Slate Office REIT

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2021

(unaudited)

Slate Office REIT

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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Slate Office REIT

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

(in thousands of Canadian dollars)
(unaudited)

	Note	September 30, 2021	December 31, 2020
ASSETS			
Non-current assets			
Investment properties	5	$ 1,617,844	$ 1,593,945
Finance lease receivable	6	47,654	50,157
Other assets	7	3,838	6,048
Restricted cash		1,056	3,327
		$ 1,670,392	**$ 1,653,477**
Current assets			
Finance lease receivable	6	3,310	3,158
Other assets	7	6,637	5,923
Accounts receivable	8	7,234	8,129
Cash		5,323	8,520
		$ 22,504	**$ 25,730**
Total assets		**$ 1,692,896**	**$ 1,679,207**
LIABILITIES AND UNITHOLDERS' EQUITY			
Non-current liabilities			
Debt	9	$ 818,095	$ 803,449
Other liabilities	10	5,219	4,434
Derivatives	11	18,830	35,869
Deferred taxes	25	1,801	—
Accounts payable and accrued liabilities	13	1,943	2,390
Class B LP units	12	27,482	21,880
		$ 873,370	**$ 868,022**
Current liabilities			
Debt	9	167,964	169,155
Other liabilities	10	1,267	1,683
Accounts payable and accrued liabilities	13	33,278	35,604
Taxes payable	25	55	—
		$ 202,564	**$ 206,442**
Total liabilities		**$ 1,075,934**	**$ 1,074,464**
Unitholders' equity		**$ 616,962**	**$ 604,743**
Total liabilities and unitholders' equity		**$ 1,692,896**	**$ 1,679,207**

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

Slate Office REIT

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF INCOME

(in thousands of Canadian dollars)
(unaudited)

		Three months ended September 30,		Nine months ended September 30,	
	Note	2021	2020	2021	2020
Rental revenue	16	$ 43,636	$ 45,852	$ 128,356	$ 140,150
Property operating expenses		(20,771)	(21,016)	(70,604)	(76,196)
Finance income on finance lease receivable	6	809	858	2,465	2,606
Interest income		113	130	374	424
Interest and finance costs	17	(10,585)	(10,388)	(32,126)	(30,671)
General and administrative expenses	18	(1,847)	(1,941)	(5,959)	(5,783)
Change in fair value of financial instruments	19	(1,817)	2,349	11,651	(33,581)
Change in fair value of investment properties	5	41	653	8,604	1,805
Depreciation of hotel asset	5	(257)	(264)	(765)	(788)
Transaction costs	4	—	(12)	—	(1,577)
Deferred income tax (expense) recovery	25	(823)	—	(1,777)	96
Current income tax expense	25	(54)	—	(54)	—
Net income (loss) before Class B LP units		**$ 8,445**	**$ 16,221**	**$ 40,165**	**$ (3,515)**
Change in fair value of Class B LP units	12	740	528	(5,602)	12,103
Distributions to Class B LP unitholders	15	(528)	(528)	(1,584)	(1,584)
Net income		**$ 8,657**	**$ 16,221**	**$ 32,979**	**$ 7,004**

Slate Office REIT

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE INCOME

(in thousands of Canadian dollars)
(unaudited)

		Three months ended September 30,		Nine months ended September 30,	
	Note	2021	2020	2021	2020
Net income		$ 8,657	$ 16,221	$ 32,979	$ 7,004
Other comprehensive gain (loss) to be subsequently reclassified to profit or loss:					
Foreign currency translation gain (loss)		2,733	(2,346)	(259)	3,181
Fair value loss on net investment hedges	19	—	—	—	(6,396)
Total other comprehensive gain (loss)		2,733	(2,346)	(259)	(3,215)
Comprehensive income		**$ 11,390**	**$ 13,875**	**$ 32,720**	**$ 3,789**

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

Slate Office REIT

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY

(in thousands of Canadian dollars)
(unaudited)

	Note		Trust units		Retained earnings		Accumulated other comprehensive loss		**Total equity**
December 31, 2020		$	520,514	$	89,491	$	(5,262)	**$**	**604,743**
Unit issuance costs	14		(191)		—		—		**(191)**
Distributions	15		—		(20,310)		—		**(20,310)**
Repurchase of units	14		—		—		—		**—**
Net and comprehensive income	14, 15		—		32,979		(259)		**32,720**
September 30, 2021		**$**	**520,323**	**$**	**102,160**	**$**	**(5,521)**	**$**	**616,962**

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

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

Slate Office REIT

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS

(in thousands of Canadian dollars)
(unaudited)

	Note	Nine months ended September 30, 2021	2020
OPERATING ACTIVITIES			
Net income		$ 32,979	$ 7,004
Items not affecting cash:			
Depreciation of hotel asset	5	765	788
Change in fair value of investment properties	5	(8,604)	(1,805)
IFRIC 21 property tax adjustment	5	2,384	2,339
Straight-line rent and other changes	5	6,599	4,153
Change in fair value of Class B LP units	12	5,602	(12,103)
Change in fair value of financial instruments	19	(11,651)	33,581
Deferred income tax expense (recovery)	25	1,777	(96)
Finance income on finance lease receivable	6	(2,465)	(2,606)
Finance interest payments received on finance lease receivable	6	2,465	2,606
Distributions declared to Class B LP unitholders	15	1,584	1,584
Distributions paid to Class B LP unitholders	15	(1,584)	(1,584)
Interest income		(374)	(424)
Interest received		374	424
Interest and finance costs	17	32,126	30,671
Interest paid		(29,901)	(29,002)
Changes in working capital items		(2,981)	1,392
		$ 29,095	**$ 36,922**
INVESTING ACTIVITIES			
Deposit on property	4	—	(1,160)
Dispositions	4	—	20,185
Capital expenditures	5	(17,937)	(17,290)
Leasing costs	5	(8,184)	(13,925)
Tenant inducements from vendor	13	—	3,288
Principal payments received on finance lease receivable	6	2,351	2,071
		$ (23,770)	**$ (6,831)**
FINANCING ACTIVITIES			
Payment on settlement of net investment hedges	11	—	(6,396)
Unit issuance costs	14	(191)	(18)
Repurchase of units	14	—	(358)
Distributions on REIT units	15	(20,310)	(20,321)
Mortgage advances	26	5,527	67,170
Mortgage repayments	26	(7,900)	(10,379)
Financing costs on debt	26	(390)	(1,437)
Proceeds (repayments) on revolving and term facilities, net	26	14,724	(59,230)
		$ (8,540)	**$ (30,969)**
Foreign exchange gain on cash held in foreign currency		18	51
Decrease in cash		**$ (3,197)**	**$ (827)**
Cash, beginning of period		**8,520**	**6,117**
Cash, end of period		**$ 5,323**	**$ 5,290**

The accompanying notes are an integral part of the 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 and as further amended on May 13, 2021, as it may be further amended, supplemented or amended and restated from time to time (the "Declaration of Trust"). At September 30, 2021, the REIT's portfolio consists of 34 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 PREPARATION

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 annual consolidated financial statements as at and for the year ended December 31, 2020.

ii. Approval of the consolidated financial statements

The consolidated financial statements were approved by the trustees of the REIT and authorized for issuance on November 3, 2021.

iii. Basis of measurement

These consolidated financial statements have been prepared on a going concern basis and measured at historical cost except for investment properties and certain financial instruments including derivatives and Class B LP units, 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, 2020.

(in thousands of Canadian dollars)

4. DISPOSITIONS

During the nine months ended September 30, 2021 the REIT did not make any investment property dispositions.

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

	4211 Yonge Street
Disposition date	January 22, 2020
Location	Toronto, ON
Number of investment properties	1
Interest disposed	75% [1]
Sale price	$ 47,250
Capital adjustments	(456)
Working capital and other	(397)
Transaction costs [2]	(417)
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 condensed consolidated interim statements of income for nine months ended September 30, 2020 also includes $1.2 million of costs related to an acquisition under contract that did not close. The REIT was refunded 50% of the deposit in respect of this transaction.

5. INVESTMENT PROPERTIES

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

		Three months ended September 30,		Nine months ended September 30,	
	Note	2021	2020	2021	2020
Beginning of period		$ 1,601,135	$ 1,602,165	$ 1,593,945	$ 1,622,085
Capital expenditures		6,736	6,397	17,937	17,290
Leasing costs		2,921	6,066	8,184	13,925
Dispositions	4	—	—	—	(46,794)
Depreciation of hotel asset		(257)	(264)	(765)	(788)
Foreign exchange		7,415	(6,571)	(1,078)	8,211
Change in fair value		41	653	8,604	1,805
IFRIC 21 property tax adjustment		2,368	2,254	(2,384)	(2,339)
Straight-line rent and other changes		(2,515)	(1,458)	(6,599)	(4,153)
End of period		**$ 1,617,844**	**$ 1,609,242**	**$ 1,617,844**	**$ 1,609,242**

Investment properties at September 30, 2021 are comprised of the REIT's interests in 33 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 investment 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 thousands of Canadian dollars)

The REIT's properties are all classified as income producing at September 30, 2021 and December 31, 2020. The change in the carrying value of the REIT's development properties is as follows:

	Nine months ended September 30, 2021	2020
Beginning of period [1]	$ —	$ 21,609
Capital expenditures	—	440
Direct leasing costs	—	1,073
Change in fair value	—	183
Straight-line rent and other changes	—	(81)
End of period	**$ —**	**$ 23,224**

[1]The REIT's development property was transferred to income producing properties at December 31, 2020.

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 and by independent real estate valuation experts considering the nature of the property and availability of information. If an independent 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. The direct comparison approach and overall income capitalization method were not utilized during the current fiscal period. 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.

The fair values of investment 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 investment properties taken in aggregate may differ from the fair value of investment properties measured individually in the REIT's condensed consolidated interim statements of financial position. Under the fair value hierarchy, the fair value of the REIT's investment properties is determined using the methodology described above and using level 3 inputs.

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

	September 30, 2021		December 31, 2020	
	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%	8.50%
Weighted average	7.26%	6.63%	7.26%	6.63%

At September 30, 2021, a 25 basis-point increase in discount, terminal capitalization and capitalization rates would decrease the estimated fair value of the REIT's investment properties by approximately $67.7 million (December 31, 2020 – $66.8 million). A 25 basis-point decrease in discount, terminal capitalization and capitalization rates would increase the estimated fair value of the REIT's investment properties by approximately $71.3 million (December 31, 2020 – $71.5 million).

(in thousands of Canadian dollars)

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

Quarter ended	Number of investment properties		Fair Value [1]
December 31, 2020	4		331,875
March 31, 2021	—		—
June 30, 2021	—		—
September 30, 2021	7		145,777
Total	**11**	**$**	**477,652**

[1]Represents appraised value provided by respective independent real estate valuation experts.

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.

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

		Nine months ended September 30, 2021		Year ended December 31, 2020
Beginning of period	$	53,315	$	56,145
Lease payments received		(4,816)		(6,282)
Finance income on finance lease receivable		2,465		3,452
End of period	**$**	**50,964**	**$**	**53,315**

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 condensed consolidated interim statement of financial position at September 30, 2021:

		Future minimum lease payments		Interest portion of minimum lease payments		Principal portion of minimum lease payments
Less than one year	$	6,420	$	3,110	$	3,310
Greater than one year but less than 5 years		26,125		10,136		15,989
Greater than 5 years		36,856		5,191		31,665
Total					**$**	**50,964**

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 condensed consolidated interim statement of financial position at December 31, 2020:

		Future minimum lease payments		Interest portion of minimum lease payments		Principal portion of minimum lease payments
Less than one year	$	6,420	$	3,262	$	3,158
Greater than one year but less than 5 years		25,872		10,865		15,007
Greater than 5 years		41,924		6,774		35,150
Total					**$**	**53,315**

(in thousands of Canadian dollars)

7. OTHER ASSETS

Other assets are comprised of the following:

	September 30, 2021	December 31, 2020
Prepaid expenses	$ 6,250	$ 2,516
Vendor-take-back loan	2,700	2,700
Interest rate subsidy	108	431
Performance payment	543	5,378
Investment tax credit receivable	656	727
Utilities deposits	218	219
Total	**$ 10,475**	**$ 11,971**

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

	September 30, 2021	December 31, 2020
Current	$ 6,637	$ 5,923
Non-current	3,838	6,048
Total	**$ 10,475**	**$ 11,971**

In connection with the disposition of certain investment 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, matures in September 2022 and is repayable by the borrower at any time.

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, which expires in December 2021.

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. The amount is recorded in other assets on the condensed consolidated interim 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. No amounts have, or are expected to be settled in cash until the purchaser has exited its investment in these six properties. The performance payment is valued using level 3 inputs that pertain to the expected cash flows from the underlying investment properties.

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, 2021	December 31, 2020
Rent receivable	$ 3,475	$ 4,389
Accrued recovery income	649	521
Other amounts receivable	3,384	3,358
Allowance	(274)	(139)
Total	**$ 7,234**	**$ 8,129**

(in thousands of Canadian dollars)

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 $0.2 million remains outstanding at September 30, 2021.

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, 2020 – $0.2 million) due from Slate Management ULC ("SMULC"), a subsidiary of Slate Asset Management L.P. ("SLAM"), (collectively, "Slate") 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.

The change in allowance is as follows:

	Nine months ended September 30, 2021	Year ended December 31, 2020
Beginning of period	$ (139)	$ (24)
Change in allowance	(174)	(265)
Bad debt write-off	39	150
End of period	**$ (274)**	**$ (139)**

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, 2021	December 31, 2020
Current to 30 days	$ 1,359	$ 1,853
31 to 90 days	387	1,062
Greater than 90 days	1,455	1,335
Total	**$ 3,201**	**$ 4,250**

9. DEBT

Debt held by the REIT at September 30, 2021 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	17	$ 1,014,234	$ 618,393	$ 618,393	$ —	$ —
Revolving facilities [5 6 7]	Oct. 14, 2022	Various	16	600,210	370,898	343,644	900	26,354
Convertible debentures	Feb. 28, 2023	5.25%	—	—	28,750	28,750	—	—
Total			**33**	**$ 1,614,444**	**$ 1,018,041**	**$ 990,787**	**$ 900**	**$ 26,354**

[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 2.7 years with maturities ranging from 0.1 to 9.0 years and the weighted average interest rate of mortgages is 3.21% 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] Certain amounts have been translated from U.S. to Canadian dollars using the prevailing exchange rate on September 30, 2021.
[6] Stand-by fees incurred on the unutilized portion of the revolving operating facility are 68.75 bps, charged and paid quarterly.
[7] Principal balance includes $270.1 million and U.S. $58.0 million of operating facilities. The remaining term to maturity of revolving facilities is 1 year and the weighted average interest rate is 3.09%.

(in thousands of Canadian dollars)

The carrying value of debt held by the REIT at September 30, 2021 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	$ 618,393	$ (2,394)	$ (59)	$ 615,940	$ 167,964	$ 447,976
Revolving facilities	343,644	(3,318)	1,548	341,874	—	341,874
Convertible debentures [1]	28,750	(1,320)	815	28,245	—	28,245
Total	**$ 990,787**	**$ (7,032)**	**$ 2,304**	**$ 986,059**	**$ 167,964**	**$ 818,095**

[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 condensed consolidated interim statements of financial position.

Future repayments of mortgages payable by year of maturity at September 30, 2021 are as follows:

	Weighted average interest rate of principal maturities [1]	Scheduled principal amortization	Principal maturities	Total repayments
Remainder of 2021	3.90%	$ 2,626	$ 30,012	$ 32,638
2022	2.94%	9,582	140,163	149,745
2023	3.89%	7,566	182,301	189,867
2024	—%	6,475	—	6,475
2025	2.97%	6,416	81,771	88,187
Thereafter	2.74%	15,217	136,264	151,481
	3.25%	**$ 47,882**	**$ 570,511**	**$ 618,393**
Unamortized financing costs				(2,453)
Total				**$ 615,940**

[1]The weighted average interest rate of principal maturities is calculated using the rate in effect at September 30, 2021.

Future principal payments and maturities for all debt at September 30, 2021 are as follows:

Remainder of 2021	$ 32,638
2022	493,389
2023	218,617
2024	6,475
2025	88,187
Thereafter	151,481
	$ 990,787
Unamortized financing costs	(4,728)
Total	**$ 986,059**

Subsequent to September 30, 2021, the REIT refinanced its revolving credit facility which extends the maturity date to October 2023. Refer to note 27 for more detail.

(in thousands of Canadian dollars)

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, and none of the convertible debentures have been redeemed as at September 30, 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, 2021	December 31, 2020
Security deposits		$ 5,383	$ 4,872
Deferred units	14	775	881
Investment tax credit payable		328	364
Total		**$ 6,486**	**$ 6,117**

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

	September 30, 2021	December 31, 2020
Current	$ 1,267	$ 1,683
Non-current	5,219	4,434
Total	**$ 6,486**	**$ 6,117**

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)

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, 2021	December 31, 2020
Fair value of conversion option on convertible debentures	$ —	$ (3)
Fair value of interest rate swaps	(18,830)	(35,866)
Derivatives, net	**$ (18,830)**	**$ (35,869)**

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

	Nine months ended September 30,	
	2021	2020
Fair value, beginning of period	$ (35,869)	$ (6,373)
Fair value change of convertible debenture embedded derivatives	3	(3)
Fair value change of interest rate swaps	8,343	(39,403)
Net payments made on interest rate swaps	8,596	5,528
Foreign exchange gain on U.S. interest rate swap	97	42
Fair value change of hedges of net investment in foreign operations	—	(6,396)
Settlement of net investment foreign exchange hedges	—	6,396
Fair value, end of period	**$ (18,830)**	**$ (40,209)**

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.

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)

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, 2021	December 31, 2020	September 30, 2021	December 31, 2020
June 10, 2021	1 month CDOR	1.87%	$ —	$ 61,528	$ —	$ (455)
June 30, 2021	1 month BA	1.94%	—	35,000	—	(260)
April 12, 2023	1 month BA	1.90%	58,281	58,281	(976)	(1,794)
April 12, 2023	1 month CDOR	2.04%	75,976	77,708	(1,545)	(2,699)
April 12, 2023	1 month CDOR	2.04%	35,879	36,697	(730)	(1,275)
August 14, 2023	1 month BA	2.77%	17,904	18,249	(657)	(1,073)
February 1, 2024	1 month U.S. LIBOR	1.80%	63,400	63,625	(2,127)	(3,253)
March 22, 2024	1 month BA	1.90%	100,000	100,000	(2,044)	(4,148)
March 3, 2025	1 month BA	1.23%	62,500	62,500	340	(1,276)
September 10, 2025	1 month U.S. LIBOR	2.56%	128,163	128,618	(7,302)	(11,565)
October 30, 2026	1 month BA	2.30%	100,000	100,000	(3,789)	(8,068)
Total			**$ 642,103**	**$ 742,206**	**$ (18,830)**	**$ (35,866)**

[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. $50.0 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.

There are no outstanding contracts designated as an accounting hedge and recorded as a derivative at September 30, 2021, and the REIT has not entered into or settled any derivative or foreign exchange contract during the nine months ended September 30, 2021.

During the nine months ended September 30, 2020, 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.

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)

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, 2021 and 2020 is as follows:

	Three months ended September 30, 2021		Three months ended September 30, 2020	
	Units	Amount	Units	Amount
Beginning of period	5,285,160	$ 28,222	5,285,160	$ 19,343
Fair value changes	—	(740)	—	(528)
End of period	**5,285,160**	**$ 27,482**	**5,285,160**	**$ 18,815**

The change in Class B LP units for the nine months ended September 30, 2021 and 2020 is as follows:

	Nine months ended September 30, 2021		Nine months ended September 30, 2020	
	Units	Amount	Units	Amount
Beginning of period	5,285,160	$ 21,880	5,285,160	$ 30,918
Fair value changes	—	5,602	—	(12,103)
End of period	**5,285,160**	**$ 27,482**	**5,285,160**	**$ 18,815**

13. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities are comprised of the following:

	Note	September 30, 2021	December 31, 2020
Accounts payable and accrued liabilities		$ 27,324	$ 26,815
Distributions payable	15	2,432	2,432
Prepaid rent		2,663	5,463
Tenant improvements payable		2,802	3,284
Total		**$ 35,221**	**$ 37,994**

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

	September 30, 2021	December 31, 2020
Current	$ 33,278	$ 35,604
Non-current	1,943	2,390
Total	**$ 35,221**	**$ 37,994**

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)

The change in trust units during the three and nine months ended September 30, 2021 is as follows:

	Three months ended September 30, 2021		Nine months ended September 30, 2021	
	Units	Amount	Units	Amount
Beginning of period	67,765,409	$ 520,323	67,765,409	$ 520,514
Unit issuance costs	—	—	—	(191)
End of period	**67,765,409**	**$ 520,323**	**67,765,409**	**$ 520,323**

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
Beginning of period	67,765,409	$ 520,514	67,878,409	$ 520,890
Unit issuance costs	—	—	—	(18)
Repurchase of units	—	—	(113,000)	(358)
End of period	**67,765,409**	**$ 520,514**	**67,765,409**	**$ 520,514**

Repurchase of units

On June 15, 2021 the REIT renewed its normal course issuer bid ("NCIB"), whereby the REIT may purchase up to 6,586,683 trust units, subject to certain restrictions. The renewed NCIB expires on the earlier of June 14, 2022 and the repurchase of the maximum number of trust units. During the nine months ended September 30, 2021 the REIT has not repurchased units under its NCIB.

Trustee deferred unit plan

Trustees who are not employees of the REIT or the Manager, Slate Asset Management 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, 2021, the liability associated with the deferred units issued under the Trustee DUP was $0.7 million (December 31, 2020 - $0.8 million), and the number of outstanding deferred units was 137,096 (December 31, 2020 - 201,730 units). During the three and nine months ended September 30, 2021, 104,797 units (September 30, 2020 - nil) were redeemed under the Trustee deferred unit plan by a former Trustee of the REIT.

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, 2021, the liability associated with deferred units issued under the Officer DUP was $62 thousand (December 31, 2020 - $46 thousand), and the number of deferred units was 11,867 (December 31, 2020 - 11,145 units).

(in thousands of Canadian dollars)

The change in DUP units during the three and nine months ended September 30, 2021 is as follows:

		Three months ended September 30, 2021			Nine months ended September 30, 2021		
	Note	Units		Amount	Units		Amount
Beginning of period		240,526	$	1,285	212,875	$	881
Issued		8,712		46	26,573		135
Reinvested distributions		4,522		24	14,312		68
Redemption of units		(104,797)		(563)	(104,797)		(563)
Fair value adjustment	19	—		(17)	—		254
End of period		**148,963**	**$**	**775**	**148,963**	**$**	**775**

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
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)
End of period		**193,190**	**$**	**688**	**193,190**	**$**	**688**

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, 2021 and 2020. 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,	
	2021	2020	2021	2020
Basic weighted average units outstanding	67,765,409	67,765,409	67,765,409	67,798,402
Class B LP units	5,285,160	5,285,160	5,285,160	5,285,160
Basic weighted average deferred units	232,510	176,613	225,519	152,457
Diluted weighted average units outstanding	**73,283,079**	**73,227,182**	**73,276,088**	**73,236,019**

Diluted units outstanding

The following is the diluted number of units outstanding as at September 30, 2021 and 2020. 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, 2021	September 30, 2020
Trust units outstanding	67,765,409	67,765,409
Class B LP units	5,285,160	5,285,160
Deferred units	148,963	193,190
Diluted units outstanding	**73,199,532**	**73,243,759**

(in thousands of Canadian dollars)

Accumulated other comprehensive loss and income consists of the below:

	Nine months ended September 30, 2021			Nine months ended September 30, 2020		
	Foreign currency translation	Net investment hedges	Total	Foreign currency translation	Net investment hedges	Total
Beginning of period	$ (442)	$ (4,820)	$ (5,262)	$ 1,909	$ 1,576	$ 3,485
Currency translation	(259)	—	(259)	3,181	—	3,181
Settlement of investment hedges	—	—	—	—	(6,396)	(6,396)
End of period	**$ (701)**	**$ (4,820)**	**$ (5,521)**	**$ 5,090**	**$ (4,820)**	**$ 270**

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. Distributions to Class B LP unitholders are recorded in net income. All distributions settled during the nine months ended September 30, 2021 and 2020 have been paid in cash.

The following table presents the distributions during the three and nine months ended September 30, 2021:

	Three months ended September 30, 2021		Nine months ended September 30, 2021	
	Trust units	Class B LP units	Trust units	Class B LP units
Distributions declared during the period	$ 6,770	$ 528	$ 20,310	$ 1,584
Add: Distributions payable, beginning of period	2,256	176	2,256	176
Less: Distributions payable, end of period	(2,256)	(176)	(2,256)	(176)
Distributions paid during the period	**$ 6,770**	**$ 528**	**$ 20,310**	**$ 1,584**

Distributions during the three and nine months ended September 30, 2021 were paid and settled as follows:

	Three months ended September 30, 2021		Nine months ended September 30, 2021	
Note	Trust units	Class B LP units	Trust units	Class B LP units
Paid in cash	$ 6,770	$ 528	$ 20,310	$ 1,584

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 during the period	**$ 6,770**	**$ 528**	**$ 20,321**	**$ 1,584**

Distributions during the three and nine months ended September 30, 2020 were paid and 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

(in thousands of Canadian dollars)

16. RENTAL REVENUE

Rental revenue is comprised of the following:

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Property base rent [1]	$ 22,226	$ 23,451	$ 66,525	$ 70,219
Operating cost recoveries	14,553	15,006	42,760	46,809
Tax recoveries	7,594	8,013	23,062	24,567
Hotel	1,778	840	2,608	2,708
Straight-line rent and other changes	(2,515)	(1,458)	(6,599)	(4,153)
Total	**$ 43,636**	**$ 45,852**	**$ 128,356**	**$ 140,150**

[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, 2021	December 31, 2020
Not later than one year	$ 112,774	$ 115,563
Later than one year and not later than five years	357,741	364,022
Later than five years	214,182	233,694
Total	**$ 684,697**	**$ 713,279**

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,	
	2021	2020	2021	2020
Mortgage interest	$ 6,623	$ 6,729	$ 19,343	$ 19,424
Interest on other debt	2,843	2,794	9,429	8,442
Amortization of financing costs	778	695	2,343	1,999
Amortization of debt mark-to-market adjustments	(39)	(214)	(118)	(330)
Interest on convertible debentures [1]	380	384	1,129	1,136
Total	**$ 10,585**	**$ 10,388**	**$ 32,126**	**$ 30,671**

[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 but not yet paid.

18. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses are comprised of the following:

		Three months ended September 30,		Nine months ended September 30,	
	Note	2021	2020	2021	2020
Asset management fees	20	$ 1,269	$ 1,280	$ 3,794	$ 3,855
Professional fees		74	210	762	720
Trustee fees		108	98	347	344
Bad debt expense, net		154	175	296	233
Other		242	178	760	631
Total		**$ 1,847**	**$ 1,941**	**$ 5,959**	**$ 5,783**

(in thousands of Canadian dollars)

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	2021	2020	2021	2020
Interest rate swaps	11	$ 444	$ (638)	$ 8,343	$ (39,403)
Net payments made on interest rate swaps	11	2,643	2,965	8,596	5,528
Convertible debenture embedded derivatives	11	—	3	3	(3)
Hedges of net investment in foreign operations	11	—	—	—	6,396
Deferred units	14	17	19	(254)	297
Performance payment		(4,921)	—	(5,037)	—
Total change in fair value of financial instruments		**(1,817)**	**2,349**	**11,651**	**(27,185)**
Less: Amounts recognized in other comprehensive loss		—	—	—	(6,396)
Recognized in net (loss) income		**$ (1,817)**	**$ 2,349**	**$ 11,651**	**$ (33,581)**

20. RELATED PARTY TRANSACTIONS

The REIT has a management agreement (the "Management Agreement") with Slate (as defined in note 8), 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.

Slate held the following interests in the REIT:

	September 30, 2021	December 31, 2020
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%

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 investment 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 $100.0 million of acquisitions; 0.75% on the next $100.0 million of acquisitions and 0.50% for acquisitions in excess of $200.0 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 investment 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.

(in thousands of Canadian dollars)

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,	
	2021	2020	2021	2020
Property management	$ 1,279	$ 1,366	$ 4,057	$ 4,156
Asset management	1,269	1,280	3,794	3,855
Leasing, financing and construction management	493	1,018	1,537	2,620
Total	**$ 3,041**	**$ 3,664**	**$ 9,388**	**$ 10,631**

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 investment properties. Property administration fees were $6.4 million for the nine months ended September 30, 2021 (September 30, 2020 – $6.8 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 at market rents which expires October 31, 2029. Total rent of $0.2 million was received under this lease for the nine months ended September 30, 2021 (September 30, 2020 - $0.1 million). There were no amounts receivable related to this lease at September 30, 2021 and December 31, 2020.

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

	September 30, 2021	December 31, 2020
Accounts receivable	$ 340	$ 383
Accounts payable and accrued liabilities	(544)	(308)
Class B LP units	(27,482)	(21,880)

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.

(in thousands of Canadian dollars)

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

				Fair value		
September 30, 2021	Note		Carrying amount	Level 1	Level 2	Level 3
Assets						
Investment properties	5	$	1,617,844	$ —	$ —	$ 1,617,844
Cash			5,323	5,323	—	—
Restricted cash			1,056	1,056	—	—
Performance payment	7		543	—	—	543
Total assets		**$**	**1,624,766**	**$ 6,379**	**$ —**	**$ 1,618,387**
Liabilities						
Derivatives, net	11		(18,830)	—	(18,830)	—
Class B LP units	12		(27,482)	(27,482)	—	—
Debt	9		(986,059)	—	(993,484)	—
Total liabilities		**$**	**(1,032,371)**	**$ (27,482)**	**$ (1,012,314)**	**$ —**

				Fair value		
December 31, 2020	Note		Carrying amount	Level 1	Level 2	Level 3
Assets						
Investment properties	5	$	1,593,945	$ —	$ —	$ 1,593,945
Cash			8,520	8,520	—	—
Restricted cash			3,327	3,327	—	—
Performance payment	7		5,378	—	—	5,378
Total assets		**$**	**1,611,170**	**$ 11,847**	**$ —**	**$ 1,599,323**
Liabilities						
Derivatives, net	11		(35,869)	—	(35,869)	—
Class B LP units	12		(21,880)	(21,880)	—	—
Debt	9		(972,604)	—	(983,767)	—
Total liabilities		**$**	**(1,030,353)**	**$ (21,880)**	**$ (1,019,636)**	**$ —**

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 and net investment in foreign operations, 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:

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. The REIT's liquidity is also impacted by certain covenants as described in note 23.

(in thousands of Canadian dollars)

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.

The following table summarizes the estimated contractual maturities of the REIT's financial liabilities at September 30, 2021:

	Note	Total contractual cash flow	Remainder of 2021	2022-2023	2024-2025	Thereafter
Accounts payable and accrued liabilities	13	$ 35,221	$ 32,831	$ 1,226	$ 1,164	$ —
Amortizing principal repayments on debt	9	47,882	2,626	17,148	12,891	15,217
Principal repayments on maturity of debt	9	942,905	30,012	694,858	81,771	136,264
Interest on debt [1]		63,674	7,836	36,996	13,527	5,315
Interest rate swaps [2]		15,227	1,972	10,390	2,738	127
Other liabilities	10	6,486	1,279	1,751	984	2,472
Total		**$ 1,111,395**	**$ 76,556**	**$ 762,369**	**$ 113,075**	**$ 159,395**

[1]Interest amounts on floating rate debt have been determined using rates at September 30, 2021.
[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, 2021.

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, 2021, after the impact of interest rate swaps, the REIT had floating rate debt of $102.4 million (December 31, 2020 – nil). The following table presents the annualized impact of a change in floating interest rates of 25 bps on finance costs:

	September 30, 2021	December 31, 2020
Change of 25 bps	$ 256	$ —

The REIT is exposed to U.S. LIBOR interest rate on debt pertaining to its U.S. properties, which is subject to the interest rate benchmark reform. The REIT has closely monitored the market and the output from the various industry working groups managing the transition to new benchmark interest rates. This includes announcements made by LIBOR regulators (including the Financial Conduct Authority ("FCA") and the US Commodity Futures Trading Commission) regarding the transition away from U.S. LIBOR to the Secured Overnight Financing Rate ("SOFR"). The FCA has made clear that, at the end of 2021, it will no longer seek to persuade, or compel, banks to submit to LIBOR.

Upon the expected discontinuation of U.S. LIBOR, there is uncertainty in the determination of the applicable interest rate and payment amount. This will depend on the terms agreed to by the REIT and may result in changes to the determination of the REIT's expected future cash flows. The calculation of interest rates under the replacement benchmarks may impact the REIT's interest and finance costs and overall financial condition or results of operations. Additionally, debt holders or governing bodies may decide to transition to a successor rate prior to the expected LIBOR phase-out date.

The REIT will continue to apply the amendments to IFRS 9 until the uncertainty arising from the interest rate benchmark reforms with respect to the timing and the amount of the underlying cash flows that the REIT is exposed ends. The REIT has assumed that this uncertainty will not end until the REIT's contracts that reference U.S. LIBOR are amended to specify the date on which the interest rate benchmark will be replaced, the cash flows of the alternative benchmark rate and the relevant spread adjustment. The REIT has amended its debt agreements to introduce applicable fall back clauses for the transition of its benchmark rates from U.S. LIBOR.

(in thousands of Canadian dollars)

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, finance lease receivable, and vendor take back loan. 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

Since the onset of the COVID-19 pandemic, the REIT's business has been affected by government-imposed travel bans and lockdowns in its markets. 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. The impact of this may include, but is not limited to, the valuation of its investment properties, the availability of financing 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, the long term impact to capital markets or the financial stability of the REIT's tenants is unknown at this time. Since April 2020, the REIT's rent collections ranged from 96% to 98% in cash each month. Future economic uncertainty may persist and will be impacted by the length and severity of future waves of the pandemic which could further impact the financial performance of the REIT.

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 investment 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, 2021	December 31, 2020
Debt, net	$ 986,059	$ 972,604
Class B LP units	27,482	21,880
Equity	616,962	604,743
Total	**$ 1,630,503**	**$ 1,599,227**

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, 2021	December 31, 2020
Total assets	$ 1,692,896	$ 1,679,207
Less: Restricted cash	(1,056)	(3,327)
Gross book value	**1,691,840**	**1,675,880**
Debt, net	986,059	972,604
Leverage ratio	**58.3%**	**58.0%**

(in thousands of Canadian dollars)

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

The REIT's revolving credit facility, 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 which may impact the available capacity based on the financial results of the REIT. 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 properties by geographic location:

	September 30, 2021	December 31, 2020
Canada	$ 1,283,190	$ 1,264,670
United States	334,654	329,275
Total	**$ 1,617,844**	**$ 1,593,945**

The following is a summary of rental revenue and property operating expenses by geographic location:

	Nine months ended September 30, 2021		
	Canada	United States	**Total**
Property revenue	$ 102,602	$ 32,353	**$ 134,955**
Property operating expenses	(52,401)	(15,819)	**(68,220)**
Net operating income	**$ 50,201**	**$ 16,534**	**$ 66,735**
Straight-line rent and other changes			**(6,599)**
IFRIC 21 property tax adjustment			**(2,384)**
Finance income on finance lease receivable			**2,465**
Interest income			**374**
Interest and finance costs			**(32,126)**
General and administrative			**(5,959)**
Change in fair value of financial instruments			**11,651**
Change in fair value of investment properties			**8,604**
Depreciation of hotel asset			**(765)**
Deferred and current income tax expense			**(1,831)**
Net income before Class B LP units			**$ 40,165**
Change in fair value of Class B LP units			**(5,602)**
Distributions to Class B LP unitholders			**(1,584)**
Net income			**$ 32,979**

(in thousands of Canadian dollars)

	Nine months ended September 30, 2020					
		Canada		United States		**Total**
Property revenue	$	112,296	$	32,006	**$**	**144,302**
Property operating expenses		(57,047)		(16,809)		**(73,856)**
Net operating income	**$**	**55,249**	**$**	**15,197**	**$**	**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 investment 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**

	Three months ended September 30, 2021					
		Canada		United States		**Total**
Property revenue	$	34,907	$	11,244	**$**	**46,151**
Property operating expenses		(17,700)		(5,439)		**(23,139)**
Net operating income	**$**	**17,207**	**$**	**5,805**	**$**	**23,012**
Straight-line rent and other changes						**(2,515)**
IFRIC 21 property tax adjustment						**2,368**
Finance income on finance lease receivable						**809**
Interest income						**113**
Interest and finance costs						**(10,585)**
General and administrative						**(1,847)**
Change in fair value of financial instruments						**(1,817)**
Change in fair value of investment properties						**41**
Depreciation of hotel asset						**(257)**
Deferred and current income tax expense						**(877)**
Net income before Class B LP units					**$**	**8,445**
Change in fair value of Class B LP units						**740**
Distributions to Class B LP unitholders						**(528)**
Net income					**$**	**8,657**

(in thousands of Canadian dollars)

	Three months ended September 30, 2020		
	Canada	United States	**Total**
Property revenue	$ 36,824	$ 10,486	**$ 47,310**
Property operating expenses	(18,041)	(5,229)	**(23,270)**
Net operating income	**$ 18,783**	**$ 5,257**	**$ 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 investment properties			**653**
Depreciation of hotel asset			**(264)**
Transaction costs			**(12)**
Deferred income tax expense			**—**
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**

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 nine months ended September 30, 2021, 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 current and deferred tax liabilities during the period:

	Nine months ended September 30,	
	2021	2020
Beginning of period	$ —	$ (92)
Current and deferred income tax (expense) recovery	(1,831)	96
Foreign exchange	(25)	(4)
End of period	**$ (1,856)**	**$ —**

(in thousands of Canadian dollars)

A reconciliation of the expected income taxes based upon the 2021 statutory rates and the income tax recovery recognized during the nine months ended September 30, 2021 and 2020 are as follows:

	Nine months ended September 30, 2021	2020
Net income (loss) before Class B LP units and taxes	$ 41,942	$ (3,611)
Canadian statutory tax rate	26.5%	26.5%
	$ 11,115	$ (957)
Amount not subject to tax	(8,249)	(557)
Valuation allowance	(1,250)	1,534
Tax rate differential	215	(116)
Current and deferred income tax expense (recovery)	**$ 1,831**	**$ (96)**

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 had been recorded for the year ended December 31, 2020 and the valuation allowance has been reversed in the nine months ended September 30, 2021.

For the nine months ended September 30, 2021, management has determined that it is probable that the deferred tax assets will be recognized through one or a combination of future reversals of temporary differences and taxable income. The deferred tax assets are recognized in full for the nine months ended September 30, 2021 to the extent of recognized deferred tax liabilities.

At September 30, 2021 and December 31, 2020, the REIT had tax losses carried forward available to reduce future years' taxable income, which expire as follows:

Year of expiry	September 30, 2021	December 31, 2020
2037	$ 268	$ 3,695
2038	2,751	2,751
Total non-capital losses	**$ 3,019**	**$ 6,446**
Total capital losses	**—**	**—**

At September 30, 2021, a subsidiary of the REIT had U.S. $4.1 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, 2021 are as follows:

		Cash flows			Non-cash changes			
	December 31, 2020	Proceeds	Payments	Financing costs and other	Foreign exchange	Fair value changes	Amortization of MTM adjustments and costs	September 30, 2021
Derivatives, net	$ 35,869	$ —	$ (8,596)	$ —	$ (97)	$ (8,346)	$ —	$ 18,830
Facilities[1]	326,336	27,327	(12,603)	(122)	(282)	—	1,218	341,874
Mortgages[1]	618,202	5,527	(7,900)	(268)	(449)	—	828	615,940
Convertible debentures	28,066	—	—	—	—	—	179	28,245
Class B LP units	21,880	—	—	—	—	5,602	—	27,482
Total	**$ 1,030,353**	**$ 32,854**	**$ (29,099)**	**$ (390)**	**$ (828)**	**$ (2,744)**	**$ 2,225**	**$ 1,032,371**

[1]Changes in financial instruments that hedge the REIT's liabilities arising from financing activities include the REIT's interest rate swaps. Refer to note 11 for more detail.

(in thousands of Canadian dollars)

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	Financing 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[2]	281,378	46,657	(105,445)	(26)	—	1,681	—	474	224,719
Mortgages[2]	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 the disposition of 4211 Yonge Street.

[2]Changes in financial instruments that hedge the REIT's liabilities arising from financing activities include the REIT's interest rate swaps. Refer to note 11 for more detail.

27. SUBSEQUENT EVENTS

The following events occurred subsequent to September 30, 2021:

i. On October 15, 2021, the REIT paid 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.

ii. On October 15, 2021, the REIT declared a distribution of $0.0333 per trust unit, payable on November 15, 2021 to unitholders of record as of the close of business on October 29, 2021. Holders of Class B LP units of the REIT will also be paid a distribution of $0.0333 per unit

iii. The REIT refinanced its revolving credit facility which extends the maturity date to October 2023. The Canadian revolving credit commitment was reduced from $300.0 million to $285.0 million as a result of the disposition of 1 Eva Road. The credit spreads on this facility improved by 50 basis points as a part of this refinancing.

iv. The REIT disposed of 4 Herald Avenue in Corner Brook, NL for $2.8 million, net proceeds were used to repay debt. The REIT was provided a $0.5 million vendor-take-back loan as partial consideration and bears interest at 10.0% annually for a one year term.

v. The REIT disposed of 1 Eva Road in Toronto, ON for $34.0 million, net proceeds were used to repay debt.

vi. The REIT refinanced 365 Hargrave in Winnipeg, MB for incremental proceeds of $3.0 million on a four year term.

vii. The REIT refinanced 120 South LaSalle for a one year term and obtained incremental proceeds of US$10.0 million with the existing lender.