

Condensed Consolidated Interim Financial Statements of

SLATE OFFICE REIT

(formerly "FAM Real Estate Investment Trust")

Three months and six months ended June 30, 2015
(Unaudited)

SLATE OFFICE REIT

Condensed Consolidated Interim Statements of Financial Position
(in thousands of Canadian dollars)
(unaudited)

	Note	As at June 30, 2015	As at December 31, 2014
Assets			
Non-current assets:			
Investment properties	4, 5	\$ 747,270	\$ 448,012
Equity accounted investment	6	13,636	11,105
Restricted cash		1,381	1,596
Total non-current assets		762,287	460,713
Current assets:			
Note receivable	7	6,559	6,559
Prepaid expenses and other assets		4,981	754
Accounts receivable	8	12,926	5,577
Cash		15,193	3,067
Total current assets		39,659	15,957
Total assets		\$ 801,946	\$ 476,670
Liabilities and Unitholders' Equity			
Non-current liabilities:			
Debt	9	\$ 439,563	\$ 251,853
Security deposits and provisions	10	3,355	3,082
Interest rate swap liabilities	11	3,038	2,239
Class B LP units	12	35,263	38,460
Warrants	13	—	8
Total non-current liabilities		481,219	295,642
Current liabilities:			
Debt	9	41,913	19,453
Vendor take-back loan	20	9,180	9,180
Warrants	13	8	—
Accounts payable and other liabilities	14, 20	20,446	12,301
Total current liabilities		71,547	40,934
Total liabilities		552,766	336,576
Unitholders' equity		249,180	140,094
Total liabilities and unitholders' equity		\$ 801,946	\$ 476,670

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

Approved by the Board of Trustees

"Pam Spackman" Trustee "Al Mawani" Trustee

SLATE OFFICE REIT

Condensed Consolidated Interim Statements of Income (Loss) and Comprehensive Income (Loss)

(in thousands of Canadian dollars)

(unaudited)

	Note	Three months ended June 30,		Six months ended June 30,	
		2015	2014	2015	2014
Revenue from investment properties		\$ 14,390	\$ 7,972	\$ 28,472	\$ 16,179
Property operating expenses	20	(6,387)	(3,045)	(12,841)	(6,487)
Property operating income		8,003	4,927	15,631	9,692
General and administration	17, 20	(798)	(520)	(1,391)	(1,052)
Special Committee related expenses		—	(220)	—	(338)
Finance costs, net	18	2,280	(2,729)	(2,860)	(6,241)
Share of net income (loss) from equity accounted investment	6	1,250	(109)	2,440	(109)
Fair value adjustments to financial instruments	19	5,385	6	3,197	(290)
Fair value adjustments to investment properties	4	(5,412)	(3,227)	(7,539)	(3,888)
Loss on disposition of investment property	5	(228)	—	(228)	—
Net income (loss) and comprehensive income (loss)		\$ 10,480	\$ (1,872)	\$ 9,250	\$ (2,226)

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

SLATE OFFICE REIT

Condensed Consolidated Interim Statements of Changes in Unitholders' Equity

(in thousands of Canadian dollars)

(unaudited)

June 30, 2015	Note	Trust units	Retained earnings	Total
Unitholders' equity, beginning of period		\$ 124,532	\$ 15,562	\$ 140,094
Issued on public offering	5, 15	75,199	—	75,199
Issued on private placement	5, 15	35,000	—	35,000
Issue costs	15	(4,035)	—	(4,035)
Distributions declared	16	—	(6,579)	(6,579)
Units issued pursuant to Distribution Reinvestment Plan ("DRIP")	15	251	—	251
Net income and comprehensive income		—	9,250	9,250
Unitholders' equity, end of period		\$ 230,947	\$ 18,233	\$ 249,180

June 30, 2014	Note	Trust units	Retained earnings	Total
Unitholders' equity, beginning of period		\$ 77,993	\$ 21,153	\$ 99,146
Issued on public offering	15	17,302	—	17,302
Issued on private placement	15	7,360	—	7,360
Issue costs	15	(1,250)	—	(1,250)
Distributions declared	16	—	(3,751)	(3,751)
Units issued pursuant to DRIP	15	1,534	—	1,534
Net loss and comprehensive loss		—	(2,226)	(2,226)
Unitholders' equity, end of period		\$ 102,939	\$ 15,176	\$ 118,115

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

SLATE OFFICE REIT

Condensed Consolidated Interim Statements of Cash Flows

(in thousands of Canadian dollars)

(unaudited)

	Note	Three months ended June 30,		Six months ended June 30,	
		2015	2014	2015	2014
Operating activities:					
Net income (loss)		\$ 10,480	\$ (1,872)	\$ 9,250	\$ (2,226)
Items not affecting cash	24	(3,644)	5,392	4,119	9,211
Change in non-cash working capital		8,566	1,035	8,119	1,872
Interest paid on mortgages payable		(2,618)	(1,506)	(5,239)	(3,020)
Interest paid on vendor take-back loan		(69)	(69)	(138)	(138)
Interest paid on revolving credit facilities		(139)	(68)	(192)	(121)
Distributions on Class B LP units	16	(952)	—	(1,903)	—
Cash flows from operating activities		11,624	2,912	14,016	5,578
Investing activities:					
Acquisition of investment properties	5	(313,546)	—	(313,546)	—
Capital expenditures, net of building improvement payable	4	(236)	(362)	(417)	(413)
Direct leasing expenses, net of tenant improvement payable	4	(2,166)	(330)	(3,594)	(543)
Proceeds from disposition of investment property, net of amounts receivable	5	(152)	—	(152)	—
Issuance of note receivable	7	—	(3,500)	—	(6,500)
Investment in equity-accounted investee		—	(9,596)	—	(9,596)
Cash flows used in investing activities		(316,100)	(13,788)	(317,709)	(17,052)
Financing activities:					
Proceeds from public offering	15	80,068	17,302	80,068	17,302
Proceeds from private placement	15	35,000	7,360	35,000	7,360
Transaction costs on equity offering	15	(4,035)	(1,250)	(4,035)	(1,250)
Mortgage principal payments		(1,039)	(989)	(2,073)	(1,975)
Transaction costs on mortgages and revolving credit facilities		(1,846)	(10)	(1,856)	(118)
Drawdown (repayment) of revolving credit facilities, net		212,319	(5,025)	214,069	(1,750)
Distributions paid on trust units		(2,664)	(1,633)	(5,354)	(3,148)
Cash flows from financing activities		317,803	15,755	315,819	16,421
Increase in cash		13,327	4,879	12,126	4,947
Cash, beginning of period		1,866	1,853	3,067	1,785
Cash, end of period		\$ 15,193	\$ 6,732	\$ 15,193	\$ 6,732

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

SLATE OFFICE REIT

Notes to Condensed Consolidated Interim Financial Statements

(all tabular amounts are expressed in thousands of Canadian dollars, unless otherwise noted)

(unaudited)

For the three months and six months ended June 30, 2015

1. Organization

Slate Office REIT (the “Trust” or the “REIT”), formerly known as FAM Real Estate Investment Trust, is an unincorporated, open-ended real estate investment trust constituted in accordance with the laws of the Province of Ontario pursuant to an amended and restated Declaration of Trust dated as of December 17, 2014, as amended on March 16, 2015 and May 25, 2015. The REIT’s trust units and trust unit purchase warrants are listed on the Toronto Stock Exchange (“TSX”) and traded under the symbols “SOT.UN” and “SOT.WT”, respectively. The registered office of the Trust is located at 121 King Street West, Toronto, ON, Canada M5H 3T9.

2. Basis of preparation

(a) Statement of compliance:

These condensed consolidated interim financial statements have been prepared in accordance with *IAS 34, Interim Financial Reporting* (“IAS 34”) as issued by the International Accounting Standards Board (“IASB”). 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 condensed consolidated interim financial statements should be read in conjunction with the Trust’s audited consolidated financial statements for the year ended December 31, 2014 (“Annual Financial Statements”).

These financial statements were approved by the Board of Trustees and authorized for issue on August 6, 2015.

(b) Basis of measurement:

These condensed consolidated interim financial statements have been prepared on a going concern basis and historical cost basis except for the following material items:

- Investment properties are measured at fair value;
- Financial instruments classified as fair value through profit or loss are measured at fair value.

These condensed consolidated interim financial statements are presented in Canadian dollars, which is the Trust’s functional currency.

(c) Use of estimates and judgments:

The preparation of these condensed consolidated interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses and disclosures of contingent assets and liabilities. Actual results could differ from the estimated amounts.

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Notes to Condensed Consolidated Interim Financial Statements

(all tabular amounts are expressed in thousands of Canadian dollars, unless otherwise noted)

(unaudited)

For the three months and six months ended June 30, 2015

2. Basis of preparation (continued)

(c) Use of estimates and judgments (continued):

The critical judgments made by management in the process of applying the Trust's accounting policies, apart from those involving estimations, that have the most significant effect on the reported amounts of assets and liabilities at the date of the condensed consolidated interim financial statements and the reported amounts of revenues and expenses during the period are as follows:

(i) Business combinations:

The Trust makes certain judgments based on relevant facts and circumstances to determine whether a set of assets acquired and liabilities assumed constitute a business accounted for as a business combination. The Trust has determined that the acquisition of the investment properties on June 30, 2015 and December 17, 2014 constituted asset acquisitions.

(ii) Leases:

The Trust makes judgments in determining whether certain leases, in particular those leases with long contractual terms where the lessee is the sole tenant in a property and long-term ground leases where the Trust is the lessee, are operating or finance leases. The Trust has determined that none of its leases are finance leases.

(iii) Lease incentives:

Lease incentives such as rent-free periods and lessee or lessor owned improvements may be provided to lessees to enter into an operating lease. Lease incentives that do not provide benefits beyond the initial lease term are included in the carrying amount of investment properties and are amortized as a reduction of rental revenue on a straight-line basis over the term of the lease. This assessment requires the consideration of several factors, including whether the incentives enhance the value of the property, uniqueness of the improvements, and tenant discretion in use of funds.

(iv) Income taxes:

The Trust has determined that it is not subject to income taxes as it intends to continue to meet prescribed conditions under the Income Tax Act (Canada) and make distributions not less than the amount necessary to ensure that it is not liable to pay income taxes under current tax legislation.

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Notes to Condensed Consolidated Interim Financial Statements

(all tabular amounts are expressed in thousands of Canadian dollars, unless otherwise noted)

(unaudited)

For the three months and six months ended June 30, 2015

2. Basis of preparation (continued)

(c) Use of estimates and judgments (continued):

(v) Assets and liabilities held for sale:

The Trust makes judgments in determining whether certain non-current assets or group of assets and liabilities meet the specified criteria under IFRS for classification as held for sale. As at June 30, 2015, the Trust has determined that there were no assets or group of assets and liabilities that met the specified criteria.

The key estimates and assumptions made by management about the future and other major sources of estimation uncertainty at the date of the condensed consolidated interim financial statements that have a significant risk of resulting in a material adjustment to the carrying amounts of assets within the next financial year are as follows:

(i) Valuation of investment properties:

The fair values of investment properties, including the investment property under development held by the equity-accounted investee, are determined by management using recognized valuation techniques with a portion of fair values supported by externally qualified third party appraisers. The critical estimates and assumptions underlying the valuation of investment properties include, among other things, rental revenue from current leases, rental revenue from future leases in light of current conditions, future cash outflows in respect of leasing costs, capital expenditures, property operations, and capitalization and discount rates based on market data within the applicable market segment and geographical location. In addition, critical estimates for the investment property under development also include the exercise of the purchase option by the tenant and the stage of completion. Valuations are most sensitive to changes in discount rates and capitalization rates. Changes to the estimates and assumptions used by management or to local and general economic conditions can result in a significant change to the valuation of investment properties, which will be recognized as fair value adjustments during the periods the changes occur.

3. Significant accounting policies

New standards applicable in future periods

IFRS 9, *Financial Instruments* ("IFRS 9"), replaces the guidance in IAS 39, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets and liabilities.

Under IFRS 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their cash flows. In addition, under IFRS 9 for financial liabilities measured at fair value, changes in fair value attributable to changes in credit risk will be recognized in

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(all tabular amounts are expressed in thousands of Canadian dollars, unless otherwise noted)

(unaudited)

For the three months and six months ended June 30, 2015

3. Significant accounting policies (continued)

other comprehensive income, with the remainder of the changes recognized in profit or loss. However, if this requirement creates or enlarges an accounting mismatch in profit or loss, the entire change in fair value will be recognized in profit or loss. The mandatory effective date of IFRS 9 is for annual periods beginning on or after January 1, 2018. The Trust is currently evaluating the impact of IFRS 9 on its condensed consolidated interim financial statements.

In May 2014, the IASB issued IFRS 15, *Revenue from Contracts with Customers*. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. The new standard applies to contracts with customers. It does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other IFRSs. The new standard is effective for annual periods beginning on or after January 1, 2017. The Trust does not expect the standard to have a material impact on its condensed consolidated interim financial statements.

In December 2014, the IASB issued amendments to IAS 1, *Presentation of Financial Statements* as part of its major initiative to improve presentation and disclosure in financial reports. These amendments will not require any significant change to current practice, but should facilitate improved financial statement disclosures. The amendments are effective for annual periods beginning on or after January 1, 2016. The extent of the impact of adoption has not yet been determined.

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Notes to Condensed Consolidated Interim Financial Statements

(all tabular amounts are expressed in thousands of Canadian dollars, unless otherwise noted)

(unaudited)

For the three months and six months ended June 30, 2015

4. Investment properties

	Note	June 30, 2015	December 31, 2014
Balance, beginning of period		\$ 448,012	\$ 265,367
Acquisition of investment properties	5(a)	308,648	183,529
Additions:			
Capital expenditures		417	1,470
Direct leasing expenses		3,566	1,861
Disposition of investment property	5(b)	(6,700)	—
Provisions		(5)	94
Fair value adjustments		(7,539)	(4,620)
Amortization of leasing expenses and straight-line rents included in revenue, net		871	311
Balance, end of period		\$ 747,270	\$ 448,012

Fair value of investment properties:

Investment properties are measured at fair value at each reporting date. Each of the Trust's investment properties are subject to an external appraisal on a rotating schedule such that each property will be appraised at least once over a two-year period. There were five investment properties externally appraised in each of the periods ending June 30, 2015, and December 31, 2014.

The valuation process for externally and internally appraised investment properties utilizes the direct capitalization, discounted cash flow, and direct comparison approaches. Under the direct capitalization approach, fair values are determined by capitalizing the stabilized net operating income at the market capitalization rates. Under the discounted cash flow approach, fair values are determined by discounting the expected future cash flows, generally over a term of 10 years, using an appropriate discount rate and including a terminal value based on the application of a terminal capitalization rate.

Fair value adjustments to investment properties include capitalized transaction costs on the acquisition of the Portfolio and Co-owned Properties.

At June 30, 2015, all valuations, other than those that were externally appraised during the period, were completed by management of the Trust using the overall direct capitalization method. The market capitalization rates at June 30, 2015 ranged from 5.5% to 10.0%.

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Notes to Condensed Consolidated Interim Financial Statements

(all tabular amounts are expressed in thousands of Canadian dollars, unless otherwise noted)

(unaudited)

For the three months and six months ended June 30, 2015

4. Investment properties (continued)

Fair value of investment properties (continued):

As at June 30, 2015, investment properties with an aggregate fair value of \$745.7 million (December 31, 2014 - \$448.4 million) were pledged as security for outstanding mortgages and the revolving credit facilities.

5. Acquisitions and dispositions of investment properties

(a) *Asset acquisitions:*

(i) Fortis Properties

On June 30, 2015, the Trust completed the acquisition of a 100% undivided interest in eleven commercial properties (the "Portfolio Properties") and a 10% undivided interest in three commercial properties (the "Co-Owned Properties") from Fortis Properties Corporation ("Fortis"), for cash consideration of \$304 million. A Canadian institutional real estate fund (the "Co-Owner"), acquired the remaining 90% undivided interest in the Co-Owned Properties. Concurrently with the closing of the acquisition, the Trust entered into a co-ownership agreement (the "Co-Ownership Agreement") with the Co-Owner in connection with the Co-owned Properties.

The Co-Ownership Agreement includes put/call rights pursuant to which the Co-owner can put to the Trust (i) an additional 39% interest in the Co-Owned Properties on June 1, 2016, and (ii) the remaining interest in the Co-Owned Properties on December 1, 2016. Also on June 1, 2016 and December 1, 2016, the Trust will have the right to acquire from the Co-Owner up to an additional 39% in the Co-Owned Properties. The Co-Ownership Agreement specifies the price at which the respective interests in the Co-Owned Properties may be purchased/sold. The put/call rights expire on December 15, 2016.

The purchase of the Portfolio Properties was financed through a combination of (i) a \$230 million revolving operating facility of which \$190 million was drawn (note 9), (ii) the issuance of 10,820,000 trust units at a price of \$7.40 per trust unit by way of public offering, and (iii) the issuance of 4,729,729 trust units by way of private placement to Fortis Inc., the parent company of Fortis, at a price of \$7.40 per unit. In addition, the Co-owner and the Trust entered into a \$105 million term loan facility of which the Trust's 10% share is \$10.5 million (note 9).

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Notes to Condensed Consolidated Interim Financial Statements

(all tabular amounts are expressed in thousands of Canadian dollars, unless otherwise noted)

(unaudited)

For the three months and six months ended June 30, 2015

5. Acquisitions and dispositions of investment properties (continued)

(a) Asset acquisitions (continued):

The transaction was accounted for as an asset acquisition with the purchase price allocated as follows:

	Co-owned Properties	Portfolio Properties	Total
Net assets acquired:			
Purchase price	\$ 14,000	\$ 290,000	\$ 304,000
Transaction costs	110	5,541	5,651
Other	(97)	(906)	(1,003)
Investment properties	14,013	294,635	308,648
Working capital items, net	395	4,503	4,898
	\$ 14,408	\$ 299,138	\$ 313,546
Total consideration:			
Cash paid		\$	313,546

(ii) Suburban Office

On December 17, 2014, the Trust completed the acquisition of seven office properties (the "Acquisition Properties") from Slate GTA Suburban Office Inc. ("Suburban Office"), for consideration of \$190.0 million, before transaction costs of \$3.2 million and net closing adjustments of \$5.6 million. The purchase of the Acquisition Properties was financed through a combination of (i) \$144.0 million in cash, (ii) the issuance of 2,794,363 trust units at a price of \$9.00 per unit, and (iii) the issuance of 2,096,686 Class B LP units at a price of \$9.00 per unit of FAM II LP, along with 2,096,686 special voting units that provide the same voting rights as the trust units of the REIT to the Manager, and (iv) the REIT's existing liquidity.

SLATE OFFICE REIT

Notes to Condensed Consolidated Interim Financial Statements

(all tabular amounts are expressed in thousands of Canadian dollars, unless otherwise noted)

(unaudited)

For the three months and six months ended June 30, 2015

5. Acquisitions and dispositions of investment properties (continued)

The transaction was accounted for as an asset acquisition with the final purchase price allocated as follows:

Net assets acquired:		
Purchase price	\$	190,000
Transaction costs		3,246
Unit price premium		(8,950)
Other adjustments, net		(767)
Investment properties		183,529
Working capital items, net		(4,841)
	\$	178,688
Total consideration:		
Cash paid	\$	147,246
2,794,363 Trust units ¹		25,149
2,096,686 Class B LP units ¹		18,870
Receivable from vendor		(3,627)
Unit price premium		(8,950)
	\$	178,688

1 - Expressed at \$9.00 per unit price, includes unit price premium.

The issuance of the Class B LP units and the trust units at a price of \$9.00 per unit represents an estimated \$1.83 premium per unit over the fair value of the trust units of \$7.17 per unit as at December 17, 2014, resulting in a total premium of \$9.0 million.

(b) Asset dispositions:

On June 18, 2015, the Trust completed the sale of an industrial property located in Winnipeg, Manitoba for \$6.7 million. The Trust incurred \$0.2 million in professional fees, which was recorded as a loss on disposition of investment property. On July 13, 2015, \$4.2 million of the net proceeds was received by the Trust and the balance of \$2.3 million was repaid to discharge the related mortgage.

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Notes to Condensed Consolidated Interim Financial Statements

(all tabular amounts are expressed in thousands of Canadian dollars, unless otherwise noted)

(unaudited)

For the three months and six months ended June 30, 2015

6. Equity accounted investment

		June 30, 2015		December 31, 2014
Balance, beginning of period	\$	11,105	\$	—
Initial investment		—		9,501
Acquisition fees		91		103
Share of net income		2,440		1,501
Balance, end of period	\$	13,636	\$	11,105

On April 22, 2014, the Trust entered into an agreement to invest in a fully pre-leased 64,000 square feet data centre development in Winnipeg, Manitoba (the "Data Centre development"). The Trust acquired a 50% equity ownership interest in a limited partnership and its general partner (the "Partnership") that owns the Data Centre development through a \$9.5 million investment paid in cash.

On June 5, 2015, the Data Centre development was completed and was ready for occupancy by the tenant, triggering the commencement of the lease and rent.

In connection with the investment in the Partnership, the Trust also issued a \$6.6 million mezzanine loan (the "Mezzanine Loan") to the other 50% limited partner, an arm's length company to fund a portion of its \$9.5 million capital contribution in the Partnership in fiscal 2014 (note 7).

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Notes to Condensed Consolidated Interim Financial Statements

(all tabular amounts are expressed in thousands of Canadian dollars, unless otherwise noted)

(unaudited)

For the three months and six months ended June 30, 2015

6. Equity accounted investment (continued)

The following amounts represent summarized financial information about the Partnership's assets and liabilities, reconciled to the carrying amount of the Trust's investment in the Partnership:

	June 30, 2015	December 31, 2014
Assets		
Total non-current assets	66,213	34,904
Total current assets	3,045	36,428
Total assets	\$ 69,258	\$ 71,332
Liabilities		
Total non-current liabilities	40,146	37,921
Total current liabilities	2,229	11,408
Total liabilities	42,375	49,329
Net assets	26,883	22,003
Ownership interest in the Partnership	50.0%	50.0%
Trust's share of net assets	13,442	11,002
Acquisition fees	194	103
Trust's net investment	\$ 13,636	\$ 11,105

The following amounts represent summarized financial information about the Partnership's expenses for the three and six months ended June 30, 2015 and 2014, reconciled to the Trust's share of net income:

	Three months ended		Six months ended	
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
Net income (loss) and comprehensive income (loss)	2,500	(218)	4,880	(218)
Ownership interest in the Partnership	50.0%	50.0%	50.0%	50.0%
Share of net income (loss)	\$ 1,250	\$ (109)	\$ 2,440	\$ (109)

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(unaudited)

For the three months and six months ended June 30, 2015

7. Note receivable

In 2014, in relation to the Data Center development, the Mezzanine Loan of \$6.6 million was issued to the other 50% limited partner of the Partnership (note 6). The Mezzanine Loan accrues interest at a rate of 13.3% per annum and is repayable on July 31, 2015 (note 25).

If the Mezzanine Loan is not repaid in full, it will be converted into an additional 30% equity ownership interest in the Partnership. If only a portion of the Mezzanine Loan is repaid, the equity ownership interest conversion will be pro-rated based on the amount outstanding. The remaining 20% equity ownership interest held by the other limited partner is subject to a put-call option. The put-call option becomes effective if at least 50% of the Mezzanine Loan's face value of \$3.3 million is not repaid. Under the put-call option, the Trust will have the option to purchase the other limited partner's remaining equity interest in the Partnership at fair market value. Similarly, the other limited partner will have the option to obligate the Trust to purchase the limited partner's residual equity interest in the Partnership at fair market value.

During the three months and six months ended June 30, 2015, the Trust earned \$0.3 million and \$0.5 million of interest income in connection with the Mezzanine Loan, respectively, (three months and six months ended June 30, 2014 - \$0.2 million and \$0.2 million, respectively). The interest receivable on the Mezzanine Loan is included in accounts receivable on the condensed consolidated interim statements of financial position (note 8).

8. Accounts receivable

	Note	June 30, 2015	December 31, 2014
Rents receivable		\$ 1,990	\$ 301
Accrued recovery income		1,043	128
Interest receivable on Mezzanine Loan	7	1,082	601
Other amounts receivable		8,939	4,677
Allowance for doubtful accounts		(128)	(130)
		\$ 12,926	\$ 5,577

Included in other amounts receivable is \$1.4 million (December 31, 2014 - \$3.8 million) due from the Manager (note 20) relating to the Suburban Office transaction (note 5) for 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. Also, included in other amounts receivable are proceeds of \$6.6 million from the disposition of an industrial property which was collected in July 2015 (note 5(b)).

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Notes to Condensed Consolidated Interim Financial Statements

(all tabular amounts are expressed in thousands of Canadian dollars, unless otherwise noted)

(unaudited)

For the three months and six months ended June 30, 2015

9. Debt

Debt held by the Trust at June 30, 2015 is as follows:

		Weighted Average Term to Maturity (years)	Range of Term to Maturity (years)	Weighted Average Interest Rate (%)	Range of Interest Rate (%)	Maximum available	Principal	Available to be drawn ⁽¹⁾
Mortgages payable	(a)	2.97	0.00 - 9.60	3.88%	3.17%-6.15%	\$ 268,486	\$ 268,486	\$ —
Revolving Operating Facility	(b)	3.00	3.00	3.85%	Prime plus 1.00%	230,000	190,000	40,000
Revolving Credit Facility	(c)	0.42	0.42	4.10%	Prime plus 1.25%	17,000	15,069	1,931
Term Loan Facility	(d)	2.00	2.00	3.98%	Prime plus 1.13%	10,500	10,500	—
						\$ 525,986	\$ 484,055	\$ 41,931

1- Debt available to be drawn is subject to certain covenants in addition to the debt to gross book value limit of 65% as per the Declaration of Trust.

Debt held by the Trust at December 31, 2014 is as follows:

		Weighted Average Term to Maturity (years)	Range of Term to Maturity (years)	Weighted Average Interest Rate (%)	Range of Interest Rate (%)	Maximum available	Principal	Available to be drawn ⁽¹⁾
Mortgages payable	(a)	3.47	0.25-10.10	4.07%	3.51%-6.15%	270,559	270,559	—
Revolving Credit Facility	(c)	0.92	0.92	Prime plus 1.25%	Prime plus 1.25%	17,000	1,500	15,500
						\$ 287,559	\$ 272,059	\$ 15,500

1- Debt available to be drawn is subject to certain covenants in addition to the debt to gross book value limit of 65% as per the Declaration of Trust.

The carrying value of debt held by the REIT at June 30, 2015 is as follows:

		Principal	Mark-to-market ("MTM") adjustments	Unamortized transaction costs	Carrying amount	Current	Non-current
Mortgages payable	(a)	\$ 268,486	\$ 213	\$ (890)	\$ 267,809	\$ 26,891	\$ 240,918
Revolving Operating Facility	(b)	190,000	—	(1,819)	188,181	—	188,181
Revolving Credit Facility	(c)	15,069	—	(47)	15,022	15,022	—
Term Loan Facility	(d)	10,500	—	(36)	10,464	—	10,464
		\$ 484,055	\$ 213	\$ (2,792)	\$ 481,476	\$ 41,913	\$ 439,563

SLATE OFFICE REIT

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(all tabular amounts are expressed in thousands of Canadian dollars, unless otherwise noted)

(unaudited)

For the three months and six months ended June 30, 2015

9. Debt (continued)

The carrying value of debt held by the REIT at December 31, 2014 is as follows:

	Principal	Mark-to-market ("MTM") adjustments and costs	Unamortized transaction costs	Carrying amount	Current	Non- current
Mortgages payable (a)	\$ 270,559	\$ 331	\$ (982)	\$ 269,908	\$ 18,055	\$ 251,853
Revolving Credit Facility (c)	\$ 1,500	—	(102)	1,398	1,398	—
	\$ 272,059	\$ 331	\$ (1,084)	\$ 271,306	\$ 19,453	\$ 251,853

(a) Mortgages payable:

The mortgages payable are secured by mortgage charges registered against the title of specific investment properties, assignment of book debts, assignment of rents and repayment guarantees. The Manager has provided a guarantee on a mortgage with a principal balance of \$1.8 million at June 30, 2015 (December 31, 2014- \$1.8 million). The Trust is required to maintain quarterly and annual debt service, interest service, and loan to value ratios for certain mortgages. As at June 30, 2015 and December 31, 2014, the Trust was compliant with all financial covenants.

Future principal payments, excluding amortization of mark-to-market adjustments and transaction costs, on mortgages payable at June 30, 2015 are as follows:

2015 (remaining six months)	\$	15,982
2016		158,081
2017		10,084
2018		21,227
2019		21,029
Thereafter		42,083

(b) Revolving operating facility:

On June 30, 2015, in connection with the acquisition of the Portfolio Properties (note 5(a)), the Trust entered into a revolving operating facility maturing on June 30, 2018, which is secured by each of the Portfolio Properties.

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(all tabular amounts are expressed in thousands of Canadian dollars, unless otherwise noted)

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For the three months and six months ended June 30, 2015

9. Debt (continued)

(c) *Revolving credit facility:*

The Trust has a revolving credit facility that expires on November 30, 2015 and is secured by four investment properties.

(d) *Term loan facility:*

In connection with the acquisition of the Co-Owned Properties (note 5(a)), the Trust and the Co-Owner entered into a \$105.0 million term loan facility of which the Trust's 10% share is \$10.5 million. The loan facility has a maturity date of June 30, 2017, is secured by the Co-Owned Properties, and includes a limited recourse guarantee by the Trust of 10% of the outstanding amount of the term loan facility.

The Trust is required under all three facility agreements to maintain certain financial ratios at the end of each reporting period and a minimum unitholders' equity balance at all times. As at June 30, 2015 and December 31, 2014, the Trust was compliant with all financial covenants.

10. Security deposits and provisions

	June 30, 2015	December 31, 2014
Security deposits	\$ 2,741	\$ 2,459
Provisions	614	623
	\$ 3,355	\$ 3,082

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Notes to Condensed Consolidated Interim Financial Statements

(all tabular amounts are expressed in thousands of Canadian dollars, unless otherwise noted)

(unaudited)

For the three months and six months ended June 30, 2015

11. Interest rate swaps

As at June 30, 2015, the Trust has interest rate swaps that entitle the Trust to receive interest at floating rates and pay interest at a fixed rate.

The interest rate swaps are re-measured at fair value at the end of each reporting period with fair values calculated as the present value of contractual cash flows based on quoted forward curves and discount rates incorporating the applicable yield curve. The following tables summarize the interest rate swap agreements outstanding as at June 30, 2015 and December 31, 2014:

Notional amount at June 30, 2015	Effective interest rate	Maturity date	Unrealized loss for the six months ended June 30, 2015	Cumulative unrealized loss at June 30, 2015
\$ 3,700	5.89%	1-Feb-25	\$ 22	\$ 656
22,060	4.60%	14-Aug-23	335	1,817
23,679	3.68%	1-May-23	442	565
			799	3,038

Notional amount at December 31, 2014	Effective interest rate	Maturity date	Unrealized loss for the year ended December 31, 2014	Cumulative unrealized loss at December 31, 2014
\$ 3,840	5.89%	1-Feb-25	\$ 76	\$ 634
22,325	4.60%	14-Aug-23	1,471	1,482
24,005	3.68%	1-May-23	1,628	123
			3,175	2,239

12. Class B LP units

The Class B LP units are exchangeable into trust units of the REIT on a one-for-one basis subject to anti-dilution adjustments. As at June 30, 2015, the Class B LP units were re-measured based on the quoted closing price of the trust units into which they are exchangeable.

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Notes to Condensed Consolidated Interim Financial Statements

(all tabular amounts are expressed in thousands of Canadian dollars, unless otherwise noted)

(unaudited)

For the three months and six months ended June 30, 2015

12. Class B LP units (continued)

The change in Class B LP units during the six months ended June 30, 2015 and the year ended December 31, 2014 are as follows:

	Note	June 30, 2015		December 31, 2014	
		Units	Amount	Units	Amount
Balance, beginning of period		5,073,818	\$ 38,460	2,977,132	\$ 25,871
Issued in connection with the acquisition of investment properties	5	—	—	2,096,686	15,033
Fair value adjustment		—	(3,197)	—	(2,444)
Balance, end of period		5,073,818	\$ 35,263	5,073,818	\$ 38,460

During the three months and six months ended June 30, 2015, the Trust declared distributions of \$0.9 million and \$1.9 million (three months and six months ended June 30, 2014 - \$0.5 million and \$1.0 million) on the Class B LP units, which were recorded as finance costs (note 18).

During the year ended December 31, 2014, FAM II LP issued 2,096,686 Class B LP units to Suburban Office in connection with the purchase of the Acquisition Properties (note 5(a)).

13. Warrants

Each warrant entitles the holder to acquire one trust unit of the REIT at an exercise price of \$10.50 per trust unit at any time until December 28, 2015. As at June 30, 2015, the warrants were re-measured based on the quoted closing price of the warrants. The change in warrants during the six months ended June 30, 2015 and the year ended December 31, 2014 are as follows:

	June 30, 2015		December 31, 2014	
	Warrants	Amount	Warrants	Amount
Balance, beginning of period	1,598,550	\$ 8	1,598,550	\$ 64
Fair value adjustment	—	—	—	(56)
Balance, end of period	1,598,550	\$ 8	1,598,550	\$ 8

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(all tabular amounts are expressed in thousands of Canadian dollars, unless otherwise noted)

(unaudited)

For the three months and six months ended June 30, 2015

14. Accounts payable and other liabilities

	June 30, 2015		December 31, 2014	
Trade payables and accrued liabilities	\$	17,654	\$	8,089
Prepaid rent		1,499		912
Tenant improvement payable		1,293		3,300
	\$	20,446	\$	12,301

15. Unitholders' equity

(a) Trust units:

The change in trust units during the six months ended June 30, 2015 and the year ended December 31, 2014 are as follows:

	Note	June 30, 2015		December 31, 2014	
		Units	Amount	Units	Amount
Balance, beginning of period		14,935,795	\$ 124,532	8,974,482	\$ 77,993
Units issued on public offering	15(b,d)	10,820,000	75,199	1,955,000	17,302
Units issued on private placement	15(b,d)	4,729,729	35,000	831,639	7,360
Units issued in connection with the acquisition of investment properties	15(c)	—	—	2,794,363	20,036
Issue costs		—	(4,035)	—	(1,292)
Units issued pursuant to DRIP		33,074	251	380,311	3,133
Balance, end of period		30,518,598	\$ 230,947	14,935,795	\$ 124,532

(b) Issuance of June 2015 trust units:

On June 10, 2015, the Trust completed a public offering of 10,820,820 subscription receipts at \$7.40 per subscription receipt, for gross proceeds of \$80.1 million. Each subscription receipt, entitled the holder to the right to receive one trust unit upon completion of the acquisition of the Fortis Properties. On June 30, 2015, upon completion of the acquisition of the Fortis Properties, the Trust issued trust units to the holders. The issuance of the subscription receipts at \$7.40 per unit represents an estimated \$0.45 price premium over the fair value of the trust units on June 30, 2015 of \$6.95 per trust unit, resulting in a total premium of \$4.9 million which has been recorded as finance costs, net (note 18), which results in the trust units issued at \$75.2 million. In addition, the Trust completed a \$35 million private placement of units of the Trust to Fortis Inc., an affiliate of Fortis.

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(all tabular amounts are expressed in thousands of Canadian dollars, unless otherwise noted)

(unaudited)

For the three months and six months ended June 30, 2015

15. Unitholders' equity (continued)

(c) Issuance of December 2014 trust units:

On December 17, 2014, as partial consideration for the purchase of the Acquisition Properties (note 5(a)), the Trust issued 2,794,363 trust units at fair value of \$7.17 per trust unit for gross proceeds of \$20.0 million.

(d) Issuance of May 2014 trust units:

On May 13, 2014, in connection with the investment in the Partnership (note 5), the Trust completed a public offering of 1,955,000 trust units, inclusive of 255,000 trust units issued pursuant to the full exercise of the over-allotment option at a price of \$8.85 per trust unit, for gross proceeds of approximately \$17.3 million (the "May 2014 Offering").

Concurrent with the closing of the May 2014 Offering, the Trust issued 831,639 trust units on a private placement basis to the Manager (note 20), at a purchase price of \$8.85 per trust unit for gross proceeds of \$7.4 million.

After deducting issuance costs of \$1.3 million, net proceeds of \$23.4 million from the May 2014 Offering and the private placement were used to (i) fund the investment in the Partnership including the Mezzanine Loan (note 5 and 7) and any additional amounts payable for closing costs, (ii) repay amounts drawn on the Trust's revolving credit facility, and (iii) for general corporate purposes.

(e) Deferred unit plan:

Effective May 26, 2015, the REIT adopted a Deferred Unit Plan ("DUP"). Trustees of the REIT who are neither full nor part-time employees of the REIT, Slate Asset Management, or any of their subsidiaries, are eligible to participate in the 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 REIT units on the date of the redemption request.

As at June 30, 2015, the liability associated with the deferred units was nominal, and the outstanding deferred units was 2,384.

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(all tabular amounts are expressed in thousands of Canadian dollars, unless otherwise noted)

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For the three months and six months ended June 30, 2015

16. Distributions

Pursuant to the Declaration of Trust, the income of the Trust is distributed on dates and in amounts as determined by the Trustees. During the three months and six months ended June 30, 2015, the Trust declared monthly distributions of \$0.0625 per unit. The distributions were paid on or about the 15th day of the month following declaration. The Trust has a 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 and will also receive a "bonus distribution" of units equal in value to 3% of each distribution.

The following table summarizes the distributions declared for the three months and six months ended June 30, 2015:

	Three months ended June 30, 2015		Six months ended June 30, 2015	
	Trust units	Class B LP units	Trust units	Class B LP units
Cash distributions	\$ 3,617	\$ 952	\$ 6,302	\$ 1,903
DRIP distributions	160	—	277	—
Distributions declared	3,777	952	6,579	1,903
Less: distributions payable, end of period	(1,907)	(317)	(1,907)	(317)
Plus: distributions payable, beginning of period	934	317	933	317
Distributions paid or settled	\$ 2,804	\$ 952	\$ 5,605	\$ 1,903

SLATE OFFICE REIT

Notes to Condensed Consolidated Interim Financial Statements

(all tabular amounts are expressed in thousands of Canadian dollars, unless otherwise noted)

(unaudited)

For the three months and six months ended June 30, 2015

16. Distributions (continued)

The following table summarizes the distributions declared for the three months and six months ended June 30, 2014:

	Three months ended June 30, 2014		Six months ended June 30, 2014	
	Trust units	Class B LP units	Trust units	Class B LP units
Cash distributions	\$ 1,751	\$ —	\$ 3,266	\$ —
Distributions reinvested in trust units	307	558	485	1,116
Distributions declared	2,058	558	3,751	1,116
Less: distributions payable, end of period	(566)	(186)	(746)	(186)
Plus: distributions payable, beginning of period	561	186	561	186
Distributions paid or settled	\$ 2,053	\$ 558	\$ 3,566	\$ 1,116

The distributions declared during the six months ended June 30, 2015 resulted in 37,227 trust units issued or issuable under the DRIP.

17. General and administration

General and administration expenses for the three months and six months ended June 30, 2015 and 2014 are comprised of the following:

	Three months ended		Six months ended	
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
Professional fees	\$ 241	\$ 140	\$ 337	\$ 319
Asset management fees	356	204	712	406
Trustee fees	74	72	133	148
Other	127	104	209	179
	\$ 798	\$ 520	\$ 1,391	\$ 1,052

SLATE OFFICE REIT

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(all tabular amounts are expressed in thousands of Canadian dollars, unless otherwise noted)

(unaudited)

For the three months and six months ended June 30, 2015

18. Finance costs, net

Net finance costs for the three months and six months ended June 30, 2015 and 2014 are comprised of the following:

		Three months ended		Six months ended	
	Note	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
Mortgage interest		\$ 2,618	\$ 1,506	\$ 5,239	\$ 3,020
Distributions on Class B LP units	16	952	558	1,903	1,116
Accretion on vendor take-back loan		—	72	—	144
Interest on vendor take-back loan		69	69	138	138
Interest on revolving credit facility		139	68	192	121
Amortization of deferred transaction costs		74	67	146	126
Amortization of mark-to-market adjustment on mortgages	9	(65)	(55)	(120)	(111)
Loss (gain) on interest rate swaps	11	(917)	636	799	1,927
Interest income	7	(281)	(192)	(568)	(240)
Gain on extinguishment of subscription receipts	15(b)	(4,869)	—	(4,869)	—
		\$ (2,280)	\$ 2,729	\$ 2,860	\$ 6,241

19. Fair value adjustments to financial instruments

During the three months and six months ended June 30, 2015 and 2014, the Trust recognized the following fair value adjustments to financial instruments:

		Three months ended		Six months ended	
	Note	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
Class B LP units	12	\$ 5,353	\$ 30	\$ 3,197	\$ (298)
Warrants	13	32	(24)	—	8
		\$ 5,385	\$ 6	\$ 3,197	\$ (290)

SLATE OFFICE REIT

Notes to Condensed Consolidated Interim Financial Statements

(all tabular amounts are expressed in thousands of Canadian dollars, unless otherwise noted)

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For the three months and six months ended June 30, 2015

20. Related party transactions

The Trust has a management agreement (the "Management Agreement") with Slate Management Corporation, formerly Huntingdon Capital Corp. ("Slate Management" or the "Manager"), whereby Slate Management as the Trust's manager will provide the Trust with strategic and administrative, property management, leasing, acquisition and disposition, financing and construction management services necessary to manage the day-to-day operations of the Trust and its assets. The Manager will provide such services using its own employees, including the provision of key personnel to serve as the Chief Executive Officer and Chief Financial Officer of the Trust.

In connection with the acquisition of the Portfolio Properties, the Co-Owner and the Trust entered into a management agreement with Slate Asset Management LP ("SLAM") to act as the manager of the Co-Owned Properties ("Co-Owner Management Agreement"). SLAM is the owner of Slate Management.

As at June 30, 2015, the Manager held an approximate 19% interest in the Trust through the ownership of 5,073,818 Class B LP units (note 12) and 1,687,251 trust units.

During the three months and six months ended June 30, 2015 and 2014, the Trust incurred the following costs in connection with the Management Agreement:

	Three months ended		Six months ended	
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
Property management fees	\$ 383	\$ 224	\$ 771	\$ 454
Asset management fees	356	204	712	406
Leasing, financing, and construction management fees	752	128	1,479	171
Acquisition fees	2,267	95	2,360	95
	<u>\$ 3,758</u>	<u>\$ 651</u>	<u>\$ 5,322</u>	<u>\$ 1,126</u>

Property administration fees are allowable under the tenants' leases relating to assets or resources of the Manager that are directly attributable to the management of the Trust's properties. Property administration fees were \$0.9 million and \$1.6 million for the three months and six months ended June 30, 2015 (three months and six months ended June 30, 2014 - \$0.2 million and \$0.5 million, respectively). These fees are recovered from tenants by the Trust and payable by the Trust to the Manager under the terms of the Management Agreement. As at June 30, 2015, included in accounts payable and other liabilities is an amount owing to the Manager of \$4.5 million (December 31, 2014 - \$1.0 million).

The Trust has a vendor take-back loan agreement with the Manager. The unsecured loan has a face value of \$9.2 million bearing interest at 3.0% per annum payable quarterly. The vendor take back loan was extended for a three month period during the quarter and matures at September 30, 2015.

On December 17, 2014, the Trust completed the acquisition of the Acquisition Properties, with the approval of the unitholders of the Trust, from Suburban Office, an affiliate of the Manager (note 5(a)).

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For the three months and six months ended June 30, 2015

21. Fair values

The Trust uses various methods in estimating the fair values of assets and liabilities recognized and measured at fair value in its condensed consolidated interim financial statements. The Trust 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. Significant valuation issues are reported to the Audit Committee. 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 Trust's cash, accounts receivable and accounts payable and other liabilities approximate their carrying amounts due to the relatively short periods to maturity of these financial instruments. The fair value of the Trust's revolving credit facilities and term facility approximates its carrying value since the revolving credit facilities and term facility 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 note receivable and the vendor take-back loan are measured at amortized cost, for which fair values approximate face value due to the relatively short period to maturity.

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(unaudited)

For the three months and six months ended June 30, 2015

21. Fair values (continued)

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

June 30, 2015	Note	Carrying amount	Level 1	Fair Value Level 2	Level 3
<i>Recorded at fair value:</i>					
Investment properties	4	\$ 747,270	\$ —	\$ —	747,270
Interest rate swap liabilities	11	(3,038)	—	(3,038)	—
Class B LP units	12	(35,263)	—	(35,263)	—
Warrants	13	(8)	(8)	—	—
<i>Fair values disclosed:</i>					
Note receivable	7	6,559	—	—	6,559
Mortgages	9	(267,807)	—	—	(271,880)
Vendor take-back loan		(9,180)	—	—	(9,180)

December 31, 2014	Note	Carrying amount	Level 1	Fair Value Level 2	Level 3
<i>Recorded at fair value:</i>					
Investment properties	4	\$ 448,012	\$ —	\$ —	448,012
Interest rate swap liabilities	11	(2,239)	—	(2,239)	—
Class B LP units	12	(38,460)	—	(38,460)	—
Warrants	13	(8)	(8)	—	—
<i>Fair values disclosed:</i>					
Note receivable	7	6,559	—	—	6,559
Mortgages	9	(269,908)	—	—	(273,696)
Vendor take-back loan		(9,180)	—	—	(9,180)

Transfers between the levels of the fair value hierarchy are deemed to have occurred as of the date of the event or change in circumstances that caused the transfer. During the six months ended June 30, 2015 and year ended December 31, 2014, there were no transfers between the levels of the fair value hierarchy.

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For the three months and six months ended June 30, 2015

22. Risk management

Refer to the Trust's Annual Financial Statements for a description of the Trust's risk and an explanation of the Trust's risk management policy.

23. Capital management

Refer to the Trust's Annual Financial Statements for a description of the Trust's capital management policy.

24. Supplemental cash flow information

The following table summarizes the items not affecting cash in the condensed consolidated interim statements of cash flows:

		Three months ended		Six months ended	
	Note	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
Amortization of leasing and straight-line rent, net	4	\$ (369)	\$ (109)	\$ (871)	\$ (201)
Finance costs, net	18	(2,280)	2,729	2,860	6,241
Share of net loss (income) from equity accounted investment	6	(1,250)	109	(2,440)	109
Fair value adjustments to financial instruments	19	(5,385)	(6)	(3,197)	290
Fair value adjustments to investment properties	4	5,412	3,227	7,539	3,888
Distributions on Class B LP units reinvested in trust units	16	—	(558)	—	(1,116)
Loss on disposition of investment property	5	228	—	228	—
		\$ (3,644)	\$ 5,392	\$ 4,119	\$ 9,211

25. Subsequent events

The Mezzanine Loan provided to a 50% limited partner to fund their share of the Data Centre development with a due date of July 31, 2015 (note 7) has been converted into a further 30% equity ownership interest in the Partnership subsequent to the June 30, 2015 reporting period. Also, the parties agreed that the Trust will acquire the remaining 20% equity interest in the Partnership at fair market value by way of the exercise of the put-call option as contemplated in the limited partnership agreement. The Trust is expected to purchase this 20% interest in the third quarter of 2015 to increase its ownership to 100%.