Slate Office REIT

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2020

(unaudited)

Slate Office REIT

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

(in thousands of Canadian dollars, unless otherwise stated)
(unaudited)

	Note	September 30, 2020	December 31, 2019
ASSETS			
Non-current assets			
Properties	5	$ 1,609,242	$ 1,622,085
Finance lease receivable	6	50,965	53,315
Other assets	7	6,075	6,273
Derivatives	11	—	841
Restricted cash		1,780	4,253
		1,668,062	**1,686,767**
Current assets			
Finance lease receivable	6	3,109	2,830
Other assets	7	9,579	6,025
Accounts receivable	8	8,147	8,225
Cash		5,290	6,117
		26,125	**23,197**
Total assets		**$ 1,694,187**	**$ 1,709,964**
LIABILITIES AND EQUITY			
Non-current liabilities			
Debt	9	$ 443,388	$ 818,621
Other liabilities	10	4,666	4,598
Derivatives	11	40,209	7,214
Deferred tax liability	25	—	92
Accounts payable and accrued liabilities	13	2,536	—
Class B LP units	12	18,815	30,918
		509,614	**861,443**
Current liabilities			
Debt	9	535,616	183,326
Other liabilities	10	1,214	1,675
Accounts payable and accrued liabilities	13	37,342	36,215
		574,172	**221,216**
Total liabilities		**1,083,786**	**1,082,659**
Unitholders' equity		**610,401**	**627,305**
Total liabilities and unitholders' equity		**$ 1,694,187**	**$ 1,709,964**

The accompanying notes are an integral part of these condensed consolidated interim financial statements

Slate Office REIT

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF INCOME

(in thousands of Canadian dollars, unless otherwise stated)
(unaudited)

		Three months ended September 30,				Nine months ended September 30,			
	Note		2020		2019		2020		2019
Rental revenue	16	$	45,852	$	52,539	$	140,150	$	164,191
Property operating expenses			(21,016)		(25,152)		(76,196)		(89,224)
Finance income on finance lease receivable	6		858		899		2,606		2,726
Interest income			130		150		424		407
Interest and finance costs	17		(10,388)		(11,261)		(30,671)		(37,871)
General and administrative	18		(1,941)		(1,931)		(5,783)		(5,767)
Change in fair value of financial instruments	19		2,349		(77)		(33,581)		(9,210)
Change in fair value of properties	5		653		18,579		1,805		33,206
Depreciation of hotel asset	5		(264)		(253)		(788)		(739)
Transaction costs	4		(12)		(3,116)		(1,577)		(11,326)
Deferred income tax (expense) recovery	25		—		(223)		96		31
Net income (loss) before Class B LP units		**$**	**16,221**	**$**	**30,154**	**$**	**(3,515)**	**$**	**46,424**
Change in fair value of Class B LP units	12		528		(2,431)		12,103		(1,903)
Distributions to Class B LP unitholders	15		(528)		(528)		(1,584)		(1,893)
Net income		**$**	**16,221**	**$**	**27,195**	**$**	**7,004**	**$**	**42,628**

Slate Office REIT

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE INCOME

(in thousands of Canadian dollars, unless otherwise stated)
(unaudited)

		Three months ended September 30,				Nine months ended September 30,			
	Note		2020		2019		2020		2019
Net income		$	16,221	$	27,195	$	7,004	$	42,628
Other comprehensive (loss) income to be subsequently reclassified to profit or loss:									
Foreign currency translation (loss) gain			(2,346)		1,441		3,181		(3,601)
Fair value (loss) gain on net investment hedges	19		—		—		(6,396)		2,588
Total other comprehensive (loss) gain			(2,346)		1,441		(3,215)		(1,013)
Comprehensive income		**$**	**13,875**	**$**	**28,636**	**$**	**3,789**	**$**	**41,615**

The accompanying notes are an integral part of these condensed consolidated interim financial statements

Slate Office REIT

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY

(in thousands of Canadian dollars, unless otherwise stated)
(unaudited)

	Note	Trust units	Retained earnings	Accumulated other comprehensive income	**Total equity**
December 31, 2019		$ 520,890	$ 102,930	$ 3,485	**$ 627,305**
Issuances, net of costs	14	(18)	—	—	**(18)**
Distributions	15	—	(20,317)	—	**(20,317)**
Repurchase of units	14	(358)	—	—	**(358)**
Net loss and comprehensive loss		—	7,004	(3,215)	**3,789**
September 30, 2020		**$ 520,514**	**$ 89,617**	**$ 270**	**$ 610,401**

	Note	Trust units	Retained earnings	Accumulated other comprehensive income	**Total equity**
December 31, 2018		$ 533,269	$ 71,937	$ 6,241	**$ 611,447**
Issuances, net of costs	14	(55)	—	—	**(55)**
Distributions	15	—	(24,667)	—	**(24,667)**
Units issued pursuant to DRIP	14	650	—	—	**650**
Repurchase of units	14	(12,974)	—	—	**(12,974)**
Net income and comprehensive income (loss)		—	42,628	(1,013)	**41,615**
September 30, 2019		**$ 520,890**	**$ 89,898**	**$ 5,228**	**$ 616,016**

The accompanying notes are an integral part of these condensed consolidated interim financial statements

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS

(in thousands of Canadian dollars, unless otherwise stated)
(unaudited)

		Nine months ended September 30,	
	Note	2020	2019
Operating activities			
Net income		$ 7,004	$ 42,628
Items not affecting cash:			
Depreciation of hotel asset	5	788	739
Change in fair value of properties	5	(1,805)	(33,206)
IFRIC 21 property tax adjustment	5	2,339	2,555
Straight-line rent and other changes	5	4,153	1,340
Change in fair value of Class B LP units	12	(12,103)	1,903
Change in fair value of financial instruments	19	33,581	9,210
Deferred income tax expense	25	(96)	(31)
Finance income on finance lease receivable	6	(2,606)	(2,726)
Finance interest payments received on finance lease receivable	6	2,606	2,726
Distributions declared to Class B LP unitholders	15	1,584	1,893
Distributions paid to Class B LP unitholders	15	(1,584)	(2,047)
Interest income		(424)	(407)
Interest received		424	407
Interest and finance costs	17	30,671	37,871
Interest paid		(29,002)	(34,905)
Working capital items		1,392	5,746
		36,922	**33,696**
Investing activities			
Deposit on property	4	(1,160)	—
Proceeds from disposition of property	4	20,185	126,379
Capital expenditures	5	(17,290)	(17,662)
Direct leasing costs	5	(13,925)	(23,567)
Tenant inducements from vendor	5	3,288	—
Principal payments received on finance lease receivable	6	2,071	1,849
		(6,831)	**86,999**
Financing activities			
(Payment) proceeds on settlement of net investment hedges	11	(6,396)	2,318
Unit issuance and listing costs	14	(18)	(55)
Repurchase of units	14	(358)	(12,974)
Distributions on REIT units	15	(20,321)	(26,127)
Debt financing advanced	26	67,170	134,101
Debt principal payments	26	(10,379)	(160,215)
Transaction costs on debt	26	(1,437)	(2,056)
Repayments on revolving and term facilities, net	26	(59,230)	(56,750)
		(30,969)	**(121,758)**
Foreign exchange gain (loss) on cash held in foreign currency		51	(11)
Decrease in cash		**(827)**	**(1,074)**
Cash, beginning of period		**6,117**	**7,192**
Cash, end of period		**$ 5,290**	**$ 6,118**

The accompanying notes are an integral part of these condensed consolidated interim financial statements

1. DESCRIPTION OF THE REIT AND OPERATIONS

Slate Office REIT (the “REIT”) is an unincorporated, open-ended real estate investment trust governed by the laws of the Province of Ontario pursuant to an amended and restated Declaration of Trust dated as of March 21, 2016, as amended on March 1, 2019, as it may be further amended, supplemented or amended and restated from time to time (the "Declaration of Trust"). At September 30, 2020, the REIT's portfolio consists of 36 commercial properties located in North America. The units of the REIT trade on the Toronto Stock Exchange (“TSX”) under the symbol “SOT.UN”.

The principal, registered and head office of the REIT is 121 King Street West, Suite 200, Toronto, ON, Canada, M5H 3T9.

2. BASIS OF PRESENTATION

i. Statement of compliance

These condensed consolidated interim financial statements (the "consolidated financial statements") have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting*. Certain information and note disclosures normally included in the annual consolidated financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”) have been omitted or condensed. As a result, these consolidated financial statements should be read in conjunction with the REIT’s audited consolidated financial statements as at and for the year ended December 31, 2019.

ii. Approval of the consolidated financial statements

The consolidated financial statements were approved by the trustees of the REIT and authorized for issuance on October 29, 2020.

iii. Basis of measurement

These consolidated financial statements have been prepared on a going concern basis and measured at historical cost except for properties and certain financial instruments, which are measured at fair value.

The application of the going concern basis of presentation assumes that the REIT will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business. The REIT expects to continue as a going concern for the foreseeable future.

iv. Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is the REIT’s functional currency and the functional currency of all of its subsidiaries, except for subsidiaries directly or indirectly holding property in the United States of America (the "U.S.") for which the functional currency is U.S. dollars.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with the significant accounting policies described below.

i. Significant accounting policies

These consolidated financial statements have been prepared using the same accounting policies and methods disclosed in the REIT's audited annual consolidated financial statements for the year ended December 31, 2019.

(in thousands of Canadian dollars, unless otherwise stated)

4. DISPOSITIONS

2020 Dispositions

During the nine months ended September 30, 2020 the REIT made the following property disposition:

	4211 Yonge Street
Disposition date	January 22, 2020
Location	Toronto, ON
Number of properties	1
Interest disposed [1]	100%
Sale price	$ 47,250
Capital adjustments	(456)
Working capital and other	(395)
Transaction costs [2]	(419)
Debt assumed by purchaser	(25,795)
Net proceeds	**$ 20,185**

[1]The REIT owned a 75% interest in this property which was fully disposed of.
[2]Transaction costs presented on the consolidated interim statements of income for the nine months ended September 30, 2020 includes $1.2 million of costs related to an acquisition under contract that did not close.

2019 Dispositions

During the nine months ended September 30, 2019 the REIT made the following property dispositions:

	GTA Office Portfolio	895 & 1000 Waverley	225 Duncan Mill	Total
Disposition date	April 12, 2019	June 27, 2019	July 4, 2019	
Location	Greater Toronto Area, ON	Winnipeg, MB	Greater Toronto Area, ON	
Number of properties	6	2	1	9
Interest disposed	25 %	100 %	100 %	
Sale price [1]	$ 131,793	$ 21,300	$ 27,325	$ 180,418
Capital adjustments	3,503	(802)	(675)	2,026
Working capital and other	(869)	(12)	(57)	(938)
Transaction costs	(7,684)	(542)	(3,100)	(11,326)
Debt assumed by purchaser	(43,801)	$ —	$ —	(43,801)
Net proceeds	**$ 82,942**	**$ 19,944**	**$ 23,493**	**$ 126,379**

[1]The REIT's sale of a 25% interest in six office properties located in the Greater Toronto Area (the "GTA Office Portfolio") for an aggregate sale price of $131.8 million, implies a 100% asset value of $527.2 million.

(in thousands of Canadian dollars, unless otherwise stated)

5. PROPERTIES

The change in the carrying value of the REIT's properties is as follows:

		Three months ended September 30,		Nine months ended September 30,	
	Note	2020	2019	2020	2019
Balance, beginning of period		$ 1,602,165	$ 1,647,528	$ 1,622,085	$ 1,780,413
Capital expenditures		6,397	8,155	17,290	17,662
Direct leasing costs		6,066	4,940	13,925	23,567
Dispositions	4	—	(26,650)	(46,794)	(182,444)
Depreciation of hotel asset		(264)	(253)	(788)	(739)
Foreign exchange		(6,571)	3,875	8,211	(9,644)
Change in fair value		653	18,579	1,805	33,206
IFRIC 21 property tax adjustment		2,254	2,330	(2,339)	(2,555)
Straight-line rent and other changes		(1,458)	(378)	(4,153)	(1,340)
Balance, end of period		**$ 1,609,242**	**$ 1,658,126**	**$ 1,609,242**	**$ 1,658,126**

Properties at September 30, 2020 are comprised of the REIT's interests in 35 properties, which includes one mixed-use hotel and office asset, and excludes a data centre in Winnipeg, MB (the "Data Centre"), which is classified as a finance lease (note 6). The REIT owns an undivided interest in all properties with the exception of five office properties in the Greater Toronto Area in which the REIT owns a 75% interest.

The hotel portion of the REIT's mixed-use asset does not meet the definition of an investment property under IAS 40, *Investment Property*, and accordingly is measured at cost less depreciation and any accumulated impairment losses, with depreciation charged to income over the estimated useful life of the components of the hotel asset.

In June 2020, the REIT received $3.3 million as a post-closing adjustment from the vendor of one of its properties in order to satisfy a tenant improvement obligation. This is recorded under tenant improvements payable (note 13) and is payable to the tenant over a five year period.

The REIT's properties are classified into income producing and development as follows:

	September 30, 2020	December 31, 2019
Income producing	$ 1,586,018	$ 1,600,476
Development	23,224	21,609
	$ 1,609,242	**$ 1,622,085**

The change in the carrying value of the REIT's development properties is as follows:

	Nine months ended September 30,	
	2020	2019
Balance, beginning of period	$ 21,609	$ 20,265
Capital expenditures	440	449
Direct leasing costs	1,073	155
Change in fair value	183	—
Straight-line rent and other changes	(81)	—
Balance, end of period	**$ 23,224**	**$ 20,869**

The REIT determines the fair value of investment properties based upon either the overall income capitalization rate method, discounted cash flow method, direct comparison approach or through a combination of these methods. All methods are generally accepted appraisal methodologies. The appropriate methodology is selected by management considering the nature of the property and availability of information. If a third party appraisal is not obtained for a property, management uses one or a combination of the overall income capitalization rate method and the discounted cash flow method. In certain circumstances the direct comparison approach is used by comparing properties to similar properties that have sold, but adjusting for differences in the nature and location of the properties. Under the overall income capitalization rate method, fair values are calculated by applying a capitalization rate to future cash flows based on stabilized net operating income. Under the discounted cash flow method, fair values are primarily determined by discounting the future cash flows, generally over a term of 10 years, including a terminal value based on the application of a terminal capitalization rate to estimated year 11 net operating income. Future cash flows, capitalization rates, discount rates and terminal capitalization rates are the most significant assumptions in determining fair value. The REIT uses leasing history, market reports, tenant profiles and available appraisals, among other evidence including current market conditions, in determining the most appropriate assumptions.

(in thousands of Canadian dollars, unless otherwise stated)

The fair values of properties are measured individually without consideration to their aggregate value on a portfolio basis. No consideration is given to diversification benefits related to single property tenant risk and geography, the value of assembling a portfolio or to the utilization of a common management platform, amongst other benefits. As a result, the fair value of the REIT's properties taken in aggregate may differ from the fair value of properties measured individually in the REIT's consolidated statements of financial position. Under the fair value hierarchy, the fair value of the REIT's properties is determined using the methodology described above and using level 3 inputs.

The REIT has estimated the value of $1,535.3 million of its total property fair values using a direct capitalization or discounted cash flow methodology including those where third party appraisals have been obtained. The weighted average capitalization rate for these properties is 5.96% (December 31, 2019 - 6.25%), excluding parking lots and redevelopment properties. The capitalization rate on the REIT's properties is based on management's estimate of twelve-month forward net operating income or in certain cases stabilized net operating income. The remaining properties of the REIT are valued using alternative valuation methodologies.

The following table presents a summary of the discount and terminal capitalization rates for the fair value of the REIT's properties:

	September 30, 2020		December 31, 2019	
	Discount rate	Terminal capitalization rate	Discount rate	Terminal capitalization rate
Minimum	6.25%	6.00%	6.25%	6.00%
Maximum	8.75%	8.50%	8.75%	8.25%
Weighted average	7.26%	6.63%	7.27%	6.69%

At September 30, 2020, a 25 basis-point increase in discount, terminal capitalization and capitalization rates would decrease the estimated fair value of the REIT's properties by approximately $63.5 million (December 31, 2019 – $64.0 million). A 25 basis-point decrease in discount, terminal capitalization and capitalization rates would increase the estimated fair value of the REIT's properties by approximately $73.3 million (December 31, 2019 – $67.4 million).

The following table summarizes the number of external appraisals obtained and the aggregate fair value represented by such appraisals:

Quarter ended	Number of properties	Fair Value [1]
September 30, 2019	8	$ 92,580
December 31, 2019	6	425,400
March 31, 2020	1	109,000
June 30, 2020	—	—
September 30, 2020	16	692,339
Total	**31**	**$ 1,319,319**

[1]Represents appraised value provided by respective independent third party appraiser.

6. FINANCE LEASE RECEIVABLE

The Data Centre owned by the REIT is fully leased. The tenant occupying the Data Centre has a lease with an initial term to maturity of 15 years, which commenced on June 5, 2015, with the option to extend for three additional five year terms. The tenant has a one-time option to acquire the property after the initial term of the lease for $12.0 million. At its inception the lease met the requirements for classification as a finance lease as the minimum lease payments amounted to substantially all of the fair value of the leased asset and the tenant has the right to acquire the Data Centre for a price expected to be below the fair value of the property at maturity.

(in thousands of Canadian dollars, unless otherwise stated)

A reconciliation of the change in the finance lease receivable is as follows:

	Nine months ended September 30, 2020	2019
Balance, beginning of period	$ 56,145	$ 58,630
Lease payments received	(4,677)	(4,575)
Finance income on finance lease receivable	2,606	2,726
Balance, end of period	**$ 54,074**	**$ 56,781**

The following is a summary of the undiscounted future minimum lease payments receivable and the imputed interest and principal portions thereof. The principal portion represents the amount recorded on the consolidated statements of financial position at September 30, 2020:

	Future minimum lease payments	Interest portion of minimum lease payments	Principal portion of minimum lease payments
Less than one year	$ 6,420	$ 3,311	$ 3,109
Greater than one year but less than 5 years	25,788	11,098	14,690
Greater than 5 years	43,613	7,338	36,275
Total			**$ 54,074**

The following is a summary of the undiscounted future minimum lease payments receivable and the imputed interest and principal portions thereof. The principal portion represents the amount recorded on the consolidated statements of financial position at December 31, 2019:

	Future minimum lease payments	Interest portion of minimum lease payments	Principal portion of minimum lease payments
Less than one year	$ 6,282	$ 3,452	$ 2,830
Greater than one year but less than 5 years	25,680	11,767	13,913
Greater than 5 years	48,535	9,133	39,402
Total			**$ 56,145**

7. OTHER ASSETS

Other assets are comprised of the following:

	September 30, 2020	December 31, 2019
Prepaid expenses	$ 6,173	$ 2,262
Vendor-take-back loan	2,700	2,700
Interest rate subsidy	538	861
Performance payment	5,311	5,116
Income supplement	—	296
Investment tax credit receivable	713	781
Utilities deposits	219	282
Total	**$ 15,654**	**$ 12,298**

(in thousands of Canadian dollars, unless otherwise stated)

Other assets have been classified between current and non-current as follows:

	September 30, 2020	December 31, 2019
Current	$ 9,579	$ 6,025
Non-current	6,075	6,273
Total	**$ 15,654**	**$ 12,298**

In connection with the disposition of certain properties, the REIT was provided a $2.7 million vendor-take-back loan as partial consideration. The vendor-take-back loan bears interest at 8.0% annually. The REIT is in discussions with the borrower to refinance the loan.

As part of a prior acquisition, the REIT received an interest rate subsidy in the initial amount of $2.4 million. This subsidy is to be held in escrow and released to the REIT over the term to maturity of the debt assumed on the acquisition in order to compensate the REIT for the assumption of an above market rate mortgage.

The REIT is entitled to a performance payment related to its disposition of a 25% interest in six GTA office properties. An additional amount is payable to the REIT based on the financial performance of the properties to a maximum amount of $6.0 million. This amount is recorded in other assets on the consolidated statements of financial position at fair value through profit and loss ("FVTPL") at an amount equal to the present value of the future expected amount.

The REIT is eligible for a Manitoba data processing investment tax credit as a result of its development of the Data Centre. The REIT expects to receive the tax credit in installments through to 2029. Half of the tax credit is payable to the Data Centre tenant as the credits are received. The tax credit payable is included in other liabilities (see note 10).

8. ACCOUNTS RECEIVABLE

Accounts receivable is comprised of the following:

	September 30, 2020	December 31, 2019
Rent receivable	$ 3,845	$ 2,143
Accrued recovery income	958	2,017
Other amounts receivable	3,434	4,089
Allowance	(90)	(24)
Total	**$ 8,147**	**$ 8,225**

Rent receivable consists of base rent and operating expense recoveries receivable from tenants. As a result of the COVID-19 pandemic, the REIT has entered into short-term rent deferral programs with certain tenants of which $0.4 million remains outstanding at September 30, 2020. Included in rent receivable are final billings to tenants for the 2019 fiscal year of $0.4 million and $0.5 million related to tenant charge backs. These receivables are expected to be collected in the near term.

Accrued recovery income represents amounts that have not been billed to tenants and are generally billed and paid in the period following the period to which they relate.

Included in other amounts receivable is $0.2 million (December 31, 2019 – $0.2 million) due from Slate (as defined in note 20) relating to a prior acquisition for future free rent adjustments, tenant inducements and leasing commissions. The receivable will be collected as the related items are paid or incurred in connection with the tenant lease agreements. The receivable is non-interest bearing and unsecured.

(in thousands of Canadian dollars, unless otherwise stated)

The change in allowance for doubtful accounts is as follows:

	Nine months ended September 30, 2020	Nine months ended September 30, 2019
Balance, beginning of period	$ (24)	$ (54)
Change in allowance	(216)	(76)
Bad debt write-off	150	73
Bad debt recovery	—	23
Balance, end of period	**$ (90)**	**$ (34)**

The REIT measures the allowance at an amount equal to lifetime expected losses by taking into account past default experience and considering both current and potential bankruptcy, abandonment by tenants and certain tenant disputes.

The aging analysis of rents receivable past due but not impaired, net of allowance is as follows:

	September 30, 2020	December 31, 2019
Current to 30 days	$ 1,673	$ 1,261
31 to 90 days	484	338
Greater than 90 days	1,598	520
Total	**$ 3,755**	**$ 2,119**

9. DEBT

Debt held by the REIT at September 30, 2020 is as follows:

	Maturity	Coupon [1]	Properties provided as security	Fair value of security	Maximum available	Principal	Letters of credit	Available to be drawn [2]
Mortgages [3 4 5]	Various	Various	16	$ 1,082,537	$ 623,879	$ 623,879	$ —	$ —
Revolving facilities [5 6 7]	Various	Various	13	416,418	256,649	224,936	900	30,813
Term loan	Jun. 30, 2021	BA+213bps	6	153,431	105,675	105,675	—	—
Convertible debentures	Feb. 28, 2023	5.25%	—	—	28,750	28,750	—	—
Total			**35**	**$ 1,652,386**	**$ 1,014,953**	**$ 983,240**	**$ 900**	**$ 30,813**

[1] "BA" means the one-month Bankers' Acceptances rate and "bps" means basis point or 1/100th of one percent.
[2] Debt is only available to be drawn subject to certain covenants and other requirements.
[3] The weighted average remaining term to maturity of mortgages is 3.4 years with maturities ranging from 0.6 to 10 years and the weighted average interest rate of mortgages is 3.38% with coupons ranging from 2.45% to 4.95%.
[4] Security includes the Data Centre, which is accounted for as a finance lease receivable and not included in the REIT's properties. The fair value of security includes the carrying value of the finance lease receivable.
[5] Amounts have been translated from U.S. to Canadian dollars using the prevailing exchange rate on September 30, 2020.
[6] Stand-by fees incurred on the unutilized portion of the revolving operating facility and the revolving credit facility are each 0.40%, charged and paid quarterly.
[7] Principal balance includes $117.8 million and U.S. $56.0 million of operating facilities and a credit facility of $32.6 million. The weighted average remaining term to maturity of revolving facilities is 0.3 years and the weighted average interest rate of revolving facilities is 2.21%.

(in thousands of Canadian dollars, unless otherwise stated)

The carrying value of debt held by the REIT at September 30, 2020 is as follows:

		Principal		Mark-to-market ("MTM") adjustments and costs		Accumulated amortization of MTM adjustments, costs and other		Carrying amount		Current		Non-current
Mortgages	$	623,879	$	(3,561)	$	597	$	620,915	$	205,535	$	415,380
Revolving facilities		224,936		(2,252)		2,035		224,719		224,719		—
Term loan		105,675		(751)		438		105,362		105,362		—
Convertible debentures [1]		28,750		(1,320)		578		28,008		—		28,008
	$	**983,240**	**$**	**(7,884)**	**$**	**3,648**	**$**	**979,004**	**$**	**535,616**	**$**	**443,388**

[1]Represents the debt component of the convertible debentures. The embedded derivative features, which are the holder conversion option and the issuer redemption option, originally recorded in the aggregate amount of $0.2 million, are accounted for separately. These embedded derivative features are included within derivatives on the REIT's consolidated statements of financial position.

On January 22, 2020, the REIT disposed of 4211 Yonge Street in Toronto, ON. The net proceeds were used to repay debt on one of the REIT's revolving facilities. The REIT's share of the assumed debt by the purchaser was $25.8M.

On April 2, 2020, the REIT refinanced the Maritime Centre in Halifax, NS. This financing is comprised of a $62.5 million mortgage and a $12.6 million construction facility for a term of 5 years with interest-only payments at a fixed rate of 2.78%. At September 30, 2020 the REIT has drawn $4.7 million under this construction facility.

On September 10, 2020, the REIT refinanced 120 South LaSalle in Chicago, IL for U.S. $101.1 million on a one year term with interest-only payments at LIBOR plus 2.00%.

On September 30, 2020, the REIT refinanced the Johnson Building in St. John's, NL for $40.0 million on a term of 4.3 years with interest-only payments at a fixed rate of 3.37%.

Future repayments of mortgages payable by year of maturity at September 30, 2020 are as follows:

	Weighted average interest rate of principal maturities [1]		Scheduled principal amortization		Principal maturities		Total repayments
Remainder of 2020	—%	$	2,694	$	—	$	2,694
2021	3.12%		9,726		225,343		235,069
2022	—%		7,923		—		7,923
2023	3.89%		5,865		182,301		188,166
2024	—%		4,730		—		4,730
Thereafter	3.20%		19,628		165,669		185,297
	3.39%	**$**	**50,566**	**$**	**573,313**	**$**	**623,879**
Unamortized debt financing costs							(2,964)
						$	**620,915**

[1]The weighted average interest rate of principal maturities is calculated using the rate in effect at September 30, 2020.

(in thousands of Canadian dollars, unless otherwise stated)

Future principal payments and maturities, excluding amortization of mark-to-market adjustments and transaction costs on debt at September 30, 2020 are as follows:

Remainder of 2020	$	2,694
2021		565,680
2022		7,923
2023		216,916
2024		4,730
Thereafter		185,297
	$	**983,240**

Convertible Debentures

On January 26, 2018, the REIT issued $28.8 million of 5.25% convertible unsecured subordinated debentures of the REIT.

The convertible debentures are convertible into freely tradeable units at the option of the holder at any time prior to the close of business on the earliest of; (i) the last business day before February 28, 2023; or (ii) if called for redemption, the business day immediately preceding the date specified by the REIT for redemption of the debentures, at a conversion price of $10.53 per unit (the "Conversion Price"). Convertible debenture holders converting their debentures will, in addition to the applicable number of units to be received on conversion, receive accrued and unpaid interest, if any, for the period from the last interest payment date on their convertible debentures to and including the last record date set by the REIT occurring prior to the date of conversion for determining the unitholders entitled to receive a distribution on the Units.

The convertible debentures may not be redeemed by the REIT prior to February 28, 2021. On and from February 28, 2021, and prior to February 28, 2022, the convertible debentures may be redeemed by the REIT, in whole at any time, or in part from time to time, at a price equal to the principal amount thereof plus accrued and unpaid interest on not more than 60 days' and not less than 30 days' prior written notice, provided that the volume weighted-average trading price of the Units on the TSX for the 20 consecutive trading days ending five trading days preceding the date on which notice of redemption is given is not less than 125% of the Conversion Price. On and from February 28, 2022, and prior to February 28, 2023, the convertible debentures may be redeemed by the REIT, in whole at any time or in part from time to time, at a price equal to the principal amount thereof plus accrued and unpaid interest on not more than 60 days' and not less than 30 days' prior written notice.

10. OTHER LIABILITIES

Other liabilities are comprised of the following:

	Note		September 30, 2020		December 31, 2019
Security deposits		$	4,835	$	5,139
Deferred units	14		688		742
Investment tax credit payable			357		392
Total		**$**	**5,880**	**$**	**6,273**

Other liabilities have been classified between current and non-current as follows:

		September 30, 2020		December 31, 2019
Current	$	1,214	$	1,675
Non-current		4,666		4,598
Total	**$**	**5,880**	**$**	**6,273**

The REIT is eligible to receive a Manitoba data processing investment tax credit in connection with the development of the Data Centre (see note 7). Half of the tax credit to be received is payable to the tenant of the Data Centre, the amount for which is recorded as an other liability. The credit is expected to be received through to 2029 and has been recorded in other liabilities at its discounted amount determined upon establishment of the liability.

(in thousands of Canadian dollars, unless otherwise stated)

11. DERIVATIVES

Derivatives include the REIT's interest rate protection instruments, including interest rate swaps and caps, and derivative features embedded in the REIT's convertible debentures, which include the convertible debenture holder conversion option and the REIT's redemption option.

Derivatives are comprised of the following:

	September 30, 2020	December 31, 2019
Fair value of conversion option on convertible debentures	$ (3)	$ —
Fair value of interest rate swaps	(40,206)	(6,373)
Derivatives, net	**$ (40,209)**	**$ (6,373)**
Derivatives, fair value of asset	—	841
Derivatives, fair value of liability	**$ (40,209)**	**$ (7,214)**

The following is a reconciliation of the change in the fair value of derivatives:

	Nine months ended September 30,	
	2020	2019
Fair value, beginning of period	$ (6,373)	$ (4,062)
Fair value change of convertible debenture embedded derivatives	(3)	22
Fair value change of interest rate swaps	(39,403)	(10,012)
Net payments made on interest rate swaps	5,528	871
Foreign exchange loss on U.S. interest rate swap	42	57
Fair value change of hedges of net investment in foreign operations	(6,396)	2,588
Settlement of net investment foreign exchange hedges	6,396	(2,318)
Fair value, end of period	**$ (40,209)**	**$ (12,854)**

Interest rate protection instruments

The REIT enters into interest rate derivatives to reduce the impact of interest rate risk of certain debt with floating interest rates. The REIT currently has in place certain pay-fixed receive-float interest rate swaps. Swaps are derivative financial instruments that require a periodic exchange of payments with counter-parties without the exchange of the notional amount on which the payments are based. The recorded interest expense on the underlying mortgages payable reflects payments made and received under the interest rate swaps.

On April 3, 2020 the REIT entered into a $62.5 million notional amount pay-fixed receive-float interest rate swap. The interest rate swap has a fixed rate of 1.23%, and a start date of April 3, 2020, expiring March 3, 2025.

On September 10, 2020, the REIT amended its existing U.S. $101.1 million interest rate swap to include a LIBOR floor rate of 0.50% for a period of one year.

Interest rate derivatives are measured at fair value with fair values estimated as the present value of contractual cash flows based on forward curves and an applicable discount rate.

(in thousands of Canadian dollars, unless otherwise stated)

The following are the terms and fair values of the REIT's interest rate swaps:

			Notional amount [2]		Fair value	
Maturity date	Floating interest rate [1]	Fixed interest rate	September 30, 2020	December 31, 2019	September 30, 2020	December 31, 2019
June 10, 2021	1 month CDOR	1.87%	$ 62,018	$ 63,488	$ (660)	$ 93
June 30, 2021	1 month BA	1.94%	35,000	35,000	(384)	15
April 12, 2023	1 month BA	1.90%	58,281	58,281	(1,930)	294
April 12, 2023	1 month CDOR	2.04%	78,055	79,614	(2,943)	(125)
April 12, 2023	1 month CDOR	2.04%	36,860	37,596	(1,390)	(59)
May 1, 2023	1 month BA	1.98%	—	25,802	—	(69)
August 14, 2023	1 month BA	2.77%	18,362	18,692	(1,161)	(546)
February 1, 2024	1 month U.S. LIBOR	1.80%	66,595	64,940	(3,743)	(650)
March 22, 2024	1 month BA	1.90%	100,000	100,000	(4,444)	439
March 3, 2025	1 month BA	1.23%	62,500	—	(1,422)	—
September 10, 2025	1 month U.S. LIBOR	2.56%	134,622	131,276	(13,254)	(4,205)
October 30, 2026	1 month BA	2.30%	100,000	100,000	(8,875)	(1,560)
Total			**$ 752,293**	**$ 714,689**	**$ (40,206)**	**$ (6,373)**

[1]"BA" means the one-month Bankers' Acceptances rate, "LIBOR" means the one month U.S. London Interbank Offering Rate, and "CDOR" means the Canadian Dollar Offered Rate.
[2]The notional amount of the U.S. dollar pay-fixed receive-float interest rate swaps, maturing September 10, 2025 and February 1, 2024, are U.S. $101.1 million and U.S. $50 million respectively.

Foreign exchange rate protection instruments

From time to time, the REIT may use forward foreign exchange contracts to hedge against fair value changes in the first U.S. $75.0 million of net investment in its U.S. operations arising from fluctuations in the U.S. and Canadian dollar exchange rates. The hedge ratio is 1:1 for the first U.S. $75.0 million contributed to the U.S. operations as the REIT enters into contracts to sell U.S. $75.0 million and buy Canadian dollars. As the REIT's U.S. operations are reported in Canadian dollars and the assets are converted using the prevailing spot exchange rates on the last business day of each reporting period, any fluctuations in the Canadian dollar equivalent of the REIT's first U.S. $75.0 million net investment in U.S. operations will be exactly offset by fair value changes in the hedging instrument. Sources of hedge ineffectiveness include instances where the net investments in U.S. operations is less than U.S. $75.0 million and potential misalignment between the term of the hedging instrument and the holding term of the REIT's net investment in U.S. operations.

The following transactions were designated as hedging items and qualify for hedge accounting:

- On February 6, 2020 the REIT entered into a foreign exchange transaction to sell U.S. $50.0 million at an exchange rate of 1.3295 and purchase Canadian dollars. On March 6 2020, the REIT entered into a foreign exchange transaction to sell U.S. $25.0 million at an exchange rate of 1.3422 and purchase Canadian dollars. On March 31, 2020 the REIT entered into an offsetting trade to purchase U.S. $75.0 million and settled on a net basis with the original transaction for $6.3 million which was recorded in other comprehensive income.

There are no outstanding contracts designated as an accounting hedge and recorded as a derivative at September 30, 2020.

12. CLASS B LP UNITS

Class B LP units are exchangeable at the option of the holder into trust units of the REIT on a one-for-one basis subject to normal anti-dilution adjustments and are entitled to distributions of cash, as applicable, equal to the cash distributions paid to holders of units by the REIT.

Each Class B LP unit is attached to a special voting unit of the REIT, providing Class B LP unitholders voting rights in the REIT. Special voting units have no economic entitlement in the REIT but entitle the holder to one vote per special voting unit at any meeting of the unitholders of the REIT. Special voting units are not transferable separately from the Class B LP units to which they are attached. Upon the exchange or surrender of a Class B LP units for units of the REIT, the special voting unit attached to a Class B LP unit will automatically be redeemed and cancelled.

(in thousands of Canadian dollars, unless otherwise stated)

The Class B LP units are remeasured based on the quoted closing price of REIT units into which they are exchangeable with changes in fair value recognized in net income.

The change in Class B LP units for the three months ended September 30, 2020 and 2019 is as follows:

	Three months ended September 30, 2020		Three months ended September 30, 2019	
	Units	Amount	Units	Amount
Balance, beginning of period	5,285,160	$ 19,343	5,285,160	$ 31,024
Fair value changes	—	(528)	—	2,431
Balance, end of period	**5,285,160**	**$ 18,815**	**5,285,160**	**$ 33,455**

The change in Class B LP units for the nine months ended September 30, 2020 and 2019 is as follows:

	Nine months ended September 30, 2020		Nine months ended September 30, 2019	
	Units	Amount	Units	Amount
Balance, beginning of period	5,285,160	$ 30,918	5,285,160	$ 31,552
Fair value changes	—	(12,103)	—	1,903
Balance, end of period	**5,285,160**	**$ 18,815**	**5,285,160**	**$ 33,455**

13. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities are comprised of the following:

	Note	September 30, 2020	December 31, 2019
Trade payables and accrued liabilities		$ 28,737	$ 28,134
Distributions payable	15	2,432	2,436
Prepaid rent		5,285	5,226
Tenant improvements payable		3,424	419
Total		**$ 39,878**	**$ 36,215**

Accounts payable and accrued liabilities have been classified between current and non-current as follows:

	September 30, 2020	December 31, 2019
Current	$ 37,342	$ 36,215
Non-current	2,536	—
Total	**$ 39,878**	**$ 36,215**

In June 2020, the REIT received $3.3 million as a post-closing adjustment from the vendor of one of its properties in order to satisfy a tenant improvement obligation. This obligation is recorded under tenant improvements payable and is payable to the tenant over a five year period.

14. UNITHOLDERS' EQUITY

The REIT is authorized to issue an unlimited number of trust units. Each trust unit represents a proportionate undivided beneficial interest and voting right in the REIT and entitles the holder to an equal participation in distributions of the REIT. The trust units are redeemable at the option of the holder at any time.

The REIT is also authorized to create and issue an unlimited number of preferred units, in one or more classes comprised of unlimited series, having terms and conditions as may be determined by the Board of Trustees from time to time. No preferred units have been issued.

(in thousands of Canadian dollars, unless otherwise stated)

The change in trust units during the three and nine months ended September 30, 2020 is as follows:

	Three months ended September 30, 2020		Nine months ended September 30, 2020	
	Units	Amount	Units	Amount
Balance, beginning of period	67,765,409	$ 520,514	67,878,409	$ 520,890
Unit issuance costs	—	—	—	(18)
Repurchase of units	—	—	(113,000)	(358)
Balance, end of period	**67,765,409**	**$ 520,514**	**67,765,409**	**$ 520,514**

The change in trust units during the three and nine months ended September 30, 2019 is as follows:

		Three months ended September 30, 2019		Nine months ended September 30, 2019	
	Note	Units	Amount	Units	Amount
Balance, beginning of period		67,878,409	$ 520,847	69,908,485	$ 533,269
Issued pursuant to DRIP	15	—	—	102,601	650
Unit issuance costs		—	43	—	(55)
Repurchase of units		—	—	(2,132,677)	(12,974)
Balance, end of period		**67,878,409**	**$ 520,890**	**67,878,409**	**$ 520,890**

Repurchase of units

During the nine months ended September 30, 2020, the REIT repurchased and cancelled 113,000 trust units under the REIT's normal course issuer bid (NCIB) program at an aggregate purchase price of $0.4 million.

Trustee deferred unit plan

Trustees who are not employees of the REIT or the Manager, Slate Asset Management (Canada) L.P., or any of their subsidiaries, are eligible to participate in the REIT's Trustee deferred unit plan ("the Trustee DUP"). Participants may elect to receive all or a portion of their annual retainer, meeting fees and additional compensation (including travel fees), in deferred units. One deferred unit, which vests immediately on the grant date, is equivalent to one trust unit. Additional deferred units accumulate at the same rate that distributions are paid on the trust units.

The deferred units may be redeemed by a participant for a period of two years after the participant ceases to be a Trustee of the REIT in whole or in part for cash or trust units. The value of the deferred units when converted to cash will be equivalent to the market value of trust units on the date of the redemption request.

At September 30, 2020, the liability associated with the deferred units issued under the Trustee DUP was $0.6 million (December 31, 2019 - $0.7 million), and the number of outstanding deferred units was 182,325 (December 31, 2019 - 116,902 units).

Officer deferred unit plan

The Officer DUP provides officers of the REIT the opportunity to receive deferred units of the REIT through the Officer deferred unit plan ("the Officer DUP"). The maximum number of deferred units reserved for issuance under the Officer DUP is 1% of total units outstanding. One deferred unit, which vests immediately on the grant date, is equal to one trust unit. Any units issued under the Officer DUP result in an equal reduction in the asset management fee payable to Slate Management Corporation, based on the trading price of units on the day of issuance.

The deferred units may be redeemed by a participant after two years following the date the units were issued in whole or in part for cash or trust units. The value of the deferred units when converted to cash will be equivalent to the market value of trust units on the date of the redemption request. If a participant ceases to be an officer of the REIT, the deferred units must be redeemed no later than two years following that date.

At September 30, 2020, the liability associated with deferred units issued under the Officer DUP was $39 thousand (December 31, 2019 - $0.1 million), and the number of deferred units was 10,866 (December 31, 2019 - 10,106).

(in thousands of Canadian dollars, unless otherwise stated)

The change in DUP units during the three and nine months ended September 30, 2020 is as follows:

		Three months ended September 30, 2020		Nine months ended September 30, 2020	
	Note	Units	Amount	Units	Amount
Balance, beginning of period		174,270	$ 638	127,007	$ 742
Issued		14,209	51	54,954	197
Reinvested distributions		4,711	18	11,229	46
Fair value adjustment	19	—	(19)	—	(297)
Balance, end of period	10	**193,190**	**$ 688**	**193,190**	**$ 688**

The change in DUP units during the three and nine months ended September 30, 2019 is as follows:

		Three months ended September 30, 2019		Nine months ended September 30, 2019	
	Note	Units	Amount	Units	Amount
Balance, beginning of period		129,556	$ 761	106,440	$ 636
Issued		10,073	64	28,671	176
Reinvested distributions		2,762	15	7,280	43
Redemption of units		(28,988)	(172)	(28,988)	(172)
Fair value adjustment	19	—	50	—	35
Balance, end of period		**113,403**	**$ 718**	**113,403**	**$ 718**

Weighted average diluted units outstanding

The following is the weighted average diluted number of units outstanding during the three and nine months ended September 30, 2020 and 2019. The diluted weighted average trust units outstanding is determined as if all of the Class B LP units and deferred units have been converted to units of the REIT:

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
Basic weighted average units outstanding	67,765,409	67,878,409	67,798,402	68,799,544
Class B LP units	5,285,160	5,285,160	5,285,160	5,285,160
Basic weighted average deferred units outstanding	176,613	119,259	152,457	115,619
Diluted weighted average units outstanding	**73,227,182**	**73,282,828**	**73,236,019**	**74,200,323**

Diluted units outstanding

The following is the diluted number of units outstanding as at September 30, 2020 and 2019. The diluted number of units outstanding is determined as if all of the Class B LP units and deferred units have been converted to units of the REIT:

	September 30, 2020	September 30, 2019
Trust units outstanding	67,765,409	67,878,409
Class B LP units	5,285,160	5,285,160
Deferred units	193,190	113,403
Diluted units outstanding	**73,243,759**	**73,276,972**

(in thousands of Canadian dollars, unless otherwise stated)

Accumulated other comprehensive income consists of the below:

	Nine months ended September 30, 2020			Nine months ended September 30, 2019		
	Foreign currency translation	Net investment hedges	Total	Foreign currency translation	Net investment hedges	Total
Balance, beginning of period	$ 1,909	$ 1,576	$ 3,485	$ 7,929	$ (1,688)	$ 6,241
Currency translation	3,181	—	3,181	(3,601)	—	(3,601)
Fair value change	—	(6,396)	(6,396)	—	2,588	2,588
Balance, end of period	**$ 5,090**	**$ (4,820)**	**$ 270**	**$ 4,328**	**$ 900**	**$ 5,228**

15. DISTRIBUTIONS

Pursuant to the Declaration of Trust, the income of the REIT is distributed on dates and in amounts as determined by the Board of Trustees.

The following table presents the distributions during the three and nine months ended September 30, 2020:

	Three months ended September 30, 2020		Nine months ended September 30, 2020	
	Trust units	Class B LP units	Trust units	Class B LP units
Distributions declared during the period	$ 6,770	$ 528	$ 20,317	$ 1,584
Add: Distributions payable, beginning of period	2,256	176	2,260	176
Less: Distributions payable, end of period	(2,256)	(176)	(2,256)	(176)
Distributions paid or settled during the period	**$ 6,770**	**$ 528**	**$ 20,321**	**$ 1,584**

Distributions during the three and nine months ended September 30, 2020 were paid or settled as follows:

	Three months ended September 30, 2020		Nine months ended September 30, 2020	
	Trust units	Class B LP units	Trust units	Class B LP units
Paid in cash	$ 6,770	$ 528	$ 20,321	$ 1,584

The following table presents the distributions during the three and nine months ended September 30, 2019:

	Three months ended September 30, 2019		Nine months ended September 30, 2019	
	Trust units	Class B LP units	Trust units	Class B LP units
Distributions declared during the period	$ 6,781	$ 528	$ 24,667	$ 1,893
Add: Distributions payable, beginning of period	2,260	176	4,370	330
Less: Distributions payable, end of period	(2,260)	(176)	(2,260)	(176)
Distributions paid or settled during the period	**$ 6,781**	**$ 528**	**$ 26,777**	**$ 2,047**

Distributions during the three and nine months ended September 30, 2019 were paid or settled as follows:

		Three months ended September 30, 2019		Nine months ended September 30, 2019	
	Note	Trust units	Class B LP units	Trust units	Class B LP units
Paid in cash		$ 6,781	$ 528	$ 26,127	$ 2,047
Reinvested in units	14	—	—	650	—
		$ 6,781	**$ 528**	**$ 26,777**	**$ 2,047**

The REIT has a distribution reinvestment program ("DRIP") where unitholders, including holders of Class B LP units, that elect to participate in the DRIP will have their cash distributions used to purchase trust units of the REIT. On May 3, 2019, the REIT suspended its

(in thousands of Canadian dollars, unless otherwise stated)

DRIP, commencing with the May distribution paid on June 17, 2019. During the nine months ended September 30, 2020, no units were issued under the DRIP (September 30, 2019 - 102,601 units).

16. RENTAL REVENUE

Rental revenue is comprised of the following:

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
Property base rent [1]	$ 23,451	$ 23,888	$ 70,219	$ 79,546
Operating cost recoveries	15,006	17,359	46,809	52,717
Tax recoveries	8,013	8,382	24,567	25,156
Hotel	840	3,288	2,708	8,112
Straight-line rent and other changes	(1,458)	(378)	(4,153)	(1,340)
Total	**$ 45,852**	**$ 52,539**	**$ 140,150**	**$ 164,191**

[1]Includes parking revenue earned at properties.

The REIT has contracted to receive the following future minimum lease payments under non-cancellable operating leases:

	September 30, 2020	December 31, 2019
Not later than one year	$ 117,834	$ 114,605
Later than one year and not later than five years	378,994	366,491
Later than five years	254,800	256,609
Total	**$ 751,628**	**$ 737,705**

Future minimum lease payments for the Data Centre are excluded from the above as the lease is classified as a finance lease. Future minimum lease payments for the Data Centre are disclosed in note 6.

17. INTEREST AND FINANCE COSTS

Interest and finance costs are comprised of the following:

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
Mortgage interest	$ 6,729	$ 6,555	$ 19,424	$ 21,492
Interest on other debt	2,794	3,715	8,442	12,285
Amortization of deferred transaction costs	695	671	1,999	3,173
Amortization of debt mark-to-market adjustments	(214)	(60)	(330)	(207)
Interest on convertible debentures [1]	384	380	1,136	1,128
Total	**$ 10,388**	**$ 11,261**	**$ 30,671**	**$ 37,871**

[1]The convertible debentures pay interest at 5.25%. Payments are made semi-annually on or about February 28th and August 30th. The amount above represents the interest accrued up to and including September 30, 2020.

(in thousands of Canadian dollars, unless otherwise stated)

18. GENERAL AND ADMINISTRATIVE

General and administrative expenses are comprised of the following:

		Three months ended September 30,		Nine months ended September 30,	
	Note	2020	2019	2020	2019
Asset management fees	20	$ 1,280	$ 1,321	$ 3,855	$ 4,112
Professional fees		210	132	720	431
Trustee fees		98	107	344	332
Bad debt expense, net		175	46	233	58
Other		178	325	631	834
Total		**$ 1,941**	**$ 1,931**	**$ 5,783**	**$ 5,767**

19. CHANGE IN FAIR VALUE OF FINANCIAL INSTRUMENTS

The change in fair value of financial instruments is comprised of the following:

		Three months ended September 30,		Nine months ended September 30,	
	Note	2020	2019	2020	2019
Interest rate swaps	11	$ (638)	$ (535)	$ (39,403)	$ (9,716)
Net payments made on interest rate swaps	11	2,965	330	5,528	575
Interest rate swap liability assumed by purchaser		—	—	—	(234)
Performance payment		—	178	—	178
Convertible debenture embedded derivatives	11	3	—	(3)	22
Hedges of net investment in foreign operations	11	—	—	6,396	(2,588)
Deferred units	14	19	(50)	297	(35)
Total change in fair value of financial instruments		**2,349**	**(77)**	**(27,185)**	**(11,798)**
Less: Amounts recognized in other comprehensive (loss) income		—	—	(6,396)	2,588
Recognized in net loss		**$ 2,349**	**$ (77)**	**$ (33,581)**	**$ (9,210)**

20. RELATED PARTY TRANSACTIONS

The REIT has a management agreement (the "Management Agreement") with Slate Management ULC ("SMULC"), an indirect subsidiary of Slate Asset Management (Canada) L.P. ("SLAM"), (collectively, "Slate"), whereby SMULC as the REIT's manager provides the REIT with the strategic, administrative, property management, leasing, acquisition, financing and construction management services necessary to manage the strategy and day-to-day operations of the REIT and its assets.

SMULC held the following interests in the REIT:

	September 30, 2020	December 31, 2019
REIT units	1,687,251	1,687,251
Class B LP units	5,285,160	5,285,160
Total	**6,972,411**	**6,972,411**
Economic interest	9.5%	9.5%

(in thousands of Canadian dollars, unless otherwise stated)

The Management Agreement provides for the following fees:

Type	Basis
Property management	3% of gross revenue [1]
Asset management	0.3% of gross book value [2]
Leasing	5% on new leases, 2% on renewals [3]
Financing	0.25% of debt financed
Construction	5.0% of costs
Acquisition	Variable [4]

[1]Gross revenue is defined as all revenues received by and/or on behalf of the REIT from the leasing and/or licensing of the REIT's properties.
[2]Gross book value is defined as the book value of the REIT's assets as shown on the previous quarter's consolidated financial statements, less restricted cash.
[3]Leasing fees are charged to the REIT net of any third party brokerage fees paid to leasing agents retained by the REIT. No fee is charged to the REIT where such third party fees are equal to or greater than the lease fee payable to Slate.
[4]Acquisition fees are 1.0% on the first $100 million of acquisitions; 0.75% on the next $100 million of acquisitions and 0.50% for acquisitions in excess of $200 million.

Property and asset management fees are recorded as property operating and general and administrative expenses, respectively, in the period incurred. Acquisition, construction and leasing fees are recorded as additions to properties when payable to SMULC. Financing fees are capitalized to debt placed at the time of closing and amortized to interest expense over the term to maturity of the related debt.

Fees payable during the period to SMULC and SLAM for services provided were as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
Property management	$ 1,366	$ 1,541	$ 4,156	$ 4,755
Asset management	1,280	1,321	3,855	4,112
Leasing, financing and construction management	1,018	919	2,620	3,223
Acquisition	—	—	—	—
Total	**$ 3,664**	**$ 3,781**	**$ 10,631**	**$ 12,090**

Property administration fees are generally recoverable under the tenants' leases relating to assets or resources of the Manager that are directly attributable to the management of the REIT's properties. Property administration fees were $6.8 million for the nine months ended September 30, 2020 (September 30, 2019 – $7.9 million). Administrative fees are recovered from most tenants by the REIT in accordance with the terms of the leases, whereas property management fees payable by the REIT to the Manager are determined in accordance with the Management Agreement. The REIT entered into an agreement to lease approximately 6,000 square feet of office space to Slate at one of its properties for a term of 10 years at market rents, commencing November 1, 2019. Total rent of $0.1 million was received under this lease for the nine months ended September 30, 2020.

As part of the REIT's acquisition of the 7 Asset Portfolio from SCREO I L.P., the REIT was provided an income supplement in the aggregate amount of $2.4 million to be received in equal quarterly installments in each of the eight calendar quarters following the acquisition. The final payment in respect of this income supplement as received in the first quarter of 2020. During the nine months ended September 30, 2020, the REIT recorded $4 thousand as interest income in the condensed consolidated interim statements of income.

The following are the assets and liabilities included in the condensed consolidated statements of financial position of the REIT related to SMULC and SLAM:

	September 30, 2020	December 31, 2019
Income supplement receivable	$ —	$ 296
Accounts receivable	240	545
Accounts payable and accrued liabilities	(1,060)	(843)
Class B LP units	(18,815)	(30,918)

(in thousands of Canadian dollars, unless otherwise stated)

21. FAIR VALUES

The REIT uses various methods in estimating the fair values of assets and liabilities recognized and measured at fair value in its consolidated financial statements. The REIT has a management team that has overall responsibility for overseeing all significant fair value measurements. Significant unobservable inputs and valuation adjustments are reviewed on a regular basis. In addition, when third party information is used to measure fair values, supporting evidence is obtained and reviewed to ensure compliance with the IFRS requirements.

The following categories in the fair value hierarchy reflect the significance of inputs used in determining fair values:

- Level 1: Quoted prices in active markets;
- Level 2: Inputs other than quoted prices in active markets or valuation techniques where significant inputs are based on observable market data; and
- Level 3: Valuation technique for which significant inputs are not based on observable market data.

The fair values of the REIT's cash, restricted cash, accounts receivable, other assets and accounts payable and accrued liabilities and other liabilities approximate their carrying amounts due to the relatively short periods to maturity of these financial instruments. The fair value of the REIT's revolving credit facility, revolving operating facility and term loan, approximates their carrying value since the facilities bear interest at floating market interest rates. Mortgages are measured at amortized cost, and their fair values are based on discounted future cash flows using discount rates that reflect current market conditions for instruments with similar terms and risks.

The following tables summarize the fair value measurements recognized on the consolidated statements of financial position or disclosed in the REIT's consolidated financial statements, categorized by fair value hierarchy:

			Fair value		
September 30, 2020	Note	Carrying amount	Level 1	Level 2	Level 3
Recorded at fair value					
Properties	5	$ 1,609,242	$ —	$ —	$ 1,609,242
Derivatives, net	11	(40,209)	—	(40,209)	—
Class B LP units	12	(18,815)	(18,815)	—	—
Fair values disclosed					
Cash		$ 5,290	$ 5,290	$ —	$ —
Restricted cash		1,780	1,780	—	—
Debt	9	(979,004)	—	(991,371)	—

			Fair value		
December 31, 2019	Note	Carrying amount	Level 1	Level 2	Level 3
Recorded at fair value					
Properties	5	$ 1,622,085	$ —	$ —	$ 1,622,085
Derivatives, net	11	(6,373)	—	(6,373)	—
Class B LP units	12	(30,918)	(30,918)	—	—
Fair values disclosed					
Cash		$ 6,117	$ 6,117	$ —	$ —
Restricted cash		4,253	4,253	—	—
Debt	9	(1,001,947)	—	(1,012,811)	—

22. RISK MANAGEMENT

In the normal course of business, the REIT is exposed to financial risks that arise from its financial instruments. Other than the use of interest rate and foreign exchange derivatives related to its floating rate mortgages payable, the REIT does not use hedging transactions to manage risk. As a part of the overall operation of the REIT, management takes steps to avoid undue concentrations of risks. The following describes the types of risks that the REIT is exposed to and its objectives and policies for managing those risk exposures.

(in thousands of Canadian dollars, unless otherwise stated)

Liquidity risk

Liquidity risk is the risk that the REIT will encounter difficulty in meeting its debt and other financial obligations as they mature.

The principal liquidity needs of the REIT arise from working capital requirements; debt servicing and repayment obligations; distributions to unitholders; obligations to redeem outstanding puttable trust units at the option of the unitholders; planned funding of maintenance capital expenditures and leasing costs; and future investment property acquisition funding requirements.

The liquidity needs of the REIT are funded by cash flows from operating the REIT's investment property portfolio and available credit facilities, with the exception of debt repayment obligations, investment property acquisition funding requirements and obligations to redeem puttable trust units. These are funded by refinancing the REIT's maturing debt, financing unencumbered properties, or future issuances of REIT units and debentures. The particular features and quality of the underlying assets being financed and the debt market parameters existing at the time will affect the success of this strategy.

There is a risk that lenders will not refinance maturing debt on terms and conditions acceptable to the REIT or on any terms at all. The risk associated with the refinancing of maturing debt is mitigated by matching debt maturities on mortgages with lease renewals to optimize the value of the assets with the leverage to achieve the best value for pricing. In addition, the REIT staggers the maturity dates of the REIT's mortgage portfolio over a number of years.

On October 14, 2020, the REIT secured financing for a $300 million and U.S. $60 million revolving credit facility. This facility replaces the REIT's existing credit facilities, term loan and one mortgage and addresses a large majority of the 2021 debt maturities. In addition, the REIT obtained mortgage financing for three properties totaling $55.7 million for a weighted average term of 5.3 years. Refer to note 27.

The following table summarizes the estimated contractual maturities of the REIT's financial liabilities at September 30, 2020:

	Note	Total contractual cash flow	Remainder of 2020	2021-2022	2023-2024	Thereafter
Accounts payable and accrued liabilities	13	$ 39,878	$ 36,913	$ 1,174	$ 1,281	$ 510
Amortizing principal repayments on debt	9	50,566	2,694	17,649	10,595	19,628
Principal repayments on maturity of debt	9	932,674	—	555,954	211,051	165,669
Interest on debt [1]		66,551	7,502	35,956	15,250	7,843
Interest rate swaps [2]		30,702	2,149	14,355	10,599	3,599
Other liabilities	10	5,880	1,214	1,100	833	2,733
Total		**$ 1,126,251**	**$ 50,472**	**$ 626,188**	**$ 249,609**	**$ 199,982**

[1] Interest amounts on floating rate debt have been determined using rates at September 30, 2020.
[2] Interest rate swap obligations have been calculated as the difference between the pay-fixed rate and receive-float rate based on the forward rates determined at September 30, 2020.

Interest rate risk

Interest rate risk is the risk that changes in market interest rates may have an effect on the cash flows or fair values of the REIT's financial instruments.

Interest rate cash flow risk is minimized by the REIT by having a portion of its mortgages on fixed term arrangements. In addition, the maturity dates of mortgages are staggered over a number of years to mitigate the exposure in any one year. The REIT also utilizes interest rate swaps to fix interest rates on a portion of its floating rate mortgages.

At September 30, 2020, after the impact of interest rate swaps, the REIT had floating rate debt of $33.7 million (December 31, 2019 – $88.2 million). The following table presents the annualized impact of a change in floating interest rates of 25 bps on finance costs:

	September 30, 2020	December 31, 2019
Change of 25 bps	$ 84	$ 221

(in thousands of Canadian dollars, unless otherwise stated)

Credit risk

Credit risk is the risk that the REIT incurs a loss as a result of a counterparty not fulfilling its financial obligation. Credit risk is associated with the REIT's accounts receivable and finance lease receivable. The REIT controls risks by avoiding undue concentration of assets in any geographic location, in any industry or with any specific tenants. This risk is further mitigated by signing long-term leases with tenants who have investment-grade credit ratings and investing cash and cash equivalents in large financial institutions with strong credit ratings. The REIT has credit policies to address credit risk, which are applied during lease negotiations and may include the analysis of the financial position of the debtor, and a review of credit limits, credit history and credit performance.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate due to changes in foreign exchange rates. The REIT is exposed to foreign currency risk as it relates to 20 South Clark and 120 South LaSalle, located in Chicago, IL, as well as monetary assets and liabilities denominated in U.S. currency. In order to mitigate a portion of this risk, the REIT has financed its U.S. operations with U.S. dollar denominated debt, acting as a natural hedge. Foreign currency forwards may be used from time-to-time to hedge the REIT's net investment in foreign operations. Refer to notes 11 and 19 for details of the REIT's forward currency transactions.

Impact of COVID-19

On March 11, 2020, the World Health Organization declared the outbreak of the novel coronavirus, referred to as "COVID-19", a pandemic. This pandemic could have a material impact on the financial position, results and cash flows of the REIT, including tenants' ability to pay rent, occupancy, leasing demand, market rents, labor shortages and disruptions, and access to capital markets on acceptable terms or at all, of which the measurement is not determinable. This may include, but is not limited to, the valuation of its properties and the ability of the REIT to meet financial obligations. Market volatility has resulted and may continue to result in a negative impact on the market price of the REIT's equity securities. Governments and central banks have intervened through monetary and new fiscal policies, however, it is unknown at this time how these interventions will impact capital markets or the financial stability of the REIT's tenants.

23. CAPITAL MANAGEMENT

The REIT's capital management objectives are to (i) ensure compliance with the REIT's Declaration of Trust (ii) ensure compliance with restrictions in debt agreements, and (iii) provide sufficient liquidity to operate the REIT's properties, fund obligations as they become due and build unitholder value. Procedures to monitor compliance with the Declaration of Trust and debt agreements are performed as a part of the overall management of operations and periodically by review of the REIT's board of trustees and reporting to the REIT's lenders. In order to maintain or adjust the capital structure, the REIT may issue trust units, debentures or mortgage debt, adjust the amount of distributions paid to unitholders, return capital to unitholders, or reduce or increase debt.

The REIT considers its debt and equity instruments to be its capital as follows:

	September 30, 2020	December 31, 2019
Debt, net	$ 979,004	$ 1,001,947
Class B LP units	18,815	30,918
Equity	610,401	627,305
Total	**$ 1,608,220**	**$ 1,660,170**

The Declaration of Trust provides that the REIT is not permitted to exceed financial leverage in excess of 65% of gross book value, as defined by the Declaration of Trust, and calculated as follows:

	September 30, 2020	December 31, 2019
Total assets	$ 1,694,187	$ 1,709,964
Less: Restricted cash	(1,780)	(4,253)
Gross book value	**1,692,407**	**1,705,711**
Debt, net	$ 979,004	$ 1,001,947
Leverage ratio	**57.8%**	**58.7%**

Additional investment and operating guidelines are provided for by the Declaration of Trust. The REIT is in compliance with these guidelines.

(in thousands of Canadian dollars, unless otherwise stated)

The REIT's revolving operating facilities, revolving credit facility, term loan, construction facility, and some mortgages are subject to financial and other covenants, including customary maximum leverage ratios, interest service coverage ratios, minimum debt service coverage ratios, minimum unitholders' equity among others. The REIT is in compliance with these covenants.

24. SEGMENTED DISCLOSURES

The REIT operates in Canada and the United States. The following is a summary of investment property by geographic location:

	September 30, 2020	December 31, 2019
Canada	$ 1,266,952	$ 1,295,204
United States	342,290	326,881
Total	**$ 1,609,242**	**$ 1,622,085**

The following is a summary of rental revenue and property operating expenses by geographic location during the three and nine months ended September 30, 2020 and 2019:

	Three months ended September 30, 2020		
	Canada	United States	**Total**
Property revenue	$ 36,676	$ 10,634	**$ 47,310**
Property operating expenses	(17,967)	(5,303)	**(23,270)**
Net operating income	**$ 18,709**	**$ 5,331**	**$ 24,040**
Straight line rent and other changes			**(1,458)**
IFRIC 21 property tax adjustment			**2,254**
Finance income on finance lease receivable			**858**
Interest income			**130**
Interest and finance costs			**(10,388)**
General and administrative			**(1,941)**
Change in fair value of financial instruments			**2,349**
Change in fair value of properties			**653**
Depreciation of hotel asset			**(264)**
Transaction costs			**(12)**
Deferred income tax recovery			**—**
Net income before Class B LP units			**$ 16,221**
Change in fair value of Class B LP units			**528**
Distributions to Class B LP unitholders			**(528)**
Net income			**$ 16,221**

(in thousands of Canadian dollars, unless otherwise stated)

	Three months ended September 30, 2019					
		Canada		United States		**Total**
Property revenue	$	42,697	$	10,220	**$**	**52,917**
Property operating expenses		(21,851)		(5,631)		**(27,482)**
Net operating income	**$**	**20,846**	**$**	**4,589**	**$**	**25,435**
Straight line rent and other changes						**(378)**
IFRIC 21 property tax adjustment						**2,330**
Finance income on finance lease receivable						**899**
Interest income						**150**
Interest and finance costs						**(11,261)**
General and administrative						**(1,931)**
Change in fair value of financial instruments						**(77)**
Change in fair value of properties						**18,579**
Depreciation of hotel asset						**(253)**
Transaction costs						**(3,116)**
Deferred income tax recovery						**(223)**
Net income before Class B LP units					**$**	**30,154**
Change in fair value of Class B LP units						**(2,431)**
Distributions to Class B LP unitholders						**(528)**
Net income					**$**	**27,195**

	Nine months ended September 30, 2020					
		Canada		United States		**Total**
Property revenue	$	112,069	$	32,234	**$**	**144,303**
Property operating expenses		(56,977)		(16,880)		**(73,857)**
Net operating income	**$**	**55,092**	**$**	**15,354**	**$**	**70,446**
Straight line rent and other changes						**(4,153)**
IFRIC 21 property tax adjustment						**(2,339)**
Finance income on finance lease receivable						**2,606**
Interest income						**424**
Interest and finance costs						**(30,671)**
General and administrative						**(5,783)**
Change in fair value of financial instruments						**(33,581)**
Change in fair value of properties						**1,805**
Depreciation of hotel asset						**(788)**
Transaction costs						**(1,577)**
Deferred income tax recovery						**96**
Net loss before Class B LP units					**$**	**(3,515)**
Change in fair value of Class B LP units						**12,103**
Distributions to Class B LP unitholders						**(1,584)**
Net income					**$**	**7,004**

(in thousands of Canadian dollars, unless otherwise stated)

	Nine months ended September 30, 2019		
	Canada	United States	**Total**
Property revenue	$ 134,326	$ 31,205	**$ 165,531**
Property operating expenses	(69,694)	(16,975)	**(86,669)**
Net operating income	**$ 64,632**	**$ 14,230**	**$ 78,862**
Straight line rent and other changes			**(1,340)**
IFRIC 21 property tax adjustment			**(2,555)**
Finance income on finance lease receivable			**2,726**
Interest income			**407**
Interest and finance costs			**(37,871)**
General and administrative			**(5,767)**
Change in fair value of financial instruments			**(9,210)**
Change in fair value of properties			**33,206**
Depreciation of hotel asset			**(739)**
Transaction costs			**(11,326)**
Deferred income tax recovery			**31**
Net income before Class B LP units			**$ 46,424**
Change in fair value of Class B LP units			**(1,903)**
Distributions to Class B LP unitholders			**(1,893)**
Net income			**$ 42,628**

25. INCOME TAXES

The Income Tax Act (Canada) contains legislation affecting the tax treatment of specified investment flow-through ("SIFT") trusts which include publicly-listed income trusts (the "SIFT Rules"). Under the SIFT Rules, certain distributions from a SIFT are not deductible in computing a SIFT's taxable income, and the SIFT is subject to tax on such distributions at a rate that is substantially equivalent to the general tax rate applicable to a Canadian corporation. However, distributions paid by a SIFT as returns of capital are generally not subject to tax. The SIFT Rules do not apply to a real estate investment trust that meets prescribed conditions relating to the nature of its assets and revenue (the "REIT Conditions"). Instead, a real estate investment trust that meets the REIT Conditions is not liable to pay Canadian income taxes provided that its taxable income is fully distributed to unitholders during the period.

The REIT has reviewed the SIFT Rules and has assessed their application to the REIT's assets and revenues. While there are uncertainties in the interpretation and application of the SIFT Rules, the REIT believes that it has met the REIT Conditions for the periods ended September 30, 2020 and 2019, and accordingly is not subject to current income taxes in Canada. Accordingly, no provision for current income taxes payable is required, except for amounts incurred by the U.S. subsidiary.

The REIT's U.S. subsidiary is subject to federal and state income tax on taxable income from U.S. operations. The REIT recognizes deferred tax assets and liabilities at prevailing tax rates when such differences are expected to settle, based on tax laws enacted at the reporting date. The U.S. subsidiary is subject to a combined federal and state rate of 28.51%.

The following is a reconciliation of the deferred tax asset during the period:

	Nine months ended September 30,	
	2020	2019
Beginning of the period	$ (92)	$ 757
Deferred income tax recovery	96	31
Foreign exchange	(4)	(22)
End of the period	**$ —**	**$ 766**

(in thousands of Canadian dollars, unless otherwise stated)

A reconciliation of the expected income taxes based upon the 2020 statutory rates and the income tax recovery recognized during the nine months ended September 30, 2020 and 2019 are as follows:

	Nine months ended September 30, 2020	Nine months ended September 30, 2019
Net (loss) income before Class B LP units and taxes	$ (3,611)	$ 46,393
Canadian statutory tax rate	26.5%	26.5%
	$ (957)	$ 12,294
Income not subject to tax	557	12,324
Valuation allowance [1]	(1,534)	—
Tax rate differential	116	1
Deferred income tax recovery	**$ 96**	**$ 31**

[1] Deferred tax assets are recognized to the extent that realization of the related tax benefit through future taxable profits is probable. Management has determined that it is probable that not all the deferred tax assets will be realized through one or a combination of future reversals of temporary differences and taxable income. A valuation allowance has been recorded to recognize only the portion of the deferred tax asset that is more likely than not to be realized.

At September 30, 2020 and December 2019, the REIT had tax losses carried forward available to reduce future years' taxable income, which expire as follows:

Year of expiry	September 30, 2020	December 31, 2019
2037	$ 3,695	$ 4,549
2038	2,751	964
Total non-capital losses	**$ 6,446**	**$ 5,513**
Total capital losses	—	—

At September 30, 2020, a subsidiary of the REIT had U.S. $3.17 million of U.S. federal and state losses carried forward available to reduce future years' taxable income. These federal losses do not expire, but are limited to 80% of the subsidiary's taxable income in a given year. The recently passed “Cares Act” provides that the 80% limitation is suspended for tax years beginning before January 1, 2021. Therefore, the subsidiary can use its losses to reduce taxable income in tax year 2019 and 2020 without limitation.

26. SUPPLEMENTAL CASH FLOW INFORMATION

Changes in liabilities arising from financing activities for the nine months ended September 30, 2020 are as follows:

		Cash flows			Non-cash changes				
	December 31, 2019	Proceeds	Payments	Transaction costs and other	Assumptions[1]	Foreign exchange	Fair value changes	Amortization of MTM adjustments and costs	September 30, 2020
Derivatives, net	$ 6,373	$ (6,396)	$ —	$ —	$ —	$ —	$ 40,232	$ —	$ 40,209
Facilities	281,378	46,657	(105,445)	(26)	—	1,681	—	474	224,719
Mortgages	587,145	67,170	(10,379)	(1,359)	(25,747)	3,330	—	755	620,915
Other debt	105,586	—	(442)	(52)	—	—	—	270	105,362
Convertible debentures	27,838	—	—	—	—	—	—	170	28,008
Class B LP units	30,918	—	—	—	—	—	(12,103)	—	18,815
Total	**$ 1,039,238**	**$ 107,431**	**$ (116,266)**	**$ (1,437)**	**$ (25,747)**	**$ 5,011**	**$ 28,129**	**$ 1,669**	**$ 1,038,028**

[1]Mortgage assumed by purchaser on disposition of 4211 Yonge Street.

(in thousands of Canadian dollars, unless otherwise stated)

Changes in liabilities arising from financing activities for the nine months ended September 30, 2019 are as follows:

		Cash flows			Non-cash changes				
	December 31, 2018	Proceeds	Payments	Transaction costs and other	Assumptions[1]	Foreign exchange	Fair value changes	Amortization of MTM adjustments and costs	September 30, 2019
Derivatives, net	$ 4,062	$ (2,318)	$ —	$ —	$ —	$ —	$ 11,110	$ —	$ 12,854
Facilities	322,064	79,745	(81,793)	(51)	—	(2,013)	—	610	318,562
Mortgages	665,993	134,101	(160,215)	(1,330)	(43,801)	(3,996)	—	1,677	592,429
Other debt	160,146	—	(54,702)	(675)	—	—	—	754	105,523
Convertible debentures	27,623	—	—	—	—	—	—	160	27,783
Class B LP units	31,552	—	—	—	—	—	1,903	—	33,455
Total	**$ 1,211,440**	**$ 211,528**	**$ (296,710)**	**$ (2,056)**	**$ (43,801)**	**$ (6,009)**	**$ 13,013**	**$ 3,201**	**$ 1,090,606**

[1]Mortgage assumed by purchaser on disposition of a six asset portfolio located in the Greater Toronto Area.

27. SUBSEQUENT EVENTS

The following events occurred subsequent to September 30, 2020:

i. On October 13, 2020, the REIT disposed of 307-311 Old Airport Road in Yellowknife, NT for $6.2 million and repaid debt with net proceeds.

ii. On October 14, 2020, the REIT secured financing for a revolving credit facility of $300 million and U.S. $60 million for a term of two years and obtained mortgage financing for three properties totaling $55.7 million for a weighted average term of 5.3 years. The proceeds were used to repay and cancel the REIT's existing credit facilities, term loan and one mortgage with principal balances totaling $392.6 million at September 30, 2020 and addresses a large majority of the 2021 debt maturities.

iii. On October 15, 2020, the REIT paid monthly distributions of $0.0333 per trust unit. Holders of Class B LP units of the REIT were also paid a distribution of $0.0333 per unit.

iv. On October 16, 2020, the REIT declared a distribution of $0.0333 per trust unit, payable on November 16, 2020 to unitholders of record as of the close of business on October 30, 2020. Holders of Class B LP units of the REIT will also be paid a distribution of $0.0333 per trust unit.