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Dawoon Chung
National Bank Financial

Zan Zhang
BMO Capital Markets

Jimmy Shan
GMP Securities

Rob Sutherland
Echelon Wealth Partners

Yash Sankpal
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PRESENTATION

Operator

Good morning, ladies and gentlemen, and welcome to Slate Office REIT's Second Quarter 2016 Financial Results Conference Call. As a reminder, this call is being recorded today, Friday, August 5, 2016 at 9:00 a.m. Eastern Daylight Savings time. Your host for today's call is Katie Talbot, Investor Relations. You may begin.

Katie Talbot, Investor Relations

Thank you, operator, and good morning, everyone. Welcome to the second quarter 2016 conference call for Slate Office REIT. I am joined today by Scott Antoniak, Chief Executive Officer of Slate Office REIT, and Robert Armstrong, Chief Financial Officer of Slate Office REIT.

Before getting started I'd like to remind participants that our discussion today may contain forward-looking statements and therefore ask you to familiarize yourself with the disclaimers regarding forward-looking statements as well as non-IFRS financial statements, both of which can be found in management's discussion and analysis. You can visit Slate's website to access all of the REIT's financial disclosure, including our August 2016 investor update, which will be available shortly after the call.

Robert will provide a financial update followed by Scott, who will touch upon recent business developments and our strategy moving forward. Lastly, we will open up the lines for Q&A.

Robert Armstrong, Chief Financial Officer

Thanks, Katie.

First of all, I'm happy to report that demonstrated improvements across many key financial measures this quarter. While 2015 was a year of growth and transition to a pure-play office REIT, the strong results of this quarter demonstrate our team's ability to do what we said we would: make strategic acquisitions of assets that are below replacement cost with under market rents and located in markets with strong operating fundamentals that our asset management team knows well. One of our top priorities for the REIT is to ensure that we provide our unitholders with a high quality distribution.

Over 40 percent of the REIT's income is generated by investment-grade tenants and for Q2 2016 the REIT's AFFO payout ratio was 84.4 percent, down from 90.3 percent in the first quarter but, even more importantly, down from 128 percent in the same period last year.

Same property NOI, which excludes the REIT's Atlantic Canada hotel asset due to the seasonality of the property, increased 2.5 percent to $12.3 million compared to the first quarter of 2016. This increase is primarily the result of increased rents from new leases moving to market as well as a slight increase in occupancy.

FFO was $9.1 million for the quarter, up $4.5 million compared to the prior year quarter and up $0.9 million over Q1 of this year. AFFO was $8.2 million for the second quarter of 2016, representing an increase of $0.9 million over Q1 of this year. The increase in FFO and AFFO compared to Q1 was the result of improved same property performance, hotel operations, and the increased contribution from the increased interest increase in the REIT's co-owned assets in St. John's for part of June.

The REIT was also active in both the debt and equity markets during the quarter. With no material debt maturities in 2016 we turned our attention to 2017 and extended $144 million of mortgage financing for an additional five-year term through to January 2021. In addition to renewing the base $144 million of financing, the facility was expanded by up to $24 million to partially fund the redevelopment of SNC-Lavalin Nuclear campus in Mississauga.

On the equity side, in late June the REIT closed a bought deal for $50 million of equity, $35 million from treasury and an additional $15 million secondary offering. The majority of the proceeds from the treasury units were used to initially repay debt and then finance the acquisition of Gateway and a further 19 percent interest in the "Places" assets in St. John's. We believe that both these acquisitions are positive contributions to the quality of the REIT's portfolio.

With that, I'll turn the call over to Scott.

Scott Antoniak, Chief Executive Officer

Thanks, Robert.

We were very pleased with the results that we achieved in the second quarter of 2016 and we remain extremely excited about the opportunities for internal and external growth that lie ahead.

As Robert mentioned, the REIT completed two acquisitions in the second quarter of 2016. In addition to being immediately accretive to AFFO, these acquisitions are illustrative of what we are aiming to achieve over the long run at Slate Office REIT. That is to acquire well-located assets with strong operating histories and high quality rent rolls at values below replacement cost. Additionally, both of these acquisitions offered synergies to our existing platform. In the case of Gateway Centre in Markham, the property is located directly across the street from our existing Woodbine complex, ensuring that we have unmatched insight and experience from a market and competitive perspective. The "Places" acquisition continues to build on the platform that we established in Atlantic Canada through the Fortis acquisition and highlights the REIT's ability to grow via an in-place pipeline.

The REIT executed over 180,000 square feet of leasing in the second quarter of 2016 and the portfolio saw improvements in occupancy, rental rate spread, weighted average lease term, and tenant covenant. In-place occupancy increased by 80 basis points while rental rate spreads averaged 6.1 percent higher than average in-place or expiring rents and the weighted average lease term increased from 5.4 to 5.9 years. These results have been a consistent trend over the past several quarters and we are confident that it will continue.

Slate Office REIT is uniquely positioned to take advantage of a tremendous opportunity in the Canadian office market and we're just getting started. We believe that the headwinds facing many of our peers will continue to be a source of opportunity for Slate Office REIT in the coming months, as existing portfolios are rationalized and rebalanced. The second quarter of 2016 was indicative of these kind of opportunities that are available in the market and our ability to execute on them.

We remain steadfast in our investment thesis, acquiring well-located quality office assets at values below replacement cost with in-place rents below market and applying our asset management strength to the portfolio to generate consistent and sustainable returns for our unitholders.

Thank you very much for calling in today and with that we'll open up the line to questions.

QUESTION AND ANSWER SESSION

Operator

If you would like to ask a question, please press star followed by the number one on your telephone keypad. We'll pause for just a moment to compile the Q&A roster.

Your first question comes from the line of Jonathan Kelcher from TD Securities. Your line is open.

Jonathan Kelcher, TD Securities

Thanks. Good morning. Just starting off with your occupancy, you're getting close to, you're close to 90 percent excluding the redevelopment properties. Where do you think you can get that to over the next 12 to 18 months?

Scott Antoniak, Chief Executive Officer

So I think long term, Jonathan, it's still kind of, like I think we're forecasting 93 over the longer run. We did some math on this this morning. I think it would be as much as 150 basis points a year. So I think we inch towards that. So I think, you know, if we've done 80 there, figure a point and a half on the year and then maybe another point and a half next year. So that would be what I'd look to, maybe a point and a half to two points per year until we reach 93.

Jonathan Kelcher, TD Securities

Okay. So 30 to 40 basis points a quarter, a steady gain?

Scott Antoniak, Chief Executive Officer

Yeah, I think that's fair.

Jonathan Kelcher, TD Securities

Okay. And if you look at your 2017 maturities, do you have any sizeable leases in there that are maturing?

Scott Antoniak, Chief Executive Officer

Bell Aliant.

Jonathan Kelcher, TD Securities

And where do you stand on the...

Scott Antoniak, Chief Executive Officer

In Maritime Centre.

Jonathan Kelcher, TD Securities

Okay. And where do you stand with them in terms of renewal discussions?

Scott Antoniak, Chief Executive Officer

So about 25 percent of that is subleased already and we're working with those sublease tenants to extend and we expect to be successful on at least a good portion of that and we're in negotiations on a couple of other transactions for another probably 25 percent of that.

And, as you know, and I think we've talked about this fairly clearly in past calls, it was underwritten with that knowledge when we acquired these assets from Fortis, so that would be the case if Bell Aliant would be contracting there. So we're ahead of what we'd pencilled out with both the subleasing and the new direct deal.

Jonathan Kelcher, TD Securities

And they're contracting roughly 50 percent? Or are they leaving?

Scott Antoniak, Chief Executive Officer

They're leaving Maritime.

Jonathan Kelcher, TD Securities

Okay. And just remind me how big that, how much square footage that is?

Scott Antoniak, Chief Executive Officer

Just inside 200,000 feet.

Jonathan Kelcher, TD Securities

Okay. And your occupancy goals obviously include that, if we look next year adding 150 beeps?

Scott Antoniak, Chief Executive Officer

Yep.

Jonathan Kelcher, TD Securities

Okay. And then secondly, on the 2017 maturities, and this may be in the MD&A and I may have just missed it, but what would you view market rents at on just the 2017 maturities versus the expiring rent?

Scott Antoniak, Chief Executive Officer

I don't know specifically what it is, Jonathan. We can get back to you on it. I know that on average over the five years it's about 6 percent to 8 percent. So I can like in my mind see the chart. I don't think there's anything materially higher or lower than that, so it'd be in that range, but we can get you the specific number.

Jonathan Kelcher, TD Securities

Okay. No, the 6 percent to 8 percent should work. Thanks. I'll turn it back.

Scott Antoniak, Chief Executive Officer

Okay. Thanks.

Operator

The next question comes from the line of Dawoon Chung from National Bank. Your line is open.

Dawoon Chung, National Bank Financial

Thank you and good morning. Congratulations on the quarter.

Scott Antoniak, Chief Executive Officer

Hi, Dawoon.

Dawoon Chung, National Bank Financial

Hi. On the St. John's JV standpoint, correct me if I'm wrong but your partner has the right to require the REIT to purchase the remaining ownership of 51 percent the properties on December 1, 2016? And have you had any discussions on this front?

Scott Antoniak, Chief Executive Officer

Yes to the first part and, B, yes. We have ongoing conversations with our partner on that and other things. So we're aware of that, we've modelled as such, and it's been in kind of any of the forecasting, et cetera, that we've done since the Fortis acquisition. But, as you can well imagine, we're in discussions with them, if not monthly then, or not weekly rather than monthly.

Dawoon Chung, National Bank Financial

Right. And with regards to one of your largest unitholders, Fortis, could you remind us again if they have a minimum holding period?

Robert Armstrong, Chief Financial Officer

Yeah, they do. It expired at the end of June of 2016. The comments I'd make in that respect is we continue to talk to Fortis. You know, obviously everybody knows that it's not a key holding for them but they're, as far as we know, extremely happy with the position. Nora continues to and stood for re-election on the board this year and to the extent they ever did want to get out we would do so in a manner that was both beneficial to them and us and liquidity in the market. But nothing to report at this time.

Dawoon Chung, National Bank Financial

Sorry, I just got cut off. You said end of 2018?

Robert Armstrong, Chief Financial Officer

No, their whole period expired at the end of June 2016.

Dawoon Chung, National Bank Financial

Okay. Switching gears here, it seems like you had very good leasing activities and particularly in the GTA. Could you just provide a general comment on your views on the Canadian suburban office markets? What are you seeing in terms of rental rates, vacancies, and incentives?

Scott Antoniak, Chief Executive Officer

So that's almost a two-part question, Dawoon. So I think, you know, there are certainly, on the broader market challenges in certain markets across the country. I think our experience has been in the markets that we're in with the assets that we have at the values that we own them and the rents that they have that we've been, you know, very successful. I don't think this is an outlier this quarter. I think it's important to note that. Like we've got about a seven quarter trend of doing between 150,000 and

200,000 square feet of leasing across the portfolio and sometimes it's more GTA-focused and other times it's in other parts of the portfolio but I think we continue to have meaningful rental rate increases as we roll these tenants. And some markets are more challenging than others but I think it's more about specific assets in those markets and I think we're continuing to outperform the broader market in terms of suburban leasing.

And I think I'd add to that on the Atlantic Canada side. I think we've seen more interest in activity post Q1 of 2016 in Atlantic Canada than maybe we expected. I think people thought that things would be a little bit softer out there given the energy story, et cetera, and broader economic issues, but it's been positive there. Starting to have conversations with new tenants in some markets and we've done some good work on the renewal side and, as I talked to Jonathan's question, in Maritime Centre, we've seen real activity there. So I think that suburban trend is maybe moving a little bit more urban, which for us is beneficial in Halifax, and I think, as with many of these things, it's a little bit overwrought to say that everyone's either moving in or out of downtown. I think to the extent you have the right assets at the right pricing and can offer the right solutions for tenants, you can outperform. And that's what we've done. And I think it's very important to note that it's consistent, right? Like we're doing this volume of leasing almost exactly quarterly, so I don't think there's any reason for us to believe that that would abate.

Dawoon Chung, National Bank Financial

Right. And a quick follow-up to that, it seems like you guys had a good sort of early lease extension with the federal government, can you just provide some colour on this front?

Steve Hodgson, Vice President, Asset Management

Sure. Dawoon, it's Steve Hodgson talking. That deal was with the federal government for 280 Broadway in Winnipeg. They had a three-year option to renew. Their natural expiry for their existing term was June 2019. They elected to do an early option, which extended the lease until June 2022. It's just under 8,000 square feet. Rental rates remain the same and that was part of their option.

Dawoon Chung, National Bank Financial

Great. That's it for me. Thank you. I'll turn it back.

Operator

The next question comes from the line of Zan Zhang from BMO Capital Markets. Your line is open.

Zan Zhang, BMO Capital Markets

Good morning and congrats on the results.

Scott Antoniak, Chief Executive Officer

Thanks.

Zan Zhang, BMO Capital Markets

So the seven new leases completed in the quarter, I was wondering if you could provide some additional colour on the rents. So if we, if you exclude the one lease with the redevelopment termination rights, how do the new lease rents compare to prior in-place?

Steve Hodgson, Vice President, Asset Management

We don't have that number at hand but I would say the main new lease that we did was 16,000 square feet at Kings Place in Fredericton. A couple things on that deal. That was a space that had been vacant for ten years prior and we were very fortunate to find a 16,000 square foot user in that market that was not a government user. The rental rate spread was positive on that deal, in the tune of 3 percent to 4 percent over in-place rents. The balance of the deals were below in-place rents for those buildings. The deal that you spoke to at Fortis building, which we're sort of, it's a building we're holding as a redevelopment property, but, as I think we mentioned on the last call, we are trying to put short-term deals into that building that have flexibility on redevelopment and relocation clauses so that we can preserve cash flow while we look for that bigger user to do a full redevelopment of the building.

The other new deals were at Centennial Centre in the GTA and those deals were in units that had been challenging units in the past. The nature of that building is there's three storeys over several buildings and the top storeys tend to be more difficult to lease, so sometimes we offer a reduced rent for those units. So that would have driven some of that negative influence on the rental rates.

Zan Zhang, BMO Capital Markets

Okay, got it. And for the approximately 50,000 square feet of space coming due at Sheridan in Mississauga, I was wondering what kind of interest are you currently seeing for the space.

Scott Antoniak, Chief Executive Officer

Sorry, could you repeat the question?

Zan Zhang, BMO Capital Markets

For the approximately 50,000 square feet of space coming due at North Sheridan, The Promontory in Mississauga, what kind of interest are you currently seeing?

Steve Hodgson, Vice President, Asset Management

Right. So that's a space that MMM Group is vacating at the end of this year. We've had several tours. There's a few larger users in the market. We also have some vacancy coming back at 2599 Speakman once the redevelopment for SNC is completed, so we are jointly marketing that space. The buildings are adjacent to each other. We've had lots of tours and interest and broker events and I expect we'll start to see some offers come in either on the entirety of that space or components of that space prior to the end of this year.

Zan Zhang, BMO Capital Markets

Okay, great. Thanks. I'll turn it back.

Operator

The next question comes from the line of Jimmy Shan from GMP Securities. Your line is open.

Jimmy Shan, GMP Securities

Thanks. So just with the Gateway acquisition, you've obviously cornered the top corner of Woodbine and Steels. I was just curious as to what your short-, medium- and long-term plans are with respect to those two set of assets.

Scott Antoniak, Chief Executive Officer

I think it's exactly per the rest of the portfolio, Jimmy. I think that, you know, it's at market occupancy on the Gateway acquisition. I think the opportunity there is to get both term and increased rental rates as tenants roll. That's pretty indicative of the whole portfolio. I think we're plus or minus 8 percent below market there. And, as I alluded to in the comments and in the letter, I mean we couldn't have better marketing information for that acquisition, so I think we're very pleased with where we were able to acquire that and the deal that we did, knowing what we knew about that market. So I think, you know, we look for, you know, to drive growth there through to rollover. I think, as you know, (inaudible) is the biggest tenant. They have recently spent a considerable amount of money on their own space so we're confident in them staying, and then the rest of it'll just be driving rental rate growth.

And then in our existing complex across the street there's a little bit more, I mean we're a little bit lower on the occupancy side. I think it's pretty indicative. If Gateway can achieve that then we're confident that we can get in, you know, from the low 90s to mid 90s at Woodbine. The guys have done a good job with the leasing there and I think we'll just see more of that. It'll be, you know, we'll continue to lease that, kind of as node, as we do in the west end, like to the previous question and kind of the rebranded Sheridan Park. I think we're developing a bit of a node there. And we like the location, we like the visibility, and certainly like the tenant roster that we have in place and we're just going to build on that.

Jimmy Shan, GMP Securities

Right. But in terms of more, I guess, longer term, would there be any kind of redevelopment or excess density plan to do something maybe larger or more significant? Or is it just not in the cards in terms of...?

Scott Antoniak, Chief Executive Officer

No, those sites like don't naturally, I mean they're not contiguous, so they don't really lend themselves to anything kind of more broad than that. I mean I think, you know, you probably know that north of there there's talk of a development site but I think it may be something on the parking side in the future, but they function as a node but they don't necessarily function as a contiguous site because they are across Woodbine, they're across the street from each other. So I think, you know, like over the long run it's good to have critical mass there but I don't think it lends itself to a bigger development than what's there right now.

Jimmy Shan, GMP Securities

Got it. Then on the leasing side, so the Bell Aliant space, when are they moving out? Is that a Q1 event or Q4 event?

Steve Hodgson, Vice President, Asset Management

End of April 2017.

Jimmy Shan, GMP Securities

Okay. I think you spoke about the 150 basis points improvement in occupancy and so what sort of gives you the confidence that you can achieve that? Is it just the discussions that you're having on that space or other places? Can you just comment generally on that?

Scott Antoniak, Chief Executive Officer

Yeah, I think it's just more of what we talked about before. Like we know consistently what we're doing on the leasing side, which is like 750,000, 800,000 square feet a year, like almost exactly 200,000 a quarter. We know what else is maturing, so we kind of extrapolate that across the portfolio. And, as I said before, between subleases, new leases, and we're probably 40 percent to 50 percent on those, and then in conversations we're probably another 25 percent to 40 percent. And I think that for a couple reasons in Halifax I think this, you know, as I spoke to, the suburban thing is maybe a little bit overwrought, so there are tenants that are looking downtown. We had an inbound call I think on Tuesday for space in that building from someone who would more logically have been a suburban user. So, from that perspective, you know, we're seeing increases in demand. And I think there's a bit of a buzz now in Halifax on a couple fronts. We spent some time with the mayor, he was in town here. He's a dynamic guy and wants to get businesses back into downtown Halifax. And I think there's a bit of a buzz just on our building because, as you know, the location is fantastic and the building has maybe been a little bit undermanaged historically just by virtue of, A, who it was built for and, B, the manager is not a traditional holder of real estate assets. So I think people are expecting things to happen in that building and with the cost basis that we own, like inside $100, we could do a lot of really interesting things there, and I think we'll be the beneficiaries of that. And it won't happen all immediately but I think over time it will happen.

Jimmy Shan, GMP Securities

Okay. Okay, thank you.

Operator

Again, as a reminder, to ask a question it is star followed by the number one on your keypad.

The next question comes from the line of Rob Sutherland from Echelon Wealth Partners. Your line is open.

Rob Sutherland, Echelon Wealth Partners

Hi, guys. Good morning.

Scott Antoniak, Chief Executive Officer

Good morning, Rob.

Rob Sutherland, Echelon Wealth Partners

Vast majority of the questions have been answered. I guess a little bit on The Promontory and just how, I mean you're obviously going to have a big chunk of space coming up there, and what you're looking at in the market and how things are going there.

Steve Hodgson, Vice President, Asset Management

Yeah, we spoke to that on an earlier question, Rob.

Rob Sutherland, Echelon Wealth Partners

Sorry.

Steve Hodgson, Vice President, Asset Management

No, it's okay. So, as you mentioned, MMM Group is vacating that building. They're building a new building with First Gulf. We have 50,000 square feet coming back there and adjacent to that we're going to have about 115,000 coming back at 2599 Speakman. We've launched a marketing campaign around those two vacancies that seems to be getting a lot of traction. We've had several tours. We've got some broker events coming up. There are several large users looking for space right now and some of them fit well within kind of 2599 Speakman vis-à-vis something similar to what we did with SNC-Lavalin and also there's some smaller groups that would be interested in The Promontory building and that could be an option. That 50,000 could either get chopped up into, call it, three different users or there may be one larger user looking at the entirety of this space.

Scott Antoniak, Chief Executive Officer

I think, Rob, I'd add to that, it's not dissimilar to Woodbine or to St. John's or other places we have critical mass. Like I think this is an overall rebranding of what's happening in Sheridan Park. I think, like what the guys were able to do with SNC-Lavalin is fantastic and I think that's maybe the kickoff or the launch of something more dynamic out there and get away from this historical concept that it's only a research park and it's a very lab kind of space, doing something fantastic for SNC and then using that as, A, a marketing tool and then, B, a springboard for other tenants, hey, this is a great place to be. Locationally it's great, it's not that far from the airport, it's right on the QEW, you basically have visibility, and it's going to be more than just a research park. So we're going to market both those spaces and we're doing something with the folks that helped us on the SNC side that will be compelling to tenants who can look real time at what we're able to accomplish for SNC with what, you know, was not probably super quality space before but it's going to be great when it's finished, and they can actually watch that happen in real time and then say, hey, this is good. And, again, compared to, you know, the competition out there for us has been new build and if we can be as efficient and more cost effective for tenants, that's a pretty good dynamic. Because there is leasing activity out there we've just got to drive off what we've been able to accomplish already.

Rob Sutherland, Echelon Wealth Partners

So is this a time then to look—I know there had been previous plans of kind of filling out the middle of the two Promontory buildings and putting in an extension in there but it was kind of tough with, ah, there's nowhere really to move tenants around while you were doing it. Is this a good time to look at that then?

Steve Hodgson, Vice President, Asset Management

There is excess density on the site, to your point, Rob. I think with the offering that we have with 2599 Speakman and The Promontory and the 50,000 that we have, we are fairly well covered in terms of being able to meet any potential users demands with our existing configuration.

Rob Sutherland, Echelon Wealth Partners

Okay. And the last one, going in a different direction about $10 million in CapEx for the quarter. How much of that was towards the hotel?

Steve Hodgson, Vice President, Asset Management

I believe it was... There was $6 million of it was at 2251 Speakman related to the SNC redevelopment.

Robert Armstrong, Chief Financial Officer

$1.5 million for the hotel.

Steve Hodgson, Vice President, Asset Management

Yeah.

Rob Sutherland, Echelon Wealth Partners

Perfect. Okay, thank you very much, guys. That's it for me.

Operator

The next question comes from the line of Yash Sankpal from CIBC. Your line is open.

Yash Sankpal, CIBC

Good morning. So you had two major leases this year without any rental uplift, so how does that change your view on your same store NOI growth? Both (inaudible) leases were, if I understand this correctly, at no rental uplift.

Scott Antoniak, Chief Executive Officer

I don't think it changes our view, Yash. I think that, I mean we look at the entire portfolio and not every single one of them is going to be exactly 6 percent to 8 percent up but overall that's been our experience with the portfolio and I think, I mean you see, have seen the same store NOI growth for Q2 was in excess of 2 percent, so I think it's just, you know, we look at all the leases and some of them, you know, overall they're up. We have certain one-offs that are not but I don't think it changes our forecast or outlook for what we're doing going forward.

Steve Hodgson, Vice President, Asset Management

Yeah, just to add to what Scott said, the Province of Nova Scotia renewal for 100,000 square feet approximately, that was done at the same rent, but if you exclude that deal the renewals that we did had a 26 percent uplift. And on a weighted average basis our renewed leases went up 10.2 percent. So, to Scott's point, I don't think that changes our view. There's always going to be the odd deal that skews our numbers but on a long-term basis we're very comfortable with that 6 percent.

The other large deal that we referred to, which I think you're referring to, is the feds in Winnipeg. That was an option that they had to renew at the existing rents. We're comfortable with that, A, because it was contractual but, B, they're paying what is likely market rent regardless, and that would have been embedded in our assumptions of 6 percent to 8 percent going forward.

Scott Antoniak, Chief Executive Officer

And in both those cases were adding covenant with term, right?

Steve Hodgson, Vice President, Asset Management

Yes.

Yash Sankpal, CIBC

So what was your same store NOI growth on a year-over-year basis?

Robert Armstrong, Chief Financial Officer

Yash, we haven't provided that on a year-over-year basis for the sole reason that the portfolio has changed and dynamically different than it was in Q2 2015, but post Fortis for Q3 our plan is to include, starting with Q3 2016, year-over-year quarterly views as well. So we haven't provided that information but I would highlight that we were above 2 percent quarter over quarter for this quarter and we're glad that that's been a continuing trend over the last number of quarters.

Yash Sankpal, CIBC

Okay. And the mortgage refinancing, that $144 million, was there any change in the interest rate or the covenants?

Robert Armstrong, Chief Financial Officer

No, it was the same rate with the same covenants it was just what we tried to do was get in front of that maturity. We were happy to get it well done in advance of 2017 and move that out to 2021.

Yash Sankpal, CIBC

Okay. And one more question: Acquisitions. So should we expect any more acquisitions like Gateway or do you think you would only focus on the remaining interest in the JV properties?

Scott Antoniak, Chief Executive Officer

No, I think we're continually looking, Yash, and we've had this conversation and I think I've said this on the call before as well that we think that there are lots of opportunities worthy of us looking at, either on or off market, and single assets and portfolios. So we've done what we wanted to do in terms of repositioning the portfolio and getting rid of our non-core assets and we've fairly clear about our intentions to grow, so I think it's beneficial from our perspective. It's good that we have kind of an imbedded pipeline for growth vis-à-vis (inaudible) some of our partnership interest in other SLAM entities, but I also think it's, you know, given the opportunities that are out there it's incumbent on us to look at them so I think, you know, I'd expect to be acquisitive over the foreseeable future.

Yash Sankpal, CIBC

Are you looking at any Alberta properties?

Scott Antoniak, Chief Executive Officer

All properties all the time, Yash. I get in trouble for saying this all the time in the office: we're market agnostic. So if the deals work and they have the investment metrics that we define then, you know, I will repeat it, you know, like below replacement costs with in-place rents and historically operating assets, you know, we'll look anywhere. The one market that probably is cost prohibitive is BC but, that said, you never know. But I think that's one of the best selling features of SOT is that we can be urban, we can be suburban in basically any market across the country if it makes sense. And this is real estate company first and foremost so to the extent those deals make sense we'll do them.

Yash Sankpal, CIBC

So when you look across Canada, like where do you see opportunities right now? Or potential opportunities?

Scott Antoniak, Chief Executive Officer

Everywhere. Really. Like I think the dislocation in Alberta has brought other, you know, has forced other entities to seek liquidity in other markets, so we've seen assets in the GTA, elsewhere in Ontario, Quebec. We have a fairly good eye to what's going on in Atlantic Canada given our presence there, so we're seeing deals everywhere. I mean there's nowhere that we're not seeing opportunities, Yash, it's just a question of figuring out which are the best ones and executing on those. But I don't think that there's anywhere, you know, just from a cost perspective, other than BC where it'd be challenging, that we wouldn't be looking. And seeing deals real time.

Yash Sankpal, CIBC

All right. Thank you.

Scott Antoniak, Chief Executive Officer

Thank you.

Operator

There are no further questions at this time. I will turn the call back over to the presenters.

Katie Talbot, Investor Relations

Thanks very much for joining us today. Please follow up if you have any additional questions.

Scott Antoniak, Chief Executive Officer

Thanks very much, everyone.

Operator

This concludes today's conference call. You may now disconnect.
