Q & A with Greg Romundt on Centurion Financial Trust ("CFiT")

Q: Why did you launch CFiT?

A: *We believe there is an attractive opportunity in the private debt markets beyond what we already do in the real estate space. We could have chosen to go to investors in the Real Estate Opportunities Trust ("REOT") to ask for an expanded mandate, but we chose not to. We know that some of our investors want to make a specific allocation to real estate as opposed to a wider private debt mandate. In order to give our investors a choice, we decided to open CFiT. Investors can then choose between the real estate-specific strategy in REOT or the more diversified private debt mandate of CFiT, which includes real estate debt and corporate debt investments.*

Q: Why did you choose to pursue a diversified private debt investment strategy in CFiT rather than just doing a non-real estate specific private debt fund?

A: *There are three reasons. First, as an asset manager, I prefer diversification as a risk reduction strategy and also for the flexibility it gives to allocate capital to the best risk/reward investments at any particular time. Investment opportunities ebb and flow, and sometimes one strategy will offer better risk adjusted returns than another.*

Second, it is my experience that our investors have come to us because they are looking for the risk and return profile of the investment strategies we pursue. They are not necessarily looking for the asset specific strategy per se (e.g., mortgages, apartments, private equity, etc.). What they really want is an investment strategy with a risk/return profile that protects capital, isn't too volatile, provides a reasonably stable cash distribution, an opportunity for some modest long term capital growth and where possible, some tax efficiencies. These principals have been at the core of our investment strategies and product offerings as an asset manager. In that CFiT will have a more diverse universe of asset classes from which to choose than REOT, I believe that it potentially improves upon our ability to deliver upon these core objectives.

Three, this is the very opportunity that we believe exists – a fractured private debt market. Many alternative credit providers are focused on particular structures (e.g., Mortgage Investment Corporations on mortgages, factoring companies on factoring, equipment leasing companies on leasing, royalty companies on royalties, etc.), not on the needs of an actual borrower. Borrowers want to focus on their core businesses. They aren't necessarily financing experts and know where to obtain capital that meets their specific needs. Their bank is usually the first stop, but this is often a dead end. Banks today are much more restrictive in what they can or will do. Companies often need to find an alternative source of capital. Usually this means fitting into the box of the structure the financing provider they approach uses (e.g., factoring, mortgages, leases, royalties, etc.) rather than getting a customized

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solution to their own needs. CFiT's opportunity and strategy is to be a customized, flexible, financial solutions provider to borrowers and this means needing to be able to use all of the different tools required to do so.

Q: What are the differences between CFIT and REOT?

A: *Structurally, (e.g., Declaration of Trust, Offering Memorandum, etc.) CFIT is very similar to REOT. They both share the focus on real estate lending and development. The main differences are that we expanded the Investment Guidelines to be able to do corporate non-real estate lending and expanded the team to support the mandate in CFIT.*

Q: How will you manage the potential conflict of CFiT and REOT competing for the same investments in real estate financings?

A: *The intention is that most of CFiTs allocation to real estate debt will be made via an investment in REOT. An investment that is solely real estate based that fits the mandate of REOT would likely be made in REOT, with CFIT subscribing for units in REOT to fund that investment if it wanted to increase its real estate debt allocation and if REOT needed the capital to make the investment. The reason to do it this way is to maximize diversification for both REOT and CFIT and benefit both funds' investors. Thus, CFiT may be able to quickly diversify its portfolio and REOT will continue to grow its portfolio, diversify, and further its economies of scale.*

Q: Why should a Unitholder of REOT rollover into CFiT?

A: *We believe that CFiT gives investors the benefits of broader asset class diversification. Over the long term, we believe that we may be able to increase our risk adjusted returns due to the benefits of diversification, the ability to allocate to the best risk adjusted opportunities at that time, and the ability to change allocation weightings when one strategy or asset class offers better risk adjusted opportunities than another. This doesn't mean that total returns necessarily go up, as our focus has never been on blind return maximization. Our focus has been on protecting capital first and then on delivering reasonable risk adjusted returns. Further, we believe that the opportunities in private debt markets are expanding and aren't just limited to real estate. We're positioning CFiT to capitalize on these opportunities.*

Q: Is the rollover compulsory?

A: *No, it is not. Investors have a choice to stay invested in the fund they are in now or to roll over into CFiT. It's completely optional.*

Q: Will the REIT and the REOT still be offered to investors after the rollover?

A: *Yes, when and if they have the capacity to accept new capital from investors.*

Q: What does CFiT plan to do with any REIT or REOT units rolled over into CFiT?

A: *As CFiT deploys into investments and requires cash to fund these investments, CFiT will likely first redeem the REIT units it holds. This will provide the REIT the opportunity to open some capacity, if it so chooses, for its own investor base. The REIT has a backlog of advisors and investors that want capacity that it has been unable to satisfy. CFiT intends to keep its holdings of REOT as its real estate debt allocation and begin to add non-real estate investments as they present themselves. We believe that this gives CFiT the opportunity to diversify its portfolio and achieve scale faster than it otherwise could have.*

Q: Is the rollover tax deferred?

A: *No, it's not. A Unitholder that chooses to rollover is effectively selling their units at the market price and will trigger a capital gain. Investors thus need to get advice from their tax and investment advisors as to whether this is the right decision for them.*

Q: Does an investor rolling over into CFiT incur any early redemption charges?

A: *No. An investor's existing redemption schedule will remain the same in CFiT.*

Q: Why did you offer the rollover choice to REIT Unitholders?

A: *Since we offered the choice to REOT investors, we thought it only fair to do the same for REIT investors.*

Q: Are there any restrictions on the rollover?

A: *Yes. CFiT can limit the amount of rollovers permitted or cease permitting rollovers at any time. Subject to these CFiT imposed limits, any unitholder of the REIT or REOT that wants to roll over may do so subject to the following further requirements. As the minimum investment amount in REIT, REOT, and CFiT are currently $25,000 each, a Unitholder who wants to do a partial rollover (i.e., keep some of both funds) must meet the minimum investment amount of both the fund they are rolling out of and CFiT. Thus an investor with at least $50,000 invested in REIT or REOT, could choose to rollover $25,000 into CFiT and keep $25,000 in their existing fund and thus meet the minimum holding of each fund. For investors that don't have $25,000 in REIT or REOT, they may choose to stay in their current fund or roll all, but not less than all, of their investment into CFIT and get a one-time exemption from the $25,000 investment minimum. Thus, as an example, an investor with a total of $5,000 invested in REIT or REOT could choose to stay with their current fund or roll over all of their investment into CFiT. We made this exception for existing investors so that all investors would have the chance to roll over into CFiT if that's what they wanted to do.*

Q: How does an investor exercise their option to rollover into CFiT?

A: *First, you need to review the Offering Memorandum of CFiT. Second, you need to speak to your investment and tax advisors about whether this is right for your circumstances. Third, you or your investment advisor need to send in the rollover forms which will be made available.*

Q: Does CFiT have internalized management like the REIT and REOT?

A: *Yes. CFiT shares infrastructure and management with the REIT and REOT which we believe will allow it to achieve significant operating cost savings in the long term. Having internalized management is another unique feature of the funds that Centurion offers as part of our strategy to keep costs low and to drive alignment and returns.*

Q: Why has CFiT chosen to look at opportunities in the U.S. and Canada and not just Canada alone?

A: *The U.S. is such a large market, that we believe that it will present many high quality opportunities worth exploring. Further, the U.S. economy is different than Canada's and this may help diversify the fund.*

Q: Since CFiT will be investing in Canada and the U.S., will CFiT hedge the U.S. dollar currency exposure and will CFiT offer Units priced in U.S. Dollars?

A: *The intention is to hedge most or all of the currency risk back to Canadian dollars most of the time. However, we will be opportunistic when we think it is worthwhile to be under-hedged to benefit from anticipated moves in the currency. There is no intention at present to offer Units priced in U.S. Dollars.*

Q: What expertise do you have in non-real estate financing?

A: *We've added corporate private debt and equity specialists to our real estate debt team. Daryl Boyce joined as Vice President of Corporate Finance, with over 35 years of experience in corporate lending and private equity to run the department. He is joined by Dino Fracassi as Director of Corporate Finance, who has over 20 years of experience as a corporate lender. We also brought to the board as independent trustees, four individuals with extensive experience in corporate private debt and equity, Ken Miller, Donna Parr, Michael LeClair, and Graham McBride. In all, we broadened and deepened our existing team by adding five new area specific experts (Ken Miller is already on the board of REOT). We plan to continue to add to the team as the portfolio grows. You can find the profiles for all of these team members in the Offering Memorandum of CFiT.*