

Centurion Financial Trust



Last updated: January 2017



Disclaimer Statement

IMPORTANT INFORMATION: This communication is for information purposes only and is not, and under no circumstances is to be construed as, an invitation to make an investment in Centurion Financial Trust (“CFiT”). Investing in CFiT Units involves risks. There is currently no secondary market through which the CFiT Units may be sold and there can be no assurance that any such market will develop. A return on an investment in CFiT Units is not comparable to the return on an investment in a fixed-income security. The recovery of an initial investment is at risk, and the anticipated return on such an investment is based on many performance assumptions. Although CFiT intends to make regular distributions of its available cash to Unitholders, such distributions may be reduced or suspended. The actual amount distributed will depend on numerous factors, including CFiT financial performance, debt covenants and obligations, interest rates, working capital requirements and future capital requirements. In addition, the market value of the CFiT Units may decline if CFiT is unable to meet its cash distribution targets in the future, and that decline may be material. It is important for an investor to consider the particular risk factors that may affect the industry in which it is investing and therefore the stability of the distributions that it receives. 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 CFiT.

PAST PERFORMANCE MAY NOT BE REPEATED. Investing in CFiT Units can involve significant risks and the value of an investment may go down as well as up. There is no guarantee of performance. An investment in CFiT is not intended as a complete investment program and should only be made after consultation with independent investment and tax advisors. Only investors who do not require immediate liquidity of their investment should consider a potential purchase of Units. The risks involved in this type of investment may be greater than those normally associated with other types of investments. Please refer to the CFiT Offering Memorandum for a further discussion of the risks of investing in CFiT.

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Centurion Financial Trust



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Centurion Asset Management Inc.

An Alternative Investment Solution Provider
with a Strategic Approach to Investment Management

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Centurion – Who We Are

Based in Toronto, Centurion Asset Management Inc. is a Canadian company that offers a growing portfolio of private investment products, corporate financing, mortgage financing, apartment and student housing property management.

Centurion owns and manages approximately \$1.0 billion in total assets.

GROWING PORTFOLIO OF PRIVATE INVESTMENT PRODUCTS:

- **Centurion Apartment Real Estate Investment Trust** – 48 quality multi-residential and student housing rental properties in 16 communities across Canada
- **Centurion Real Estate Opportunities Trust** – diversified portfolio of mortgages and opportunistic real estate developments
- **Centurion Financial Trust** – private debt investments, including but not limited to mortgages, opportunistic real estate developments, and corporate debt

Centurion is a respected alternative investment manager committed to helping Canadian investors grow and protect their wealth.



Centurion – Who We Are

Management – Focused, Experienced, Disciplined

FOCUSED

- Fully integrated asset and property management company
- Private investments

EXPERIENCED

- Established in 2003 by founder and current president
- 27+ years in financial markets and investment experience
- Supported by solid senior management and majority independent boards

DISCIPLINED

- Structured investment / operations due-diligence process to manage risk, maximize income and add value
- Controlled approach to capital expenditures and capital raising



Investors' Needs and Challenges

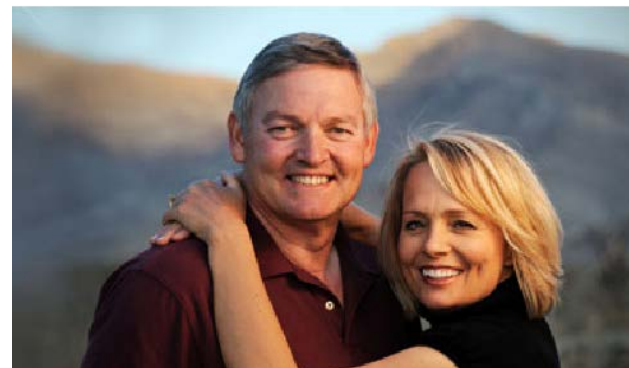
Needs

Income-oriented investors that are looking for:

- Monthly distributions
- Growth potential
- Diversifying their portfolio
- Re-investment options

Suitability

- Qualified, long-term Investors who are looking to generate income and capital growth from their investments
- Moderate risk tolerance: There are certain risks inherent in an investment in CFiT, including risks related to real estate development, liquidity, debt financing, and others.
- Please refer to the Offering Memorandum





Solution: Centurion Financial Trust

Objectives

- To provide investors with stable cash distributions, payable monthly, with the opportunity for long-term growth and preservation of capital
- To offer a diversified portfolio of income-producing and growth-oriented alternative credit investments
- To maximize unit value through the active management of the portfolio



Solution: Centurion Financial Trust

Unique Advantages

- Centurion has extensive experience as an alternative lender and has built a team specialized in identifying opportunities for growth and providing private debt
- Portfolio diversified between real estate and corporate credit investments with the potential for capital growth
- Leverage on the strategic relationships within Centurion Asset Management Inc.'s network to increase investment opportunities and manage risk
- Internalized management structure brings cost efficiencies



Solution: Centurion Financial Trust

Good Governance

- Governed by a Majority Independent Board of Trustees
- Investment Committee with Independent Board member in the position of Chairperson with veto on investments
- Internalized management increases alignment with investors



Case Study 1: Mezzanine Construction – Multifamily Rental Apartment

Project Details

230 units in Ontario | Twin buildings | 4-storey frame with surface parking

Loan Structure

- \$8.5 million Centurion mezzanine 2nd construction loan, representing 82.9% LTV, subordinate to a 62.9% LTV conventional first mortgage
- Centurion 2nd supported by 2nd collateral charges on two other existing completed rental buildings
- Additional \$2 million mezzanine term 2nds
- Centurion obtained a Right of First Refusal to acquire the rental building and the two collateral properties upon project completion



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Case Study 2: Mezzanine Construction – Student Housing



Project Details

- 370 student beds in SW Ontario
- Single 22-storey pre-cast building with mix of surface and limited underground parking

Loan Structure

- \$9.5 million Centurion mezzanine 2nd construction loan, representing 83.5% LTV, subordinate to a 61.5% LTV conventional first mortgage
- Centurion obtained a Right of First Refusal to acquire the development project upon completion, and an option to acquire a 50% ownership interest, at developer cost, in exchange for forgiving accrued interest on the mezzanine loan

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Case Study 3: Commercial Lending



Project Details

- Borrower is a Florida-based acquirer and integrator of U.S. physician practices and clinics.
- The firm has grown from 10,000 patients and US\$10 million in revenue in 2011 to 175,000 patients and US\$ 291 million in revenue in 2016.

Loan Structure

- 13% - 15% EBITDA margins
- The Centurion loan refinances a senior debt facility pending an equity transaction
- \$60 million – 3-year loan at prime +9.5% (Centurion retained \$5 million and syndicated \$55 million to other investors)
- It is anticipated that the loan will be repaid in mid-2017 as the borrower arranges a new senior debt facility with a commercial lender.
- It is also anticipated that CFiT will be involved in another new subordinated debt facility with the company.



Executives and Board of Trustees

Depth of experience and expertise

A Board of Trustees is responsible for the general control and direction of Centurion Financial Trust:



Greg Romundt
President & CEO,
and Trustee



Robert Orr
Chief Financial Officer and
Chief Compliance Officer



Stephen Stewart
VP of Mortgage Investments &
Joint Ventures, and Trustee



Daryl Boyce
VP of Corporate Finance
and Trustee



Michael LeClair
Chairman
Independent Trustee



Donna Par
Independent Trustee



Ken Miller
Independent Trustee



Graham McBride
Independent Trustee

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Appendices

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Centurion Portfolio

Investment Solutions

- Centurion Apartment Real Estate Investment Trust
- Centurion Real Estate Opportunities Trust
- Centurion Financial Trust

Centurion Asset Management Inc.'s investment products portfolio is governed by three separate independent Board of Trustees, the majority of whom are independent of management.

Financing Solutions

- Mortgages, senior secured term loans, asset backed loans, bridge loans, subordinated loans, mezzanine loans, royalties and syndicated loans

Property Management Services

- Multi-residential apartments
- Student Residences through the Centurion Brand: The **MARQ**



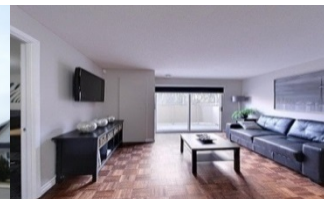
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Centurion Portfolio

Centurion Apartment Real Estate Investment Trust

- An income-producing, diversified real estate investment trust that allows investors to invest in a diversified portfolio of rental apartments and student housing properties in Canada.
- Owns approximately 5,000 multi-family rental apartments and student housing beds (Approx. 2/3 apartments and 1/3 student housing)
- Invested in 7 provinces in Canada



CENTURION
APARTMENT REIT

Highlights:

- Monthly Distributions
- Growth Potential
- Preservation of Capital
- Low correlation to equity markets = lower volatility
- Tax-Advantaged Income
- Accepts investments via registered plans like RRSP's, RRIF's and TFSA's

Open for investment to qualified investors only via an Offering Memorandum.



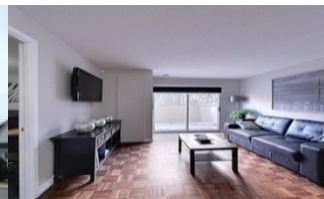
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Centurion Portfolio

Centurion Real Estate Opportunities Trust

An income and capital growth oriented investment trust that allows qualified investors to invest in a diversified portfolio of mortgages and opportunistic real estate developments and investments.

The targeted investment portfolio will include:

- mortgage investments
- loans for multi-residential apartment and student housing developments
- developer and builder pre-construction loans
- mezzanine and subordinated debt financing
- other growth-orientated real estate opportunities



Highlights:

- Monthly Distributions
- Growth Potential
- Preservation of Capital
- Accepts investments via registered plans like RRSP's, RRIF's and TFSA's

Open for investment to qualified investors only via an Offering Memorandum.



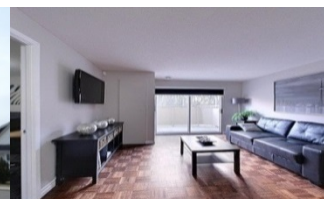
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Centurion Portfolio

Centurion Mortgage Lending and Financing

Centurion Mortgage Capital Corporation is a non-bank lender that's in a very unique position to offer customized end-to-end financial solutions for developers, builders, real estate partners and investors.

Mortgage Lending and Joint Venture / Equity Participations

- Provided to developers of multi-family rental apartments and student housing
- Focused participation particularly on projects where the REIT has a potential interest in acquiring the completed project



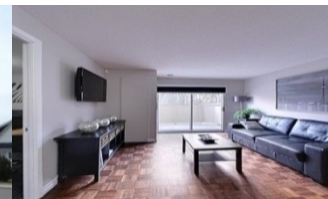
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Centurion Portfolio

Student Housing

At **The MARQ**, we've created, and are committed to being a place that students can be proud to call home throughout their university experience.

As Canada's leading operator of student housing, we understand the unique needs of students. We commit to providing safe, clean apartments students can be proud of.

We also understand what an authentic university experience entails and offer locations close to everything that's important in a student's university life.



THE MARQ
student communities

a Centurion property

Highlights:

- Manages 8 Student Housing Properties with 2,156 beds
- Locations in London, Waterloo, and Montreal
- Canada's largest REIT owner of Student Housing



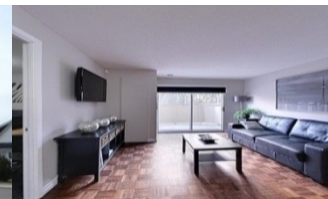
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Biographies of Trustees



Greg Romundt HBA

President and CEO

Trustee of Centurion Apartment REIT, Centurion REOT, and Centurion Financial Trust

Mr. Romundt is the founder and President of Centurion Asset Management Inc., Centurion Apartment REIT and Centurion Real Estate Opportunities Trust which collectively manage over \$1.0 billion of assets. 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 and was a member of the risk management committee. Mr. Romundt is a member of the Board of Directors for NEMA (National Exempt Market Association). 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 & Yong 2014 Entrepreneur of the Year award. He was named CEO of the Year in 2015 by Canadian Apartment Magazine.



Stephen Stewart

VP of Mortgage Investments and Joint Ventures

Trustee of Centurion REOT and Centurion Financial Trust

Mr. Stewart has over 20 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 is a Chartered Accountant with a double major in management and economics from the University of Guelph. Mr. Stewart is a Trustee of Centurion REOT.

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Biographies of Trustees



Daryl Boyce

VP of Corporate Finance

Trustee of Centurion Financial Trust

Mr. Boyce's investment and financing experience spans over 35 years and encompasses the management of equity and debt financing portfolios. Most recently, Daryl was the President of Evergreen Capital Group, a consulting firm involved in providing corporate finance, business transition, as well as expansion- and succession-related advisory services to mid-market clientele. Prior to forming Evergreen, he managed the private equity portfolio of Trimel Investments Inc., with the portfolio comprising investee companies in a number of diverse sectors throughout North America. Before Trimel, Daryl held a variety of lending roles in The Bank of Nova Scotia (Scotiabank), where he managed a senior lending portfolio, which included leading and arranging a variety of specialized and syndicated financing. Over the years, Daryl has acquired expertise in a variety of sectors, including consumer products, specialty pharmaceuticals, manufacturing and distribution, transportation and logistics, and professional sports. He received his Honours Bachelor of Arts in Commerce and Economics from the University of Toronto, Ontario, Canada in 1981.



Michael LeClair

Chairman

Independent Trustee

Mr. LeClair is an experienced director and strategic advisor with an extensive background in corporate finance, mergers and acquisitions and private equity. Prior to joining the Board of Trustees of Centurion Financial Trust, Mr. LeClair acted as Managing Director of Integrated Asset Management – Private Debt Group (2002-2015), an institutional debt fund specializing in providing financing solutions for mid-market Canadian companies including small to medium-sized energy projects in North America. He is currently Chair of the Board for a privately held group of health care centers in the United States and is a strategic advisor to a fast growing, specialty engineering company based in Toronto. Throughout his career, he has served in various executive capacities including President of Westpark Healthcare Foundation, a Toronto based hospital foundation, Vice President, Corporate Development at Chubb Security (1998-2001), a global security company and as a strategic advisor and Director for a number of Canadian and U.S. private companies. Mr. LeClair is a Certified Corporate Director with a degree from the Rotman School of Management at the University of Toronto and holds a Bachelor of Science degree from the University of Western Ontario.

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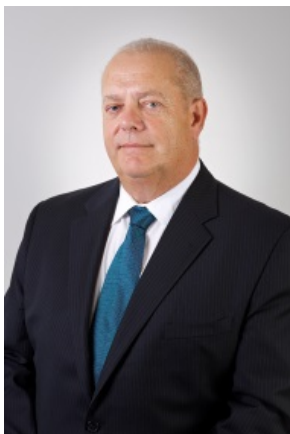
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Biographies of Trustees



Ken Miller BA
Independent Trustee

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.



Donna Parr
Independent Trustee

Ms. Parr has over 25 years of experience in venture and private equity investing and fund raising and corporate finance working for Canadian Medical Discoveries Fund, Canada Pension Plan (CPP), TD Capital, Ontario Municipal Employees Retirement System (OMERS), Canadian Corporate Funding Ltd, Trivest Insurance Network (a Trilon company) and Continental Illinois Bank. Of her twelve years making direct private equity, venture capital, and private debt investments at OMERS, she headed the private equity and venture group for four years. She has served on 23 boards of private companies on behalf of institutional investors. As President of Crimson Capital, she has worked with a number of technology and growth companies to build their businesses and has been involved in numerous equity capital raises and secured over \$8M in government grants/loans. She has prior operational experience as part of the early team, and as an active current Director, of CellAegis Devices which has developed a patented medical device for reducing the impact of heart attacks and stroke using technology licensed from the Hospital for Sick Children. Donna was an Entrepreneur in Residence at the HalTech Regional Innovation Centre. She holds an MBA from York University and Masters and Honours degrees from the University of Toronto in International Relations. Donna was a Board Director of the Heart and Stroke Foundation of Ontario from 2006-2012 and a founder of Canadian Women in Private Equity and AceTech Ontario.

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Biographies of Trustees



Graham McBride

Independent Trustee

Mr. McBride has been active in the North American investing community for 30 years. He is President of LarchHill Capital Inc., a private investing and consulting firm, and a Co-Founder of FundThrough Inc., a provider of working capital to small and mid-sized companies. Until 2010, he was a Managing Partner of VG Partners, joining to lead the growth and management of the VG MezzGrowth Group (mezzanine fund), with capital under management of \$300 million. His entire career has been spent in the Canadian mid-market, investing in, and advising entrepreneurs and their businesses. Prior to VG, Mr. McBride was a Managing Director of Royal Bank Capital Partners' Mezzanine Fund, establishing the firm as a presence in the mezzanine market. From 1996 to 2000, Mr. McBride was a Principal in the start-up of McKenna Gale Capital, focusing on mezzanine investments of \$7 to \$15 million in a diverse mix of mid-market companies. Graham was a primary transaction generator McKenna Gale, with responsibility for ongoing deal management and execution. From 1992 to 1996, Mr. McBride was a Vice President of Penfund Management Ltd., initially managing their troubled senior debt portfolio and subsequently joining Penfund's equity investment team. From 1989 to 1992, he worked with the Central Capital Group of Companies, structuring investments of senior debt, subordinated debt and equity on their behalf, after beginning his career in the Commercial Lending Division of the TD Bank. Mr. McBride has been a director of numerous companies and continues to be an active director of several businesses, including Donaldson & James Ltd. and AME Learning Inc., and is on the Board of Advisors of triOS Colleges Inc. He also works closely with several charities and non-profits, including sitting on the Investment Committee of the Toronto Atmospheric Fund. Mr. McBride has a Bachelor of Commerce (Honours) degree from Queen's University.

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Centurion Financial Trust

Centurion Financial Trust: An unincorporated open-end investment trust created by an amended and restated declaration of a trust as of January 26, 2017. For the purposes of the *Income Tax Act* it is a mutual fund trust.

Legal Advisors: Stikeman Elliott LLP

Auditor: KPMG LLP (Canada)

Registrar and Transfer Agent: The Investment Administration Solution Inc.

Legal Entity: Centurion Financial Trust

Asset Manager: Centurion Asset Management Inc.

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