¹⁾
The net proceeds from the sale of this Offering will be used to invest in accordance with the investment objectives of the Trust, subject to the investment guidelines. This includes using funds for mortgage investments, equity investments, redemptions and general working capital purposes. ⁽¹⁾⁽²⁾	N/A

Notes:

- (1) There is no minimum or maximum offering. The Trust will offer an unlimited number of Units on a continuous basis.
- (2) A portion of the available funds may be used by the Trust for payments to Related Parties, including to the Asset Manager, the Property Manager, the Mortgage Manager, and the Mortgage Servicer and to Centurion Apartment REIT. See “Item 8: Risk Factors – Potential Conflicts of Interest” and “Item 2: Business of Centurion Real Estate Opportunities Trust – 2.1 Structure”.

1.3 Reallocation

The Trust intends to spend the available funds as stated above and herein. It will reallocate available funds only for sound business reasons. The Units are redeemable in accordance with the provisions of the Declaration of Trust. In the event that the Trust is required to redeem Units (including Class R Units held by Centurion REIT), the available funds may be used to satisfy any such redemptions.

ITEM 2: BUSINESS OF CENTURION REAL ESTATE OPPORTUNITIES TRUST

2.1 Structure

CENTURION REAL ESTATE OPPORTUNITIES TRUST

Centurion Real Estate Opportunities Trust (the “**Trust**”) is an unincorporated investment trust created by a declaration of trust made as of August 13, 2014, as amended (the “**Declaration of Trust**”) and governed by the laws of the Province of Ontario. See “Item 5: Securities Offered – 5.1 Terms of Securities” and “Item 5: Securities Offered – 5.1 Terms of Securities - Description of the Units”.

The investment objectives of the Trust are to provide Unitholders with income (payable monthly) and capital growth from a diversified portfolio of mortgages and opportunistic real estate investments and other investments. See “Item 2: Business of Centurion Real Estate Opportunities Trust – 2.4 Long Term Objectives”.

The Trustees are responsible for the general control and direction of the Trust. The day-to-day management of the Trust is carried out by the Asset Manager, and the Properties are managed by the Property Manager under the direction of the management team. See “Item 2: Business of Centurion Real Estate Opportunities Trust – 2.1 Structure – Management of Centurion Real Estate Opportunities Trust” and “Item 2: Business of Centurion Real Estate Opportunities Trust – 2.1 Structure – The Property Manager”. The Investment Committee reviews and approves smaller investments made by the Trust and recommends investments above the sub limits to the Trustees for their consideration.

Future investments of the Trust will be subject to the Investment Guidelines. See “Item 2: Business of Centurion Real Estate Opportunities Trust – 2.2 Our Business – Investment Guidelines and Operating Policies”.

The head office of the Trust is located at: 25 Sheppard Avenue West, Suite 710, Toronto, ON M2N 6S6.

MANAGEMENT OF CENTURION REAL ESTATE OPPORTUNITIES TRUST

The investment policies and operations of the Trust are subject to the control and direction of the Trustees, a majority of whom have had at least five (5) years of substantial experience in the real estate industry and a majority of whom are Independent Trustees. The management team (the “Management”) manages the day-to-day operations of the Trust. See “Item 2: Business of Centurion Real Estate Opportunities Trust – 2.1 Structure – The Asset Manager”.

The Mortgage Manager sources potential investments in Mortgage Assets and the Mortgage Servicer provides required services relating to such Mortgage Assets. The Property Manager manages the Properties, if any, and supervises third-party property managers where the Asset Manager believes it is in the best interest of the Trust to retain property managers other than the Property Manager with respect to certain properties. See “Item 2: Business of Centurion Real Estate Opportunities Trust – 2.1 Structure – The Property Manager”.

RELATIONSHIP BETWEEN THE TRUST, THE ASSET MANAGER, AND AFFILIATES OF THE ASSET MANAGER

The Trust is a connected issuer, and may be considered to be a related issuer, of Centurion Asset Management Inc. (the “**Asset Manager**”), its asset manager and an exempt market dealer, investment fund manager, and restricted portfolio manager in certain jurisdictions, in connection with the distribution of the Units hereunder.

The Trust is a connected issuer of the Asset Manager due to various factors, including the fact that Mr. Gregory Romundt is the President of both the Trust and the Asset Manager and Mr. Romundt and his family beneficially own all of the shares of the Asset Manager and its affiliates, 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 under “Asset Manager’s Duties” and to pay the manager the fees described herein under “The Asset Manager’s Fees”.

The Trust may be considered to be a related issuer of the Asset Manager by virtue of the Asset Manager’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 below. 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. See “Item 2: Business of Centurion Real Estate Opportunities Trust – 2.1 Structure – Trustees”.

The decision to offer the Units was made upon the recommendation of the Asset Manager. A portion of the proceeds of the Offering will be used by the Trust to pay the fees payable to the Asset Manager pursuant to the Asset Management Agreement as described above.

The Mortgage Manager and the Mortgage Servicer are affiliates of the Asset Manager and are not owned by the Trust. Mr. Gregory Romundt is the President of each of these affiliated companies and Mr. Romundt and his family beneficially own all of the shares of each of these affiliated companies.

TRUSTEES

The Declaration of Trust provides that the assets and operations of the Trust will be subject to the control and authority of a minimum of five (5) and maximum of eleven (11) Trustees. The number of Trustees on the Board of Trustees may only be changed by the Unitholders or, if authorized by the Unitholders, by the Trustees, provided that the Trustees may not, between meetings of the Unitholders, appoint an additional Trustee if, after such appointment, the total number of Trustees would be greater than one and one-third times the number of Trustees in office immediately following the last annual meeting of Unitholders. The Asset Manager is, during the term of the Asset Management Agreement, entitled to appoint two (2) Trustees (the “**Centurion Appointees**”) on a board of five (5) or six (6), three (3) Trustees on a board of seven (7) or eight (8), four (4) Trustees on a board of nine (9) or ten (10) and five (5) Trustees on a board of eleven (11). A vacancy occurring among the Trustees (other than a vacancy resulting from the resignation or removal of the Centurion Appointees) may be filled by resolution of the remaining Trustees as long as they constitute a quorum in accordance with the provisions of the Declaration of Trust, or by the Unitholders at a meeting of the Unitholders. A vacancy occurring among the Trustees resulting from the resignation or removal of the Centurion Appointees may be filled by an appointment by the Asset Manager. There are currently seven (7) Trustees, four (4) of whom are Independent Trustees.

The Declaration of Trust provides for the appointment by the Trustees of the **Audit Committee** and the Investment Committee. The Declaration of Trust contains additional provisions for the following with respect to Trustees:

- a majority of the Trustees must be Independent Trustees; and
- a Trustee, other than a Centurion Appointee, may be removed at any time with or without cause by a majority of the votes cast at a meeting of Unitholders or by written consent of Unitholders holding not less than a majority of the outstanding Units entitled to vote or with cause by a resolution passed by an affirmative vote of not less than two-thirds of the other Trustees.

Pursuant to the Declaration of Trust, each Trustee is required to exercise the powers and duties of his or her office honestly, in good faith with a view to the best interests of the Trust and the Unitholders and, in connection therewith, to exercise that degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

CONFLICT OF INTEREST RESTRICTIONS AND PROVISION

The Declaration of Trust contains “conflict of interest” provisions that serve to protect Unitholders without creating undue limitation on the Trust. Given that the Trustees and senior officers of the Trust are engaged in a wide range of real estate and other activities, the Declaration of Trust contains provisions that require if a Trustee or an officer of the Trust is a party to a Material Contract or transaction or proposed material contract or transaction with the Trust or its subsidiaries, or is a director or officer or employee of, or otherwise has a material interest in, any person who is a party to a Material Contract or transaction or proposed material contract or transaction with the Trust or its subsidiaries, such Trustee or officer of the Trust, as the case may be, shall disclose in writing to the Trustees or request to have entered in the minutes of meetings of Trustees or a committee of the Trustees, as the case may be, the nature and extent of such interest.

INDEPENDENT TRUSTEE MATTERS

In addition to requiring the approval of a majority of the Trustees, the approval of not less than a majority of the Independent Trustees holding office at such time who have no interest in the matter (given by vote at a meeting of Trustees or by written consent) shall be required with respect to any decision regarding any of the following matters (the “**Independent Trustee Matters**”):

- an acquisition or disposition of a Mortgage Asset, property or other investment of the Trust, whether by co-investment or otherwise, in which a Related Party has any direct or indirect interest, other than Approved Warehouse Transactions;
- the entering into, waiver of, exercise of or enforcement of any right or remedies under any agreement entered into by the Trust, or the making, directly or indirectly, of any co-investment, with any Related Party or in which any Related Party has a material interest;
- the refinancing or renewal of any indebtedness owing by or to any Related Party or in which a Related Party has a material interest;
- the grant of options under any Unit option plan adopted by the Trustees;
- the grant of Units under any Unit purchase plan adopted by the Trustees;
- any change in the number of Trustees and the appointment of Trustees to fill any vacancies created by any increase in the number of Trustees;
- decisions relating to the compensation and remuneration of Trustees or of any employee of the Trust who is also an employee of a Related Party;
- decisions relating to any claim by or against any vendor of properties to the Trust, any debtor under a mortgage investment held by the Trust or any of the parties to the Material Contracts other than the Trust;
- the entering into of an arrangement in which a non-Independent Trustee or an officer of the Trust has a material interest; and
- the enforcement of any agreement entered into by the Trust with a non-Independent Trustee or an officer of the Trust, or an affiliate or associate of such party, including Centurion Apartment REIT.

AUDIT COMMITTEE

The Declaration of Trust requires the creation of an Audit Committee, consisting of at least three (3) Trustees, the majority of who shall be Independent Trustees. The Audit Committee assists the Trustees in fulfilling their responsibilities of oversight and supervision of the Trust's accounting and financial reporting practices and procedures, the adequacy of internal accounting controls and procedures, and the quality and integrity of its financial statements. In addition, the Audit Committee is responsible for directing the auditors' examination of specific areas, for the selection of the Trust's independent auditors and for the approval of all non-audit services for which the auditors may be engaged. All members of the Audit Committee must be financially literate within the meaning of applicable securities laws.

The Audit Committee is responsible for monitoring compliance with a Code of Conduct and Ethical Behaviour adopted by the Trustees and for establishing a procedure for the anonymous and confidential receipt and treatment of concerns or complaints received regarding accounting and related financial reporting matters (a "whistle blowing" procedure).

The auditors are entitled to receive notice of every meeting of the Audit Committee and, at the expense of the Trust, to attend and be heard thereat and, if so requested by a member of the Audit Committee, shall attend any meeting of the Audit Committee held during the term of office of the auditors. Questions arising at any meeting of the Audit Committee shall be decided by a majority of the votes cast. Decisions may be taken by written consent signed by all of the Independent Trustees who are members of the Audit Committee. The auditors or a member of the Audit Committee may call a meeting of the Audit Committee on not less than 48 hours' notice.

INVESTMENT COMMITTEE

The Investment Committee for the Trust was established by the Board of Trustees to:

- (a) review, approve and make investments on behalf of the Trust that:
 - (i) fall within the Investment Guidelines of the Trust; and
 - (ii) are below the prescribed limits (the “**sub limits**”) set by the Board of Trustees from time to time; and
- (b) pre-screen potential investments that are above the sub limits; and
- (c) recommend or refer investments to the Board of Trustees for their consideration.

As at the date hereof, the Investment Committee is authorized to approve individual investments that have a purchase price equal to or less than \$8.5 million that fit within the Investment Guidelines. The sub limits to which the Investment Committee is subject are reviewed periodically by the Board of Trustees and may be increased or decreased by the Trustees at their discretion from time to time.

The Chairperson must be independent of the Asset Manager and may be either an Independent Trustee or an appointee of the Independent Trustees who is independent of the Asset Manager. The Chairperson has the discretion to (i) approve an investment within the sub limits of the Investment Committee, (ii) recommend or refer an investment that is above the sub limits to the Board of Trustees, or (iii) refer an investment that is within the sub limits of the Investment Committee to the Board of Trustees for their approval. An investment that does not have the approval of the Chairperson must have the approval of the Board of Trustees to proceed. In effect, any investment brought to the Investment Committee must have the approval of the Chairperson, who is independent of the Asset Manager, to proceed, otherwise such investment must be approved by the Board of Trustees.

All investments approved by the Investment Committee will be reviewed by the Board of Trustees at a subsequent Board of Trustees meeting.

The Investment Committee evaluates the possible risks assumed by the Trust for different types of investment transactions. It is also responsible for making final decisions on the use of funds within the sub limits as determined by the Board of Trustees, although the Investment Committee may refer investments within the sub limits to the Board of Trustees for their approval. The sub limits set by the Board of Trustees from time to time may include such restrictions as the Trustees determine, including, but not limited to, restrictions as to the asset class, investment sector and geography. The Investment Committee has the authority to make a final decision on approval or rejection of proposed transactions as well as to establish, subject to the investment guidelines, further risk limits or investment criteria within the sub limits set by the Board of Trustees.

The minimum number of Investment Committee members is one independent member. There is no maximum number of Investment Committee members and the membership will be determined from time to time by the Trustees.

The Investment Committee is made up of the following individuals:

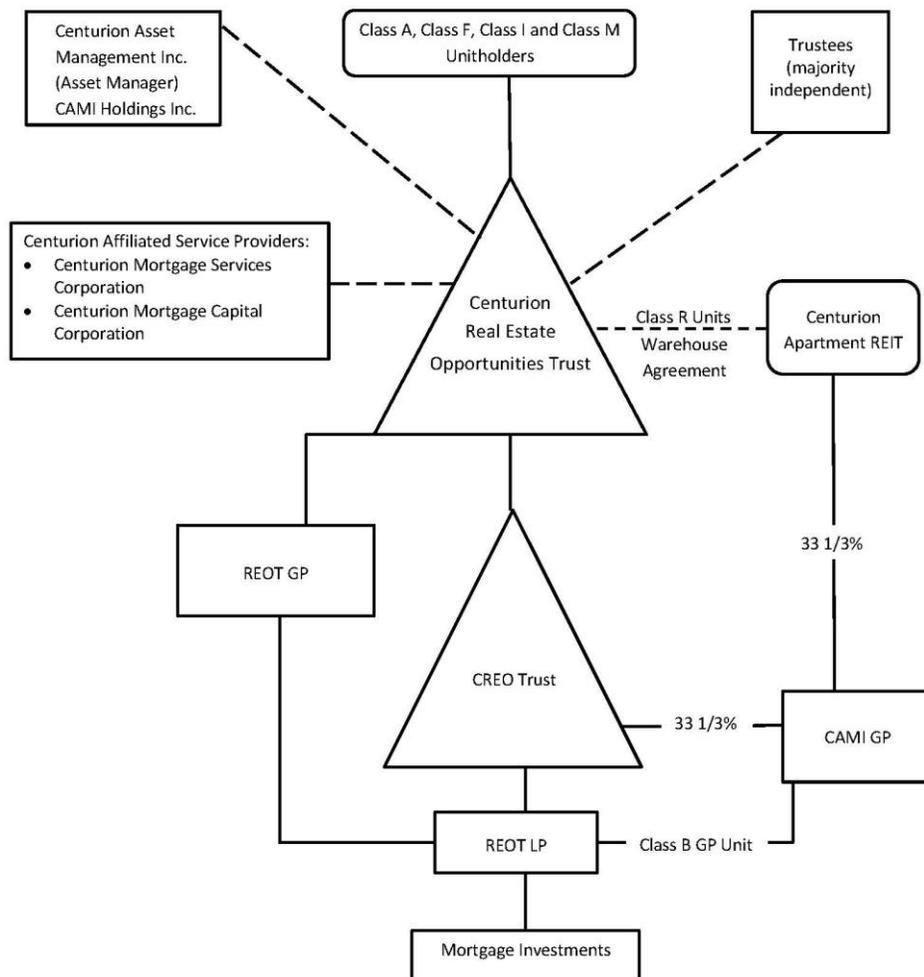
- Ken Miller, Member and Chairperson
- Gregory G Romundt, Member
- Stephen Stewart, Member
- Dan Kashvin, Member

ADDITIONAL COMMITTEES

The Declaration of Trust provides that the Trustees may create such Additional Committees as they, in their discretion, determine to be necessary or desirable for the purposes of properly governing the affairs of the Trust, provided that the Trustees may not delegate to any committee any powers or authority in respect of which a board of directors of a corporation governed by the *Canada Business Corporations Act* may not so delegate.

CENTURION REAL ESTATE OPPORTUNITIES TRUST OPERATING STRUCTURE

The following diagram sets forth the current principal operating structure of the Trust.



The Trust owns all of the units of the CREO Trust, an unincorporated trust governed by the laws of the Province of Ontario, (“CREOT”). The Trust and CREOT generally provide guarantees of indebtedness of subsidiary entities. The guarantees are intended to ensure that lenders are treated equally in the event of significant default by various subsidiary entities. In addition to making investments indirectly through CREOT, the Trust may make any investments directly or indirectly through another entity or structure that holds such investments and to which the Trust obtains exposure.

THE MANAGEMENT TEAM

The management team of the Trust is comprised of:

- Gregory Romundt, Toronto, President and Trustee
- Stephen Stewart, Toronto, Vice President of Mortgage Investments and Joint Ventures and Trustee
- Robert Orr, Toronto, Vice President of Finance, Chief Compliance Office (CCO) and Chief Financial Officer (CFO) and Trustee

The management and support teams managing the day to day operations of the Trust remained the same after Internalization as before it. The management team is supported by the Asset Manager.

THE ASSET MANAGER

The Asset Manager is a corporation governed by the laws of the Province of Ontario and is engaged for the purpose of managing the day-to-day operations of the Trust. It is registered as an exempt market dealer, investment fund manager, and a restricted portfolio manager in certain jurisdictions in Canada. The Asset Manager manages the day-to-day operations of the Trust pursuant to the Asset Management Agreement for a term expiring on December 31, 2024. The Asset Management Agreement will automatically renew for a further five-year term unless terminated by the Trust or the Asset Manager. The Asset Management Agreement may be terminated at any time by the Trust in the event of a material default by the Asset Manager thereunder; a material default by any of the non-Independent Trustees, or in the event of insolvency occurring with respect to the Asset Manager. The Asset Management Agreement may be terminated by the Asset Manager on 60 days' notice to the Trust as a result of a material breach by the Trust, or an event of insolvency with respect to the Trust.

The director and senior officer of the Asset Manager have been involved in a broad range of real estate and/or investment management activities over the past five years. The name and municipality of residence, office held with the Asset Manager and principal occupation of the director and senior officer of the Asset Manager are as follows:

- Gregory Romundt, Toronto, President of the Asset Manager

THE ASSET MANAGER’S DUTIES

Among other duties, the Asset Manager is responsible for: identifying investment opportunities that meet the Investment Guidelines set out in the Declaration of Trust; providing the Investment Committee and Trustees with information and advice relating to proposed investments, acquisitions, dispositions and financings; supervising the due diligence required in connection with proposed investments and supervising the completion of any resulting transactions; and directing and supervising the Mortgage Manager and the Mortgage Servicer. Unless otherwise determined by the Trustees, the Asset Manager has the authority to approve any single investment of up to \$2 million by the Trust, provided such investment is otherwise within the Investment Guidelines.

THE ASSET MANAGER'S FEES

In lieu of performance incentive fees typically associated with a real estate asset management agreement that typically range between 20% and 50% of profits, the Asset Manager was entitled to and did purchase a non-diluting 5% interest in the Trust's cash distributions and an equity interest in the net assets of the Trust attributable to the Investor Units (represented by the Class M Units), with no requirement for the Asset Manager to contribute additional capital beyond its initial subscription for Class M Units and the substantial equity already owned by the President of the Asset Manager in Centurion Apartment REIT which is the largest investor in the Trust as well as the newly opened Centurion Financial Trust. As such, the Asset Manager's interests are strongly aligned with the interest of all Unitholders. See "Item 5: Securities Offered – 5.1 Terms of Securities".

The Asset Manager is entitled to an acquisition fee or sourcing fee of 1.0% of the purchase price of any properties or other forms of equity investments bought by the Trust, provided that where the Asset Manager or an affiliate of the Asset Manager receives an acquisition, sourcing or like fee directly from the vendor or counterparty, the Asset Manager shall only receive an acquisition or sourcing fee from the Trust to the extent such other acquisition, sourcing or like fee was less than 1.00% of the purchase price and in any such cases only to the extent of the differential (if any). Further, the Asset Manager is entitled to an acquisition fee or sourcing fee of 1.0% of the principal amount of any mortgage investment acquired by the Trust, provided that where the Asset Manager or an affiliate of the Asset Manager receives an acquisition, sourcing or like fee directly from the borrower or counterparty, the Asset Manager shall only receive an acquisition fee or sourcing fee from the Trust to the extent such other acquisition, sourcing or like fee was less than 1.00% of the purchase price and in any such cases only to the extent of the differential (if any).

The Asset Manager or an affiliate of the Asset Manager will be entitled to keep any borrower or counterparty paid fees on all committed investments made by the Trust. The Asset Manager has appointed the Mortgage Manager as its designated affiliate with regard to any borrower or counterparty paid fees in return for managing on the behalf of the Asset Manager any activities requiring a mortgage brokerage license in regards to the sourcing of mortgages by the Asset Manager.

If and to the extent that the Asset Manager or any person affiliated with the Asset Manager renders services to the Trust in addition to those specifically required to be rendered under the Asset Management Agreement, such services will be compensated separately as agreed to by the Independent Trustees on the basis of fees which are at least as favourable to the Trust as those then generally charged for comparable services and activities.

THE PROPERTY MANAGER

The Property Manager is a corporation governed by the laws of the Province of Ontario and is owned by Centurion Apartment REIT. Properties which may be acquired from time to time by the Trust may, at the Trust's option, be managed by the Property Manager or by such other manager as the Trust, in its discretion, may determine.

All of the directors and senior officers of the Property Manager have been involved in a broad range of real estate activities over at least the past five years. Senior Management of the Property Manager includes Gregory Romundt, Robert Orr, and Lucian Ionescu. See "Item 2: Business of Centurion Apartment Real Estate Opportunities Trust – 2.1 Structure – Management of Centurion Real Estate Opportunities Trust".

THE PROPERTY MANAGEMENT AGREEMENT

Pursuant to the Property Management Agreement, the Property Manager has general responsibility for the overall management and operation of the Properties.

The Property Management Agreement has a term that expires on December 31, 2019. Renewals for additional five-year terms are automatic unless the Property Management Agreement is terminated. The Property Management Agreement may be terminated by the Trust in the event of a material breach by the Property Manager thereunder that has not been remedied within 15 days after notice has been received or upon any event of insolvency occurring with respect to the Property Manager. The Property Management Agreement may be terminated by the Property Manager upon 15 days prior notice to the Trust in the event that the Trust fails to pay any fees within 30 days of the presentation of an invoice or upon any event of insolvency occurring with respect to the Trust.

The Property Management Agreement provides for payment of an annual property management fee to the Property Manager during the initial five year term in an amount equal to 3.5% per annum of the “**Adjusted Gross Income**” of the Properties plus 5% of certain capital improvements, which will be calculated and payable monthly. During any renewal term, the annual property management fees to the Property Manager will be at competitive market rates to be established annually by negotiation between the Independent Trustees and the Property Manager. The fees payable to the Property Manager shall constitute payments for all services rendered by the Property Manager.

Pursuant to the Property Management Agreement, the Property Manager is responsible for employment expenses of its personnel, rent and other office expenses, and miscellaneous administrative expenses relating to its functions under the Property Management Agreement, other than the costs of onsite offices and personnel dedicated to any one or more of the Properties (such as on-site superintendents, call centre staff and other support staff employed by the Trust).

THE MORTGAGE MANAGER

The Mortgage Manager is a Corporation governed by the laws of the Province of Ontario. It is registered as a mortgage broker with the Financial Services Commission of Ontario (License #12372). The Mortgage Manager is an affiliate of the Asset Manager. The role of the Mortgage Manager is to conduct on the behalf of the Asset Manager any activities requiring a mortgage brokerage license in regards to the sourcing of mortgages by the Asset Manager. The Mortgage Manager does not charge a fee to the Trust for any of these activities but the Asset Manager has, in accordance with the Asset Management Agreement, designated that the Mortgage Manager is its designated affiliate which will be entitled to retain any borrower paid fees that the Asset Manager would be entitled to, in return for providing such services. Senior management of the Mortgage Manager includes Gregory Romundt and Stephen Stewart. See “Item 2: Business of Centurion Apartment Real Estate Opportunities Trust – 2.1 Structure – Management of Centurion Real Estate Opportunities Trust”.

THE MORTGAGE SERVICER

The Mortgage Servicer is a Corporation governed by the laws of the Province of Ontario. It is registered as a mortgage administrator with the Financial Services Commission of Ontario (License #12390). The Mortgage Servicer is an affiliate of the Asset Manager. The role of the Mortgage Servicer is to, where required, collect mortgage payments and conduct any enforcement activities where a licensed third party mortgage administrator isn’t already providing such services. The Mortgage Servicer does not charge a fee to the Trust for any of these services. Where there are third parties servicing mortgages of the Trust that charge fees, these fees will be paid by the Trust and the Mortgage Servicer will not charge any markup on these fees if so incurred. Senior management of the Mortgage Servicer includes Gregory Romundt and Stephen Stewart. See “Item 2: Business of Centurion Apartment Real Estate Opportunities Trust – 2.1 Structure – Management of Centurion Real Estate Opportunities Trust”.

2.2 Our Business

The Trust is an unincorporated investment trust created by declaration of trust made as of August 13, 2014, as amended and restated on September 12, 2014 (the “Declaration of Trust”) and governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein. See “Item 5: Securities Offered – 5.1 Terms of Securities”.

PORTFOLIO

In accordance with its Investment Guidelines, the Trust invests in a portfolio of Mortgage Assets, growth-oriented real estate investments (including real estate development), ancillary real estate and other investments held by the Trust, directly or indirectly through one or more Subsidiaries, including CREOT. As at March 31, 2017, the portfolio consists of approximately \$344.6 million of committed investments.

The portfolio is categorized generally into non-participating investments and participating investments. Non-participating investments are investments where the returns are fixed to a specified rate or index, and generally expected to perform like a mortgage. Participating investments are equity risk type investments (which may legally be structured as a mortgage, joint venture, limited partnership or otherwise) where the Trust participates in the upside and sometimes the downside of the returns. These may include, but aren't limited to direct and indirect equity investments in developments or redevelopments or mortgages that pay an interest rate plus a bonus if the project performs above a certain level. Of the investments categorized as non-participating investments, the weighted average interest rate is 9.95%, with a term to maturity of X years and weighted average loan to value of 61.49%. Non-participating investments comprise approximately 77% of the portfolio and participating investments comprise approximately 13%. The Asset Manager is targeting average gross returns of 7-12% per annum on its non-participating investments and 37% on its participating investments, although there is no assurance that these returns will be achieved.

88% of the investments are residential and 12% are commercial and 69% are construction related investments. Over 94%, of the investments are in a preferred position in terms of the capital stack, meaning that someone else is in first loss position, which is the Trust's preferred method of structuring the portfolio.

The investments by rank include first positions (30%), second positions (59%) and equity positions 11%).

There was a general provision of \$1.3 million recorded as at March 31, 2017. It is important to note that there have not been any losses and the provision is to meet the Trust's accounting policies.

For further information regarding the investments held in the portfolio, see “APPENDIX A – SUMMARY OF THE PORTFOLIO”.

INVESTMENT GUIDELINES AND OPERATING POLICIES

The Declaration of Trust contains investment guidelines and operating policies. The investment guidelines include, among other things, criteria with respect to the types of investments which the Trust can acquire and the maximum amount of mortgage loans in which the Trust may invest. The operating policies address, among other things, the level of the Trust's debt and the requirements for appraisals, insurance coverage and environmental audits. The investment guidelines and certain of the operating policies may only be changed upon the approval of a two-thirds majority of the votes cast by Unitholders at a meeting called for such purpose. The remaining operating policies may be changed upon the approval of a majority of the votes cast by Unitholders at a meeting called for such purpose.

Investment Guidelines

The assets of the Trust may be invested only, and the Trust shall not permit the assets of any subsidiary to be invested otherwise, than in accordance with the following investment guidelines (as more particularly set out in the Declaration of Trust):

- (a) the Trust shall focus its activities primarily on Focus Activities;
- (b) notwithstanding anything in the Declaration of Trust to the contrary, no investment shall be made that would result in:
 - i. Units of the Trust being disqualified for any class of any trust governed by a Registered Plan; or
 - ii. the Trust ceasing to qualify as a “mutual fund trust” for purposes of the Tax Act;
- (c) no single asset (except as provided for in the Declaration of Trust), (i) once the Trust has net assets that exceed \$100 million, shall be acquired if the cost of such acquisition (net of the amount of debt secured by such asset) will exceed 15% of Gross Book Value, and (ii) until such time that the Trust has net assets that exceed \$100 million, no single asset (except as provided for in the Declaration of Trust) shall be acquired if the cost of such acquisition (net of the amount of debt secured by such asset) will exceed \$15 million, provided that where such asset is (x) the securities of or an interest in an entity or (y) mortgage investments with a single borrower, the foregoing tests shall be applied individually to each underlying real estate asset of such entity or mortgage investment of such borrower, respectively;
- (d) investments may be made in a joint arrangement only if:
 - i. the arrangement is in connection with a Focus Activity;
 - ii. the arrangement is with others (“**joint arrangement partners**”) either directly or through the ownership of securities of or an interest in an entity (“**joint arrangement entity**”);
 - iii. the interest in the joint arrangement entity is an interest of not less than 10% and is not subject to any restriction on transfer other than a right of first refusal, right of first offer or similar events, if any, in favour of the joint arrangement partners;
 - iv. the Trust has the ability to provide input in the management decisions of the joint arrangement entity; and
 - v. without limitation, any joint arrangement with a Related Party for the purposes of the related party provisions of the Declaration of Trust has been entered into in accordance with such provisions;
- (e) unless otherwise permitted in Section 4.1 of the Declaration of Trust (Investment Guidelines) and except for temporary investments held in cash, deposits with a Canadian or U.S. chartered bank or trust company registered under the laws of a province of Canada, short-term government debt securities or in money market instruments of, or guaranteed by, a Canadian Schedule I bank maturing prior to one year from the date of issue, the Trust, directly or indirectly, may not hold securities other than (i) currency, commodity or interest rate futures contracts for hedging purposes to the extent that such hedging activity complies with the Canadian Securities Administrator’s National Instrument 81-102 – *Investment Funds* or any successor instrument or rule; (ii) securities

of a joint arrangement entity, or any entity formed and operated solely for the purpose of carrying on ancillary activities to any real estate owned, directly or indirectly, by the Trust, or an entity wholly-owned, directly or indirectly, by the Trust formed and operated solely for the purpose of holding a particular real property or real properties; and (iii) securities of another issuer provided either (A) such securities derive their value, directly or indirectly, principally from real property, mortgage investments or other Focus Activities, (B) the principal business of the issuer of the securities is, directly or indirectly, (1) investing in mortgage investments or (2) owning, operating, managing or developing real property, and provided, in either case, the entity whose securities are being acquired are engaged in a Focus Activity, or (C) such securities are of a mortgage investment corporation, mortgage investment trust, real estate investment trust or similar entity;

- (f) no investment will be made, directly or indirectly, in operating businesses unless such investment is incidental to a transaction:
 - a. where revenue will be derived, directly or indirectly, principally from a Focus Activity; or
 - b. which principally involves the ownership, maintenance, improvement, development, leasing or management, directly or indirectly, of real property or mortgage investments;
- (g) notwithstanding any other provisions of Section 4.1 of the Declaration of Trust (Investment Guidelines), subject to (u) below, the securities of a reporting issuer may be acquired provided that:
 - i. the activities of the issuer are focused on Focus Activities; and
 - ii. (in the case of any proposed investment or acquisition which would result in the beneficial ownership of more than 10% of the outstanding equity securities of the securities issuer, the investment or acquisition is of strategic interest to the Trust as determined by the Trustees in their discretion;
- (h) no investments will be made in rights to or interests in mineral or other natural resources, including oil or gas, except as such investments may be incidental to an investment in real property or mortgage investments;
- (i) mortgage investments may only be made where:
 - i. the security thereof is real property;
 - ii. the security interest includes a mortgage or similar security interest registered on title to the real property which is the security thereof; and
 - iii. the amount of the mortgage investment (not including any mortgage insurance fees incurred in connection therewith) does not exceed 85% of the market value of the real property which is the security thereof,
- (j) loans (other than mortgage investments) may only be made where:
 - i. the security thereof is (a) real property or (b) an asset that the Trust could otherwise hold in accordance with this Section 4.1;
 - ii. the security interest includes a (a) mortgage or similar security interest registered on title to the real property which is the security thereof, (b) security interest registered against such

other asset which is the security thereof or (c) other security interest acceptable to the Trustees that, in the opinion of the Trustees, protect the Trust's investment; and

- iii. the amount of the loan (not including any loan insurance fees incurred in connection therewith) does not exceed 85% of the market value of the asset which is the security thereof,
- (k) the Trust may invest in mortgages of related entities that do not deal at arm's length to the Trust provided that:
- i. the mortgage loan bears interest at a commercial rate of interest;
 - ii. the amount of the mortgage loan is not in excess of 90% of the selling price of the property securing the mortgage;
 - iii. the mortgage loan has a maturity not exceeding five years;
 - iv. the mortgage loan is approved by the Trustees; and
 - v. the aggregate value of mortgage loans with related entities that do not deal at arm's length to the Trust, after giving effect to the proposed investment, will not exceed 15% of Gross Book Value of the Trust calculated at the time of such investment;
- (l) notwithstanding any other provisions of Section 4.1 of the Declaration of Trust (Investment Guidelines), the Trust may invest either directly or indirectly, in the equity of real estate development projects and opportunities and structure the transaction as a mortgage loan or note which will not be subject to the loan to value limits in Section 4.1 of the Declaration of Trust (Investment Guidelines);
- (m) notwithstanding any other provisions of Section 4.1 of the Declaration of Trust (Investment Guidelines), for risk management purposes only, the Trust may increase a given investment to more than the limits referred to in (c) above in order to remedy the default by a borrower of its obligations in respect of a prior ranking security or satisfy the indebtedness secured by a prior ranking security or for any other reason if such action is required to, in the opinion of the Trustees, protect the Trust's investment and if such proposed increase in the Trust's investment is approved by Trustees;
- (n) notwithstanding any other provisions of Section 4.1 of the Declaration of Trust (Investment Guidelines), the Trust may participate in mortgage investments on a syndication basis, subject to the approval by the Trustees of the investment amount and the proposed syndication partners;
- (o) notwithstanding any other provisions of Section 4.1 of the Declaration of Trust (Investment Guidelines), the Trust may acquire mortgage investments (or exposure to mortgage investments) through Approved Warehouse Transactions;
- (p) enter into any arrangement (including the acquisition of securities for the investment portfolio of the Trust) where the result is a "dividend rental arrangement" for the purposes of the Tax Act;
- (q) hold (i) securities of any non-resident corporation or trust or other entity (or of a partnership which holds such securities) if the Trust (or partnership) would be required to include any significant amounts in income pursuant to the offshore investment fund property rules in section 94.1 of the Tax Act, (ii) any interest in a non-resident trust (or a partnership which holds such an interest) other than an "exempt foreign trust" for the purposes of section 94 of the Tax Act, or (iii) any

interest in a trust (or a partnership which holds such an interest) which would require the Trust (or the partnership) to report income in connection with such interest pursuant to the rules in section 94.2 of the Tax Act;

- (r) engage in securities lending that does not constitute a “securities lending arrangement” for purposes of the Tax Act;
- (s) invest in any security that would be a “tax shelter investment” within the meaning of the Tax Act;
- (t) make or hold any investments in entities that would be “foreign affiliates” of the Trust for purposes of the Tax Act; and
- (u) notwithstanding any other provisions of Section 4.1 of the Declaration of Trust (Investment Guidelines), the Trust shall not acquire any securities unless the Trust has appointed a service provider that has the necessary registrations under applicable securities laws to permit the Trust to purchase and hold such securities or is exempt from any such requirements.

For the purpose of the foregoing guidelines, the assets, liabilities and transactions of a corporation, trust or other entity wholly or partially owned by the Trust will be deemed to be those of the Trust on a proportionate consolidation basis. In addition, any references in the foregoing to investment in real property will be deemed to include an investment in a joint arrangement or a limited partnership, the whole subject to (a) above. Except as specifically set forth in the Declaration of Trust to the contrary, all of the foregoing prohibitions, limitations or requirements for investment shall be determined as at the date of investment by the Trust, but always subject to (a) above.

For greater certainty, the above Investment Guidelines are intended to set out generally the parameters under which subsidiaries in which the Trust is permitted to invest will be empowered under their respective constating documents to re-invest. References to the Trust in those paragraphs shall be read as applying to such subsidiary where the actual activity that is the subject of the policy is carried on by such subsidiary. Further, any determinations in respect of the investment restrictions that are determinations reserved to the Trustees, where the actual activity is carried on by a subsidiary, will be made by the trustees or directors of the relevant subsidiary. Nothing in the Investment Guidelines empowers or entitles the Trust or the Trustees to carry on business or to otherwise undertake any activity that would violate the Trust’s requirement to maintain its status as a “mutual fund trust”.

Operating Policies

The operations and affairs of the Trust will be conducted in accordance with the following operating policies and the Trust shall not permit any subsidiary to conduct its operations and affairs other than in accordance with the following policies (as more particularly set out in the Declaration of Trust):

- (a) title to each real property shall be held by and registered in the name of a corporation or other entity wholly-owned directly or indirectly by the Trust or jointly owned directly or indirectly by the Trust with joint arrangement partners; provided, that where land tenure will not provide fee simple title, a corporation or other entity wholly-owned, directly or indirectly by the Trust or jointly owned, directly or indirectly, by the Trust with joint arrangement partners shall hold a land lease as appropriate under the land tenure system in the relevant jurisdiction;
- (b) no indebtedness shall be incurred or assumed if, after giving effect to the incurring or assumption thereof of the indebtedness, the total indebtedness as a percentage of Gross Book Value would be more than 75% for indebtedness, including amounts drawn under an acquisition facility, provided that for the purposes of the foregoing, indebtedness shall exclude any obligations of the Trust

under or arising out of Approved Warehouse Transactions (including any obligations to purchase mortgage or other investments on demand);

- (c) subject to the approval of the Trustees, the Trust may, directly or indirectly, guarantee any indebtedness, liabilities or other obligations of any kind of a third party, where such indebtedness, liabilities or other obligation, if granted, incurred or assumed by the Trust directly, would not cause the Trust to otherwise contravene the restrictions set out in Section 4.1 of the Declaration of Trust (Investment Guidelines). For greater certainty, the Trust will not directly or indirectly guarantee any indebtedness, liabilities or other obligations of any Person if doing so would contravene restriction (b) of the Investment Guidelines;
- (d) in accordance with the Declaration of Trust, the Trust shall maintain the Investment Committee, which Investment Committee shall have the rights and responsibilities set out in the Declaration of Trust, as described under “Item 2: Business of Centurion Real Estate Opportunities Trust – 2.1 Structure – Investment Committee”;
- (e) at all times insurance coverage will be obtained and maintained in respect of potential liabilities of the Trust and the accidental loss of value of the assets of the Trust from risks, in amounts and with such insurers, in each case as the Trustees consider appropriate, taking into account all relevant factors including the practices of owners of comparable properties;
- (f) at least 8.5% of gross consolidated annual rental revenues generated from properties where the associated mortgage financing is insured by the Canadian Mortgage and Housing Corporation (“insured properties”) as determined pursuant to IFRS shall be expended annually on sustaining capital expenditures, repairs and maintenance, all determined on a portfolio basis for all insured properties. For this purpose, capital expenditures and repairs and maintenance include all onsite labour costs and other expenses and items associated with such capital expenditures, repairs and maintenance; and
- (g) the Trust may engage service providers, including asset managers and mortgage managers under terms and conditions acceptable to the Trustees. As at the date hereof, the Trust has engaged the Asset Manager pursuant to the Asset Management Agreement.

For greater certainty the operating policies set out in (a) through (g) are intended to set out generally the parameters under which the Trust (and subsidiaries in which the Trust is permitted to invest) will operate. References to the Trust in those paragraphs shall be read as applying to such subsidiary where the actual activity that is the subject of the policy is carried on by such subsidiary (with the exception of policy (b) above which is only intended to apply to the Trust). Further, any determinations in respect of the operating policies that are determinations reserved to the Trustees, where the actual activity is carried on by a subsidiary, will be made by the trustees or directors of the relevant subsidiary. Nothing in (a) through (g) empowers or entitles the Trust or the Trustees to carry on business or otherwise undertake any activity that would violate the Trust’s requirement to maintain its status as a “mutual fund trust”.

For the purposes of the foregoing investment guidelines and operating policies, the assets, indebtedness, liabilities and transactions of a corporation, partnership or other entity wholly or partially owned by the Trust will be deemed to be those of the Trust on a proportionate, consolidated basis. In addition, any references in the foregoing investment guidelines and operating policies to investment in real property will be deemed to include an investment in a joint arrangement. A “**joint arrangement**” means an arrangement through which two or more parties have joint control that has the following characteristics: (a) the parties to the arrangement are bound by a contractual agreement, (b) the contractual agreement gives two or more of those parties joint control of the arrangement, and (c) is either a joint operation or a joint arrangement.

In addition, the term “**indebtedness**” means (without duplication):

- (i) any obligation of the Trust for borrowed money;
- (ii) any obligation of the Trust incurred in connection with the acquisition of property, assets or business other than the amount of future income tax liability arising out of indirect acquisitions;
- (iii) any obligation of the Trust issued or assumed as the deferred purchase price of property;
- (iv) any capital lease obligation of the Trust; and
- (v) any obligation of the type referred to in clauses (i) through (iv) of another person, the payment of which the Trust has guaranteed or for which the Trust is responsible for or liable;

provided that (A) for the purposes of (i) through (iv), an obligation will constitute indebtedness only to the extent that it would appear as a liability on the consolidated balance sheet of the Trust in accordance with generally accepted accounting principles; (B) obligations referred to in clauses (i) through (iii) exclude trade accounts payable, distributions payable to Unitholders and accrued liabilities arising in the ordinary course of business, and (C) indebtedness shall exclude any obligations of the Trust under or arising out of Approved Warehouse Transactions (including any obligations to purchase mortgage or other investments on demand).

Investment Committee

The Trust established an Investment Committee to review, approve and make investments that are in accordance with the investment guidelines of the Trust. The Investment Committee Charter is outlined below:

Section 1 Purpose.

The Investment Committee (the “Committee”) is a committee of the Trust established by the Board of Trustees of the Trust. The Board of Trustees established the Investment Committee to:

- Review, approve and make investments on behalf of the Trust that:
 - fall within the investment guidelines of the Trust, as set out in the Declaration of Trust, and
 - fall within the prescribed limits (the “sub limits”) set by the Board of Trustees from time to time; and
- Pre-screen potential investments that exceed the sub limits;
- Recommend or refer investments exceeding the sub limits to the Board of Trustees for their consideration; and
- Review and approve minor amendments to investments previously approved by the Board of Trustees, subject to limits described below.

Section 2 Sub Limits.

The Investment Committee shall be authorized to approve any individual investment that fits within the criteria established by the sub limits.

The sub limits for each investment are:

- Such investment must have a purchase price less than or equal to \$8.5 million;

Such investment complies with the investment guidelines of the Trust. The sub-limits for each connected group of investments are:

- Such connected group of investment must have a purchase price less than or equal to \$17 million;
- Such connected group of investments complies with the investment guidelines of the Trust;
- Investments are considered connected if a common individual or corporation owns 35% or more of each investment, either directly or indirectly, or it is otherwise considered to exert management control or significant influence over each investment.

The Investment Committee shall be authorized, in respect of investments not exceeding the sub limits before or after amendment, to approve any required minor amendments as necessary, and in respect of investments exceeding the sub limits before or after amendment, to approve any required minor amendments thereto, subject to the following limits:

- Amendments to the investment size of up to \$2 million, including additional principal and/or interest capitalization;
- Amendments to investment term of up to 12 months;
- Amendments to interest rate of up to 100 basis points;

Any such amendment approved by the Investment Committee shall require ratification by the Board of Trustees at the next following meeting.

The Asset Manager of the Trust shall be authorized to approve any individual investment with a purchase price of \$2 million or less that fits within the investment guidelines of the Trust, subject to ratification by the Investment Committee at the next following meeting.

The Asset Manager of the Trust shall be authorized to approve amendments of the following nature to approved investments:

- Amendments to the investment size of up to \$1 million, including additional principal and/or interest capitalization;
- Amendments to investment term of up to 6 months;
- Amendments to interest rate of up to 25 basis points;
- Other amendments of a non-financial nature considered minor or immaterial by the Asset Manager.

Any such amendments to investments approved by the Asset Manager shall require ratification by the Investment Committee at the next following meeting.

In addition to these sub-limits, the Board of Trustees recently approved expanding the delegated approval authority granted to the Investment Committee to include changes to security considered minor, substituting collateral in a non-material way, changing guarantees in a non-material way, amending conditions precedent to funding in a non-material way and amending the capital stack provided Centurion's exposure remains the same.

Section 3 Composition and Meetings.

The Investment Committee shall be composed of, at a minimum, at least one Trustee that is an Independent Trustee or a delegate chosen by a majority of the Independent Trustees that is independent of the Trust and CAMI (or its successor) and such Independent Trustee or delegate thereof shall be the chairperson of the Investment Committee (the "Chairperson").

There shall be no maximum number of members of the Investment Committee in addition to the Chairperson.

No business of the Investment Committee may be transacted except at a meeting of its members at which

the Chairperson is present or email circulation evidenced by a written approval from the Chairperson. The Chairperson shall constitute a quorum of the Investment Committee, provided that Chairperson will take reasonable efforts to allow other members of the Investment Committee the opportunity to attend meetings of the Investment Committee.

The Chairperson may be removed or replaced at any time by a majority of the Independent Trustees and shall cease to be a member of the Committee upon ceasing to be a trustee.

Any member of the Investment Committee may be removed or replaced at any time by the Chairperson. Each member of the Investment Committee shall hold such office until he or she resigns or is removed from the Investment Committee.

The Committee will meet as many times as is necessary to carry out its responsibilities.

Meetings will be at the call of the Trustees, the Asset Manager, the Chairperson or any other member of the Investment Committee.

The Chairperson shall be entitled to receive such remuneration for acting as the chairperson of the Committee as the Board of Trustees may from time to time determine.

Section 4 Chairperson.

1. The Chairperson has the discretion to:
 - (a) approve an investment within the sub limits of the Investment Committee
 - (b) recommend or refer an investment that is above the sub limits to the Board of Trustees;
 - (c) refer an investment that is within the sub limits of the Investment Committee to the Trustees for their approval.
2. An investment that does not have the approval of the Chairperson must have the approval of the Trustees to proceed.

Section 5 General Role.

The Committee should:

- Review the investments of the Trust to ensure that such investments comply with the investment guidelines of the Trust;
- Review this Charter and the sub limits and recommend to the Board of Trustees changes to this Charter and/or the sub limits, as considered appropriate from time to time;
- Report to the Board of Trustees on:
 - the business conducted at meetings of the Committee and any material decision reached by the Committee; and
 - the investments of the Trust.

Section 6 General.

1. Notwithstanding the appointment of the Committee and the granting of any authority, the Trustees may consider and approve or disapprove any matter which the Committee has the authority to consider or approve.
2. The Committee is a committee of the Board of Trustees and it is not and shall not be deemed to be an agent of the Trust's Unitholders for any purpose whatsoever. The Board of Trustees may, from time to time, permit departures from the terms hereof, either prospectively or retrospectively. No

provision contained herein is intended to give rise to civil liability to security holders of the Trust or any other liability whatsoever.

3. The duties of the Committee may be changed from time to time by the Trustees and shall be subject to such authority as may be delegated from time to time to officers of the Trust without requiring the approval of or review by the Trustees or the Committee.

2.3 Development of Our Business

HISTORY OF CENTURION REAL ESTATE OPPORTUNITIES TRUST

Founding Transaction - Acquisition of Initial Portfolio

The Asset Manager of Centurion Apartment REIT, a private real estate investment trust primarily focused on investing in and managing a diversified portfolio of income producing multi-unit residential properties, student housing and mortgages in Canada, had in 2012 identified the provision of debt and equity financing for growth-oriented real estate transactions (including real estate development transactions), particularly in its core area of expertise of apartments and student housing, and the development thereof, as significant opportunities that would be a potentially accretive source of profit and an acquisition pipeline for Centurion Apartment REIT.

Since the beginning of 2013, the Asset Manager has been building this financing business for Centurion Apartment REIT and in May of 2013 began its first capital deployments. As the business grew, the Asset Manager believed that the potential scale of these opportunities, particularly in the development of new apartments and student housing which Centurion Apartment REIT could buy, would ultimately require a larger capital allocation than could be supported on its balance sheet alone. Further, the Asset Manager was seeing a regular flow of other real estate debt and equity investment opportunities that fell outside of the acquisition pipeline goals of Centurion Apartment REIT by virtue of its' activities in the market that it had to forego. As such, the Asset Manager believed that there was sufficient scope to create a fund to focus on these and other similar opportunities. To maximize the number of opportunities upon which it could execute, the board of trustees of Centurion Apartment REIT decided to set up a new fund, the Trust, to which it would contribute Centurion Apartment REIT's debt and equity financing portfolio in return for equity in the Trust. Centurion Apartment REIT and the Trust would be strategic partners in providing developers an end-to-end solution for debt and equity financing and ultimately a potential exit in a sale of the stabilized development to Centurion Apartment REIT. In the opinion of the Asset Manager, this end-to-end solution has been seen by developers as an attractive option and has garnered considerable interest. The strategic partnership between Centurion Apartment REIT and the Trust is intended primarily to have the following benefits:

For Developers and other clients:

- an end-to-end solution to finance, develop, manage and sell their properties

For the Trust:

- a significant starting portfolio with a track record that would allow the Trust to get to scale faster than if it started from scratch
- the opportunity to invest for income and growth on new opportunities originating from relationships of Centurion Apartment REIT.
- via the Warehousing Agreement with Centurion Apartment REIT, the ability to move quickly to commit to investment opportunities to build its portfolio.

For Centurion Apartment REIT:

- the continuing opportunity to participate in the income and growth on its pro-rata holdings in the portfolio it had built and contributed to the Trust
- the opportunity to use its own operating facilities to fund higher yielding investments on a short term basis via the Warehousing Agreement for short term income
- the opportunity to build a larger pipeline of potential acquisitions than it could on its own

On September 12, 2014, Centurion Apartment REIT contributed the Initial Portfolio to the Trust in return for 5,892,722.80 Class "R" Trust Units of the Trust at \$10.00 per Class R Unit, reflecting a purchase price of \$58,927,228. Such purchase price was reviewed and approved by the Trustees and the trustees of Centurion Apartment REIT. Centurion Apartment REIT and the Trust signed the Warehousing Agreement with Centurion Apartment REIT and the Asset Transfer Agreement as part of this transaction.

Evolution of the Trust Since Inception

Since its launch, the Trust has continued to expand its funded portfolio over the past couple of years from an initial \$58.9 million to committed investments with a funded value of \$255.4 million. \$ as at March 31, 2017. The portfolio is now diversified with 67 funded investments, of which 24% are designated as "participating" (meaning that REOT has an equity-type risk position in these projects; so there is the potential for upside beyond the return from the mortgage investment side of the projects). For a summary of select information about the Trust as at March 31, 2017, please see "APPENDIX A - SELECT PORTFOLIO INFORMATION". The information in such appendices is provided for general information purposes and there can be no assurance that future performance or events will be similar to past performance or events.

The Trust has continued to build its team of qualified professionals through the hiring of originators, underwriters, analysts and administrators. This growth in staffing will allow the Trust to expand its market reach and will continue to grow the Trust.

The Trust is currently approved on over 38 platforms including exempt market dealers, IIROC dealers and portfolio managers; we continue to work on being approved on numerous other platforms across the country.

The Trust internalized its asset management staff in 2015 to reduce costs in the long term and further increase alignment between the management team, staff and investors.

2.4 Long Term Objectives

The long-term (ongoing) objectives of the Trust are to provide Unitholders with income (payable monthly) and capital growth from a diversified portfolio of mortgages and opportunistic real estate investments and other investments. In order for the Trust to accomplish its long-term objectives, the following must occur:

- (a) the Trust must complete its short-term objectives described under "2.5 Short Term Objectives and How We Intend to Achieve Them" below; and
- (b) the Asset Manager, the Mortgage Manager and the Property Manager must prudently manage the affairs of the Trust and the Portfolio on an ongoing basis.

MANAGEMENT AND INVESTMENT STRATEGY

The Management personnel of the Trust and the Asset Manager have significant experience in the real estate debt and equity business, and in the operation of real properties. The Asset Manager also has significant industry relationships to originate investment opportunities for the Trust. These skills and relationships should permit the Trust to capitalize upon many real estate opportunities which may be unavailable to other real estate investors who lack the requisite diversity of real estate experience and relationships. See “Item 3: Interests of Trustees, Management, Promoters and Principal Holders – 3.2 Management Experience”. The Trustees may change the investment strategy (including the investment structure) of the Trust at their discretion without obtaining approval from Unitholders.

The Asset Manager believes that the business of the Trust and that of Centurion Apartment REIT, which it also manages, are mutually complementary and that there is a strategic benefit to the relationship between the two trusts that may serve to provide opportunities for investment and to mitigate risks for the Trust in the following ways:

- (a) Centurion Apartment REIT is a long term holder of real estate investments, primarily multi-residential apartments and student housing properties. Aside from its mortgage investments, Centurion Apartment REIT’s investments generally don’t have a maturity date or an anticipated liquidity event. The Trust will focus primarily on investments where there is a maturity date, or an anticipated liquidity event and are generally more short or medium term in nature. Thus, Centurion Apartment REIT and the Trust are not naturally competing for the same investments as their primary investment portfolios will generally have different time horizons.
- (b) It is anticipated that a large portion of the opportunities that will be presented to the Trust will be related to multi-residential apartments and student housing. These could be mortgages or developments where Centurion Apartment REIT may have a future interest in owning the property (or a right to acquire the property) and could provide an exit event to the Trust, and thus potentially increase liquidity and reduce lending and/or development risks on the Trusts investment portfolio
- (c) The Asset Manager (and its affiliates) has considerable experience managing multi-residential apartments and student housing and the Asset Manager believes that this experience is a competitive advantage and will help mitigate risks relative to other mortgage lenders that lack this management infrastructure and experience
- (d) One of the primary areas where the Asset Manager believes there are significant opportunities for the Trust is in the development of new apartments and student housing. Based on its experience, the Asset Manager believes that developers and joint arrangement partners are attracted to the “end to end” solution that the Asset Manager, its affiliates, Centurion Apartment REIT and the Trust, as a group brings (e.g. the ability to finance the debt and equity during development, experience in determining project feasibility, understanding what renters want, experience in lease up and management, and ultimately being an interested buyer for the property upon completion). This ability to provide an “end to end” solution is, in the Asset Manager’s view, a strategic advantage in attracting investment opportunities for the Trust and is a potential acquisition pipeline for Centurion Apartment REIT.

Strategically, Centurion Apartment REIT has determined its intention to maintain an ownership interest in the Trust of approximately 50%.

The Trust intends to generally pursue a “barbell strategy” for its investment portfolio, allocating between mortgage investments for income and growth-oriented real estate opportunities for capital growth. It is anticipated that most of the investments will have either a fixed maturity (like a mortgage) or an exit strategy or event (like an equity interest in a development project), as the Trust does not intend to be “permanent capital” for any particular investment. No specific percentage allocation between the income and capital growth portions of the portfolio have been set as these allocations will be opportunity driven and determined on an ongoing basis by the Asset Manager. However, the Asset Manager has a general preference when investing in equity opportunities, to invest in the preferred equity portion of the capital stock to reduce downside risk and to attempt to achieve a preferred return to meet the Trust’s income targets.

Conflicts of Interest and Allocation of Investment Opportunities

Centurion Apartment REIT and the Trust operate independently from one another and have separate boards of trustees, with Mr. Gregory Romundt, Mr. Robert Orr and Mr. Martin Bernholtz serving as trustees for both Centurion Apartment REIT and the Trust. Although Mr. Martin Bernholtz serves as a trustee of both Centurion Apartment REIT and the Trust, he is otherwise independent of the Asset Manager and its affiliates. The Declaration of Trust contains “conflict of interest” provisions requiring Trustees to disclose material interests in Material Contracts and transactions and to refrain from voting thereon. Where there is a material risk of damage to the Trust arising from any conflict of interest, this conflict will be managed to prevent the conflict from adversely affecting the interests of the Trust, including by reference to the Independent Trustees.

TARGETED INVESTMENTS

The Asset Manager expects that the Trust is currently targeting the following areas for its investment portfolio.

- Mortgage Investments
- Multi-residential apartment and student housing developments
- Other growth-oriented real estate opportunities

Descriptions of each of these investment targets follows:

MORTGAGE INVESTMENTS

The traditional sources of real estate mortgage financing include Schedule I and II banks, trust companies, insurance companies and pension funds (“**Institutional Lenders**”). The larger Institutional Lenders in Canada are generally focused on mortgage loans that comply with lending criteria established by the Canadian banks which are often restrictive. These criteria became much more restrictive after the 2008 credit crisis, resulting in a pullback by traditional lending sources from the mortgage market in general and in particular the commercial mortgage market. Due to the focus of large financial institutions on limited types of mortgage loans and increasingly conservative loan exposure levels, the Asset Manager believes quality lending opportunities exist in some under-served segments of the mortgage market at premium interest rates secured by high quality mortgage loans. Below are the areas of focus for the Trust in the mortgage market.

Construction loans for purpose built rental apartments and student housing buildings

Mortgage financing to support the construction of purpose built rental apartments and student housing buildings is provided on a strictly limited basis by only a few Institutional Lenders, primarily a few of the Schedule I and Schedule II banks and some trust companies. Despite vacancy rates upon completion and

stabilization for these types of projects remaining extremely low, these lending institutions are very conservative and limited in the amount of financing they will provide. The Asset Manager believes that this will allow the Trust to potentially find an abundance of investment lending opportunities on high quality projects, typically structured as either first or second mortgages, in particular for those projects which Centurion Apartment REIT may have an interest in acquiring upon completion. The Asset Manager expects that the loan exposure levels provided by the Trust are typically well within the price point at which Centurion Apartment REIT would be interested in acquiring the completed projects.

Multi-Family Residential, Investment Properties and Commercial Mortgages

Mortgage lending in the income producing investment property market is dominated by a few large Institutional Lenders. These Institutional Lenders tend to be more conservative and focus only on income producing properties owned by large real estate investors, which are generally considered to be safer investments. As a result, the Trust is able to find attractive lending opportunities providing first and second mortgage financing on other income producing properties and owners, including attractive lending opportunities on purpose built multifamily rental and student housing.

Developer and Builder Pre-construction Loans

Builders and developers require loans to acquire land to build low rise and high rise developments. The Institutional Lenders lend on a very limited basis on land, presenting potentially attractive lending opportunities to the Trust.

Mezzanine and Subordinated Debt Financing

Mezzanine or subordinated debt financing for residential and commercial development projects is highly fragmented. Institutional Lenders typically do not provide this type of specialized financing for developers, and the capital providers in this market segment are typically small private entities with limited deployable capital. Given the lack of participation from the larger financial institutions, there is less competition in this market segment, which could provide the Trust with opportunities to underwrite mortgage loans that are, in the opinion of the Asset Manager, well-structured, secure and attractively priced.

Residential Mortgages

The single family Conventional Mortgage market in Canada is dominated by the Schedule I Banks which are aggressive in underwriting single family Conventional Mortgage loans provided such mortgages strictly comply in all aspects with rigid underwriting criteria. The five largest Schedule I Banks are generally less aggressive in pursuing single family Conventional Mortgage loans where (i) the borrower is self-employed, (ii) the borrower lacks a well-developed domestic credit history due to having recently immigrated to Canada, (iii) the borrower intends to substantially renovate the property, or (iv) the borrower or the loan is otherwise outside the strict lending guidelines of the Schedule I Banks. Consequently, borrowers who do not meet the rigid underwriting criteria of the Schedule I Banks find it more difficult to obtain financing from traditional Institutional Lenders, regardless of loan-to-value ratios or security offered, which the Asset Manager believes presents attractive lending opportunities to the Trust.

Please refer to "APPENDIX A - SUMMARY OF THE PORTFOLIO" for further information.

Multi-Residential Apartment and Student Housing Developments

The Asset Manager believes that the construction of new apartments and student housing are currently two of the most compelling opportunities in the multi-residential rental business. These two opportunities

were the original core reasons that Centurion Apartment REIT began to build up its financing portfolio to create a pipeline of acquisitions and to profit in the development along the way.

The Asset Manager believes that now is the right time to build new apartments because:

- There has been very limited construction of new apartments in Canada for decades and the existing stock is aging. Even though older properties have been renovated where renters could choose to live, many are willing and able to pay more to get a newer facility with updated amenities.
- Institutional Lenders have significantly restricted lending to condominium developers and thus there are many sites that may be appropriate for apartment construction where developers must now look for either an alternate or deferred exit plan
- Because developers have capital invested in the land on which they may be paying financing costs, and have ongoing infrastructure and employee costs to pay, they may be motivated to consider alternate exits and develop apartments instead
- Condominium unit pre-sales have been much more difficult to obtain, thus preventing these developers from starting their projects
- Capitalization rates have moved to a point where new construction makes sense
- There is extremely strong interest on the part of institutional investors to own well located new apartments
- The Asset Manager believes that there may be a limited window to build apartments in some markets until Institutional Lenders begin lending again to developers, at which time the window may close in these markets for a long time. The Asset Manager believes that given that this window may close, that newly built product may attract significant buyer demand as supply available for sale to the market is likely to be limited.

Centurion Apartment REIT is one of the largest owners and a leader in the student housing business. It has been building its portfolio of student properties since 2011.

The Asset Manager is optimistic about the student housing business, but believes that the number of opportunities for growth by development or acquisition have declined. Student condominiums have increased in popularity with retail investors. As a result, a large number of the potential student sites are being built "for sale" to retail investors as condominiums. It makes sense for developers to do so as retail investors will pay substantially more than companies will pay for the same property.

The Asset Manager believes that there continue to be opportunities to build new multi-residential apartment and student housing properties in which Centurion Apartment REIT may have an interest in purchasing upon completion and stabilization. Thus, there is a natural home for a number of these projects in Centurion Apartment REIT. Though it is not expected that firm purchase agreements between Centurion Apartment REIT and the Trust will be entered into in advance of completion of most projects, due to an alignment of interests and expertise of management and the strategic relationship between the Trust and Centurion Apartment REIT, the Trust would likely be focusing on properties that would suit Centurion Apartment REIT and it is expected that Centurion Apartment REIT would have interest in purchasing most of the properties upon stabilization. Such relationship and pre-identified exit option may help shorten the time to exit and liquidity for the Trust and reduce risk. In order to maximize returns for the Trust, Centurion Apartment REIT would have to pay fair market value for the properties and in some cases a

third party may be willing to pay more than Centurion Apartment REIT. In these cases, it is expected that the property would go to the highest bidder all other things being equal. In order to balance the interests of the Trust and REIT, who although strategic partners, may at times be in conflict, the Trust has appointed different independent Trustees than Centurion Apartment REIT, with the exception of Martin Bernholtz who is a member of both boards of trustees. The intended purpose of having a crossover independent board member is to act as a bridge between the boards that is at the same time otherwise independent of management (the Asset Manager and its affiliates).

The Trust intends to pursue a primarily joint arrangement model approach to its development and opportunistic real estate investments. This means that most of these types of investments would be with active partners who would approach the Trust with the opportunity and manage the day to day development with oversight by the Asset Manager (or its affiliates). The Trust's responsibilities would be primarily as an investor that brings multi-residential operations experience and the capability and interest from Centurion Apartment REIT to be the end buyer when appropriate. The Asset Manager believes that it will have access to more qualified investment opportunities and can execute on greater scale and with less risk pursuing a strategy of working with local development partners and with Centurion Apartment REIT than if it went searching for opportunities to execute solely on its own.

Other Growth-Oriented Real Estate Investment Opportunities

The Asset Manager believes that in the course of pursuing its core Targeted Investments that it will be presented with other attractive growth-oriented real estate investment opportunities (including real estate development opportunities). The Asset Manager is regularly being presented with attractive opportunities outside of the multi-residential apartments and student housing areas. The Asset Manager intends to be opportunistic in considering other growth-oriented such real estate investment opportunities as they present themselves.

WAREHOUSE AGREEMENTS

The Trust has entered into two Warehouse Agreements, one with Centurion Apartment REIT and one with the newly opened Centurion Financial Trust.

Centurion Apartment REIT has agreed to fund (purchase) and warehouse certain mortgage investments originated by (or on behalf of) the Trust (the "**Warehoused Mortgages**") and growth-oriented real estate investments, ancillary real estate and other investments (the "**Warehoused Other Investments**"). The Warehouse Agreement (i) provides the Trust with a non-committed funding facility to fund (A) mortgage investments originated and placed directly or indirectly by the Mortgage Manager on behalf of the Trust and (B) growth-oriented real estate investments (including real estate development), ancillary real estate and other investments identified by the Asset Manager on behalf of the Trust and (ii) grants the Trust an option to repurchase Warehoused Mortgages and Warehoused Other Investments funded (purchased) under the Warehouse Agreement at any time. The Warehouse Agreement also provides Centurion Apartment REIT with an option to sell any Warehoused Mortgages and/or Warehoused Other Investments to the Trust (i) on 180 days' prior notice for any Warehoused Mortgages and/or Warehoused Other Investments that remain in good standing, (ii) immediately (within three (3) Business Day) for 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, or (iii) on thirty (30) days' prior notice where the Trust has provided a notice to terminate the Warehouse Agreement.

The Warehouse Agreement requires, unless otherwise agreed by the Trust and Centurion Apartment REIT, that the Warehoused Mortgages and Warehoused Other Investments funded or purchased by Centurion Apartment REIT be purchased by the Trust on a "first in, first out" basis. The "first in, first out" requirement applies collectively to Warehoused Mortgages and Warehoused Other Investments.

The Trust expects to make use of the facility under the Warehouse Agreement to fund mortgage and other investments in order to (i) permit the continuous deployment of capital and (ii) avoid a reduction of returns associated with delays in the deployment of equity capital that needs to be raised to fund mortgage investments. Centurion Apartment REIT is not required to fund (purchase) any mortgage investments pursuant to the Warehouse Agreement and has made no commitments to do so. Any funding decision of Centurion Apartment REIT is made independent of the Trust by the independent trustees of Centurion Apartment REIT, provided that the independent trustees of Centurion Apartment REIT may set parameters pursuant to which such funding decisions are delegated to the Asset Manager (or any successor asset manager of Centurion Apartment REIT).

As consideration for Centurion Apartment REIT providing the warehouse facility and entering into the Warehouse Agreement, during the term of the Warehouse Agreement, the Trust has granted Centurion Apartment REIT the exclusive first right to purchase and exercise any Property Purchase Option granted to the Trust in connection with the acquisition of any Mortgage Assets and/or other investments. During the Term, such right shall apply to all Mortgage Loans and/or other investments for which the Trust is the beneficial owner regardless of whether such Mortgage Loans and/or other investments are warehoused with Centurion Apartment REIT in accordance with the Warehouse Agreement. The purchase price paid by Centurion Apartment REIT for any Property Purchase Option shall be the fair market value of such Property Purchase Option determined at the time Centurion Apartment REIT exercises its right to purchase the Property Purchase Option, acting reasonably and in good faith. Any disputes with respect to the determination of the fair market value of the Property Purchase Option are to be resolved through negotiation between Centurion Apartment REIT and the Trust, failing which either party may request that an independent firm of licensed real estate appraisers resolve the dispute. Centurion Apartment REIT has the option to redeem the number of Class R Units equal to the fair market value of the Property Purchase Option in order to satisfy the purchase price therefor. See "Item 5: Securities Offered – 5.1 Terms of Securities – Description of the Units"

As further consideration for Centurion Apartment REIT providing the warehouse facility and entering into the Warehouse Agreement, during the term of the Warehouse Agreement, the Trust has granted Centurion Apartment REIT the exclusive first right to exercise any Property Offer Option granted to the Trust, provided such Property Offer Option is transferable to the Centurion Apartment REIT. During the Term, such right shall apply to all Mortgage Loans and/or other investments for which the Trust is the beneficial owner regardless of whether such Mortgage Loans and/or other investments are warehoused with Centurion Apartment REIT in accordance with the Warehouse Agreement. Centurion Apartment REIT and the Trust have acknowledged in the Warehouse Agreement that the fair market value of each Property Offer Option is expected to be nominal and that unless Centurion Apartment REIT and the Trust, each acting reasonably and in good faith, determine otherwise, the purchase price for each Property Offer Option shall be \$0.

Centurion Apartment REIT has the option to require that the Trust pay the acquisition cost of any Warehoused Mortgages and/or Warehoused Other Investments in additional Class R Units rather than in cash, or to satisfy the purchase price of a Property Offer Option and any underlying Mortgage Loan and/or other investment relating thereto through the redemption of Class R Units.

The Trust has also entered into a Warehouse Agreement with Centurion Financial Trust whereby the Trust potentially agrees to fund (purchase) and warehouse certain investments by (or on behalf of) Centurion Financial Trust. This Warehouse Agreement operates in a similar manner except that the Trust may warehouse investments for Centurion Financial Trust.

2.5 Short Term Objectives and How We Intend to Achieve Them

The Trust's objectives over the next twelve months are to continue to increase its exposure and gain market share. In addition, the Trust will continue to raise sufficient funds, as required, to make additional investments, diversify the investment portfolio and additionally diversify the Unitholder base. The Asset Manager has significant relationships with registered dealers and advisors and has a large diversified client base from its management of Centurion Apartment REIT. The Asset Manager anticipates that it will continue to be successful in getting the Trust approved on a number of registered dealer platforms and that it will attract interest from its existing client relationships for this Trust.

In 2016 the Trust secured a \$20,000,000 line of credit with a Canadian Schedule 1 chartered bank. In January 2017, this line was increased to \$25,000,000. This line provides the Trust with additional liquidity and flexibility as it continues to grow.

2.6 Insufficient Funds

The funds raised by the Trust pursuant to the Offering may not be sufficient to accomplish all of the Trust's proposed objectives and there is no assurance that alternative financings will be available.

2.7 Competition

The market that the Trust operates in is very competitive. There are numerous competitors that compete within the same space. The Trust's competitors include individuals, non-bank lenders, mortgage investment companies, private and public investment companies, and several Schedule 1 and 2 banks. This is certainly not an exhaustive list of competitors but provides a perspective of the competitive landscape. The primary barriers to entry into the market the Trust operates in would be capital, contacts, experience in evaluating investments and the general economic environment.

2.8 Material Agreements

The following is a list of all material documents (collectively, the "**Material Contracts**") related to the Trust:

1. The Declaration of Trust of the Trust (described under "Item 2: Business of Centurion Real Estate Opportunities Trust - 2.1 Structure");
2. The Property Management Agreement (described under "Item 2: Business of Centurion Real Estate Opportunities Trust - 2.1 Structure - The Property Management Agreement");
3. The Asset Management Agreement (described under "Item 2: Business of Centurion Real Estate Opportunities Trust - 2.1 Structure");
4. The Warehouse Agreement (described under "Item 2 - Business of Centurion Real Estate Opportunities Trust - 2.4 Long-Term Objectives - Warehouse Agreement");

The Material Contracts are available for review by potential investors at the offices of the Asset Manager and online at www.centurionreit.com.

ITEM 3: INTERESTS OF TRUSTEES, MANAGEMENT, PROMOTERS AND PRINCIPAL HOLDERS

3.1 Compensation and Securities Held

A person who is employed by and receives salary from the Trust, the Asset Manager (or its affiliated companies) does not receive any additional remuneration from the Trust for serving as a Trustee or

executive officer. The Independent Trustees of the Trust are paid trustee fees of \$24,000 each per annum. The Chair of the Investment Committee is paid \$12,000 per annum.

The following chart discloses the names, municipalities of residence, positions, compensation and securities held by each of the Trustees, executive officers and principal holders of Units of the Trust. For a discussion of fees paid to the Asset Manager see “Item 2: Business of Centurion Real Estate Opportunities Trust – 2.1 Structure – The Asset Manager’s Fees”.

Name and Municipality of Residence	Position(s) Held	Compensation Paid by the Trust or a Related Party in the Most Recently Completed Financial Year and the Compensation Anticipated to be Paid in the Current Financial Year	Number and Type of Securities of the Trust Held as of the March 31, 2016	
			Class A Units or Class F Units	Class M or Class R Units
Gregory Gunter Romundt Toronto, Ontario	President, Chief Executive Officer and Trustee	2016 - \$1.00 (3) 2017 - \$1.00 (3)	116.229	50,000 (100% of the Class M Units) ⁽¹⁾⁽²⁾
Robert Kennedy Orr Toronto, Ontario	VP Finance (Chief Financial Officer and Chief Compliance Officer)	2016 - \$285,000(4) 2017 - \$229,500(4)	116.229	Nil
Stephen Douglas Stewart Toronto, Ontario	VP of Mortgage Investments and Joint Ventures and Trustee	2016 - \$501,714 (5) 2017 - \$185,000 (5)	35,710.259	Nil
Peter Reginald Smith Oakville, Ontario	Trustee (Chair)	2016 - \$18,000 2017- \$24,000	Nil	Nil
Ansil Kenneth Miller Mississauga, Ontario	Chairperson of Investment Committee and Trustee	2016- \$25,000 2017 - \$36,000	Nil	Nil
Martin Charles Bernholtz Markham, Ontario	Trustee, Chairman of the Board	2016 - \$18,000 2017- \$24,000	Nil	Nil
Charles Colin Dillingham Mississauga, Ontario	Trustee	2016- \$18,000 2017- \$24,000	5,734.815	Nil
Centurion Apartment Real Estate Investment Trust	N/A		Nil	14,128,370.95 (100% of the Class R Units)

Notes:

- (1) A related party of the Asset Manager, owns 100% of the Class M Units. Gregory Romundt and his family beneficially own all of the outstanding shares of the Asset Manager and thus indirectly own 100% of the Class M Units. The Class M Units represent a 5% interest in the capital and the distributions of the Trust attributable to the Investor Units, as described under “Item 5: Securities Offered – 5.1 Terms of Securities – Description of the Units”.
- (2) Gregory Romundt, directly and through beneficial ownership of the shares of a related party of the Asset Manager owns a significant interest in Centurion Apartment Real Estate Investment Trust and the Trust.

- (3) Mr. Romundt receives a salary of \$1 and is not eligible for a bonus from the Trust. However, he and his family beneficially own all of the shares of the Asset Manager and its affiliates, the Mortgage Manager and the Mortgage Servicer and are compensated by them.
- (4) As of January 1, 2015 this person works as an employee of either or both of Centurion Apartment REIT and/or Centurion Real Estate Opportunities Trust or their subsidiaries and their compensation in any particular period may be allocated between these trusts and any other trusts, depending on numerous factors including, but not limited to how they split their time between the trusts. The compensation numbers presented herein are not weighted by these factors and are presented gross, as if this person will spend all of his time working solely for the trust which is unlikely. This employee is eligible for a performance based bonus, the final amount of which has not yet been determined for 2017.
- (5) The salary of this employee is paid by the Trust. The employee's bonus is paid by a Centurion Mortgage Capital Corporation. The employee is eligible for a performance based bonus, the final amount of which has not yet been determined for 2017.

3.2 Management Experience

The name and municipality of residence, office held with the Trust and principal occupation of each Trustee and senior officer of the Trust are as follows:

List of Trustees and Officers Name and Municipality of Residence	Office	Principal Occupation
Gregory Gunter Romundt ⁽³⁾ Toronto, Ontario	President and Trustee	Executive
Robert Kennedy Orr ⁽³⁾ Toronto, Ontario	VP Finance (CFO and CCO) and Trustee	Executive
Stephen Douglas Stewart ⁽³⁾ Toronto, Ontario	VP of Mortgage Investments and Joint Ventures and Trustee	Executive
Peter Reginald Smith ⁽¹⁾⁽²⁾ Oakville, Ontario	Trustee	Trustee
Ansil Kenneth Miller ⁽²⁾ Mississauga, Ontario	Trustee	Trustee
Martin Charles Bernholtz ⁽¹⁾⁽²⁾ Markham, Ontario	Trustee	Trustee
Charles Colin Dillingham ⁽¹⁾⁽²⁾ Mississauga, Ontario	Trustee	Trustee

Notes:

- (1) Member of Audit Committee (2) Independent Trustee
- (3) Centurion Appointee

The nature and extent of real estate experience of the Trustees and senior officers of the Trust and their principal occupations during the last five years are as follows:

Gregory Gunter Romundt

Mr. Romundt is the founder and President of the Asset Manager, the Property Manager, the Mortgage Manager, the Mortgage Servicer and Centurion Apartment REIT. He has been engaged in investment in residential real estate since 1997 and investments and financial markets since 1991. He has real estate investment experience in Singapore, Britain, Australia, China and Canada. From 1991 to 1997, he worked for Citibank in Toronto, New York and Singapore as a financial derivatives trader in interest rate

derivatives, major and emerging currencies and exotic derivatives. From 1997 to 2001, he worked for AIG International Group in Hong Kong, Britain and Singapore as head of emerging market derivatives and then as Senior Vice President and Partner (Emerging Markets). He was the group risk manager, overseeing all of the firm's positions in emerging markets. He graduated from the Richard Ivey School of Business at the University of Western Ontario with an HBA in 1991. Mr. Romundt was nominated for and was a finalist in, the Ernst & Young 2014 Entrepreneur of the Year award. He was name CEO of the Year in 2015 by Canadian Apartment Magazine.

Robert Kennedy Orr

Mr. Orr has over 25 years of experience within the financial services sector. Mr. Orr has held senior finance positions in a number of companies ranging from a private investment firm, a large multi-national financial institution and a global accounting firm. Prior to joining Centurion, he was the Chief Financial Officer and Chief Compliance Officer of Sevenoaks Capital Inc., an alternative investment manager, regulated by the Ontario Securities Commission, catering to high net worth individuals both in Canada and internationally. Previously, Mr. Orr was the Chief Financial Officer of UBS Bank (Canada), the wealth management division of the Swiss-based bank. Mr. Orr has also held positions at KPMG as a Senior Manager in their Risk and Advisory Practice with a focus on financial services and CIBC World Markets as an Executive Director, Finance. Mr. Orr is a Chartered Accountant registered with the Institute of Chartered Accountants of Ontario and holds a Bachelor of Commerce from the University of British Columbia.

Stephen Douglas Stewart

Mr. Stewart has over 25 years of experience in various roles in the financial services and investment industries. Most recently Mr. Stewart spent 5 years as the Chief Financial Officer of ING Bank of Canada (ING Direct), where he oversaw all aspects of finance, accounting and risk management as well as chairing the bank's credit committee, several management committees and serving as a director of two regulated mutual fund subsidiaries. Prior to his appointment as CFO, he served as Chief Lending Officer where he oversaw the company's commercial and retail lending departments and a mortgage book of over \$20 billion. Before joining ING, Mr. Stewart was with Hudson Advisors, a private equity firm specializing in real estate debt investments and structured finance, and previously held a variety of progressive lending roles including real estate and construction financing roles with National Bank and North American Trust. He began his career with PWC. Mr. Stewart was a Director and Chair of the Audit Committee of Plan International. Mr. Stewart is a Chartered Accountant with a double major in management and economics from the University of Guelph.

Martin Charles Bernholtz

Mr. Bernholtz, BBA, CA became a Chartered Accountant in 1983 and has held the position of Chief Financial Officer of Kerbel Group Inc. an integrated real estate developer and property owner since 1988. He has served as a Director and Officer of public, private, not for profit and condominium corporations over the last 25 years. Mr. Bernholtz previously spent six years with Laventhol & Horwath in the Litigation Support and Business Valuation areas. Mr. Bernholtz graduated with a Bachelor of Business Administration degree from York University in 1981.

Peter Reginald Smith

Mr. Smith has over 30 years of experience in the housing and real estate industries, and since 1989 he has been President and Co-owner of Andrin Limited a.k.a. Andrin Homes), a large developer / builder of housing in Canada. He has held many respected positions in organizations like the Regional Municipality of Peel (Senior Planner, Director of Housing), Peel Non-Profit Housing Corporation (Commissioner of Housing and General Manager) and Teaching Master and Coordinator of Community Studies at Humber College of Applied Arts and Technology in Toronto. Mr. Smith has served in various capacities on many boards and committees: TARION (Ontario New Home Warranty Corporation), Canadian Housing and

Renewal Association, Peel Regional Housing Authority, and the Ontario Home Builders' Association to name just a few. More notably, Mr. Smith was appointed Chairman of the Board of Directors, for the Canada Mortgage and Housing Corporation (CMHC) September 6, 1995 and re-appointed September 6, 2002 until September 6, 2003. As Chairman of the Board of CMHC he led the Corporation's commitment to good Corporate Governance. He has spoken at, and chaired, a number of conferences and events including; Canadian Centre for Management Development, the Conference Board of Canada and the Federal Treasury Board to name a few. Mr. Smith is a member of the Greater Toronto Home Builders' Association (BILD) and the Canadian Home Builders' Association.

He has been honoured many times receiving awards and recognition, including the prestigious Order of Canada in November 2000. He earned his Master's Degree in Political Science (Public Policy) from the State University of New York, and an Honours B.A. History and Political Science, Dean's Honour List, McMaster University.

Ansil Kenneth Miller

Mr. Miller is the CEO of Raven Consulting.. He brings a wealth of experience to the Board of Trustees after spending 33 years in the banking industry. Mr. Miller's experience includes 15 years as the General Manager in the Special Loans division at CIBC where his focus was on difficult to recover loans in excess of \$5M. Assuming the responsibility in 1993, he managed the Real Estate portfolio within the special loans division with financing in the single family, industrial, condos, and commercial markets in Canada, USA and Europe. After leaving CIBC Mr. Miller joined Longroad Asset Management, LLC, a private equity firm in New York City and then First Caribbean Bank. His experiences also includes guiding operational and financial restructuring plans, the negotiation of the sale of debt, chairing lender syndicate steering committees and acting as a representative for lending files on numerous credit and steering committees. He has 25 years of experience in financial analysis with 10 years of experience lending to the Ontario Construction industry. Mr. Miller received numerous awards during his tenure at CIBC and was an honoured guest speaker at several insolvency symposiums with his subject focus being on real estate construction, financing analysis and recovery techniques. He received his Bachelor of Arts from York University and received his Fellowship of the Institute of Canadian Bankers from the University of Toronto.

Charles Colin Dillingham

Mr. Dillingham is an experienced investment professional with a strong background in Real Estate investing. He has held respected positions in both Montreal and Toronto. He began his career at Sun Life rising to become the Director of public bonds and money market for Canada. Mr. Dillingham then pursued an opportunity with Consolidated Bathurst Inc. as the Director, Corporate In-House Pension Plan. This is where he became active in direct real estate investments. Mr. Dillingham left Montreal to become the Senior Vice President at HOOPP (Hospitals of Ontario Pension Plan). For 4-years he was responsible for fixed income, real estate, mortgages, international and private investments. He became known as a subject matter expert in real estate investment activities. Mr. Dillingham joined the team at Morguard Financial as the Vice President Portfolio Manager in 1997. For 15-years he managed real estate investments for pension funds, notably for the CIBC Canadian Real Estate fund which he managed from its inception until December 2012. He managed client real estate portfolios plus Morguard Corp.'s balanced pension plan. Mr. Dillingham won a Top Gun Award in 2009 and in each of his final 3 years at Morguard, his client real estate fund was awarded the LIPPER award for risk related returns. He is currently involved in investment/real estate including work with a private family estate, a Rotary investment committee and others. Additionally, some past board involvements include a hospital foundation, a private, and a public school. Mr. Dillingham received his MBA from Western University (now Richard Ivey School of Business).

3.3 Penalties, Sanctions and Bankruptcies

As at the date hereof, or within the ten years prior to the date of this Offering Memorandum, no Trustee, executive officer or control person has been a director, executive officer or control person of any company (including the Trust) that:

- (a) was subject to:
 - (i) a cease trade (including any management cease trade order which applied to directors or executive officers of a company, whether or not the person is named in the order);
 - (ii) an order similar to a cease trade order; or
 - (iii) an order that denied the relevant company access to any exemption under securities legislation;

that was in effect for a period of more than 30 consecutive days (an “**Order**”); or

- (b) was subject to an Order that was issued after the director, executive officer or control person ceased to be a director, executive officer or control person and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or control person.

Other than as disclosed below, as at the date hereof, no director, executive officer or control person is, or within the ten years prior to the date of this Offering Memorandum has:

- (a) been a director, executive officer or control person of any entity (including the Trust), that while that person was acting in that capacity or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (b) become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver manager or trustee appointed to hold the assets of the director, executive officer or control person.

3.4 Loans

As at the date of this Offering Memorandum, the Trust does not have any debentures or loans due to or from its directors, management, promoters or its principal security holders.

ITEM 4: CAPITAL STRUCTURE

4.1 Share Capital

The following table sets forth the issued and outstanding equity securities of the Trust as of the date hereof:

Description of Security	Number Authorized to be Issued	Units Outstanding as at March 31, 2017
Class A Units	Unlimited	5,488,313.29
Class F Units	Unlimited	1,978,337.35
Class I	Unlimited	1,972,558.14
Class M	Unlimited	50,000.00
Class R	Unlimited	14,128,370.95

Notes:

- (1) There is no minimum offering. There is no maximum offering and the Trust is authorized to issue an unlimited number of Units.
- (2) The price per Unit will be determined by the Trustees from time to time and set forth in the subscription agreement(s) entered into between the subscriber and the Trust.
- (3) The Class M Units are not being issued as part of the Offering. The table assumes that no Class M Units are converted into Class A Units. The Class M Units represent a 5% interest in the capital and the distributions of the Trust attributable to the Investor Units, as described under "Item 5: Securities Offered - 5.1 Terms of Securities - Description of the Units".
- (4) The Class R Units are not being issued as part of this Offering. Additional Class R Units may be issued to Centurion Apartment REIT from time to time.
- (5) Units are issuable in series.

VALUATION POLICY

As set forth in the definition of "Fair Market Value" and pursuant to the Declaration of Trust, the value of the Units are determined by the Trustees, in their sole discretion, on a monthly basis, using reasonable methods of determining fair market value. Fair Market Value may or may not be equal to the net asset value of the Units. The description of the methodology of valuations and the calculation of Fair Market Value and Posted Prices of Units reflects the methodology used by the Trustees as at the date hereof in calculating Fair Market Value. The Trustees may, in their discretion, adopt alternative methodologies consistent with market practices to calculate investment values and Fair Market Value from time to time, without notice to, or approval by, Unitholders.

The Trust's investment objective is to acquire and maintain a diversified portfolio of mortgages and other investments in real property that preserves capital and generates returns to permit the Trust to pay monthly distributions and create long-term growth for its Unitholders. The Trust will seek to accomplish its investment objectives through prudent investments in mortgages and other lending structures to qualified real estate investors and developers focusing on short term financing needs not currently serviced by traditional lenders and other growth-oriented real estate investments. The Trust may make such investments, directly or by investing, in units of CREOT or through another entity or structure that holds such investments and to which the Trust obtains exposure.

The arrangements to provide funding can be structured in a variety of ways. As such, the valuation of these investments varies depending on the structure and the nature of the investment. The potential investments and how they are valued are as follows:

Mortgage Investments (Mortgage Assets) Valuation

Mortgage investments are classified as loans and receivables for accounting purposes. Such investments are recognized initially at cost plus any directly attributable transaction costs. Subsequent to initial recognition, the mortgage investments are measured at amortized cost using the effective interest method, less any impairment losses.

The investments are assessed at each reporting date or Valuation Date to determine whether there is objective evidence of impairment. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of an asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of investments measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in the statement of comprehensive income and reflected in an allowance account against the investments. Interest on the impaired asset continues to be recognized through the unwinding of the allowance if it is considered collectable. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the consolidated statement of comprehensive income.

There is no quoted price in an active market for the mortgage investments. Management determines fair value based on its assessment of the current lending market for mortgage investments of same or similar terms. This includes the analysis of market interest rates and credit spreads for similar loans. The Trust will consider, but not be limited in considering, payment history, value of underlying property securing the loan or mortgage, overall economic conditions, status of construction or property development and other applicable conditions. Typically, the fair value of these mortgage investments approximate their carrying values given the short term nature of the loans.

For investments with participating loan interests, the participating loan interest will be valued at the fair market value based on specific valuation methodologies and models developed by the Asset Manager which incorporate both internal and external data.

Development Equity Investments Valuation

Development equity investments will be carried at book value less any impairments plus the anticipated increase, if any, to fair market value upon completion multiplied by the percentage of completion plus or minus adjustments (i.e. Development Equity Valuation = book value - impairments + (fair market value increase upon completion x percentage completion) +/- adjustments). Adjustments can be, but are not limited to discounts for the time value of money, leasing costs, stabilization costs and discretionary risk adjustments.

Investment Property Valuation

Should the Trust hold investment properties, a fair value model will be used in accordance with IAS 40 - Investment Properties. Investment property is defined as property held to earn rentals or for capital appreciation or both. Investment properties are initially recorded at cost, including related transaction costs. Subsequent to initial recognition, investment properties are measured at fair value, which reflects market conditions at the reporting date.

The Trust applies judgment in determining if the acquisition of an individual property qualifies as a business combination in accordance with IFRS 3 or as an asset acquisition. Transaction costs (including commissions, land transfer tax, appraisals, legal fees and third party inspection reports associated with a purchase) related to property acquisitions not considered business combinations are capitalized in accordance with IAS 40. Transaction costs are expensed in accordance with IFRS 3 where such acquisitions are considered business combinations.

The fair value of investment properties is determined using a detailed valuation framework developed by the Asset Manager's internal and external valuation teams. Each of these teams includes experts in the industry.

Other Investments Valuation

Other Investments will be carried at fair value.

If an investment cannot be valued under the above guidelines, or if the Trust determines that the above guidelines are at any time inappropriate under the circumstance, then notwithstanding such guidelines, the Trust will make such valuations as it considers fair and reasonable and, if there is an appropriate industry practice, in a manner consistent with such industry practices for valuing such an investment.

CALCULATION OF TRUST UNIT FAIR MARKET VALUE AND POSTED PRICES

The Fair Market Value ("FMV") of the Trust Unit is calculated monthly based on the IFRS balance sheet carrying values plus certain adjustments ("**Adjustment Factors**").

The Trust currently conducts monthly closings for new subscriptions and redemptions of Trust Units at the posted FMV. The Investment Portfolio is valued on a quarterly basis. The FMV may change in between quarters, at quarter ends or not at all unless there are material changes or considerations that would impact the posted Trust Unit FMV including but not limited to changes in capitalization rates, acquisitions, dispositions and profits or losses, whether realized or unrealized, within the Investment Portfolio.

The Unit FMV is calculated by adding IFRS Balance Sheet Assets, subtracting IFRS Balance Sheet Liabilities, adding or subtracting appropriate non-IFRS Adjustment Factors and dividing by the total number of outstanding Trust Units. Thus, FMV can be summarized as:

$$\text{FMV} = (\text{IFRS Balance Sheet Assets} - \text{IFRS Balance Sheet Liabilities} + \text{Adjustment Factors}) / \text{Total Number of Outstanding Trust Units}$$

The Adjustment Factors include, but are not limited to:

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

The calculation of the Unit FMV involves critical estimates, assumptions and judgments as part of the process.

The FMV of the Units is currently determined as per the above methodology and approved on a monthly basis by the Trustees for posting to the website of the Trust and for use in, but not limited to processing redemptions, new subscriptions, financial statements of the Trust and account statements for Unitholders.

DISTRIBUTION POLICY

The Declaration of Trust provides that the Trust may distribute to Unitholders such percentage of the Distributable Income for the calendar month then ended as the Trustees determine in their discretion for the period.

In addition, the Trustees may declare to be payable and make distributions, from time to time, out of income of the Trust, net realized capital gains of the Trust, the net recapture income of the Trust, the capital of the Trust or otherwise, in any year, in such amount or amounts, and on such dates on or before the last Business Day of the Trust's taxation year as the Trustees may determine, to the extent such income, capital gains and capital has not already been paid, allocated or distributed to the Unitholders.

Distributions may be adjusted for amounts paid in prior periods if the actual Distributable Income for the prior periods is greater than or less than the Trustees' estimates for the prior periods. Distributions shall be made in cash and may be invested in similar Units (being Units of the same class) pursuant to any distribution reinvestment plan ("DRIP") or unit purchase plan adopted by the Trustees.

Each year the Trust shall deduct in computing its income for purposes of the Tax Act such portion of the amounts paid or payable to the Unitholders for the year as is necessary to ensure that the Trust is not liable for income tax under Part I of the Tax Act for that taxation year. The Trustees shall deduct or withhold from distributions payable to any Unitholder amounts required by law to be deducted or withheld from such Unitholder's distributions.

Where the Trustees determine that the Trust does not have available cash in an amount sufficient to make payment of the full amount of any distribution which has been declared to be payable on the due date for such payment, the payment may, at the option of the Trustees, include the issuance of additional Units or fractions of such Units, as the case may be, if necessary, having a fair market value as determined by the Trustees equal to the difference between the amount of such distribution and the amount of cash which has been determined by the Trustees to be available for the payment of such distribution in the case of Units.

Effective May 1, 2015 and going forward, for all Unitholders subscribing to Centurion Real Estate Opportunities Trust, the closing date for new subscriptions will become the first business day of the month and will no longer be the last business day of the month. Subscribers will be considered Unitholders as of the first business day of the month and not the last business day of the month, provided that their completed subscription documents have been received before this date.

For example, an investor that submitted their completed subscription forms on May 25, 2015, became a unitholder of Centurion on June 1, 2015 with their first distribution being paid on July 15, 2015. A unitholder must be invested for a full calendar month before receiving a distribution. An investor that submitted their completed subscription forms on June 2, 2015 would have missed the cut-off of June 1, 2015 and became a Unitholder as of July 1, 2015 with their funds held in a segregated subscription trust account until the next closing.

This change was made to reduce dilution to existing Unitholders. Under the old methodology, new investors would be receiving a distribution for only being invested a single day. When Centurion Real Estate Opportunities Trust was originally formed, its set-up mirrored Centurion Apartment REIT for consistency purposes. This original structure assumed that subscriptions would flow in at a steady pace over the course of the month. It became clear over time that this assumption was incorrect and that the

majority of subscriptions flowed in on the final few days of the closing month. Since these funds were held in escrow and not invested, Centurion Real Estate Opportunities Trust had no opportunity to earn the first month's distribution given to new Unitholders by being invested. As such, the first month's distribution under the old methodology was a transfer of returns paid for by existing Unitholders to new Unitholders. The change was proposed to both of the Board of Trustees and passed to take effect May 1, 2015. The last closing under the old methodology was April 30, 2015. The Board of Trustees believe that the new methodology is a more balanced and fair approach than the old methodology.

All other aspects of the Trust's subscription and distribution policies remain unchanged. Please note distributions are paid out on the 15th of each month, except when the 15th falls on a weekend or legal holiday, in which case distributions are paid out on the first business day following the 15th of the month. Unitholders are entitled to a distribution in a given month if they are Unitholders on the last business day of that month.

DISTRIBUTION RATES PER UNIT

The Trustees may, in their discretion, allocate distributions among the classes of Units to adjust for the commissions, trailers and other costs attributable to the sales channels relating to each class of Unit. If distributions are so allocated to adjust for the commissions, trailers and other costs attributable to each class of Unit, the Fair Market Value per Unit of each class of Units will be the same. If the Trustee, in its discretion, chooses not to so allocate distributions, the Fair Market Value per Unit of each class of Units is expected to differ. 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.

For the twelve month period following the date of this Offering Memorandum, it is the Trust's current intention to distribute \$0.70 per Class A Unit per annum and \$0.80 per Class F Unit and Class I per annum, payable on a monthly basis and to allocate distributions among the classes of Units to adjust for the commissions, trailers and other costs attributable to the sales channels relating to each class of Unit such that the Fair Market Value per Unit of each class of Units is the same.

DISTRIBUTION REINVESTMENT PLAN (DRIP)

The Trust permits Unitholders to receive distributions in the form of Units or cash. Unitholders enrolled in the DRIP program currently receive a 2.0% discount on Units purchased through the DRIP.

4.2 Long Term Debt

For information regarding the loans and indebtedness of the Trust see the financial statements of the Trust attached in "APPENDIX D - FINANCIAL STATEMENTS". The Trust has no long term debt as at April 30, 2017.

4.3 Prior Sales

The following table sets forth the securities of the Trust that were issued since inception:

Date of Issuance	Type of Securities Issued	Number of Securities Issued	Price Per Securities	Total Funds Received
30-Sep-14	Class A, F	59,384.04	\$10.000	\$593,840.40
30-Sep-14	Class M	50,000.00	\$10.000	\$500,000.00
30-Sep-14	Class R	5,892,722.80	\$10.000	\$58,927,228.00
31-Oct-14	Class A, F	210,122.01	\$10.000	\$2,101,220.10
31-Oct-14	Class R	447,966.20	\$10.000	\$4,479,662.00
30-Nov-14	Class A, F, R	121,090.00	\$10.000	\$1,210,900.00
31-Dec-14	Class A, F	270,760.00	\$10.000	\$2,707,600.00
31-Dec-14	Class R	615,557.91	\$10.000	\$6,155,579.10
31-Jan-15	Class A, F	74,928.46	\$10.000	\$749,284.60
28-Feb-15	Class A, F	138,851.00	\$10.000	\$1,388,510.00
31-Mar-15	Class A, F	327,515.00	\$10.000	\$3,275,150.00
30-Apr-15	Class A, F	138,340.00	\$10.000	\$1,383,400.00
31-May-15	Class A, F, R	998,473.01	\$10.000	\$9,984,730.11
30-Jun-15	Class A, F	270,186.81	\$10.000	\$2,701,868.09
31-Jul-15	Class A, F, I	519,399.57	\$10.019	\$5,203,864.24
31-Aug-15	Class A, F, I	850,401.14	\$10.019	\$8,520,169.00
01-Oct-15	Class A, F	182,540.87	\$10.019	\$1,828,876.98
01-Nov-15	Class A, F, I	927,061.86	\$10.044	\$9,311,409.30
01-Dec-15	Class A, F, I	528,910.39	\$10.044	\$5,312,376.02
01-Jan-16	Class A, F	222,795.91	\$10.044	\$2,237,762.07
01-Feb-16	Class A, F, I	1,073,373.62	\$10.044	\$10,780,964.59
01-Mar-16	Class A, F, I	947,276.74	\$10.044	\$9,514,447.57
01-Apr-16	Class A, F	561,205.05	\$10.440	\$5,636,743.52
01-Apr-16	Class I	99,586.82	\$10.440	\$1,000,250.00
01-May-16	Class A, F	582,575.45	\$10.348	\$6,028,490.84
01-May-16	Class I	12,079.63	\$10.348	\$125,000.00
01-Jun-16	Class A, F	739,569.47	\$10.348	\$7,653,064.85
01-Jun-16	Class I	31,648.63	\$10.348	\$327,500.00
04-Jul-16	Class A, F	133,438.33	\$10.348	\$1,380,819.95
02-Aug-16	Class A, F	29,464.88	\$10.521	\$310,000.00
03-Jan-17	Class R	2,321,111.88	\$10.699	\$24,833,576.04
01-Feb-17	Class A	16,403.40	\$10.699	\$175,500.00
01-Feb-17	Class R	2,804,000.37	\$10.699	\$30,000,000.00
01-Mar-17	Class A	1,402.00	\$10.699	\$15,000.00
Total		22,200,143.249		\$226,354,787.37

Notes:

(1) The Trust received the Initial Portfolio in exchange for the issuance of 5, 892,722.80 Class R Units

ITEM 5: SECURITIES OFFERED

5.1 Terms of Securities

The Trust is a limited purpose unincorporated investment trust governed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

DESCRIPTION OF THE UNITS

The beneficial interests in the Trust are divided into an unlimited number of classes of units, issuable in series. Currently, there are 5(five) classes authorized for issuance, described as “**Class a Units**”, “**Class F Units**”, “**Class I Units**”, “**Class M Units**” and “**Class R Units**”. The number of Class a Units, Class F Units, Class I Units and Class R Units which the Trust may issue is unlimited. The number of Class M Units which the Trust may issue is unlimited, but is set as the ratio of the number of Investor Units (currently Class A and Class F 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 as in the formula below:

$$B = (A/0.95) - A - C$$

Where:

B = current number of Class M Units deemed to be outstanding

A = largest number of Investor Units ever issued and outstanding

C = the total of previously issued Class M Units that have been converted into Class a Units and Class R Units

And, for greater certainty:

- (i) where A is nil the Class M Unit Percentage Interest is 100%
- (ii) no new Class M Units may be included in the foregoing calculation to the extent that the deemed issue of such Class M Units would cause the number of Class M Units deemed to have ever been issued to exceed:

$$(A /0.95) - A$$

- (iii) In the event that the number of Investor Units at any particular time is less than the largest number of Investor Units ever issued and outstanding, the number of Class M Units shall not decline as a result of the foregoing but the Investor Unit Percentage Interest and Class M Unit Percentage Interest will change accordingly.

No new Class M Units shall be issued unless the number of Investor Units has increased from the last highest number of issued Investor Units. The Asset Manager may elect, at any time and from time to time, to convert Class M Units into Class A Units and/or Class R Units upon notice to the Trust in accordance with the Declaration of Trust. The Class M Units shall automatically convert to Class A Units with no action required by the Asset Manager upon (1) a take-over bid for all of the outstanding Units or (2) the termination of the Asset Management Agreement for cause.

Class A, Class F, and Class I Units shall be issued only as fully paid and non-assessable. Each Unit when issued shall vest indefeasibly in the holder thereof. The issued and outstanding Units may be subdivided

or consolidated from time to time by the Trustees with the approval of the majority of the Unitholders, or as otherwise provided in the Declaration of Trust. The Trustees may, in their sole discretion, authorize the creation of additional classes of Units, including additional classes of Investor Units.

Class M Units and Class R Units are not being offered for purchase pursuant to this Offering Memorandum. The redemption rights attaching to Class R Units are different than the redemption rights attaching to the other classes of Units. See “Item 5: Securities Offered – 5.1 Terms of Securities – Description of the Units”. The Trust subsequently transferred the Initial Portfolio to CREOT in exchange for units of CREOT.

Each Unit shall represent an undivided beneficial interest in the Trust and distributions by the Trust, whether of net income, net realized capital gains or other amounts, and, in the event of a liquidation, dissolution, winding-up or other termination of the Trust, in the net assets of the Trust remaining after satisfaction of all liabilities provided that the Trustees may, in their discretion, allocate the distributions among the classes of Investor Units to adjust for the commissions, trailers and other costs attributable to the sales channels relating to each class of Investor Unit. See “Item 4: Capital Structure – 4.1 Share Capital – Distribution Policy”. No Unit shall have preference or priority over any other. The distribution entitlement of each Unit is intended to and will be derived from the same sources.

Additional Class R Units may be issued to Centurion Apartment REIT at any time, and from time to time for cash, as payment by the Trust for any Warehoused Mortgages, Warehoused Other Investments, or other assets acquired by the Trust from Centurion Apartment REIT pursuant to the Warehouse Agreement or otherwise.

Repurchase of Units

The Trust shall be entitled to purchase for cancellation at any time the whole or from time to time any part of the outstanding Units, at a price per Unit and on a basis determined by the Trustees in compliance with all applicable securities laws.

Redemption of Units

Pursuant to the Declaration of Trust, each Unitholder shall be entitled to require the Trust to redeem on a monthly basis all or any part of the Units registered in the name of the Unitholder, subject to the limits and restrictions described below (including the monthly limit (as described below)). The monthly redemption date (“**Redemption Date**”) will be the 15th day of each month. If the 15th day of the month is not a Business Day, the Redemption Date for that month will be the next succeeding Business Day.

To exercise a Unitholder’s redemption right, a duly completed and properly executed notice (the “**Notice**”) requiring the Trust to redeem Units, in a form approved by the Trustees, specifying the number of Units to be so redeemed, shall be sent to the Trust at its head office along with the “Unit Certificate(s)” representing the Unit(s) to be redeemed, if any. The Notice must be received at least 30 days before the applicable Redemption Date to be considered for that particular Redemption Date. If at least 30 days’ notice is not given, the Trustees will not be required to consider redeeming the Unit(s) until the next subsequent Redemption Date. No form or manner of completion or execution is sufficient unless the same is in all respects satisfactory to the Trustees and is accompanied by any evidence that the Trustees may reasonably require with respect to the identity, capacity or authority of the person giving such Notice. The Trustees shall be entitled in their sole discretion to accelerate the Redemption Date specified by the Unitholder in the Notice.

As of the Redemption Date, the Unitholder will not cease to have any rights with respect to the Units tendered for redemption until the Unit Redemption Price therefore (as defined below), plus the *pro rata* share of any unpaid distributions declared thereon and paid prior to the Redemption Date has been paid in full. Units will be considered to be tendered for redemption on the Redemption Date, provided that the Trustees have, to their satisfaction, received the Notice, together with the Unit Certificate(s) representing the Units to be redeemed, if any, and other required documents or evidence as aforesaid; and subject to the any applicable redemption charges or fees as set out in the paragraph below, the holder of a Unit properly tendered for redemption will be entitled to receive a price per Unit equal to the Fair Market Value of the Unit to be redeemed calculated at the Valuation Date immediately preceding the Redemption Date, plus the *pro rata* share of any unpaid distributions thereon which have been declared payable to Unitholders but remain unpaid as at the Redemption Date to the extent same are not otherwise included in the Fair Market Value of the Unit(s) to be redeemed (the “**Unit Redemption Price**”).

The Unit Redemption Price for Units tendered for redemption will be reduced by any applicable “**Deferred Sales Charge**” or “**Short Term Trading Fee**” depending upon the purchase option that the Subscriber purchased Units under. All direct Subscribers will be conclusively deemed to have subscribed under the DSC Purchase Option.

Subject to monthly cash redemption limit set out in the following paragraph, the Unit Redemption Price payable in respect of Unit(s) tendered for redemption will be paid in cash by direct deposit or cheque, drawn on a Canadian chartered bank or trust company in lawful money of Canada, payable at par to, or deposited to the account of the registered Unitholder of the Unit tendered for redemption, or payable or deposited as otherwise instructed in writing by such registered Unitholder. Cash payments of the Unit Redemption Price made by the Trust are conclusively deemed to have been made when deposited by direct deposit or upon the mailing of a cheque in a postage pre-paid envelope addressed to the payee unless such cheque is dishonored upon presentment. Upon such payment as set out herein or otherwise in accordance with the Declaration of Trust, the Trustees and the Trust will be discharged from all liability to the former registered Unitholder in respect of the Units so redeemed.

Centurion Apartment REIT has the option, in its discretion, to redeem Class R Units to satisfy any obligation of Centurion Apartment REIT, or outstanding amount payable by Centurion Apartment REIT, to the Trust (other than Unfunded Commitments and amounts payable in respect of funding Warehoused Mortgages and/or Warehoused Other Investments).

All Notices shall be time and date stamped on receipt by the Trust. **The Trust will not pay any Unit Redemption Prices in cash as set out above on a particular Redemption Date if the total cash payable on that Redemption Date by the Trust, and its affiliates and Subsidiaries, to all Unitholders who have previously tendered their Units for redemption on such Redemption Date, exceeds \$50,000 (the “Monthly Limit”), unless otherwise approved by the Trustees in their sole discretion.** Cash payments being paid pursuant to Notices shall be paid in order of receipt of such Notices with the intent that Redemption Prices shall be paid out in order of receipt of Notices. Payments shall be made to a maximum of \$50,000 of the aggregate Fair Market Value of Units outstanding on the Valuation Date immediately preceding any Redemption Date. Those Units for which Notices have been received but not paid out on any given Redemption Date shall maintain their order of priority until the Unit Redemption Price(s) for such Unit(s) has (have) been paid in full. Additionally, the Trustees shall be entitled in their sole discretion to extend the time for payment of any Unit Redemption Prices, if in the reasonable opinion of the Trustees such payment would be materially prejudicial to the interests of the remaining Unitholders. The Trustees, in their sole discretion, may waive the Monthly Limit for any given Redemption Date.

Subject to any, applicable regulatory approvals, if the total cash payable on that Redemption Date by the Trust, and its affiliates and Subsidiaries, to all Unitholders who have previously tendered their Units for redemption on such Redemption Date, exceeds the Monthly Limit, the portion of the Unit Redemption

Price in excess of such Monthly Limit may be paid to Unitholders by way of a distribution *in specie* of units of CREOT and/or assets of the Trust ("**In Specie Distributions**"), on a *pro rata* basis in the discretion of the Trustees. Notwithstanding the foregoing, in respect of In Specie Distributions of any portion of the Unit Redemption Price for Class R Units, Mortgage Assets and Other Investments (or any portion thereof) with a Gross Book Value of less than \$500,000 (or such other threshold as determined by the Trustees) shall be excluded from any calculation of the Class R Units *pro rata* share of the assets of the Trust. Centurion Apartment REIT and the Trust may negotiate other outcomes with respect to any In Specie Distributions on the Class R Units (whether pursuant to a redemption of Class R Units or otherwise), provided such outcomes are approved by the Independent Trustees. For greater certainty, redemptions of Class R Units which give rise to In Specie Distributions of the assets of the Trust are not subject to the Monthly Limit.

As contemplated in the Warehouse Agreement, if Centurion Apartment REIT redeems Class R Units in order to satisfy the purchase price of any Property Purchase Option or Property Offer Option, and, if applicable, the asset(s) underlying the Property Purchase Option and/or Property Offer Option (the "**Underlying Assets**"), which purchase price shall be determined at the fair market value of the Property Purchase Option and/or Property Offer Option, and, if applicable, the Underlying Assets, determined at the time Centurion Apartment REIT exercises its right to purchase and/or exercise the Property Purchase Option or Property Offer Option, the Trust will distribute the Property Purchase Option and/or Property Offer Option, and, if applicable, the Underlying Assets, *in specie* to Centurion Apartment REIT in satisfaction of the applicable Unit Redemption Price (being the purchase price of the Property Purchase Option and/or Property Offer Option, and, if applicable, the and, if applicable, the Underlying Assets).

The redemptions since the inception of the Trust are outlined below:

Redemption Date	Opening Balance (\$)	Redemptions Requested (Units)	Redemptions Requested (\$)	Redemptions Paid (\$)	Closing Balance (\$)
2014					
No Redemptions in 2014					
2015					
January	\$-	-	\$-	\$-	\$-
February	-	-	-	-	-
March	-	1,030.00	10,300	10,300	-
April	-	-	-	-	-
May	-	-	-	-	-
June	-	-	-	-	-
July	-	-	-	-	-
August	-	-	-	-	-
September	-	-	-	-	-
October	-	477,897.22	4,800,000	4,800,000	-
November	-	3,858.03	38,750	38,750	-
December	-	-	-	-	-
Total	\$-	482,785.25	\$4,849,050.00	\$4,849,050.00	\$-
2016					
January	\$-	-	\$-	\$-	\$-
February	-	-	-	-	-
March	-	41,039	412,199	412,199	-

Redemption Date	Opening Balance (\$)	Redemptions Requested (Units)	Redemptions Requested (\$)	Redemptions Paid (\$)	Closing Balance (\$)
April	\$-	43,329.28	435,199	435,199	\$-
May	-	12,392.86	128,241	128,241	-
June	-	722.83	7,480	7,480	-
July	-	676.46	7,000	7,000	-
August	-	760.38	8,000	8,000	-
September	-	4.22	44	44	-
October	-	8,509.26	89,526	89,526	-
November	-	6,028.84	63,429	63,429	-
December	-	73,257.66	783,784	783,784	-
Total	\$-	186,721.15	\$1,934,902.39	\$1,934,902.39	\$-
2017					
January	\$-	4,768.72	\$51,020.54	\$51,020.54	\$-
February	-	13,655.12	146,096	146,096	-
March	-	2,782.44	29,769	29,769	-
Total	\$-	21,206.28	\$226,886.02	\$226,886.02	\$-

Restrictions on Transfers

Investor Units shall only be transferred with the prior consent of the Trustees. No transfer shall be effective as against the Trust or the Trustees or shall be in any way binding upon the Trust or the Trustees until the transfer has been recorded on the registered maintained by the transfer agent and registrar for the Trust.

Take-Over Bids

If there is a take-over bid for all of the outstanding Units and, within the time limit in a take-over bid for its acceptance, or 120 days after the date of such take-over bid, whichever period is the shorter, the take-over bid is accepted by the holders of not less than 90% of the Units (including Units issuable upon the surrender or exchange of any securities for Units but not including any such securities held at the date of the take-over bid by or on behalf of the offeror or affiliates or associates of the offeror), other than Units held at the date of the take-over bid by or on behalf of the offeror or an affiliate or associate of the offeror, the offeror is entitled, on complying with the Declaration of Trust, to acquire the Units held by the dissenting offerees.

Issuance of Units

The Trustees may allot and issue Units, in such Classes and series, at such time or times and in such manner (including pursuant to any plan from time to time in effect relating to reinvestment by the Unitholders of distributions of the Trust in Units) and to such "**Person, Persons or class of Persons**" as the Trustees in their sole discretion shall determine. The price or the value of the consideration for which Units may be issued and the terms and conditions of issuance of the Units shall be determined by the Trustees in their sole discretion, generally (but not necessarily) in consultation with investment dealers or brokers who may act as underwriters in connection with offerings of Units. In the event that Units are issued in whole or in part for a consideration other than money, the resolution of the Trustees allotting and issuing such Units shall express the fair equivalent in money of the other consideration received.

The Trust may issue Class R Units to Centurion Apartment REIT at any time, and from time to time for cash, as payment by the Trust for Warehoused Mortgages, or as payment for other assets acquired by the Trust from Centurion Apartment REIT. For greater certainty, Centurion Apartment REIT may require that the Trust issue additional Class R Units to satisfy any obligation of the Trust, or outstanding amount payable by the Trust, to Centurion Apartment REIT.

Limitation on Non-Resident Ownership

Notwithstanding any provision of this Offering Memorandum or the Declaration of Trust to the contrary, at no time may more than 49% of the Units then outstanding be held by or for the benefit of Persons who are not resident in Canada for the purposes of the Tax Act ("**Non-Resident Beneficiaries**"). The Trustees may require declarations as to the jurisdictions in which beneficial owners of Units are resident or declarations from holders of Units as to whether such Units are held for the benefit of Non-Resident Beneficiaries. If the Trustees become aware that more than 45% of the Units then outstanding are, or may be, held by or for the benefit of Non-Resident Beneficiaries or that such a situation is imminent, the Trustees may make a public announcement thereof and shall not accept a subscription for such Units from or issue or register a transfer of such Units to a Person unless the Person provides a declaration that the Person is not a non-resident for the purposes of the Tax Act and does not hold his Units for a Non-Resident Beneficiary. If, notwithstanding the foregoing, the Trustees determine that more than 45% of the Units then outstanding are held by or for the benefit of Non-Resident Beneficiaries, the Trustees may send a notice to non-resident holders of Units and holders of Units for Non-Resident Beneficiaries chosen in inverse order to the order of acquisition or registration or in such other manner as the Trustees may consider equitable and practicable, requiring them to sell or redeem their Units or a portion thereof within a specified period of not more than 60 days.

MEETINGS OF UNITHOLDERS

An annual meeting of the Unitholders, shall be held at such time and place in Canada as the Trustees shall prescribe, for the purpose of electing Trustees (except for the Centurion Appointees), appointing or changing the accountants of the Trust and CREOT and transacting such other business as the Trustees may determine or as may properly be brought before the meeting. The annual meeting of the Unitholders shall be held after delivery to the Unitholders of the information referred to in the Declaration of Trust and, in any event, prior to September 30th of each fiscal year of the Trust.

Unitholders of record shall be entitled to vote in person or by proxy. Notwithstanding the foregoing, if the Trustees determine that the nature of the business to be transacted at a meeting affects Unitholders of one class of Units in a manner materially different from its effect on Unitholders of another class of Units, the Units of such affected class will be voted separately as a class. On a poll vote at any meeting of Unitholders, each Unit shall entitle the holder or holders of that Unit to one vote. Every question submitted to a meeting, other than a special resolution, shall, unless a poll vote is demanded, be decided by a show of hands, on which every person present and entitled to vote shall be entitled to one vote.

The Trustees shall have power at any time to call special meetings of the Unitholders at such time and place in Canada as the Trustees may determine. The Unitholders holding in the aggregate not less than 5% of the votes attaching to all outstanding Units (on a fully-diluted basis) may requisition the Trustees in writing to call a special meeting of the Unitholders for the purposes stated in the requisition. A requisition must state in reasonable detail the business proposed to be transacted at the meeting. Unitholders have the right to obtain a list of Unitholders to the same extent and upon the same conditions as those which apply to shareholders of a corporation governed by the *Business Corporations Act* (Ontario). Unitholders may attend and vote at all meetings of Unitholders either in person or by proxy and a proxy need not be a Unitholder.

AMENDMENTS TO DECLARATION OF TRUST

The Declaration of Trust may only be amended by a vote of a majority of the votes cast at a meeting of Unitholders duly called for that purpose, provided that the provisions of the Declaration of Trust may be amended by the Trustees without the consent, approval or ratification of the Unitholders or any other person for the following purposes:

- to ensure continuing compliance with applicable laws (including the Tax Act and maintaining the Trust's status as a "mutual fund trust" under the Tax Act), regulations, requirements or policies of any governmental or other authority, having jurisdiction over the Trustees, the Trust or over the distribution of Units;
- to provide additional protection or benefit, in the opinion of the Trustees, for the Unitholders;
- to remove any conflicts or inconsistencies in the Declaration of Trust or make minor corrections including the rectification of any ambiguities, defective provisions, errors, mistakes or omissions which are, in the opinion of the Trustees, necessary or desirable and not prejudicial to the Unitholders;
- to make amendments which, in the opinion of the Trustees, are necessary or desirable to remove conflicts or inconsistencies between the disclosure in the Offering Memorandum and the Declaration of Trust;
- to make amendments which, in the opinion of the Trustees, are necessary or desirable as a result of changes in generally accepted accounting principles (including accounting guidelines) or taxation or other laws or the administration or enforcement thereof;
- to enable the Trust to issue Units for which the purchase price is payable in installments;

- to create one or more additional classes of units solely to provide voting rights to holders of shares, units or other securities that are exchangeable for Units entitling the holder thereof to a number of votes not exceeding the number of Units into which the exchangeable shares, units or other securities are exchangeable or convertible but that do not otherwise entitle the holder thereof to any rights with respect to the Trust's property or income other than a return of capital; or
- for any purpose (except one in respect of which a Unitholder vote is specifically otherwise required) if the Trustees are of the opinion that the amendment is not prejudicial to Unitholders and is necessary or desirable;

but notwithstanding the foregoing, no such amendment shall modify the right to vote attached to any Unit or the entitlement to distributions from the Trust provided hereunder represented by any Unit without the consent of the Unitholders, and no such amendment shall reduce the percentage of votes required to be cast at a meeting of the Unitholders without the consent of the holders of all of the Units then outstanding or cause the Trust to fail or cease to qualify as a "mutual fund trust" under the Tax Act.

Subject to the above, no action or authorization and no amendment may be made to the Declaration of Trust by the Trustees without a special resolution" with respect to:

- the termination of the Trust;
- any combination, merger, amalgamation or arrangement of the Trust or CREOT, as the case may be, any sale of all or substantially all of the assets of the Trust, or CREOT, as the case may be, or the liquidation or dissolution of the Trust, or CREOT, as the case may be, (other than as part of an internal reorganization of the assets of the Trust or CREOT, as the case may be, as approved by the Trustees);
- a change to the provisions of Section 4.1 (Investment Guidelines) of the Declaration of Trust;
- the provisions of the Declaration of Trust (CREOT) concerning the computation of net income;
- an exchange, reclassification or cancellation of all or part of the Units other than as specifically provided for in the Declaration of Trust;
- the addition, change or removal of the rights, privileges, restrictions or conditions attached to the Units and, including, without limiting the generality of the foregoing:
 - (i) the removal or change of rights to distributions;
 - (ii) the addition or removal of or change to conversion privileges, options, voting, transfer or pre-emptive rights;
 - (iii) the reduction or removal of a distribution preference or liquidation preference;
- the creation of new rights or privileges attaching to certain of the Units; or
- the constraint on the issue, transfer or ownership of Units or the change or removal of such constraint, except as otherwise provided herein;

except in each case with the approval of Unitholders given by the affirmative vote of at least two-thirds of the votes cast at a meeting of Unitholders duly called for that purpose, or, alternatively, a written resolution signed in one or more counterparts by at least two-thirds of Unitholders that would be entitled to vote at a meeting called for the purposes of approving such matter.

TERMINATION OF CENTURION REAL ESTATE OPPORTUNITIES TRUST

Unless the Trust is sooner terminated as otherwise provided by the Declaration of Trust, the Trust shall continue in full force and effect so long as any property of the Trust is held by the Trustees, and the Trustees

shall have all the powers and discretions expressed and implied, conferred upon them by law or by the Declaration of Trust. The Trust may be terminated by the vote of at least two-thirds of the votes cast at a meeting of the Unitholders called for that purpose.

Upon the termination of the Trust, the liabilities of the Trust shall be discharged with due speed, the net assets of the Trust shall be liquidated and the proceeds distributed to the Unitholders in accordance with their entitlements as provided in the Declaration of Trust.

5.2 Subscription Procedure

For a detailed summary of the subscription procedures, see “Subscription Procedure and Checklist”.

Where Units are being issued in reliance on the Offering Memorandum Exemption, the consideration will be held in trust pending the closing of the Offering (and in any event until midnight on the date that is two business days following the date your completed and signed subscription documentation and funds are received by the Trust), which will occur on a date determined by the Trust. In the event that a closing does not occur in respect of a subscription, the Trust will return the subscription funds to the subscriber, without interest or deduction.

ITEM 6: INCOME TAX CONSEQUENCES AND RRSP ELIGIBILITY

You should consult your own professional advisers to obtain advice on the income tax consequences that apply to you.

Eligibility for Investment In the opinion of Aikins, MacAulay & Thorvaldson LLP, counsel to the Trust, provided that, at all times, the Trust qualifies as a “mutual fund trust” within the meaning of the Tax Act, the Units will be qualified investments under the Tax Act for a trust governed by a Registered Plan. In Specie Distributions received as a result of a redemption *in specie* of Units may not be qualified investments for Registered Plans, and this may give rise to adverse consequences to the Registered Plan or to the holder of or annuitant or beneficiary under that Registered Plan. Registered Plans that own Units should consult their own tax advisers before deciding to exercise the redemption rights attached to the Units.

Notwithstanding the foregoing, a penalty tax will apply if a Unit held in a RRSP, RRIF or TFSA is a “prohibited investment” under the Tax Act. The Units will generally not be a prohibited investments for these purposes provided that the annuitant of the RRSP or RRIF or the holder of the TFSA (i) deals at arm’s length with the Trust and (ii) does not have a “significant interest” (within the meaning of subsection 207.01(4) of the Tax Act) in the Trust. In addition, the Units will generally not be a “prohibited investment” if the Units are “excluded property” as defined in the Tax Act for TFSAs, RRSPs, or RRIFs. Annuitants of an RRSP or RRIF and holders of a TFSA that hold Units in such Registered Plans should consult their own tax advisers in this regard.

CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Aikins, MacAulay & Thorvalson LLP, counsel to the Trust, the following is, as of the date hereof, a summary of the principal Canadian federal income tax considerations generally applicable to the holding and disposition of Units by a Unitholder. This summary is applicable to a Class A and Class F Unitholder who is an individual (other than a trust) and who, for the purposes of the Tax Act, is resident in Canada, deals at arm’s length and is not affiliated with the Trust, and holds Units as capital property. Generally, Units will be considered to be capital property to a Unitholder provided that the Unitholder does not hold the Units in the course of carrying on a business of trading or dealing in securities and has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade. Certain Unitholders who might not otherwise be considered to hold their Units as capital property

may, in certain circumstances, be entitled to have them and every other “Canadian security” (within the meaning of the Tax Act) owned or subsequently owned by them treated as capital property by making an irrevocable election in accordance with the Tax Act. This summary does not apply to a Unitholder who enters into, or has entered into, a “derivative forward agreement” with respect to Units, as that term is defined in the Tax Act.

This summary is based on the current provisions of the Tax Act, counsel’s understanding of the current published administrative policies and assessing practices of the Canada Revenue Agency (the “CRA”), the Tax Proposals and certificates of the Asset Manager as to certain factual matters. This summary assumes that the Tax Proposals will be enacted in the form currently proposed and does not otherwise take into account or anticipate any changes in law, whether by legislative, governmental or judicial action, nor does it take into account provincial or foreign income tax legislation or considerations. There can be no assurance that the Tax Proposals will be enacted in the form publicly announced or at all.

This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Unitholder, and no representations with respect to the income tax consequences to any particular Unitholder are made. Accordingly, Unitholders should consult their own tax advisors for advice with respect to the income tax consequences of holding and disposing of Units based on their particular circumstances.

Status and Taxation of the Trust

This summary is based on the assumption that the Trust will continue to qualify, at all times, as a “mutual fund trust” within the meaning of the Tax Act. In order to qualify as a mutual fund trust, the Trust must, among other things, comply on a continuous basis with certain minimum requirements respecting the ownership and dispersal of Units. If the Trust were not to qualify as a mutual fund trust, the income tax considerations described below would, in some respects, be materially different.

This summary is also based on the assumption that the Trust will at no time be a SIFT Trust. Provided that the Units are not listed or traded on a stock exchange or other “public market”, as defined in the Tax Act, the Trust will not be subject to the SIFT Rules. See “Item 8: Risk Factors – Tax-Related Risks”.

The Trust will be subject to tax in each taxation year under Part I of the Tax Act on the amount of its income for the taxation year less the portion thereof that it deducts in respect of the amount paid or payable to Unitholders in the taxation year. The Trust intends to deduct, in computing its income in each taxation year, the full amount available for deduction in each taxation year and therefore, the Trust does not generally expect to be liable in such taxation year for income tax under Part I of the Tax Act.

The Trust will be required to include in its income for a taxation year with respect to debt obligations held by the Trust all interest that accrues or is deemed to accrue to the Trust to the end of that taxation year, or that becomes receivable or is received by it before the end of that year, except to the extent that such interest was included in the Trust’s income for a preceding taxation year. Upon the actual or deemed disposition of a debt obligation, the Trust will be required to include in computing its income for the year of disposition all interest that accrued on such debt obligation from the last interest payment date to the date of disposition, except to the extent such interest was included in computing the Trust’s income for that or another taxation year and such income inclusion will be excluded in computing the proceeds of disposition for purposes of computing any capital gain or capital loss.

One-half of the amount of any capital gain (a “**taxable capital gain**”) realized by the Trust in a taxation year must be included in computing the Trust’s income for the year, and one-half of the amount of any capital loss (an “**allowable capital loss**”) realized by the Trust in a taxation year is required to be deducted against any taxable capital gains realized by the Trust in the year. Any excess of allowable capital losses over

taxable capital gains for a taxation year may be deducted against taxable capital gains realized by the Trust in any of the three preceding taxation years or in any subsequent taxation year to the extent and under the circumstances described in the Tax Act.

In computing its income for tax purposes, the Trust may deduct reasonable administrative and other expenses incurred to earn income in accordance with the detailed rules in the Tax Act.

The Trust will be entitled for each taxation year throughout which it is a mutual fund trust to reduce (or receive a refund in respect of) its liability, if any, for tax on its net realized capital gains by an amount determined under the Tax Act based on the redemptions of Units during the taxation year (a “**capital gains refund**”). In certain circumstances, the capital gains refund in a particular taxation year may not completely offset the tax liability of the Trust for such taxation year.

Taxation of Unitholders

Distributions

A Unitholder will generally be required to include, in computing income for a taxation year, the amount of the Trust’s net income for the taxation year, including net realized taxable capital gains, paid or payable to the Unitholder in the taxation year, whether paid in cash or additional Units. The non-taxable portion of the Trust’s net realized capital gains paid or payable (whether in cash or in Units) to a Unitholder in a taxation year will not be included in the Unitholder’s income for the taxation year. Any other amount in excess of the Trust’s net income for a taxation year paid or payable to a Unitholder in the taxation year will generally not be included in the Unitholder’s income. Such amount, however, will generally reduce the adjusted cost base of the Unitholder’s Units. To the extent that the adjusted cost base of a Unit would otherwise be less than zero, the negative amount will be deemed to be a capital gain realized by the Unitholder from the disposition of the Unit and his or her adjusted cost base will be increased by the amount of such deemed gain. Any losses of the Trust for purposes of the Tax Act cannot be allocated to, and cannot be treated as a loss of, a Unitholder.

Provided that appropriate designations are made by the Trust, such portion of: (i) the net realized taxable capital gains of the Trust; and (ii) the taxable dividends, if any, received or deemed to be received by the Trust on shares of taxable Canadian corporations, as is paid or payable to a Unitholder will effectively retain its character and be treated as such in the hands of the Unitholder for purposes of the Tax Act. To the extent that amounts are designated as taxable dividends from taxable Canadian corporations, the gross-up and dividend tax credit rules will apply, including the enhanced gross-up and dividend tax credit rules in respect of eligible dividends paid by taxable Canadian corporations.

The chart below shows the tax treatment of the Trust’s distributions:

		2014	2015	2016
26	Other income	98.47%	94.85%	97.98%
42	Return of Capital	1.53%	5.15%	2.02%
		100.00%	100.00%	100.00%

Disposition of Units

On the disposition or deemed disposition of a Unit, the Unitholder will realize a capital gain (or capital loss) to the extent that the Unitholder’s proceeds of disposition exceed (or are less than) the aggregate of

the adjusted cost base of the Unit to the Unitholder immediately before the disposition and any reasonable costs of disposition.

In general terms, the adjusted cost base to a Unitholder of newly acquired Units will be averaged with the adjusted cost base of all Units held by the Unitholder as capital property immediately before that time. The cost of Units acquired as a distribution or as a reinvestment of a distribution of income or capital gains from the Trust will generally be equal to the amount of the distribution. If a Unitholder participates in a distribution reinvestment plan and acquires a Unit from the Trust at a price that is less than the fair market value of the Unit, it is the CRA's administrative position that the Unitholder must include the difference in income and increase the cost of such Unit by a corresponding amount. A consolidation of Units following a distribution paid in the form of additional Units will not be regarded as a disposition of Units.

Any taxable capital gain realized on the disposition of Units in a taxation year will be included in the Unitholder's income and any allowable capital loss realized will be required to be deducted from taxable capital gains of the Unitholder for that taxation year. Allowable capital losses for a taxation year in excess of taxable capital gains may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against taxable capital gains in accordance with the provisions of the Tax Act.

Based on counsel's understanding of the current published administrative policies and assessing practices of the CRA, a conversion of Class F Units into Class A Units will not constitute a disposition of such Class F Units for the purposes of the Tax Act.

Alternative Minimum Tax

In general terms, net income of the Trust paid or payable to a Unitholder that is designated as net realized taxable dividends from taxable Canadian corporations or as net realized taxable capital gains as well as taxable capital gains realized by Unitholders on the disposition of Units, may increase the Unitholder's liability for alternative minimum tax.

Tax Implications of the Trust's Distribution Policy

The Fair Market Value per Unit will reflect any income and gains of the Trust that have accrued or have been realized but have not been made payable at the time Units are acquired. A Unitholder who acquires Units may become taxable on the Unitholder's share of income and gains of the Trust that accrued before the Units were acquired notwithstanding that such amounts may have been reflected in the price paid by the Unitholder for the Units. Since the Trust intends to make monthly distributions as described under "Item 4: Capital Structure - 4.1 Share Capital - Distribution Policy", the consequences of acquiring Units late in a calendar year will generally depend on the amount of monthly distributions throughout the year and whether one or more special distributions to Unitholders are necessary late in the calendar year to ensure that the Trust will not be liable for non-refundable income tax on such amounts under the Tax Act.

Taxation of Registered Plans

Amounts of income and capital gains included in a Registered Plan's income are generally not taxable under Part I of the Tax Act, provided that the Units are qualified investments for the Registered Plan. See "Item 6: Income Tax Consequences and RRSP Eligibility - Eligibility for Investment". Unitholders should consult their own advisors regarding the tax implications of establishing, amending, terminating or withdrawing amounts from a Registered Plan.

ITEM 7: COMPENSATION PAID TO SELLERS AND FINDERS

Applicable securities laws in certain jurisdictions prohibit a fee or commission from being paid to persons other than securities registrants in connection with sales made pursuant to the offering memorandum exemption in section 2.9 of NI 45-106. The Trust will not pay any commissions to persons to whom the Trust is not permitted to pay a commission, notwithstanding the purchase option selected by the Subscriber (as described below under "Purchase Options").

The decision to offer the Units was made upon the recommendation of the Asset Manager. A portion of the proceeds of the Offering will be used by the Trust to pay the fees payable to the Asset Manager pursuant to the Asset Management Agreement See "Item 2: Business of Centurion Real Estate Opportunities Trust - 2.1 Structure - The Asset Manager's Fees".

PURCHASE OPTIONS

The Trust has created four different purchase options for Subscribers to purchase Investor Units. Subscribers may purchase through a registered dealer or directly through the Asset Manager. Subscribers purchasing directly through the Asset Manager (Centurion Asset Management Inc.) may only purchase Class A Units under the DSC option. For the purposes hereof "Seller" means the registered dealer through which the Units are sold to the Subscriber and includes the Asset Manager where it acts as the dealer for a Subscriber's purchase of Units.

Subscribers may elect to purchase Investor Units either direct from Centurion Asset Management Inc. (in the Provinces of Ontario, British Columbia, Québec and Alberta) or through another registered dealer. Unitholders may not switch their method of holding Units unless the Trustees believe, in their discretion, that it does not materially adversely impact the Trust and the Unitholder has been adequately informed of the implications of such switch.

Class A Units

- 1) **Deferred Sales Charge ("DSC") Option** – Seller receives an upfront commission of 5% and an ongoing trailer of 0.50% paid by the Trust per annum starting in year one for as long as the Subscriber remains invested. If the Subscriber redeems their Units prior to the fifth anniversary of their purchase, the following Deferred Sales Charges will apply to the redemption by the Subscriber of their Units:

If Redeemed in 1 st Year	– 6.0%
If Redeemed in 2 nd Year	– 5.5%
If Redeemed in 3 rd Year	– 5.0%
If Redeemed in 4 th Year	– 4.0%
If Redeemed in 5 th Year	– 3.0%
Afterwards	0.0%

- 2) **Low Load Option** – Seller receives an upfront commission of 3% and an ongoing trailer of 0.75% paid by the Trust per annum starting in year one for as long as the Subscriber remains invested. There is a short term trading fee if the Subscriber redeems their Units early.

If Redeemed in 1 st 18 months	– 3.5%
If Redeemed in 2 nd 18 Months	– 3.0%

- 3) **Front Load Option** – Seller negotiates a commission (if any) which the Subscriber pays directly and Seller receives a trailer of 1.00% paid by the Trust per annum starting in year one. There is a short term trading fee of 3.0% if redeemed in the first 6 months.

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. However, the Asset Manager believes that the long-term effective cost of raising capital for the Trust under each purchase option for the Class A Units is economically equivalent.

Class F Units

- 4) **Fee Based Accounts Option** – No commission and no trailers is paid by the Trust. Only Fee Based Accounts may qualify for this purchase option. There is a short term trading fee of 3.0% if redeemed in the first 6 months.

Class I Units

- 5) **Institutional Option** – No commission and no trailer is paid by the Trust. The Asset Manager, may in some circumstances pay a negotiated trailer to the advisor, if there is an advisor.

ITEM 8: RISK FACTORS

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.

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.

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 consolidated financial statements. Actual results could differ from these estimates. Financial statement carrying values, in addition to other factors (as describes 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 which 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 additional, 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 then 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, at 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 reflects the methodology used by the Trustees as at the date hereof in calculating Fair Market Value. The Trustees may, in their discretion, adopt alternative methodologies to calculate investment property values and Fair Market Value from time to time, 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 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.

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 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 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 will accept the warehousing of any particular Mortgage Asset or other investment and Centurion Apartment REIT may terminate the Warehouse Agreement 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 "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 Mr. Gregory Romundt, Mr. Robert Orr and Mr. Martin Bernholtz serving as Trustees for both Centurion Apartment REIT and the Trust. Although Mr. Martin Bernholtz 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 Agreement among the Trust, Centurion Apartment REIT and the Asset Manager and the arrangements thereunder may give rise to certain conflicts of interest, including with respect to (i) any Property Purchase Options or Property Offer Options (and the valuation and transfer thereof), (ii) the valuation and transfer of Warehoused Mortgages and/or Warehoused Other Investments between the Trust and Centurion Apartment REIT and (iii) the allocation of risk as between the Trust and Centurion Apartment REIT. 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 Agreement 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 this 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 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 Manager the fees described herein. The Trust may be considered to be a related issuer of the Asset Manager by virtue of the Asset Manager’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 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 “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.

REAL PROPERTY OWNERSHIP

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

Certain significant expenditures, including property taxes, capital repair and replacement costs, maintenance costs, mortgage payments, insurance costs and related charges must be made throughout the period of ownership of real property regardless of whether the property is producing any income. If 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 CONDITIONS

The Trust is affected by general economic conditions, local real estate markets, competition from other available rental premises, including new developments, and various other factors. The competition for tenants also comes from opportunities for individual home ownership, including condominiums, which can be particularly attractive when home mortgage loans are available at relatively low interest rates. The existence of competing developers, managers and owners for 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.

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 provinces across Canada. 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 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.

FATCA impose a 30% U.S. withholding tax on “withholdable payments” made to the Trust, unless the Trust complies with certain information reporting and other requirements. Withholdable payments include (i) certain U.S. source income (such as interest, dividends and other passive income) and (ii) gross proceeds from the sale or disposition of property that can produce U.S. source interest or dividends. The withholding tax applies to withholdable payments made on or after July 1, 2014, unless the Trust complies with certain due diligence and reporting obligations under the the Canada-U.S. IGA.. The Trust intends to comply with these obligations so as to ensure that the 30% U.S. withholding tax does not apply to any payment they receive. Accordingly, under the Canada-U.S. IGA, the Trust generally will be required to conduct due diligence regarding all Unitholders and (where applicable) their beneficial owners, and to report to the CRA certain information regarding their U.S. Unitholders, including information regarding their name, address, and U.S. Taxpayer Identification Number. The information reported to the CRA is expected to be exchanged with the U.S. Internal Revenue Service. Notwithstanding the foregoing, the Trust’s due diligence and reporting obligations under FATCA will not apply with respect to certain accounts and products established in Canada and maintained by Canadian financial institutions. These accounts and products, as described in the Canada-U.S. IGA, include the following: registered retirement savings plans, registered retirement income funds, pooled registered pension plans, registered pension plans, tax-free savings accounts, and deferred profit-sharing plans. Any due diligence or reporting obligations imposed on the Trust under the Canada-U.S. IGA will apply only after Canada has ratified the Canada-U.S. IGA and enacted legislation to facilitate FATCA compliance by Canadian residents. If the Trust fails to meet its obligations under the Canada-U.S. IGA, it may be subject to the offences and punishment of the Tax Act. The administrative costs arising from compliance with FATCA 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 and the Canada-U.S. IGA on their investment and the entities through which they hold their investment.

DILUTION

Centurion 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.

LACK OF OPERATING HISTORY

Although persons involved in the management and advising of the Trust and the service providers to the Trust, including the Asset Manager, have had long experience in their respective fields of specialization, the Trust has little operating history upon which prospective investors can evaluate its performance. Investors should be aware that the past performance by those involved in the investment management of the Trust, including the past performance of Centurion Apartment REIT, should not be considered as an indication of future results.

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.

ITEM 9: REPORTING OBLIGATIONS

The Trust is not a "reporting issuer" under securities legislation of any jurisdiction. Accordingly, the Trust is not subject to the continuous disclosure obligations of reporting issuers. However, prior to each annual meeting (or annual and special meeting) of the Unitholders, the Trustees shall provide the Unitholders (along with the notice of such meeting) audited annual financial statements for the Trust and other reports and information as the Trustees may determine. Included with the audited annual financial statements of the Trust will be a notice of the Trust disclosing the use of the aggregate gross proceeds raised by the issuer in accordance with Form 45-106F16 under National Instrument 45-106 *Prospectus Exemptions*. All such notices and reports, if any, will be posted on the Trust's website at www.centurionreit.com.

LANGUAGE OF DOCUMENTS

Upon receipt of this document, each Canadian investor hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the securities described herein (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. *Par la réception de ce document, chaque investisseur canadien confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement.*

AUDITOR, TRANSFER AGENT AND REGISTRAR

The auditor of the Trust is KPMG LLP. Investment Administration Solution Inc. is the transfer agent and registrar for the Trust.

ITEM 10: RESALE RESTRICTIONS

The Units will be subject to a number of resale restrictions, including a restriction on trading. Until the restriction on trading expires, you will not be able to trade the Units unless you comply with an exemption from the prospectus and registration requirements under applicable securities legislation. Unless permitted under securities legislation, you cannot trade the Units before the date that is 4 months and a day after the date the Trust becomes a reporting issuer in any province or territory of Canada.

For purchasers in Manitoba, unless permitted under securities legislation, you must not trade the Units without the prior written consent of the regulator in Manitoba unless:

- (a) the Trust has filed a prospectus with the regulator in Manitoba with respect to the Units and the regulator in Manitoba has issued a receipt for that prospectus, or
- (b) you have held the Units for at least 12 months.

The regulator in Manitoba will consent to your trade if the regulator is of the opinion that to do so is not prejudicial to the public interest.

The Trust is not a “reporting issuer”, as such term is defined under applicable Canadian securities laws, in any province or territory of Canada. Investors are advised that the Trust currently does not intend to file a prospectus or similar document with any securities regulatory authority in Canada qualifying the resale of the Units to the public in any province or territory of Canada in connection with this offering, nor does the Trust otherwise intend on becoming a reporting issuer. As it is not anticipated that the Trust will become a reporting issuer, the hold period for the Units may never expire and you will not be able to trade or re-sell your Units unless you comply with an exemption from the prospectus and registration requirements under applicable securities legislation. Accordingly, it is expected that the sole method of liquidation of an investment in Units will be by way of redemption of the Units.

ITEM 11: PURCHASER’S RIGHTS

If you purchase these securities you will have certain rights, some of which are described below. For information about your rights you should consult a lawyer.

The following is a summary of the statutory or contractual rights of action for damages or rescission which may be available to a purchaser of Units. Applicable securities laws in certain jurisdictions provide purchasers, or require purchasers be provided, with remedies for rescission or damages, or both, if this Offering Memorandum or any amendment to it or any information or documents incorporated or deemed to be incorporated herein by reference contains a misrepresentation. However, these remedies must be exercised within the time limits prescribed. Purchasers should refer to the applicable legislative provisions for the complete text of these rights and/or consult with a legal advisor.

Any Offering Memorandum marketing materials related to the Offering and which are delivered or made reasonably available to a purchaser before the closing of that purchaser's subscription for Units are deemed to be incorporated by reference in this Offering Memorandum.

TWO DAY CANCELLATION RIGHT

If you are purchasing Units pursuant to the offering memorandum exemption contained in Section 2.9 of National Instrument 45-106 *Prospectus Exemptions*, you can cancel your agreement to purchase the Units offered pursuant to this Offering Memorandum. To do so, you must send a notice to the Asset Manager by midnight on the 2nd business day after you sign the subscription agreement to buy the Units.

STATUTORY RIGHTS OF ACTION IN THE EVENT OF A MISREPRESENTATION

See “APPENDIX C – RIGHTS OF ACTION FOR DAMAGES OR RESCISSION”.

CONTRACTUAL RIGHTS OF ACTION IN THE EVENT OF A MISREPRESENTATION

See “APPENDIX C – RIGHTS OF ACTION FOR DAMAGES OR RESCISSION”.

ITEM 12: FINANCIAL STATEMENTS

The following financial statements are attached as “APPENDIX C - FINANCIAL STATEMENTS”:

Centurion Real Estate Opportunities Trust - December 31, 2016 audited financial statements

ITEM 13: OFFERING MEMORANDUM CERTIFICATE

TO: Each applicable purchaser of trust units (the “Units”) issued by Centurion Real Estate Opportunities Trust (the “Trust”)

This Offering Memorandum does not contain a misrepresentation. This Certificate is provided solely to those purchasers purchasing Units of the Trust pursuant to the exemption contained in section 2.9 of National Instrument 45-106 *Prospectus Exemptions*.

CENTURION ASSET MANAGEMENT INC.
As promoter and on behalf of
CENTURION REAL ESTATE OPPORTUNITIES TRUST

(Signed) Gregory G. Romundt

(Signed) Robert Orr

Gregory G. Romundt
President and Chief Executive Officer

Robert Orr
Chief Financial Officer and Chief Compliance
Officer

CENTURION REAL ESTATE OPPORTUNITIES TRUST
By its Board of T

(Signed) Gregory G. Romundt

(Signed) Robert Orr

Gregory G. Romundt
Trustee

Robert Orr
Trustee

(Signed) Stephen Stewart

(Signed) Ken Miller

Stephen Stewart
Trustee

Ken Miller
Trustee

(Signed) Peter Smith

(Signed) Martin Bernholtz

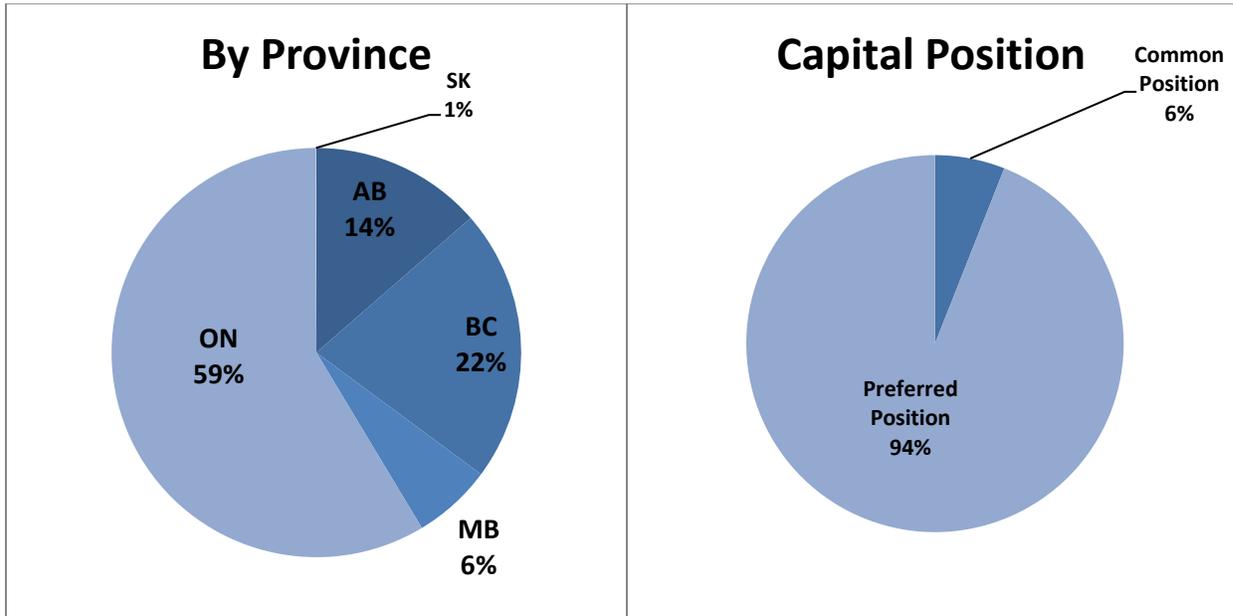
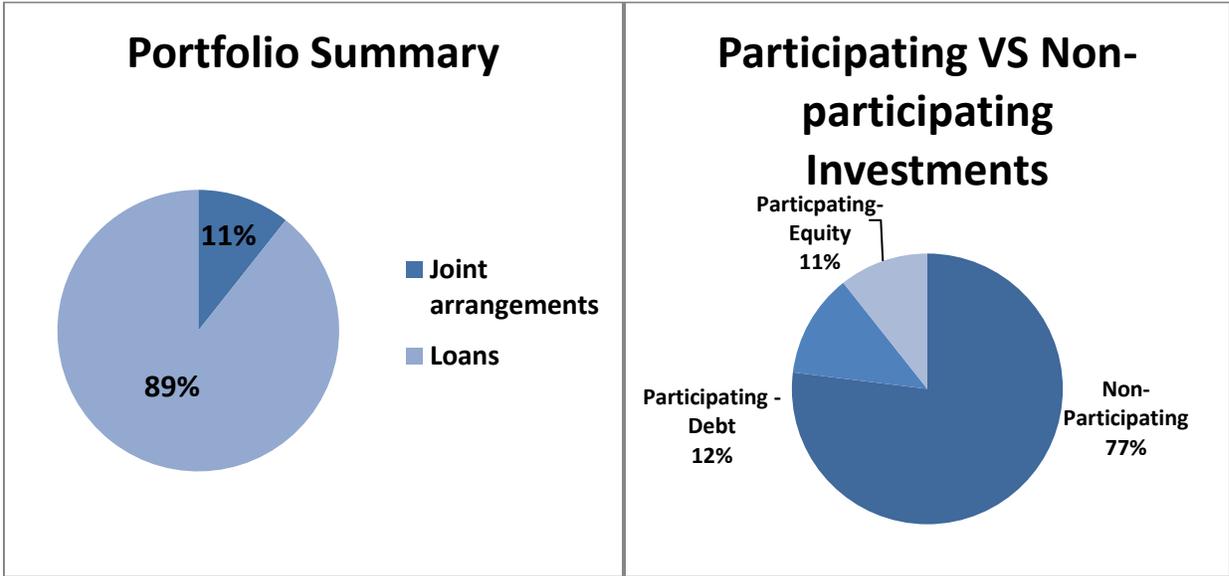
Peter Smith
Trustee

Martin Bernholtz
Trustee

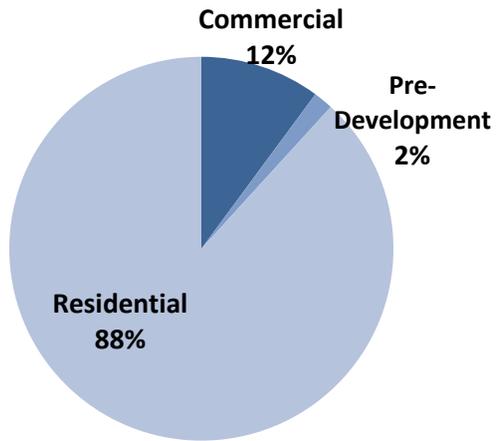
(Signed) Charles Dillingham

Charles Dillingham
Trustee

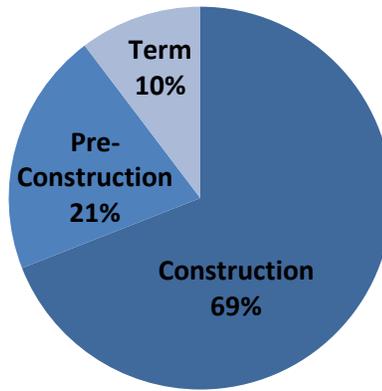
**APPENDIX A
SUMMARY OF PORTFOLIO (AS AT MARCH 31, 2017)**



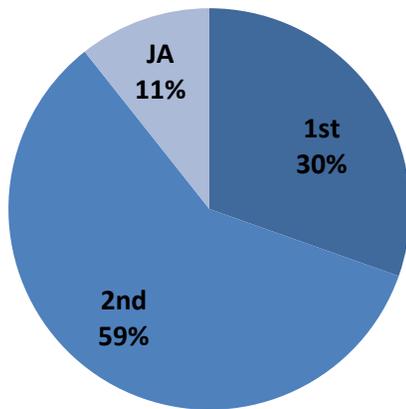
By Investment Type



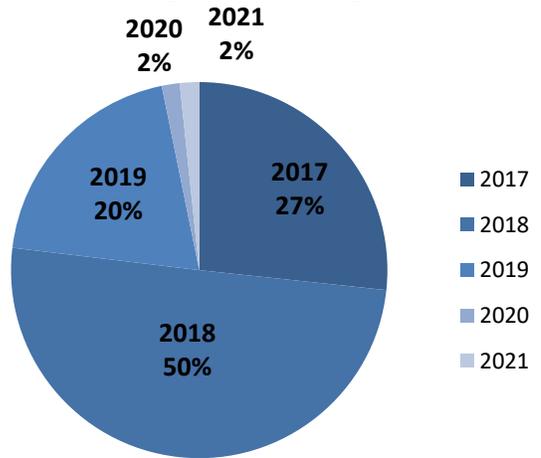
By Development Stage



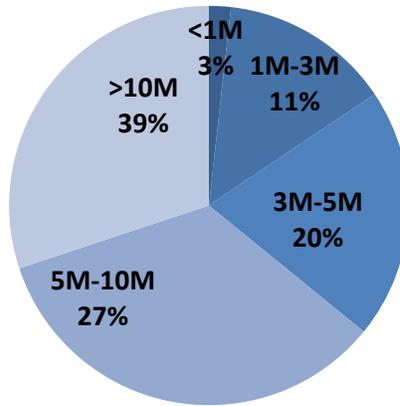
By Rank



By Maturity



By Investment Size



	Committed Value	Committed	Funded Value	Funded
Loans	\$309,769,963	62	\$228,199,069	62
Joint arrangements	\$34,867,481	5	\$27,226,994	5
Total	\$344,637,444	67	\$255,426,062	67

Participating -Vs- Non-Participating Investments						
	Committed	Committed Value	% of Portfolio	Funded	Funded Value	% of Portfolio
Non-Participating	52	\$262,716,109	76%	52	\$196,545,010	77%
Participating - Debt	10	\$47,053,854	14%	10	\$31,654,058	12%
Participating - Equity	5	\$34,867,481	10%	5	\$27,226,994	11%
Total	67	\$344,637,444	100%	67	\$255,426,062	100%

By Province						
	Committed	Committed Value	% of Portfolio	Funded	Funded Value	% of Portfolio
Alberta	7	\$36,576,202	11%	7	\$34,689,722	14%
British Columbia	9	\$57,522,102	17%	9	\$55,047,599	22%
Manitoba	3	\$15,226,000	4%	3	\$15,971,286	6%
Ontario	47	\$224,944,129	65%	47	\$149,534,057	59%
Saskatchewan	1	\$10,369,011	3%	1	\$183,398	0%
Total	67	\$344,637,444	100%	67	\$255,426,062	100%

Purchase Options Attached to Investments			
	Total Balance	% of Portfolio	# of Investments
Mortgages with Purchase Options	\$109,703,668	43%	25
Mortgages without Purchase Options	\$118,495,401	46%	37
Joint Arrangements	\$27,226,994	11%	5
Total	\$255,426,062	100%	67

Estimated Built Out Value of Properties Underlying Investments with Purchase Options		
	Undiluted	Diluted
Mortgage Investment	\$855,297,668	\$247,896,962
Joint Arrangements	\$146,352,897	\$63,207,655
Total	\$1,001,650,565	\$311,104,617

By Rank			
	Total Balance	% of Loan Book	# of Mortgages
1st	\$77,701,957	30%	22
2nd	\$150,497,111	59%	40
Joint Arrangement	\$27,226,994	11%	5
Total	\$255,426,062	100%	67

By Maturity (Mortgage Investment Only)

	Balance Maturing	% of Portfolio
Maturing 2017	\$68,177,029	27%
Maturing 2018	\$128,248,527	50%
Maturing 2019	\$50,836,722	20%
Maturing 2020	\$3,929,246	2%
Maturing 2021	\$4,234,537	2%
Total	\$255,426,062	100%

By Size

	Total Balance	% of Portfolio	# of Investments
Under \$1 Million	\$4,506,205	2%	20
\$1 To Under 3 Million	\$35,311,766	14%	19
\$3 To Under 5 Million	\$51,824,498	20%	10
\$5 To Under 10 Million	\$86,900,673	34%	12
\$10 Million Or More	\$76,882,920	30%	6
Total	\$255,426,062.34	100%	67

Capital Position

	Total Balance	% of Portfolio	# of Investments
Preferred Position	\$240,121,539	94%	64
Common Position	\$15,304,524	6%	3
Total	\$255,426,062	100%	67

By Investment Type

	Total Balance	% of Portfolio	# of Investments
Commercial	\$25,833,493	10%	12
Residential	\$225,358,032	88%	54
Pre-Development	\$4,234,537	2%	1
Total	\$255,426,062	100%	67

By Development Stage

	Total Balance	% of Portfolio	# of Investments
Construction	\$176,350,525	69%	46
Pre-Construction	\$52,722,879	21%	10
Term	\$26,352,659	10%	11
Total	\$255,426,062	100%	67

By Underlying Security			
	Total Balance	% ofPortfolio	# ofInvestments
Multi Family Apartment	\$77,130,712	30%	20
Condominiums	\$61,802,331	24%	14
Land	\$20,826,668	8%	8
Church	\$0	0%	1
Mixed Use	\$0	0%	1
Office	\$396,602	0%	1
Retail	\$24,252,171	9%	7
Self Storage	\$602,820	0%	1
Multi Family Student Hous	\$29,069,054	11%	5
Subdivision Land	\$27,433,111	11%	5
Townhouse Units	\$13,912,594	5%	4
Total	\$255,426,062	100%	67

By Loan to Value ("LTV") (Mortgage Investments Only)			
	Total Balance	% ofPortfolio	# ofInvestments
Non-Participating Investments (Mortgages)			
50% or Lower	\$45,529,131	18%	18
51% - 60%	\$11,029,719	4%	4
61% - 70%	\$48,379,755	19%	15
71% - 80%	\$83,802,088	33%	11
81% - 90%	\$7,759,634	3%	3
91% or More	\$44,683	0%	1
Sub-Total	\$196,545,010	77%	52
Participating Investments			
50% or Lower	\$10,623,895	4%	7
51% - 60%	\$0	0%	0
61% - 70%	\$3,738,281	1%	1
71% - 80%	\$6,769,334	3%	3
81% - 90%	\$32,413,645	13%	3
91% or More	\$5,335,906	2%	1
Sub-Total	\$58,881,062	23%	15
Total	\$255,426,073	100%	67

By Minimum Return Coupon				
Coupon Rate	# of Investments	Total Balance	% of Portfolio	Avg Interest
By 50 basis point buckets				
7.5% Or Lower	6	\$43,420,038	17%	7.00%
7.51% - 8%	3	\$5,740,485	2%	8.00%
8.01% - 8.5%	6	\$11,736,241	5%	8.42%
8.51% - 9%	2	\$10,216,865	4%	9.00%
9.01% - 9.5%	2	\$12,484,064	5%	9.50%
9.51% - 10%	32	\$93,176,339	36%	10.00%
10.01% - 10.5%	1	\$0	0%	0.00%
10.51% - 11%	7	\$32,119,978	13%	11.00%
11.01% - 11.5%	1	\$18,012,131	7%	11.50%
11.51% - 12%	3	\$10,843,887	4%	12.00%
12.01% - 12.5%	0	\$0	0%	0.00%
12.51% - 13%	1	\$1,452,017	1%	13.00%
13.01% - 13.5%	0	\$0	0%	0.00%
13.51% - 14%	1	\$1,471,075	1%	13.60%
14.01% - 14.5%	0	\$0	0%	0.00%
14.51% - 15%	2	\$14,752,943	6%	15.00%
15.01% Or Greater	0	\$0	0%	0.00%
Total	67	\$255,426,062	100%	9.95%

APPENDIX B
RIGHTS OF ACTION FOR DAMAGES OR RESCISSION

Securities legislation in certain of the Canadian provinces provides purchasers of securities pursuant to and offering memorandum (such as this Offering Memorandum) with a remedy for damages or rescission, or both, in addition to any other rights they may have at law, where the offering memorandum and any amendment to it contains a "Misrepresentation". Where used herein, "**Misrepresentation**" means an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make any statement not misleading in light of the circumstances in which it was made. A "**material fact**" means a fact that significantly affects or would reasonably be expected to have a significant effect on the market price of value of the Units. These remedies, or notice with respect to these remedies, must be exercised or delivered, as the case may be, by the purchaser within the time limits prescribed by applicable securities legislation.

Ontario

Section 130.1 of the *Securities Act* (Ontario) provides that every purchaser of securities pursuant to an offering memorandum (such as this Offering Memorandum) shall have a statutory right of action for damages or rescission against the issuer and any selling security holder in the event that the offering memorandum contains a Misrepresentation. A purchaser who purchases securities offered by the offering memorandum during the period of distribution has, without regard to whether the purchaser relied upon the Misrepresentation, a right of action for damages or, alternatively, while still the owner of the securities, for rescission against the issuer and any selling security holder provided that:

- (a) if the purchaser exercises its right of rescission, it shall cease to have a right of action for damages as against the issuer and the selling security holders, if any;
- (b) the issuer and the selling security holders, if any, will not be liable if they prove that the purchaser purchased the securities with knowledge of the Misrepresentation;
- (c) the issuer and the selling security holders, if any, will not be liable for all or any portion of damages that it proves do not represent the depreciation in value of the securities as a result of the Misrepresentation relied upon; and
- (d) in no case shall the amount recoverable exceed the price at which the securities were offered; and
- (e) the issuer will not be liable for a Misrepresentation in forward-looking information if the issuer proves:
 - (i) that the offering memorandum contains reasonable cautionary language identifying the forward-looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information, and a statement of material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information; and
 - (ii) the issuer has a reasonable basis for drawing the conclusion or making the forecasts and projections set out in the forward-looking information.
- (f) Section 138 of the *Securities Act* (Ontario) provides that no action shall be commenced to enforce these rights more than:
 - (a) in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or

- (b) in the case of an action for damages, the earlier of:
 - (i) 180 days after the date that the purchaser first had knowledge of the facts giving rise to the cause of action; or
 - (ii) three years after the date of the transaction that gave rise to the cause of action.

This Offering Memorandum may be delivered in reliance on the exemption from the prospectus requirements contained under section 2.3 of NI 45-106 (the “**accredited investor exemption**”). The rights referred to in section 130.1 of the *Securities Act* (Ontario) do not apply in respect of an offering memorandum (such as this Offering Memorandum) delivered to a prospective purchaser in connection with a distribution made in reliance on the accredited investor exemption if the prospective purchaser is:

- (a) a Canadian financial institution or a Schedule III bank (each as defined in NI 45-106);
- (b) the Business Development Bank of Canada incorporated under the Business Development Bank of Canada Act (Canada); or
- (c) a subsidiary of any person referred to in paragraphs (a) and (b), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by directors of that subsidiary.

Saskatchewan

Section 138 of The *Securities Act*, 1988 (Saskatchewan), as amended (the “**Saskatchewan Act**”) provides that where an offering memorandum (such as this Offering Memorandum) or any amendment to it is sent or delivered to a purchaser and it contains a Misrepresentation (as defined in the Saskatchewan Act), a purchaser who purchases a security covered by the offering memorandum or any amendment to it is deemed to have relied upon that Misrepresentation, if it was a Misrepresentation at the time of purchase, and has a right of action for rescission against the issuer or a selling security holder on whose behalf the distribution is made or has a right of action for damages against:

- (a) the issuer or a selling security holder on whose behalf the distribution is made;
- (b) every promoter and director of the issuer or the selling security holder, as the case may be, at the time the offering memorandum or any amendment to it was sent or delivered;
- (c) every person or company whose consent has been filed respecting the offering, but only with respect to reports, opinions or statements that have been made by them;
- (d) every person who or company that, in addition to the persons or companies mentioned in (a) to (c) above, signed the offering memorandum or the amendment to the offering memorandum; and
- (e) every person who or company that sells securities on behalf of the issuer or selling security holder under the offering memorandum or amendment to the offering memorandum.

Such rights of rescission and damages are subject to certain limitations including the following:

- (a) if the purchaser elects to exercise its right of rescission against the issuer or selling security holder, it shall have no right of action for damages against that party;
- (b) in an action for damages, a defendant will not be liable for all or any portion of the damages that he, she or it proves do not represent the depreciation in value of the securities resulting from the Misrepresentation relied on;
- (c) no person or company, other than the issuer or a selling security holder, will be liable for any part of the offering memorandum or any amendment to it not purporting to be made on the authority of an expert and

not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company failed to conduct a reasonable investigation sufficient to provide reasonable grounds for a belief that there had been no Misrepresentation or believed that there had been a Misrepresentation;

- (d) in no case shall the amount recoverable exceed the price at which the securities were offered; and
- (e) no person or company is liable in an action for rescission or damages if that person or company proves that the purchaser purchased the securities with knowledge of the misrepresentation.

In addition, no person or company, other than the issuer or selling security holder, will be liable if the person or company proves that:

- (a) the offering memorandum or any amendment to it was sent or delivered without the person's or company's knowledge or consent and that, on becoming aware of it being sent or delivered, that person or company gave reasonable general notice that it was so sent or delivered; or
- (b) after the filing of the offering memorandum or the amendment to the offering memorandum and before the purchase of the securities by the purchaser, on becoming aware of any Misrepresentation in the offering memorandum or the amendment to the offering memorandum, the person or company withdrew the person's or company's consent to it and gave reasonable general notice of the person's or company's withdrawal and the reason for it;
- (c)
- (d) with respect to any part of the offering memorandum or any amendment to it purporting to be made on the authority of an expert, or purporting to be a copy of, or an extract from, a report, an opinion or a statement of an expert, that person or company had no reasonable grounds to believe and did not believe that there had been a Misrepresentation, the part of the offering memorandum or any amendment to it did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert.
- (e) A person or company that sells securities on behalf of the issuer or selling security holder under the offering memorandum or amendment to the offering memorandum is not liable for damages or rescission as provided in 138(1) or 138(2) of the Saskatchewan Act if that person can establish that he, she or it cannot reasonably be expected to have had knowledge of any Misrepresentation in the offering memorandum or the amendment or the offering memorandum.
- (f)

Not all defences upon which we or others may rely are described herein. Please refer to the full text of the Saskatchewan Act for a complete listing.

Similar rights of action for damages and rescission are provided in section 138.1 of the Saskatchewan Act in respect of a Misrepresentation in advertising and sales literature disseminated in connection with an offering of securities.

Section 138.2 of the Saskatchewan Act also provides that where an individual makes a verbal statement to a prospective purchaser that contains a Misrepresentation relating to the security purchased and the verbal statement is made either before or contemporaneously with the purchase of the security, the purchaser is deemed to have relied on the Misrepresentation, if it was a Misrepresentation at the time of purchase, and has a right of action for damages against the individual who made the verbal statement.

Section 141(1) of the Saskatchewan Act provides a purchaser with the right to void the purchase agreement and to recover all money and other consideration paid by the purchaser for the securities if the securities are sold in contravention

of the Saskatchewan Act, the regulations to the Saskatchewan Act or a decision of the Saskatchewan Financial Services Commission.

Section 141(2) of the Saskatchewan Act also provides a right of action for rescission or damages to a purchaser of securities to whom an offering memorandum or any amendment to it was not sent or delivered prior to or at the same time as the purchaser enters into an agreement to purchase the securities, as required by Section 80.1 of the Saskatchewan Act.

The rights of action for damages or rescission under the Saskatchewan Act are in addition to and do not derogate from any other right which a purchaser may have at law.

Section 147 of the Saskatchewan Act provides that no action shall be commenced to enforce any of the foregoing rights more than:

- (a) in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or
- (b) in the case of any other action, other than an action for rescission, the earlier of:
 - (i) one year after the plaintiff first had knowledge of the facts giving rise to the cause of action; or
 - (ii) six years after the date of the transaction that gave rise to the cause of action.

The Saskatchewan Act also provides a purchaser who has received an amended offering memorandum delivered in accordance with subsection 80.1(3) of the Saskatchewan Act has a right to withdraw from the agreement to purchase the securities by delivering a notice to the person who or company that is selling the securities, indicating the purchaser's intention not to be bound by the purchase agreement, provided such notice is delivered by the purchaser within two business days of receiving the amended offering memorandum.

New Brunswick

Section 150 of the *Securities Act* (New Brunswick) provides that where an offering memorandum (such as this Offering Memorandum) contains a Misrepresentation, a purchaser who purchases securities shall be deemed to have relied on the Misrepresentation if it was a Misrepresentation at the time of purchase and:

- (a) the purchaser has a right of action for damages against the issuer and any selling security holder(s) on whose behalf the distribution is made, or
- (b) where the purchaser purchased the securities from a person referred to in paragraph (a), the purchaser may elect to exercise a right of rescission against the person, in which case the purchaser shall have no right of action for damages against the person.

This statutory right of action is available to New Brunswick purchasers whether or not such purchaser relied on the Misrepresentation. However, there are various defences available to the issuer and the selling security holder(s). In particular, no person will be liable for a Misrepresentation if such person proves that the purchaser purchased the securities with knowledge of the Misrepresentation when the purchaser purchased the securities. Moreover, in an action for damages, the amount recoverable will not exceed the price at which the securities were offered under the offering memorandum and any defendant will not be liable for all or any part of the damages that the defendant proves do not represent the depreciation in value of the security as a result of the Misrepresentation.

If the purchaser intends to rely on the rights described in (a) or (b) above, such purchaser must do so within strict time limitations. The purchaser must commence on its action to cancel the agreement within 180 days after the date of the transaction that gave rise to the cause of action. The purchaser must commence its action for damages within the earlier of:

- (a) one year after the purchaser first had knowledge of the facts giving rise to the cause of action; or
- (b) six years after the date of the transaction that gave rise to the cause of action.

Nova Scotia

The right of action for damages or rescission described herein is conferred by section 138 of the *Securities Act* (Nova Scotia). Section 138 of the *Securities Act* (Nova Scotia) provides, in relevant part, that in the event that an offering memorandum (such as this Offering Memorandum), together with any amendment thereto, or any advertising or sales literature (as defined in the *Securities Act* (Nova Scotia)) contains a Misrepresentation, the purchaser will be deemed to have relied upon such Misrepresentation if it was a Misrepresentation at the time of purchase and has, subject to certain limitations and defences, a statutory right of action for damages against the issuer and, subject to certain additional defences, every director of the issuer at the date of the offering memorandum and every person who signed the offering memorandum or, alternatively, while still the owner of the securities purchased by the purchaser, may elect instead to exercise a statutory right of rescission against the issuer, in which case the purchaser shall have no right of action for damages against the issuer, directors of the issuer or persons who have signed the offering memorandum, provided that, among other limitations:

- (a) no action shall be commenced to enforce the right of action for rescission or damages by a purchaser resident in Nova Scotia later than 120 days after the date on which the initial payment was made for the securities;
- (b) no person will be liable if it proves that the purchaser purchased the securities with knowledge of the Misrepresentation;
- (c) in the case of an action for damages, no person will be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the securities as a result of the Misrepresentation relied upon; and
- (d) in no case will the amount recoverable in any action exceed the price at which the securities were offered to the purchaser.

In addition, a person or company, other than the issuer, will not be liable if that person or company proves that:

- (a) the offering memorandum or amendment to the offering memorandum was sent or delivered to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its delivery, the person or company gave reasonable general notice that it was delivered without the person's or company's knowledge or consent;
- (b) after delivery of the offering memorandum or amendment to the offering memorandum and before the purchase of the securities by the purchaser, on becoming aware of any Misrepresentation in the offering memorandum or amendment to the offering memorandum the person or company withdrew the person's or company's consent to the offering memorandum or amendment to the offering memorandum, and gave reasonable general notice of the withdrawal and the reason for it; or
- (c) with respect to any part of the offering memorandum or amendment to the offering memorandum purporting (i) to be made on the authority of an expert, or (ii) to be a copy of, or an extract from, a report, an opinion or a statement of an expert, the person or company had no reasonable grounds to believe and did not believe that (A) there had been a Misrepresentation, or (B) the relevant part of the offering memorandum or amendment to offering memorandum did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert.

Further, no person or company, other than the issuer, will be liable with respect to any part of the offering memorandum or amendment to the offering memorandum not purporting (a) to be made on the authority of an expert or (b) to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company (i) failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no Misrepresentation or (ii) believed that there had been a Misrepresentation.

If a Misrepresentation is contained in a record incorporated by reference into, or deemed incorporated by reference into, the offering memorandum or amendment to the offering memorandum, the Misrepresentation is deemed to be contained in the offering memorandum or an amendment to the offering memorandum.

Manitoba

The right of action for damages or rescission described herein is conferred by section 141.1 of *The Securities Act* (Manitoba). Section 141.1 of *The Securities Act* (Manitoba) provides, in relevant part, that in the event that an offering memorandum (such as this Offering Memorandum), contains a Misrepresentation, the purchaser will be deemed to have relied upon such Misrepresentation if it was a Misrepresentation at the time of purchase and has, subject to certain limitations and defences, a statutory right of action for damages against the issuer and, subject to certain additional defences, every director of the issuer at the date of the offering memorandum and every person who signed the offering memorandum or, alternatively, may elect instead to exercise a statutory right of rescission against the issuer, in which case the purchaser shall have no right of action for damages against the issuer, directors of the issuer or persons who have signed the offering memorandum, provided that, among other limitations:

- (a) no person will be liable if it proves that the purchaser purchased the securities with knowledge of the Misrepresentation;
- (b) in the case of an action for damages, no person will be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the securities as a result of the Misrepresentation relied upon; and
- (c) in no case will the amount recoverable in any action exceed the price at which the securities were offered to the purchaser.

In addition, a person or company, other than the issuer, will not be liable if that person or company proves that:

- (a) the offering memorandum was sent or delivered to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its delivery, the person or company promptly gave reasonable notice to the issuer that it was delivered without the person's or company's knowledge or consent;
- (b) after delivery of the offering memorandum and after becoming aware of the Misrepresentation, the person or company withdrew the person's or company's consent to the offering memorandum and gave reasonable notice to the issuer of the withdrawal and the reason for it; or
- (c) with respect to any part of the offering memorandum purporting (i) to be made on the authority of an expert, or (ii) to be a copy of, or an extract from, an expert's report, opinion or statement, the person or company proves that the person or company had no reasonable grounds to believe and did not believe that (A) there had been a Misrepresentation, or (B) the relevant part of the offering memorandum did not fairly represent the expert's report, opinion or statement, or was not a fair copy of, or an extract from, an expert's report, opinion or statement.

Further, where a Misrepresentation is contained in an offering memorandum, the directors of the issuer, and every person or company who signed the offering memorandum, shall not be liable with respect to any part of the offering memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company did not conduct an investigation sufficient to provide reasonable grounds for a belief that there had been no Misrepresentation, or believed there had been a Misrepresentation.

If a Misrepresentation is contained in a record incorporated by reference into, or deemed incorporated by reference into, the offering memorandum, the Misrepresentation is deemed to be contained in the offering memorandum.

Section 141.4(2) of *The Securities Act* (Manitoba) provides that no action shall be commenced to enforce these rights more than:

- (a) in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or
- (b) in the case of an action for damages, the earlier of:
 - (i) 180 days after the date that the purchaser first had knowledge of the facts giving rise to the cause of action; or
 - (ii) two years after the date of the transaction that gave rise to the cause of action.

Newfoundland and Labrador

The right of action for damages or rescission described herein is conferred by section 130.1 of the *Securities Act* (Newfoundland and Labrador). Section 130.1 of the *Securities Act* (Newfoundland and Labrador) provides, in relevant part, that in the event that an offering memorandum (such as this Offering Memorandum), contains a Misrepresentation, without regard to whether the purchaser relied upon the Misrepresentation, the purchaser has, subject to certain limitations and defences, a statutory right of action for damages against the issuer and, subject to certain additional defences, every director of the issuer at the date of the offering memorandum and every person who signed the offering memorandum or, alternatively, may elect instead to exercise a statutory right of rescission against the issuer, in which case the purchaser shall have no right of action for damages against the issuer, directors of the issuer or persons who have signed the offering memorandum, provided that, among other limitations:

- (a) no person will be liable if it proves that the purchaser purchased the securities with knowledge of the Misrepresentation;
- (b) in the case of an action for damages, no person will be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the securities as a result of the Misrepresentation relied upon; and
- (c) in no case will the amount recoverable in any action exceed the price at which the securities were offered to the purchaser.

In addition, a person or company, other than the issuer, will not be liable if that person or company proves that:

- (a) the offering memorandum was sent or delivered to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its delivery, the person or company promptly gave reasonable notice to the issuer that it was delivered without the person's or company's knowledge or consent;
- (b) after delivery of the offering memorandum and after becoming aware of the Misrepresentation, the person or company withdrew the person's or company's consent to the offering memorandum and gave reasonable notice to the issuer of the withdrawal and the reason for it; or

- (c) with respect to any part of the offering memorandum purporting (i) to be made on the authority of an expert, or (ii) to be a copy of, or an extract from, an expert's report, opinion or statement, the person or company proves that the person or company had no reasonable grounds to believe and did not believe that (A) there had been a Misrepresentation, or (B) the relevant part of the offering memorandum did not fairly represent the expert's report, opinion or statement, or was not a fair copy of, or an extract from, an expert's report, opinion or statement.

Further, where a Misrepresentation is contained in an offering memorandum, the directors of the issuer, and every person or company who signed the offering memorandum, shall not be liable with respect to any part of the offering memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company did not conduct an investigation sufficient to provide reasonable grounds for a belief that there had been no Misrepresentation, or believed there had been a Misrepresentation.

If a Misrepresentation is contained in a record incorporated by reference into, or deemed incorporated by reference into, the offering memorandum, the Misrepresentation is deemed to be contained in the offering memorandum.

Section 138 of the *Securities Act* (Newfoundland and Labrador) provides that no action shall be commenced to enforce these rights more than:

- (a) in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or
- (b) in the case of an action for damages, the earlier of:
 - (i) 180 days after the date that the purchaser first had knowledge of the facts giving rise to the cause of action; or
 - (ii) three years after the date of the transaction that gave rise to the cause of action.

British Columbia

The right of action for damages or rescission described herein is conferred by section 132.1 of the *Securities Act* (British Columbia). Section 132.1 of the *Securities Act* (British Columbia) provides, in relevant part, that in the event that an offering memorandum (such as this Offering Memorandum), contains a Misrepresentation, the purchaser will be deemed to have relied on the Misrepresentation if it was a Misrepresentation at the time of purchase, and the purchaser has, subject to certain limitations and defences, a statutory right of action for damages against the issuer and, subject to certain additional defences, every director of the issuer at the date of the offering memorandum and every person who signed the offering memorandum or, alternatively, may elect instead to exercise a statutory right of rescission against the issuer, in which case the purchaser shall have no right of action for damages against the issuer, provided that, among other limitations:

- (a) no person will be liable if it proves that the purchaser purchased the securities with knowledge of the Misrepresentation;
- (b) in the case of an action for damages, no person will be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the securities as a result of the Misrepresentation relied upon; and

- (c) in no case will the amount recoverable in any action exceed the price at which the securities were offered to the purchaser.

In addition, a person or company, other than the issuer, will not be liable if that person or company proves that:

- (a) the offering memorandum was sent or delivered to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its delivery, the person or company gave reasonable notice to the issuer that it was delivered without the person's or company's knowledge or consent;
- (b) after delivery of the offering memorandum and after becoming aware of the Misrepresentation, the person or company withdrew the person's or company's consent to the offering memorandum and gave reasonable notice to the issuer of the withdrawal and the reason for it; or
- (c) with respect to any part of the offering memorandum purporting (i) to be made on the authority of an expert, or (ii) to be a copy of, or an extract from, an expert's report, opinion or statement, the person or company proves that the person or company had no reasonable grounds to believe and did not believe that (A) there had been a Misrepresentation, or (B) the relevant part of the offering memorandum did not fairly represent the expert's report, opinion or statement, or was not a fair copy of, or an extract from, an expert's report, opinion or statement.

Further, where a Misrepresentation is contained in an offering memorandum, the directors of the issuer, and every person or company who signed the offering memorandum, shall not be liable with respect to any part of the offering memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company did not conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no Misrepresentation, or believed there had been a Misrepresentation.

A person is not liable for Misrepresentation in forward-looking information if the person proves that the document containing the forward-looking information contained, proximate to that information, reasonable cautionary language identifying the forward-looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information, and a statement of the material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information, and the person had a reasonable basis for drawing the conclusions or making the forecasts and projections set out in the forward-looking information.

If a Misrepresentation is contained in a record incorporated by reference into, or deemed incorporated by reference into, the offering memorandum, the Misrepresentation is deemed to be contained in the offering memorandum.

Section 140 of the *Securities Act* (British Columbia) provides that no action shall be commenced to enforce these rights more than:

- (a) in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or
- (b) in the case of an action for damages, the earlier of:

- (i) 180 days after the date that the purchaser first had knowledge of the facts giving rise to the cause of action; or
- (ii) three years after the date of the transaction that gave rise to the cause of action.

Prince Edward Island, Yukon, Nunavut and the Northwest Territories

In Prince Edward Island the *Securities Act* (PEI), in Yukon, the *Securities Act* (Yukon), in Nunavut, the *Securities Act* (Nunavut) and in the Northwest Territories, the *Securities Act* (Northwest Territories) provides a statutory right of action for damages or rescission to purchasers resident in PEI, Yukon, Nunavut and the Northwest Territories respectively, in circumstances where this Offering Memorandum or an amendment hereto contains a misrepresentation, which rights are similar, but not identical, to the rights available to Newfoundland and Labrador purchasers.

Québec

Notwithstanding that the *Securities Act* (Quebec) does not provide, or require the Trust to provide, to purchasers resident in Quebec, any statutory rights of action in circumstances where this Offering Memorandum or an amendment hereto contains a Misrepresentation, the Trust hereby grants to such purchasers contractual rights of action that are equivalent to the statutory rights of action set forth above with respect to purchasers resident in Ontario.

Alberta

Section 204 of the *Securities Act* (Alberta) provides that if an offering memorandum contains a Misrepresentation, a purchaser who purchases a security offered by the offering memorandum is deemed to have relied on the representation, if it was a Misrepresentation at the time of the purchase, and has a right of action (a) for damages against (i) the issuer, (ii) every director of the issuer at the date of the offering memorandum, and (iii) every person or company who signed the offering memorandum, and (b) for rescission against the issuer, provided that:

- (a) if the purchaser elects to exercise its right of rescission, it shall cease to have a right of action for damages against the person or company referred to above;
- (b) no person or company referred to above will be liable if it proves that the purchaser had knowledge of the Misrepresentation;
- (c) no person or company (other than the issuer) referred to above will be liable if it proves that the offering memorandum was sent to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its being sent, the person or company promptly gave reasonable notice to the issuer that it was sent without the knowledge and consent of the person or company;
- (d) no person or company (other than the issuer) referred to above will be liable if it proves that the person or company, on becoming aware of the Misrepresentation in the offering memorandum, withdrew the person's or company's consent to the offering memorandum and gave reasonable notice to the issuer of the withdrawal and the reason for it;
- (e) no person or company (other than the issuer) referred to above will be liable if, with respect to any part of the offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, opinion or statement of

an expert, the person or company proves that the person or company did not have any reasonable grounds to believe and did not believe that:

- (i) there had been a Misrepresentation; or
- (ii) the relevant part of the offering memorandum
 - (A) did not fairly represent the report, opinion or statement of the expert, or
 - (B) was not a fair copy of, or an extract from, the report, opinion or statement of the expert;
- (f) the person or company (other than the issuer) will not be liable if with respect to any part of the offering memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company
 - (i) did not conduct an investigation sufficient to provide reasonable grounds for a belief that there had been no Misrepresentation, or
 - (ii) believed there had been a Misrepresentation;
- (g) in no case shall the amount recoverable exceed the price at which the securities were offered under the offering memorandum;
- (h) the defendant will not be liable for all or any part of the damages that the defendant proves do not represent the depreciation in value of the security as a result of the Misrepresentation;

Section 211 of the *Securities Act* (Alberta) provides that no action may be commenced to enforce these rights more than:

- (i) in the case of an action for rescission, 180 days from the day of the transaction that gave rise to the cause of action, or
- (j) in the case of any action, other than an action for rescission, the earlier of
 - (i) 180 days from the day that the plaintiff first had knowledge of the facts giving rise to the cause of action, or
 - (ii) 3 years from the day of the transaction that gave rise to the cause of action.

The foregoing summary is subject to the express provisions of the securities legislation referred to above and the rules, regulations and other instruments thereunder, and reference is made to the complete text of such provisions. Such provisions may contain limitations and statutory defences on which the Trust may rely.

The rights of action for damages or rescission discussed above are in addition to, and without derogation from, any other right or remedy which purchasers may have at law.

APPENDIX C FINANCIAL STATEMENTS



CENTURION

REAL ESTATE OPPORTUNITIES TRUST

CENTURION REAL ESTATE OPPORTUNITIES TRUST
Consolidated Financial Statements
For the year ended December 31, 2016

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KPMG LLP
Bay Adelaide Centre
333 Bay Street, Suite 4600
Toronto ON M5H 2S5
Canada
Tel 416-777-8500
Fax 416-777-8818

INDEPENDENT AUDITORS' REPORT

To the Unitholders of Centurion Real Estate Opportunities Trust

We have audited the accompanying consolidated financial statements of Centurion Real Estate Opportunities Trust, which comprise the consolidated statement of financial position as at December 31, 2016, the consolidated statements of net income and comprehensive income, changes in net assets attributable to unitholders and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



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Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Centurion Real Estate Opportunities Trust as at December 31, 2016, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

April 4, 2017
Toronto, Canada

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

December 31, 2016, with comparative information for 2015

	Note	December 31, 2016	December 31, 2015
Assets			
Non-current assets			
Mortgage investments	4	\$ 102,418,217	\$ 43,851,060
Equity accounted investments	5	24,289,524	15,121,406
Participating loan interests	7	4,904,679	517,273
		131,612,420	59,489,739
Current assets			
Current portion of mortgage investments	4	75,458,678	57,557,572
Mortgage interest receivable	6	1,892,482	369,997
Participating loan interests	7	3,945,782	163,824
Other assets	8	1,159,395	140,139
Restricted cash	9	-	1,181,240
Cash		424,053	12,619,971
		82,880,390	72,032,743
Total Assets		\$ 214,492,810	\$ 131,522,482
Liabilities			
Current liabilities			
Credit facility	12	20,000,000	-
Unit subscriptions in trust	9	-	1,181,240
Accounts payable and accrued liabilities	10	569,525	246,135
		20,569,525	1,427,375
Total Liabilities excluding net assets attributable to Unitholders		\$ 20,569,525	\$ 1,427,375
Net assets attributable to Unitholders		\$ 193,923,285	\$ 130,095,107

Commitments and contingencies (notes 4 and 13)

Subsequent events (notes 13 and 20)

The accompanying notes are an integral part of these Consolidated Financial Statements.

CENTURION REAL ESTATE OPPORTUNITIES TRUST
CONSOLIDATED STATEMENT OF NET INCOME AND COMPREHENSIVE INCOME
(EXPRESSED IN CANADIAN DOLLARS)
Year ended December 31, 2016, with comparative information for 2015

For the year ended	Note	December 31, 2016	December 31, 2015
Interest income on mortgage investments	4 / 2(d)	\$ 15,103,739	\$ 8,742,616
Income from equity accounted investments	5	4,706,781	1,137,612
Other income		73,930	-
General and administrative expenses	16	(2,061,652)	(1,523,492)
Fair value gains on participating loan interests	7 / 2(d)	8,792,145	681,097
Provision for mortgage investments loss	4(b)	(467,992)	(645,123)
Finance costs		(348,137)	-
Net Income and Comprehensive Income		\$ 25,798,814	\$ 8,392,710

The accompanying notes are an integral part of these Consolidated Financial Statements.

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

Year ended December 31, 2016, with comparative information for 2015

For the year ended December 31, 2016

	Note	
Net assets attributable to Unitholders at the beginning of the year		\$ 130,095,107
Net Income and Comprehensive Income		25,798,814
Proceeds from units issued (net of issuance costs)	11	43,730,219
Reinvestment of distributions by Unitholders	11	9,139,548
Redemptions of units	11	(1,522,703)
Distributions to Unitholders		(13,317,700)
Net increase from unit transactions		38,029,364
Net assets attributable to Unitholders at end of the year		\$ 193,923,285

For the year ended December 31, 2015

	Note	
Net assets attributable to Unitholders at the beginning of the year		\$ 78,275,431
Net Income and Comprehensive Income		8,392,710
Proceeds from units issued (net of issuance costs)	11	49,131,614
Reinvestment of distributions by Unitholders	11	6,629,874
Redemptions of units	11	(4,849,050)
Distributions to Unitholders		(7,485,472)
Net increase from unit transactions		43,426,966
Net assets attributable to Unitholders at end of the year		\$ 130,095,107

The accompanying notes are an integral part of these Consolidated Financial Statements.

CENTURION REAL ESTATE OPPORTUNITIES TRUST**CONSOLIDATED STATEMENT OF CASH FLOWS**

(EXPRESSED IN CANADIAN DOLLARS)

Year ended December 31, 2016, with comparative information for 2015

For the year ended	December 31, 2016	December 31, 2015
Cash used in operating activities		
Operating activities		
Net income	\$ 25,798,814	\$ 8,392,710
<u>Add-back other items</u>		
Interest income on mortgage investments	(15,103,739)	(8,742,616)
Finance costs	348,137	-
<u>Non-cash items:</u>		
Non-cash portion of income from equity accounted investments	(4,706,781)	(1,137,612)
Fair value gains on participating loan interests	7	(681,097)
Provision for mortgage investments loss	4(b) 467,992	645,123
Changes in non-cash operating account balances	(707,226)	912,700
Participating loan interests recognized gains	622,781	-
Interest received on mortgage investments	6,395,926	5,248,059
Net cash from operating activities	4,323,758	4,637,267
Cash Flow from financing activities		
Proceeds from units issued	44,915,488	42,567,530
Unit issuance costs	(1,208,555)	(503,168)
Redemption of units	(1,522,703)	(4,849,050)
Cash distributions to Unitholders	(4,116,738)	(850,357)
Finance costs paid	(374,904)	-
Credit facility advances	20,000,000	-
Net cash from financing activities	57,692,588	36,364,955
Cash Flow from investing activities		
Mortgage investments - repaid	20,563,896	22,284,437
Mortgage investments - issued	(90,314,824)	(42,137,548)
Equity accounted investments	(4,461,336)	(10,540,682)
Net cash from investing activities	(74,212,264)	(30,393,793)
Net (decrease) increase in cash	(12,195,918)	10,608,429
Cash, beginning of the year	12,619,971	2,011,542
Cash, end of year	\$ 424,053	\$ 12,619,971

The accompanying notes are an integral part of these Consolidated Financial Statements.

1. Purpose and basis of preparation

Centurion Real Estate Opportunities Trust (the “REOT” or “Trust”) is an unincorporated, open-ended private investment trust which was created pursuant to a Declaration of Trust dated September 12, 2014 (“Declaration of Trust”), and is governed by the laws of the Province of Ontario. The registered office of REOT is located at 25 Sheppard Avenue West, Suite 710, Toronto, Ontario, M2N 6S6.

REOT invests in a diversified portfolio of mortgages and opportunistic real estate developments and investments.

2. Significant Accounting Policies

a) Statement of Compliance

The consolidated financial statements for the year ended December 31, 2016 have been prepared by management in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

These consolidated financial statements have been approved for issue by the Board of Trustees on April 4, 2017.

b) Basis of Presentation

The consolidated financial statements have been prepared on a historical cost basis except for participating loan interests and real estate held within equity accounted investments.

The consolidated financial statements are presented in Canadian dollars, which is the functional currency of REOT.

REOT has elected to present the Consolidated Statements of Net Income and Comprehensive Income in one statement.

c) Principles of Consolidation

The consolidated financial statements reflect the operations of REOT and its wholly owned subsidiary Centurion Real Estate Opportunities Trust LP.

Subsidiaries are consolidated from the date of acquisition, which is the date REOT obtains control of the subsidiary. Control exists when REOT has the existing rights that give it the current ability to direct the activities that significantly affect the entities’ returns, is exposed, or has rights to variable returns from its involvement with the investee, and has the ability to use its power to affect its returns.

REOT reassesses whether or not it controls the investee if facts, circumstances and events indicate that there are changes to the elements listed above.

2. Significant Accounting Policies (continued)

c) Principles of Consolidation (continued)

The accounting policies of the subsidiaries are consistent with the accounting policies of REOT and their financial statements have been prepared for the same reporting year as REOT.

All intercompany transactions and balances have been eliminated upon consolidation.

d) Reclassification of Comparative Amounts

Certain comparative amounts for the prior year have been reclassified to conform to current year presentation; the impact of the reclassifications is as follows:

- Consolidated statement of financial position - \$681,097 included in mortgage investments has been reclassified to participating loan interests
- Consolidated statement of net income and comprehensive income - \$681,097 included in interest income on mortgage investments has been reclassified to fair value gains on participating loan interests.

Such reclassifications had no effect on net income or net assets attributable to unitholders.

e) Future Changes in Accounting Policies

Standards issued and amendments to existing standards not yet effective up to the date of issuance of these consolidated financial statements are described below. This description is of standards and interpretations issued, which REOT reasonably expects to be applicable at a future date.

Leases (“IFRS 16”):

IFRS 16 was issued on January 13, 2016. The new standard will replace existing lease guidance in IFRS and related interpretations, and requires lessees to bring most leases on-balance sheet. The new standard is effective for years beginning on or after January 1, 2019. Early adoption will be permitted only if the company has adopted IFRS 15 Revenue from Contracts with Customers. REOT has not yet determined the impact of the new standard on its consolidated financial statements.

Revenue from Contracts with Customers (“IFRS 15”)

In May 2014, the IASB issued IFRS 15 - Revenue from Contracts with Customers. The new standard provides a comprehensive framework for recognition, measurement and disclosure of revenue from contracts with customers, excluding contracts within the scope of the standards on leases, insurance contracts and financial instruments. IFRS 15 becomes effective for annual years beginning on or after January 1, 2017, and is to be applied retrospectively. Early adoption is permitted. REOT has determined that there will be no material impact on the consolidated financial statements upon adoption of IFRS 15.

2. Significant Accounting Policies (continued)

Financial Instruments (“IFRS 9”)

This standard will replace IAS 39 – Financial Instruments: Recognition and Measurement. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. IFRS 9 also replaces the “incurred loss” model in IAS 39 with a forward-looking “expected credit loss” (ECL) model. This will require considerable judgement as to how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis. The new impairment model will apply to financial assets measured at amortized cost or fair value through other comprehensive income except for investments in equity instruments, and to contract assets. The new IFRS is to be applied retrospectively without restatement of comparative information, is effective for annual years beginning on or after January 1, 2018, with earlier application permitted. REOT has not yet determined the impact of the new standard on its consolidated financial statements.

f) Joint Arrangements

REOT enters into joint arrangements through joint operations and joint ventures. A joint arrangement is a contractual arrangement pursuant to which the REOT 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.

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

g) Distribution Reinvestment and Unit Purchase Plan (“DRIP”)

REOT 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 REOT 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.

2. Significant Accounting Policies (continued)

h) Revenue Recognition

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to REOT and the amount of income can be measured reliably. Interest income is determined using the effective interest rate method.

i) Provisions

Provisions are recognized when REOT 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.

j) Income Taxes

REOT qualifies as a Mutual Fund Trust for Canadian income tax purposes. In accordance with the terms of the Declaration of Trust, REOT intends to allocate 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). REOT is eligible to claim a tax deduction for distributions paid in future years 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 REOT are the obligations of the Unitholders.

k) Financial Instruments

In accordance with IAS 39 Financial Instruments – Recognition and Measurement (“IAS 39”), financial assets and financial liabilities are initially recognized at fair value, and their subsequent measurement is dependent on their classification as described below.

Fair Value Through Profit or Loss (“FVTPL”)

Financial instruments in this category are recognized initially and subsequently at fair value. Gains and losses arising from changes in fair value are presented within operating income attributable to unitholders in the consolidated statement of net income and comprehensive income in the year in which they arise. Financial assets and liabilities at FVTPL are classified as current, except for the portion expected to be realized or paid beyond 12 months of the consolidated statement of financial position date, which is classified as non-current. Derivatives are also categorized as FVTPL unless designated as hedges.

2. Significant Accounting Policies (continued)

k) Financial Instruments (continued)

Cash and cash equivalents and restricted cash

Cash and cash equivalents include cash and short-term investments with an original maturity of three months or less. Restricted cash does not meet the definition of cash and cash equivalents and is included in other assets in the consolidated statement of financial position. Interest earned or accrued on these financial assets is included in other income.

Loans and receivables

Other receivables are included in current assets, except for those with maturities more than 12 months after the consolidated statement of financial position date, which are classified as non-current assets. Loans and receivables are accounted for at amortized cost.

Available-for-sale

Investments are measured at fair value at each consolidated statement of financial position date and the difference between the fair value of the asset and its cost basis is included in other comprehensive income ("OCI"). Differences included in accumulated other comprehensive loss ("AOCL") are transferred to net income when the asset is removed from the consolidated statement of financial position or an impairment loss on the asset has to be recognized. Income on available-for-sale investments is recognized as earned and included in other income.

Other financial liabilities

Such financial liabilities are recorded at amortized cost and include all liabilities other than derivatives or liabilities, which are designated to be accounted for at fair value.

Derivatives

Derivative financial instruments are initially recognized at fair value on the date a derivative contract is entered into and subsequently re-measured at fair value. Derivatives are measured at fair value with changes therein recognized directly through the consolidated statement of comprehensive income within operating income.

Embedded derivatives

Derivatives embedded in other financial instruments or contracts are separated from their host contracts and accounted for as derivatives when their economic characteristics and risks are not closely related to those of the host contract; the terms of the embedded derivative are the same as those of a free-standing derivative; and the combined instrument or contract is not measured at fair value. These embedded derivatives are measured at fair value with changes therein recognized within operating income in the consolidated statement of comprehensive income.

The classification of financial instruments depends on the purpose for which the financial instruments were acquired or issued, their characteristics and REOT's designation of such instruments.

2. Significant Accounting Policies (continued)

k) Financial Instruments (continued)

Classification and Measurement:

The summary of the classification and measurement adopted by REOT for each major class of financial instruments are as follows:

	Classification	Measurement
Financial Assets:		
Cash	Loans and receivables	Amortized cost
Restricted cash	Loans and receivables	Amortized cost
Amounts due from mortgage servicer	Loans and receivables	Amortized cost
Other receivable	Loans and receivables	Amortized cost
Participating loan interests	Fair value through profit and loss	Fair value
Mortgage investments	Loans and receivables	Amortized cost
Mortgage interest receivable	Loans and receivables	Amortized cost
Financial Liabilities:		
Credit facility	Other financial liabilities	Amortized cost
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost
Unit subscriptions in trust	Other financial liabilities	Amortized cost

At each reporting year, REOT assesses impairment of all its financial assets which are measured at amortized cost. Management considers whether there has been a breach in contract, such as a default or delinquency in interest or principal payments in determining whether objective evidence of impairment exists. Impairment is measured as the difference between the asset's carrying value and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. Any impairment is included in the consolidated statement of net income and comprehensive income.

l) Fair Value

Fair value measurements recognized in the balance sheet accounts are categorized using a fair value hierarchy that reflects the significance of inputs used in determining the fair values:

- Level 1: Quoted prices 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.

2. Significant Accounting Policies (continued)

m) Net assets attributable to Unitholders

i. Balance Sheet Presentation

In accordance with *IAS 32 - Financial Instruments: Presentation*, puttable instruments are generally classified as financial liabilities. REOT'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, REOT units do not meet the exception requirements. Therefore, REOT has no instrument qualifying for equity classification on its Statement of Financial Position pursuant to IFRS. The classification of all units as financial liabilities with 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.

ii. Statement of Financial Position Measurement

REOT units are carried on the 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 is limited to the net assets of REOT.

n) Mortgage Investments

Mortgage investments are classified as loans and receivables. Such investments are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, the mortgage investments are measured at amortized cost using the effective interest method, less any impairment losses.

o) Impairment

Mortgage investments are assessed at each reporting date to determine whether there is objective evidence of impairment. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of an asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of mortgage investments measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in the statement of net income and comprehensive income and reflected in an allowance account against the investments. Interest on the impaired asset continues to be recognized through the unwinding of the discount if it is considered collectable.

2. Significant Accounting Policies (continued)

o) Impairment (continued)

At a collective level and an individual level, REOT assesses for impairment to identify losses. As part of REOT's analysis on a collective basis it has grouped mortgage investments with similar risk characteristics including geographical exposure, collateral type, loan-to-value, counterparty and other relevant groupings and assesses them for impairment using statistical data. Based on the amounts determined by management analysis, the REOT uses judgement to determine whether a collective provision against potential future losses not identified should be recognized.

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.

p) Employee Benefits

Short-term employee benefit obligations, including vacation and bonus payments, are measured on an undiscounted basis and are expensed as the related service is provided. Liabilities are recognized for the amounts expected to be paid within 12 months as the REOT has an obligation to pay this amount as a result of a past service provided by the employee, and the obligation can be estimated reliably. Short-term employee benefits are recorded in accounts payable and accrued liabilities.

3. Critical Accounting Estimates, Assumptions and Judgments

The preparation of financial statements in accordance with IFRS requires management to make judgments, assumptions and estimates that affect the reported amounts in the consolidated financial statements. Actual results could differ from those estimates.

The following are the critical accounting estimates and assumptions that have been made in applying REOT's accounting policies:

a) Recoverability of mortgage investments:

The recoverability of the mortgage investments is reliant on the ability of the borrower to fully repay the loan and all accrued interest and fees, any defaults that occur may materially impact the recoverability of these investments (refer to note 4 for further detail).

b) Fair value of Participating loan interests:

The fair value of the participating loan interests is reliant on the market value of the underlying real estate associated with the participating loan interest. Any changes in the value of the underlying real estate may materially impact the fair value on the participating loan interests (refer to note 7 for further detail).

3. Critical Accounting Estimates, Assumptions and Judgments (continued)

c) Fair value of real estate held within equity accounted investments:

Investment properties held within equity accounted investments are measured at fair value as at the consolidated statement of financial position dates. Any changes in the fair value are included in the consolidated statement of 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 stabilized net operating income, capitalization rates, discount rates and other future cash flows applicable to investment properties. Fair values for investment properties are classified as Level 3 in the fair value hierarchy

4. Mortgage Investments

Mortgages investments represent amounts under mezzanine loan arrangements. The weighted effective interest rate is 10.61% (2015: 10.13%) and the estimated weighted average contractual term of maturity is 1.14 years (2015: 1.10 years). Interest income for the year was \$15,103,739 (December 31, 2015: \$8,742,616).

		December 31, 2016	December 31, 2015
Non-current mortgage investments		\$ 103,531,332	\$ 44,496,183
Allowance for mortgage investments loss	4(b)	(1,113,115)	(645,123)
Total non-current mortgage investments		102,418,217	43,851,060
Current mortgage investments		75,458,678	57,557,572
Current mortgage interest	6	1,892,482	369,997
Total current mortgage investments		77,351,160	57,927,569
Total mortgage investments		\$ 179,769,377	\$ 101,778,629

Future repayments are as follows:

Year ended	December 31, 2016
December 31, 2017	\$ 77,351,160
December 31, 2018	89,946,132
December 31, 2019	13,585,200
Total repayments	\$ 180,882,492

As at December 31, 2016, REOT has approved additional mortgage investment commitments of \$47.2 million.

4. Mortgage Investments (continued)

As part of the assessment for indicators of impairment, management of the REOT routinely reviews each mortgage investment for changes in the credit quality of the mortgage and underlying real estate assets and determines whether such changes result in the impairment of the value of the mortgage investment. As at December 31, 2016 carrying value of the mortgage investments approximates fair value. The fair value of mortgage investment portfolio approximates its carrying value as the majority of the loans are repayable in full at any time without penalty. There is no quoted price in an active market for the mortgage investments. REOT makes its determinations of fair value based on its assessment of the current lending market for mortgage investments of same or similar terms. As a result, the fair value of mortgage investments is based on Level 3 of the fair value hierarchy.

The nature of the underlying assets for REOT's mortgage investments as at December 31, 2016 is as follows:

Year ended	December 31, 2016	December 31, 2015
Multi Family Apartments	30%	47%
Condominium	22%	6%
Subdivision Land	15%	11%
Multi Student Housing	14%	17%
Other	19%	19%
	100%	100%

As at December 31, 2016 REOT has 37% interest (December 31, 2015: 39%) in first mortgages and a 63% interest (December 31, 2015: 61%) in second mortgages.

4(b). Allowance for mortgage investments loss

At a collective and individual level, the REOT assesses for impairment to identify any potential losses. As part of the REOT's analysis on a collective basis it has grouped mortgage investments with similar risk characteristics including geographical exposure, collateral type, loan-to-value ratio, counterparty and other relevant groupings and assesses them for impairment using statistical data. The REOT uses judgement to determine whether a collective provision against potential future losses not identified should be recognized. As at December 31, 2016, the REOT recognized a collective allowance against future potential losses not identified of \$1,113,115, of which \$467,992 was expensed in the year ended December 31, 2016 (December 31, 2015: \$645,123).

4(c). Default mortgage investments:

A mortgage investment is considered in default when a payment has not been received by the contractual due date unless in overhold or a term in the mortgage agreement has been breached. Mortgage investments that are in default are not classified as impaired if they are fully secured and collection efforts are reasonably expected to result in repayment of principal plus all associated costs and accrued interest. No adjustment to the fair value of the mortgage investments on default was required as at December 31, 2016.

4. Mortgage Investments (continued)

4(c). Default mortgage investments (continued):

As at December 31, 2016 there are four mortgages with a total carrying value of \$20,577,186 that are considered to be in default. In all cases, REOT has estimated the fair value of the underlying security on these projects to be sufficient to cover the outstanding principal and accrued interest amount and as such has not recognized a specific loan loss provision on these mortgage investments as at December 31, 2016.

5. Equity accounted investments

(i) Harbour View Estates LP:

REOT entered into a joint venture with a third party to commence a development project comprised of a 208 unit prefabricated four building multi-family development located in Regina, Saskatchewan, in which it has a 60% limited partnership interest in the project.

(ii) The Residences of Seasons LP:

On September 5, 2015, The REOT entered into a joint venture with a third party to develop a property apartment building comprising of 400 units in Winnipeg, Manitoba. REOT has a 50% limited partnership interest in the project.

(iii) Bridgewater Trails Apartments LP:

The REOT entered into a joint venture with a third party to develop a property apartment building comprising of 176 units in Winnipeg, Manitoba. REOT has a 45% limited partnership interest in the project.

The carrying value of equity accounted investments consists of the following:

	Ownership	December 31, 2016	December 31, 2015
Harbour View Estates LP	60%	\$ 9,168,398	\$ 6,143,120
The Residences of Seasons LP	50%	11,382,855	8,978,286
Bridgewater Trails Apartments LP	45%	3,738,271	-
		\$ 24,289,524	\$ 15,121,406

Fair value adjustments within equity accounted investments occurs when there are changes in the fair value on the underlying investment properties held within these investments, the fair value of investment properties is primarily driven by changes in capitalization rates and stabilized net operating income (“NOI”).

Centurion Real Estate Opportunities Trust
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5. Equity accounted investments (continued)

The following is the summarized financial information of the above investments:

Year ended	December 31, 2016		December 31, 2015	
Non-current assets	\$	77,866,798	\$	40,474,324
Current assets		4,345,653		7,254,587
Total assets	\$	82,212,451	\$	47,728,911
Non-current liabilities	\$	(41,140,445)	\$	(19,502,235)
Current liabilities		(6,627,880)		(1,434,903)
Total liabilities	\$	(47,768,325)	\$	(20,937,138)
Total revenue	\$	1,361,574	\$	80,105
Total expenses		(1,302,988)		(10,822)
Total fair value gains		8,579,458		1,833,918
Net income	\$	8,638,044	\$	1,903,201

REOT made contributions of \$4,461,337 to joint ventures in the year ended December 31, 2016 (year ended December 31, 2015: \$10,540,682). One of the above investments had operating activity for the year ended December 31, 2016 that has been included in the above table. REOT's share of the net income of the joint ventures is \$4,706,681 (December 31, 2015: \$1,137,612), which is included in the consolidated statement of comprehensive income.

6. Mortgage Interest Receivable

	December 31, 2016		December 31, 2015	
Mortgage interest receivable	\$	1,892,482	\$	369,997
	\$	1,892,482	\$	369,997

The following is an aging analysis of the accounts receivable balance:

	December 31, 2016		December 31, 2015	
Current	\$	791,769	\$	269,622
31 - 60 days		100,254		-
61 - 90 days		96,388		-
Over 90 days		904,071		100,375
	\$	1,892,482	\$	369,997

All amounts in excess of 30 days relates to interest receivable on mortgage investments in default (note 4 (c)). The carrying value of the underlying security is in excess of all outstanding principal and interest and as such the carrying balance has not been impaired.

7. Participating Loan Interests

REOT entered into several mortgage investments that contain two financial instruments. The mortgage investments contain a standard mortgage investment and a participating loan interest. The participating loan interests represent indirect interests in certain properties that do not provide the REOT with control over the entities that own the underlying properties. The participating loan interests are accounted for as embedded derivatives and represent the REOT's right to participate in the changes in the fair value of the referenced property. The loan portion is accounted for as loans and receivables and included in mortgage investments.

The embedded derivatives are measured at fair value with changes in fair value reported through the consolidated statement of net income and comprehensive income in fair value gains on participating loan interests. The total fair value gain recognized on these participating loan interests in the year was \$8,169,365 (year ended December 31, 2015: \$681,097). The fair value of the real estate was determined using a detailed valuation framework developed by REOT's internal valuation team. The valuation team considered the following approaches in determining the fair value:

1. Consideration of recent prices of similar properties within similar market areas;
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.

	December 31, 2016	December 31, 2015
Balance, beginning of year	\$ 681,097	\$ -
Fair value gains	8,792,145	681,097
Cash received	(622,781)	-
Balance, end of year	\$ 8,850,461	\$ 681,097

The carrying value of the embedded derivative is as follows:

Non-current:	December 31, 2016	December 31, 2015
Ontario, Canada	\$ 4,904,679	\$ 85,737
British Columbia, Canada	-	431,536
	\$ 4,904,679	\$ 517,273

Current:		
Ontario, Canada	\$ -	\$ 163,824
British Columbia, Canada	3,681,222	-
Alberta, Canada	264,560	-
	\$ 3,945,782	\$ 163,824

Centurion Real Estate Opportunities Trust
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8. Other assets

		December 31, 2016		December 31, 2015
Amounts due from mortgage servicer	1	\$ 833,127	\$	113,502
Unamortized financing cost on line of credit		98,610		-
Prepaid expenses		14,561		26,637
Other receivables		213,097		-
		\$ 1,159,395	\$	140,139

1 - The mortgage servicer and the holder of Class M units are related parties by virtue of common ownership.

9. Restricted cash/Unit subscriptions in trust

At December 31, 2016, there is no restricted cash. As at December 31, 2015 restricted cash consists of cash not available for current use in the amount of \$1,181,240. This restricted cash represents Unitholder subscriptions held in trust until the trade settlement date, these amounts will be returned to investors if the proposed unitholder subscriptions do not successfully proceed.

10. Accounts payable and accrued liabilities

		December 31, 2016		December 31, 2015
Accounts payable	\$	176,462	\$	111,503
Accrued expenses		384,125		107,553
Distributions payable		8,938		27,079
	\$	569,525	\$	246,135

11. 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 based on a formula disclosed in the DOT. 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 as defined in the DOT. At any time, the holder of a Class M unit may convert into either Class A units or Class R units based on a specified ratio as disclosed in the DOT.

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 \$50,000 (the “Monthly Limit”), will be redeemed for cash by a distribution in specie of debt securities on a pro rata basis.

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11. Classification of Units (continued)

Issued	December 31, 2016	December 31, 2015
Class A Trust Units		
Units as at January 1,	2,326,632	661,694
New units issued	3,036,719	1,613,673
Distribution reinvestment plan	153,172	56,153
Transfer of units	(960)	-
Redemption of units	(68,448)	(4,888)
	5,447,115	2,326,632
Class F Trust Units		
Units as at January 1,	766,126	4,747
New units issued	1,228,837	756,381
Distribution reinvestment plan	45,592	4,998
Transfer of units	960	-
Redemption of units	(77,234)	-
	1,964,281	766,126
Class I Trust Units		
Units as at January 1,	1,799,070	-
New units issued	167,459	1,799,030
Distribution reinvestment plan	4,643	40
	1,971,172	1,799,070
Class M Trust Units		
	50,000	50,000
Class R Trust Units		
Units as at January 1,	8,077,685	7,153,793
New units issued	-	787,524
Distribution reinvestment plan	698,243	614,265
Redemption of units	-	(477,897)
	8,775,928	8,077,685

12. Credit facility

On March 4, 2016, REOT obtained a revolving demand loan from a Schedule 1 Bank for \$20,000,000 at an interest rate of prime plus 1.50%. As at December 31, 2016, \$20,000,000 has been drawn on this facility. The facility has a maturity date of June 30, 2017 and has been secured by the assets of REOT. Under the terms of the credit facility, REOT is required to maintain a minimum tangible net worth and interest coverage ratio.

13. Commitments

REOT has entered into an agreement with a related party, Centurion Apartment REIT ("REIT"), the warehouse lender, whereby the warehouse lender is given the opportunity to fund mortgage investments originated by REOT. REOT 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, REOT may also be obligated to repurchase mortgage investments funded by the REIT under the warehouse agreement. REOT has guaranteed any losses on the mortgage investments funded by the REIT under the warehouse agreement. The total amount utilized in the warehouse facility as at December 31, 2016 was \$24,830,103 (2015: \$nil). The above warehoused investment was purchased by REOT on January 3, 2017.

14. Contingencies

REOT may become contingently liable for litigation and claims that arise from time to time in the ordinary course of business. Management is of the opinion that based on information presently available, it is not probable that any liability, to the extent not provided for through insurance or otherwise, would have a material adverse effect on the financial position of REOT.

15. Related Party Transactions

Except as disclosed elsewhere in the consolidated financial statements, related party transactions include the following:

A related party of REOT holds the 50,000 Class M Trust units of REOT. The distributions for the year ended December 31, 2016 for the Class M Trust units were \$307,872 (December 31, 2015: \$79,556).

The REOT purchased \$3,500,000 of mortgage investments from Centurion Apartment REIT that was initially funded via the warehouse agreement disclosed in note 13.

Centurion Apartment REIT owns all of the Class R units of REOT and received distributions for the year ended December 31, 2016 in the amount of \$7,071,179 settled with 698,243 Class R units (December 31, 2015: \$6,028,679).

REOT reimbursed Centurion Asset Management GP Inc. ("CAMGPI") for \$1,181,043 (2015 - \$717,086) of payroll expenses and \$68,560 (2015 - \$30,255) of administrative expenses for the year ended December 31, 2016.

15. Related Party Transactions (continued)

Key management consists of the Board of Trustees and the executive management team of REOT. Compensation paid to non-executive trustees during the year was \$81,750 (December 31, 2015: \$79,000). Compensation paid to executive management of REOT during the year was \$242,000 (December 31, 2015: \$227,000)

16. General and administration

	December 31, 2016	December 31, 2015
Salaries and wages	\$ 1,269,040	\$ 768,880
Fund administration costs	206,453	86,422
Advertising	125,163	51,110
Professional fees	130,240	207,637
Commissions	45,129	154,605
Miscellaneous expenses	285,627	254,838
	\$ 2,061,652	\$ 1,523,492

17. Capital Management

The prime objective of REOT's capital management is to ensure that REOT maintains a strong credit rating.

REOT defines capital as REOT net assets attributable to Unitholders and credit facility. REOT's objectives in managing capital are to ensure adequate operating funds are available to maintain consistent and sustainable Unitholder distributions and to provide the resources needed to fund new mortgage investments and other real estate development 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 to total debt. These indicators assist REOT 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. REOT endeavors to make annual distributions. Amounts retained in excess of 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.

18. Financial Instruments

a) Risk management

The main risks that arise from REOT's financial instruments are liquidity, interest and credit risk. REOT'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 REOT'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, REOT is exposed to a number of risks that can affect its operating performance. Management's close involvement in operations helps identifying risks and variations from expectations. As a part of the overall operation of REOT, 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 REOT may not be able to meet its financial obligations as they fall due.

REOT's principal liquidity needs arise from working capital, debt servicing and repayment obligations, planned funding of mortgage investments and distributions to Unitholders. REOT 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 REOT. There is also risk that the credit facility will not be renewed on terms and conditions acceptable to REOT or on any terms at all. As at December 31, 2016, REOT has \$424,053 (December 31, 2015: \$12,619,971) in unrestricted cash.

As at December 31, 2016, REOT has contractual obligations totaling \$67,681,528 due in less than one year, which include all liabilities excluding net liabilities attributable to unitholders, noted within the statement of financial position and the unfunded mortgage commitment (note 4a). The credit facility has a contractual maturity date of June 30, 2017. For purposes 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.

Details of credit facility as follows:

	December 31, 2016	December 31, 2015
Credit facility agreed	\$20,000,000	\$ -
Available for use	\$20,000,000	\$ -
Available as undrawn	\$ -	\$ -

18. Financial Instruments (continued)

ii) Interest Rate Risk

REOT's objective of managing interest rate risk is to minimize the volatility of earnings. Management monitors REOT's variable rate credit on an ongoing basis and assesses the impact of any changes in these credit rates on earnings, management routinely assesses the suitability of REOT's current credit facilities and terms. At December 31, 2016, REOT had no mortgages or other financial liabilities payable that bore interest at fixed rates.

The following interest rate sensitivity table outlines the potential impact of a 1% change in the interest rate on variable rate assets and liabilities for the prospective 12-month year. A 1% change is considered a reasonable level of fluctuation on variable rate long-term debt.

		-1%		1%	
	Carrying Amount	Income	Equity	Income	Equity
Financial assets					
Variable rate mortgage investments	\$ 7,034,246	\$ -	\$ -	\$ 51,539	\$ 51,539
Financial liabilities					
Variable rate debt due to mature in a year	\$ 20,000,000	\$ 200,000	\$ 200,000	\$ (200,000)	\$ (200,000)

iii) Credit risk

Credit risk arises from the possibility mortgage borrowers may default on their mortgage obligations to REOT. The risk of credit loss is mitigated by credit policies.

REOT monitors its collection experience on a monthly basis and ensures that a stringent policy is adopted to provide for all past due amounts which are doubtful of being collected.

19. 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 value of REOT's financial instruments were determined as follows:

- the carrying amounts of cash, mortgage interest, amounts due from mortgage servicer, other receivables, accounts payable, accrued liabilities and credit facility approximate their fair values based on the short-term maturities of these financial instruments.

20. Subsequent Events

Subsequent to the reporting date, REOT completed the following transactions:

- a) Additional mortgage investment advances of \$36.5 million were completed and additional funding commitments of approximately \$20.5 million have been approved.
- b) Additional equity accounted investment advances of \$11.6 million were completed and additional funding commitments of approximately \$nil have been approved.
- c) Subsequent to year end, REOT entered an agreement with REIT to dispose of its investment in Harbour View Estates LP.
- d) Subsequent to the year end, REOT received approximately \$1.9 million in mortgage investment repayments.
- e) There was an amount of \$42.7 million transferred into the warehouse facility and \$42.3 million transferred out of the warehouse facility.
- f) Cash distributions declared and paid after the year end totaled approximately \$1.2 million.
- g) Redemptions paid after the year end totaled approximately \$0.2 million.
- h) In January 2017, REOT's revolving demand loan increased from \$20 million to \$25 million.
- i) Subsequent to the year end, REOT issued units totaling \$54.9 million to REIT and \$0.1 million to other investors.