



KRUGER PRODUCTS L.P.

**UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENT
FOR THE 3-MONTH PERIODS ENDED MARCH 31, 2021 AND MARCH 31, 2020**

Kruger Products L.P.

Unaudited Condensed Consolidated Statement of Financial Position

(tabular amounts are in thousands of Canadian dollars)

	March 31, 2021	December 31, 2020
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	57,552	128,739
Trade and other receivables	67,016	88,041
Receivables from related parties (note 14)	31	13
Current portion of advances to partners (note 12)	2,162	5,647
Inventories	283,680	215,934
Income tax recoverable	-	358
Prepaid expenses	12,819	8,315
	<u>423,260</u>	<u>447,047</u>
Non-current assets		
Property, plant and equipment (note 6)	1,204,197	1,194,191
Right-of-use assets (note 7)	104,556	107,633
Other long-term assets	198	10
Goodwill	152,021	152,021
Intangible assets	29,946	26,205
Deferred income taxes	24,442	24,217
	<u>1,938,620</u>	<u>1,951,324</u>
Total assets	<u>1,938,620</u>	<u>1,951,324</u>
Liabilities		
Current liabilities		
Trade and other payables	243,445	332,072
Payables to related parties (note 14)	5,016	9,097
Income tax payable	726	554
Distributions payable (notes 12 and 14)	12,010	11,919
Current portion of provisions (note 9)	4,483	4,913
Current portion of long-term debt (note 10)	9,939	9,495
Current portion of lease liabilities (note 11)	24,953	25,341
	<u>300,572</u>	<u>393,391</u>
Non-current liabilities		
Long-term debt (note 10)	842,822	743,978
Lease liabilities (note 11)	102,519	105,634
Provisions (note 9)	10,524	9,549
Other long-term liabilities	-	575
Pensions (note 8)	64,988	161,333
Post-retirement benefits (note 8)	57,522	63,038
	<u>1,378,947</u>	<u>1,477,498</u>
Liabilities to non-unitholders	<u>1,378,947</u>	<u>1,477,498</u>
Current portion of Partnership units liability (note 12)	14,976	31,244
Long-term portion of Partnership units liability (note 12)	156,341	154,180
	<u>171,317</u>	<u>185,424</u>
Total Partnership units liability	<u>171,317</u>	<u>185,424</u>
Total liabilities	<u>1,550,264</u>	<u>1,662,922</u>
Equity		
Partnership units (note 12)	445,010	439,571
Deficit	(126,543)	(224,503)
Accumulated other comprehensive income	69,889	73,334
	<u>388,356</u>	<u>288,402</u>
Total equity	<u>388,356</u>	<u>288,402</u>
Total equity and liabilities	<u>1,938,620</u>	<u>1,951,324</u>
Subsequent events (notes 10 and 12)		

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

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Unaudited Condensed Consolidated Statement of Comprehensive Income
For the 3-month periods ended March 31, 2021 and March 31, 2020

(tabular amounts are in thousands of Canadian dollars)

	3-month period ended March 31, 2021	3-month period ended March 31, 2020
	\$	\$
Revenue (note 14)	310,379	375,146
Expenses		
Cost of sales (note 14)	263,331	314,513
Selling, general and administrative expenses (note 14)	27,765	29,634
Loss on sale of non-financial assets	1	1
Restructuring costs, net (note 9)	56	738
Operating income	19,226	30,260
Interest expense	12,922	10,580
Other (income) expense (note 5)	(316)	11,421
Income before income taxes	6,620	8,259
Income taxes (note 13)	(139)	(129)
Net income for the period	6,759	8,388
Other comprehensive income (loss)		
Items that will not be reclassified to net income:		
Remeasurements of pensions	97,447	66,377
Remeasurements of post-retirement benefits	5,769	6,508
Items that may be subsequently reclassified to net income:		
Cumulative translation adjustment	(3,445)	26,707
Total other comprehensive income for the period	99,771	99,592
Comprehensive income for the period	106,530	107,980

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

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Unaudited Condensed Consolidated Statement of Changes in Equity

For the 3-month periods ended March 31, 2021 and March 31, 2020

(tabular amounts are in thousands of Canadian dollars, except unit amounts)

	<u>Partnership units</u>		<u>Deficit</u>	<u>Accumulated other comprehensive income</u>	<u>Total equity</u>
	<u>#</u>	<u>\$</u>			
As of January 1, 2020	63,293,136	408,978	(183,188)	79,012	304,802
Distributions payable (note 12)	-	-	(11,576)	-	(11,576)
Fair value adjustment (note 12)	-	10	(10)	-	-
Change in actuarial gain on pension	-	-	66,377	-	66,377
Change in actuarial gain on post-retirement benefits	-	-	6,508	-	6,508
Cumulative translation adjustment	-	-	-	26,707	26,707
Net income for the period	-	-	8,388	-	8,388
Issuance of partnership units (note 12)	1,016,179	9,999	-	-	9,999
As of March 31, 2020	64,309,315	418,987	(113,501)	105,719	411,205
As of January 1, 2021	66,216,999	439,571	(224,503)	73,334	288,402
Distributions payable (note 12)	-	-	(12,010)	-	(12,010)
Fair value adjustment (note 12)	-	5	(5)	-	-
Change in actuarial gain on pension	-	-	97,447	-	97,447
Change in actuarial gain on post-retirement benefits	-	-	5,769	-	5,769
Cumulative translation adjustment	-	-	-	(3,445)	(3,445)
Net income for the period	-	-	6,759	-	6,759
Issuance of partnership units (note 12)	507,826	5,434	-	-	5,434
As of March 31, 2021	66,724,825	445,010	(126,543)	69,889	388,356

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

Kruger Products L.P.
Unaudited Condensed Consolidated Statement of Cash Flows
For the 3-month periods ended March 31, 2021 and March 31, 2020

(tabular amounts are in thousands of Canadian dollars)

	3-month period ended March 31, 2021	3-month period ended March 31, 2020
	\$	\$
Cash flows from (used in) operating activities		
Net income for the period	6,759	8,388
Items not affecting cash		
Depreciation	17,456	16,445
Amortization	710	374
Change in amortized cost of Partnership units liability (note 5)	3,428	2,520
Foreign exchange (gain) loss (note 5)	(3,744)	9,261
Change in fair value of derivatives (note 5)	-	(360)
Interest expense	12,922	10,580
Pension and post-retirement benefits (note 8)	4,002	3,780
Provisions (note 9)	652	1,755
Income taxes	(139)	(129)
Loss on sale of non-financial assets	1	1
Total items not affecting cash	35,288	44,227
Net change in non-cash working capital (note 17)	(122,455)	(21,505)
Contributions to pension and post-retirement benefit plans	(3,809)	(4,085)
Provisions paid (note 9)	(185)	(208)
Income tax payments	(91)	-
Net cash from (used in) operating activities	(84,493)	26,817
Cash flows from (used in) investing activities		
Purchases of property, plant and equipment	(2,845)	(4,046)
Purchases of property, plant and equipment related to the TAD Sherbrooke Project	(50,479)	(64,693)
Interest paid on credit facilities related to the TAD Sherbrooke Project	(608)	(2,150)
Purchases of software	(738)	(1,045)
Proceeds on sale of shares	-	992
Proceeds on sale of property, plant and equipment	2	-
Net cash used in investing activities	(54,668)	(70,942)
Cash flows from (used in) financing activities (note 18)		
Proceeds from long-term debt	104,640	105,573
Repayment of long-term debt	(1,642)	(1,267)
Payment of deferred financing fees	(324)	(5)
Payment of lease liabilities	(6,637)	(4,491)
Interest paid on long-term debt	(7,006)	(1,920)
Distributions and advances paid, net (note 12)	(20,535)	(6,497)
Net cash from financing activities	68,496	91,393
Effect of exchange rate changes on cash and cash equivalents held in foreign currency		
	(522)	4,230
Increase (decrease) in cash and cash equivalents during the period	(71,187)	51,498
Cash and cash equivalents - Beginning of period	128,739	93,141
Cash and cash equivalents - End of period	57,552	144,639

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

Kruger Products L.P.

Notes to Unaudited Condensed Consolidated Financial Statements

For the 3-month periods ended March 31, 2021 and March 31, 2020

(tabular amounts are in thousands of Canadian dollars, except unit amounts)

1 General information

Kruger Products L.P. (KPLP or the Partnership) is a limited partnership registered in the Province of Quebec, Canada whose partners are Kruger Inc. (ultimate parent), KPGP Inc. (KPGP) and KP Tissue Inc. (KPT). The Partnership manufactures, sells and distributes tissue products for household, industrial and commercial use. The Partnership has plants in New Westminster, British Columbia; Crabtree, Quebec; Sherbrooke, Quebec; Gatineau, Quebec; Scarborough and Trenton, Ontario and Memphis, Tennessee. The Partnership's headquarters are located in Mississauga, Ontario, Canada.

2 Basis of presentation

These unaudited condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) applicable to the preparation of interim financial statements, including International Accounting Standard (IAS) 34 - Interim Financial Reporting as issued by the International Accounting Standards Board (IASB), and with interpretations of the International Financial Reporting Committee which the Canadian Accounting Standards Board has approved for incorporation into Part 1 of the CPA Canada Handbook - Accounting. These unaudited condensed consolidated financial statements should be read in conjunction with the annual audited consolidated financial statements of the Partnership for the year ended December 31, 2020.

These unaudited condensed consolidated financial statements were approved by the board of directors of KPGP on May 6, 2021.

3 Summary of significant accounting policies

The significant accounting policies that have been used in the preparation of these unaudited condensed consolidated financial statements are described in the annual audited consolidated financial statements of the Partnership for the year ended December 31, 2020 and have been applied to all periods presented except the following accounting policies, which were adopted effective January 1, 2021.

- (i) IFRS 9/IAS 39, IFRS 7, IFRS 4 and IFRS 16, Interest Rate Benchmark Reform (Phase 2). In August 2020, the IASB issued amendments that address issues arising from the implementation of interest rate benchmark reform, including the replacement of one benchmark with an alternative one. The mandatory effective date was for annual periods beginning on or after January 1, 2021. The amended standards had no material impact on the unaudited condensed consolidated financial statements.
- (ii) IFRS 16, COVID-19-Related Rent Concessions. In May 2020, the IASB issued an amendment to provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification for any reduction in lease payments originally due on or before June 30, 2021. In March 2021, the IASB issued an amendment to extend the practical expedient to any reduction in lease payments originally due on or before June 30, 2022. The mandatory effective date was for annual periods beginning on or after April 1, 2021, with early adoption permitted. The amended standard had no impact on the unaudited condensed consolidated financial statements.

The impact of new standards, amendments to standards and interpretations that have been issued but not yet effective for financial periods beginning on or after January 1, 2022 and have not been early adopted have been discussed in the annual audited consolidated financial statements for the year ended December 31, 2020, except for the following:

- (i) IAS 1, Classification of Liabilities as Current or Non-current. In January 2020, the IASB issued an amendment to IAS 1 to clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. The mandatory effective date would be annual periods beginning on or after January 1, 2023, with early adoption permitted. The amended standard is not expected to have an impact on the unaudited condensed consolidated financial statements.

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For the 3-month periods ended March 31, 2021 and March 31, 2020

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- (ii) IFRS 3, Reference to Conceptual Framework. In May 2020, the IASB issued an amendment to IFRS 3 to (i) clarify references to the 2018 Conceptual Framework in order to determine what constitutes an asset or liability in a business combination, (ii) add an exception for certain liabilities and contingent liabilities to refer to IAS 37 or IFRIC 21 and (iii) clarify that an acquirer should not recognize contingent assets at the acquisition date. The mandatory effective date would be annual periods beginning on or after January 1, 2022, with early adoption permitted. The amended standard is not expected to have an impact on the unaudited condensed consolidated financial statements.
- (iii) IAS 37, Onerous Contracts – Cost of Fulfilling a Contract. In May 2020, the IASB issued an amendment to IAS 37 to clarify which costs to include in estimating the cost of fulfilling a contract for the purpose of assessing whether that contract is onerous. The mandatory effective date would be annual periods beginning on or after January 1, 2022, with early adoption permitted. The amended standard is not expected to have an impact on the unaudited condensed consolidated financial statements.
- (iv) IAS 16, Proceeds before Intended Use. In May 2020, the IASB issued an amendment to IAS 16 to clarify the accounting for the net proceeds from selling any items produced while bringing an item of property, plant and equipment into use. The mandatory effective date would be annual periods beginning on or after January 1, 2022, with early adoption permitted. The amended standard is not expected to have a material impact on the unaudited condensed consolidated financial statements.
- (v) IAS 1, Disclosure of Accounting Policies. In February 2021, the IASB issued amendments to IAS 1 to provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The mandatory effective date would be annual periods beginning on or after January 1, 2023, with early adoption permitted. The amended standard is not expected to have an impact on the unaudited condensed consolidated financial statements.
- (vi) IAS 8, Accounting Policies, Changes to Accounting Estimates and Errors. In February 2021, the IASB issued amendments to IAS 8 to introduce a new definition of accounting estimates to clarify the distinction between changes in accounting policies and changes in accounting estimates and the correction of errors. The mandatory effective date would be annual periods beginning on or after January 1, 2023, with early adoption permitted. The amended standard is not expected to have an impact on the unaudited condensed consolidated financial statements.

4 Critical accounting estimates and judgments

The preparation of these unaudited condensed consolidated financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities in the unaudited condensed consolidated financial statements and the disclosure of contingencies at the dates of the unaudited condensed consolidated statements of financial position, and the reported amounts of revenues and expenses during the reporting period. On a regular basis and with the information available, management reviews its estimates. Actual results could differ from those estimates. When adjustments become necessary, they are reported in earnings in the period in which they occur. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and the future periods if the revision affects both current and future periods.

The estimates and judgement applied by management that most significantly affect the unaudited condensed consolidated financial statements are the same as the ones that applied to the annual audited consolidated financial statements for the year ended December 31, 2020, updated for the following:

COVID-19

During the 3-month period ended March 31, 2021, management considered the impact of COVID-19 on the Partnership's critical accounting estimates and judgments, including the Partnership's assessment of the assumptions and estimates made in its valuation of the Partnership units liability and pension liability, the assumptions utilized in its

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assessment of the recoverability of deferred tax assets, the assessment of triggering events with respect to its impairment analysis for non-current assets and the impact on credit risk and liquidity risk.

While management has concluded that there was no material change in the assumptions relevant to the valuation of the Partnership units liability or recoverability of deferred tax assets as of March 31, 2021 and that during the 3-month period ended March 31, 2021, no triggering event had occurred requiring an impairment test to be performed with respect to non-current assets, the length and severity of the COVID-19 pandemic could result in future material changes to those assumptions or future impairment charges. Although the Partnership believes that its exposure to credit risk and liquidity risk is generally limited, the risks and uncertainties associated with the COVID-19 pandemic have increased the credit risk and liquidity risk associated with trade receivables and such risks are being closely managed. There was a slight decrease in the provision for expected credit losses to \$1.3 million as of March 31, 2021 (December 31, 2020 - \$1.5 million).

5 Other (income) expense

	3-month period ended March 31, 2021	3-month period ended March 31, 2020
	\$	\$
Foreign exchange (gain) loss	(3,744)	9,261
Change in amortized cost of Partnership units liability	3,428	2,520
Change in fair value of derivatives	-	(360)
	<u>(316)</u>	<u>11,421</u>

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Notes to Unaudited Condensed Consolidated Financial Statements

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(tabular amounts are in thousands of Canadian dollars, except unit amounts)

6 Property, plant and equipment

	Land \$	Buildings \$	Machinery and equipment \$	Assets under construction or development \$	Total \$
As of January 1, 2021					
Cost	38,203	319,272	1,288,832	285,524	1,931,831
Accumulated depreciation	-	(98,267)	(639,373)	-	(737,640)
Net book value as of January 1, 2021	38,203	221,005	649,459	285,524	1,194,191
Additions	-	-	-	27,499	27,499
Capitalized interest	-	-	-	1,830	1,830
Disposals	-	-	(2)	-	(2)
Transfers	(93)	57,922	242,399	(300,228)	-
Depreciation	-	(2,276)	(13,024)	-	(15,300)
Exchange differences	(18)	(642)	(3,329)	(32)	(4,021)
As of March 31, 2021	38,092	276,009	875,503	14,593	1,204,197
As of March 31, 2021					
Cost	38,092	376,317	1,525,479	14,593	1,954,481
Accumulated depreciation	-	(100,308)	(649,976)	-	(750,284)
Net book value as of March 31, 2021	38,092	276,009	875,503	14,593	1,204,197

7 Right-of-use assets

	Land \$	Buildings \$	Equipment \$	Motor vehicles \$	Total \$
As of January 1, 2021					
Cost	38,068	150,149	9,641	2,631	200,489
Accumulated right-of-use depreciation	(25,174)	(62,679)	(3,535)	(1,468)	(92,856)
Net book value as of January 1, 2021	12,894	87,470	6,106	1,163	107,633
Additions, net of lease terminations	176	(243)	1,545	153	1,631
Right-of-use depreciation	(452)	(2,931)	(1,097)	(154)	(4,634)
Exchange differences	-	(69)	(3)	(2)	(74)
As of March 31, 2021	12,618	84,227	6,551	1,160	104,556
As of March 31, 2021					
Cost	38,244	149,816	11,179	2,777	202,016
Accumulated right-of-use depreciation	(25,626)	(65,589)	(4,628)	(1,617)	(97,460)
Net book value as of March 31, 2021	12,618	84,227	6,551	1,160	104,556

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(tabular amounts are in thousands of Canadian dollars, except unit amounts)

8 Pensions and post-retirement benefits

The following were the significant assumptions for the defined benefit pension plans and other benefit plans:

	Pensions		Post-retirement benefit plans	
	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
	%	%	%	%
Assumptions				
Discount rate - accrued benefit obligation	3.20	2.57	3.20	2.57
Rate of compensation increases	3.25 - 4.00	3.25 - 4.00		

The net benefit pension plan expense included the following components:

	Pensions		Post-retirement benefit plans	
	3-month period ended March 31, 2021	3-month period ended March 31, 2020	3-month period ended March 31, 2021	3-month period ended March 31, 2020
	\$	\$	\$	\$
Net benefit plan expense				
Current service cost	3,301	3,124	553	503
Interest cost	4,034	5,180	315	399
Expected return on plan assets	(3,187)	(4,121)	-	-
Administrative cost	148	153	-	-
	<u>4,296</u>	<u>4,336</u>	<u>868</u>	<u>902</u>

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Notes to Unaudited Condensed Consolidated Financial Statements

For the 3-month periods ended March 31, 2021 and March 31, 2020

(tabular amounts are in thousands of Canadian dollars, except unit amounts)

9 Provisions

	Environmental and asset retirement obligations ^(a)	Long-term incentives, DSUs, PSUs and RSUs ^(b)	Restructuring	Total
	\$	\$	\$	\$
Provisions as of				
January 1, 2021	6,545	7,179	738	14,462
Current	-	4,309	604	4,913
Non-current	6,545	2,870	134	9,549
Provisions as of				
January 1, 2021	6,545	7,179	738	14,462
Additional provisions	-	610	42	652
Reclassification	-	43	-	43
Paid during the period	-	-	(185)	(185)
Interest accretion	35	-	-	35
Provisions as of				
March 31, 2021	6,580	7,832	595	15,007
Current	-	3,989	494	4,483
Non-current	6,580	3,843	101	10,524

(a) Environmental and asset retirement obligations

The Partnership has made a provision for the potential obligation under a land lease at one of its plant locations to demolish the building and restore the land at the end of the lease to its original condition. The current lease ends in March 2028 with permission to secure the site until March 2053. The undiscounted amount to settle this obligation is estimated to be between \$13.1 million and \$17.3 million. The liability is estimated using a discounted cash flow with a discount rate of 2.12% (December 31, 2020 – 2.12%).

(b) Long-term incentives, DSUs, PSUs and RSUs

Long-term incentives include the Executive Long-Term Incentive Plan (LTIP) for the Partnership. The LTIP uses performance share units (PSUs) and restricted share units (RSUs). Performance results are based primarily on Adjusted EBITDA (note 15) return on capital employed using a three-year average, along with other components. The PSUs are paid in cash in May of the year following the three-year period they are earned. The PSU expense is recognized over the same three-year period. The RSUs are expensed and vest one-third each year and are paid in cash each May.

The Partnership has adopted a policy that requires that each director own a minimum of 5,000 common shares and/or share equivalents in the form of deferred share units (DSUs) of KPT. A deferred share unit plan (Plan) has been adopted which allows independent directors to receive all or part of their director retainer fees in the form of DSUs. The Plan allows for the issuance of additional units as dividend equivalents when KPT declares and issues a dividend to shareholders. Upon the individual ceasing to be a director, the DSUs will be paid out in cash. As of March 31, 2021, DSUs of \$0.4 million were recorded (December 31, 2020 – \$0.4 million).

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For the 3-month periods ended March 31, 2021 and March 31, 2020

(tabular amounts are in thousands of Canadian dollars, except unit amounts)

10 Long-term debt

	Maturity	March 31, 2021 \$	December 31, 2020 \$
Senior Credit Facility ^(c)	2023	79,030	8,941
Senior Unsecured Notes due April 24, 2025	2025	122,966	122,847
AgCredit Agreement ^(a)	2023, 2025, 2036, 2037	468,637	444,933
IQ Debenture	2028	99,745	98,251
Nordea2 Credit Facility	2029	58,412	53,225
Quebec PM Loan	2026	21,698	23,024
Ontario Loan	2026	2,273	2,252
		852,761	753,473
Less: Current portion of long-term debt		9,939	9,495
		842,822	743,978

Amounts are net of deferred financing fees

a) AgCredit Agreement

On March 19, 2021, the Partnership entered into the Second Amendment to the AgCredit Agreement, to allow for IQ's expected investment in the Sherbrooke Expansion Project and to provide for other capital investment financing requirements.

b) Senior Unsecured Notes due April 9, 2029

On April 8, 2021, the Partnership issued \$135 million aggregate principal amount of 5.375% senior unsecured notes due April 9, 2029 (the 2029 Notes) by way of private placement in Canada in accordance with applicable Canadian prospectus and registration exemptions. The 2029 Notes were issued pursuant to a trust indenture entered into as of April 8, 2021 between the Partnership, the Guarantors and Computershare Trust Company of Canada (the 2029 Indenture). Interest on the 2029 Notes accrues at 5.375% per year and is payable semi-annually on April 9 and October 9 of each year.

Under the 2029 Notes, "Restricted Subsidiaries" means any subsidiary of the Partnership that is not an Unrestricted Subsidiary as defined in the 2029 Indenture (which Unrestricted Subsidiaries include TAD Canco Inc., TAD Luxembourg S.A.R.L., K.T.G. (USA) Inc. (KTG), Kruger Products Sherbrooke Inc. (KPSI), KP TAD Holdco Inc., TAD2 GP ULC, TAD2 US LP, TAD1 Canco I Inc., TAD1 GP ULC, TAD1 US LP, TAD1 Canco II Inc., 1061021 Delaware Inc., 8528365 Canada Inc., KPSB and Non-Material Subsidiaries as defined in the 2029 Indenture).

The 2029 Notes are senior unsecured obligations of the Partnership. The 2029 Notes rank senior in right of payment to all existing and future subordinated indebtedness of the Partnership and equal in right of payment to all indebtedness of the Partnership that is not subordinated in right of payment to the 2029 Notes other than any indebtedness that ranks senior to the 2029 Notes by operation of law. The 2029 Notes will be effectively subordinated to all existing and future secured indebtedness of the Partnership, to the extent of the assets securing such indebtedness.

The 2029 Notes are unconditionally guaranteed, jointly and severally, by all existing and future Restricted Subsidiaries (the Guarantors). The guarantees are senior unsecured obligations of each of the Guarantors and will rank senior in right of payment to all existing and future subordinated indebtedness of the Guarantors and equal in

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right of payment to all indebtedness of such Guarantor that is not subordinated in right of payment to their guarantee, other than indebtedness that ranks senior to the guarantees by operation of law.

At any time prior to April 9, 2024, the Partnership may redeem up to 40.0% of the aggregate principal amount of the 2029 Notes at a redemption price of 105.375% of the principal amount of the 2029 Notes to be redeemed, plus accrued and unpaid interest to the date of redemption, with the net proceeds received by the Partnership from certain equity offerings after the issue date.

At any time prior to April 9, 2024, the Partnership may redeem the 2029 Notes, at a redemption price equal to the greater of (a) the Applicable Premium (as defined in the 2029 Indenture) and (b) 101% of the aggregate principal amount of the 2029 Notes redeemed, plus, in each case, accrued and unpaid interest, if any, to the applicable redemption date.

On or after April 9, 2024, the Partnership may redeem all or part of the 2029 Notes at the following redemption prices, plus accrued and unpaid interest to the applicable redemption date, if redeemed during the 12-month period commencing April 9 of the year set forth below:

<u>Year</u>	<u>Percentage</u>
2024	102.688%
2025	101.344%
2026 and thereafter	100.000%

Upon the occurrence of a Change of Control of the Partnership (as defined in the 2029 Indenture), the Partnership will be required to offer to repurchase all or any part of each holder's 2029 Notes for a payment in cash equal to 101% of the aggregate principal amount of 2029 Notes repurchased, plus accrued and unpaid interest thereon to the purchase date.

The 2029 Indenture contains certain restrictive covenants of the Partnership, including, but not limited to, limitations on making certain restricted payments by the Partnership or its Restricted Subsidiaries, restrictions on incurring certain indebtedness by the Partnership or its Restricted Subsidiaries, restrictions on incurring certain liens by the Partnership or its Restricted Subsidiaries, certain restrictions on transactions with affiliates, limitations on engaging in any line of business other than the businesses in which the Partnership and the Restricted Subsidiaries were engaged on the date of issuance of the 2029 Notes, and any business reasonably related, incidental, complementary or ancillary thereto, limitations on creating any contractual restrictions on the ability of the Partnership or its Restricted Subsidiaries to take certain actions, such as the payment of dividends or making of distributions, restrictions on consolidating, amalgamating or merging into any other person and restrictions on selling, transferring, assigning, leasing, conveying or otherwise disposing of all or substantially all of the property of the Partnership and the Restricted Subsidiaries taken as a whole.

The 2029 Indenture contains customary events of default such as non-payment, liquidation of assets, change of control, non-payment or acceleration of any indebtedness in an aggregate amount exceeding \$25 million, insolvency and enforcement proceedings.

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c) Senior Credit Facility

In conjunction with the issuance of the 2029 Notes on April 8, 2021, capacity under the Senior Credit Facility was reduced from \$250 million to \$200 million.

d) Sherbrooke Expansion Project

On February 26, 2021, the Partnership announced a further investment of \$240 million to expand the Sherbrooke operation with a new paper machine and two production lines as well as the construction of a new tissue manufacturing facility (the Sherbrooke Expansion Project) over the next three years.

The \$240 million project is expected to be financed 100% with debt. Investissement Quebec (IQ) has signed a letter of intent to invest \$165 million in the project as follows: (i) \$118 million, by way of a \$75 million convertible debenture and a \$43 million subordinated loan to Kruger Products SB Inc. (KPSB), a newly created wholly owned subsidiary of the Partnership which will operate the new facility, and (ii) \$47 million by way of a subordinated loan to KPSI, which operates the TAD Sherbrooke facility. The debenture and loans are expected to have a ten year term.

As part of the commitment of the IQ financing, the Partnership will be required to make annual payments of \$5.8 million to Kruger Brompton L.P. (KBLP) over a 10 year period in exchange for access to shared infrastructure and services, the transfer of properties to complete the project and KBLP's facilitation of the capital and financing structure for the project.

11 Lease liabilities

The Partnership's leases relate to right-of-use of land, buildings, equipment and motor vehicles. The contractual undiscounted cash flows for Lease liabilities were as follows:

	March 31, 2021
	\$
Less than 1 year	24,953
Between 1 and 5 years	68,533
More than 5 years	73,367
	<u>166,853</u>

Renewal options have been included in the measurement of Lease liabilities when it is reasonably certain that the Partnership will exercise the renewal option.

Interest expense on Lease liabilities, expenses relating to variable payments not included in the measurement of Lease liabilities and expenses relating to low-value leases were as follows:

	3-month period ended March 31, 2021	3-month period ended March 31, 2020
	\$	\$
Interest expense on Lease liabilities ^(a)	1,582	1,427
Expenses relating to variable payments not included in the measurement of Lease liabilities ^(b)	1,423	1,291
Expenses relating to low-value leases ^(b)	64	68
	<u>3,069</u>	<u>2,786</u>

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- (a) Included in Interest expense in the unaudited condensed consolidated statement of comprehensive income.
- (b) Included in Cost of sales and Selling, general and administrative expenses in the unaudited condensed consolidated statement of comprehensive income.

Expenses relating to variable payments not included in the measurement of Lease liabilities include variable lease payments for operating costs, property taxes and insurance.

For the 3-month period ended March 31, 2021, expenses relating to short-term leases were not significant.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Partnership's incremental borrowing rate. Generally, the Partnership uses its incremental borrowing rate as the discount rate. The weighted-average rate applied is 4.29% as of March 31, 2021 (December 31, 2020 – 4.33%). Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability.

12 Distributions and Partnership units liability

	Partnership units liability
	\$
As of January 1, 2021	185,424
Change in amortized cost of Partnership units liability (note 5)	3,428
Tax Distributions	(17,535)
As of March 31, 2021	<u>171,317</u>

The Partnership unit distributions paid, the portion of the distribution reinvested by the partners, the additional Partnership units issued at the unit price, and the gross proceeds were as follows:

Distribution Payment Date	3-month period ended March 31, 2021			
	Partnership unit distributions	Unit price	Issuance of Partnership units	Gross proceeds
	\$	\$	#	\$
January 15, 2021	11,919	10.70	507,826	5,434
	<u>11,919</u>		<u>507,826</u>	<u>5,434</u>
Distribution Payment Date	3-month period ended March 31, 2020			
	Partnership unit distributions	Unit price	Issuance of Partnership units	Gross proceeds
	\$	\$	#	\$
January 15, 2020	11,393	9.84	1,016,179	9,999
	<u>11,393</u>		<u>1,016,179</u>	<u>9,999</u>

On April 15, 2021, the Partnership paid a distribution of \$12.0 million to the partners. Pursuant to the Partnership's Distribution Reinvestment Plan (DRIP), a portion of the distribution was reinvested by the partners, resulting in the Partnership issuing 528,465 Partnership units at a price of \$10.47.

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Subsequent to March 31, 2021, the Partnership declared a distribution of \$12.1 million, payable on July 15, 2021.

The Partnership paid Partnership unit distributions, Tax Distributions and advances to its related parties as follows:

	3-month period ended March 31, 2021			
	Advances paid \$	Tax Distributions \$	Partnership unit distributions \$	Total \$
Paid to Kruger Inc. ^(a)	1,836	10,149	5,081	17,066
Paid to KPGP	-	1	1	2
Paid to KPT ^(b)	326	1,738	1,403	3,467
Total paid	2,162	11,888	6,485	20,535

	3-month period ended March 31, 2020		
	Tax Distributions \$	Partnership unit distributions \$	Total \$
Paid to Kruger Inc. ^(a)	4,322	-	4,322
Paid to KPGP	-	1	1
Paid to KPT ^(b)	781	1,393	2,174
Total paid	5,103	1,394	6,497

(a) During the 3-month periods ended March 31, 2021 and March 31, 2020, Partnership unit distributions were paid to Kruger Inc. net of the DRIP reinvestment. During the 3-month period ended March 31, 2021, Kruger Inc.'s DRIP reinvestment was \$5.1 million (3-month period ended March 31, 2020 - \$9.7 million).

(b) During the 3-month periods ended March 31, 2021 and March 31, 2020, Partnership unit distributions were paid to KPT net of the DRIP reinvestment. During the 3-month period ended March 31, 2021, KPT's DRIP reinvestment was \$0.3 million (3-month period ended March 31, 2020 - \$0.3 million).

Tax Distributions

On February 26, 2021, pursuant to the Tax Distribution as defined in the Partnership Agreement, the Partnership declared a Tax Distribution of \$17.5 million, of which the advances of \$5.6 million were offset and the remaining \$11.9 million was paid on February 26, 2021. During the 3-month period ended March 31, 2021, pursuant to the Tax Distribution as defined in the Partnership Agreement, the Partnership made advances to its partners of \$2.2 million, of which \$0.3 million was used to pay the monthly tax instalment on behalf of KPT and the remaining was advanced to Kruger Inc. and KPGP. The advances are non-interest bearing and non-recourse in nature and are settled when the Tax Distribution is declared annually.

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13 Income taxes

The Partnership is not a tax paying entity for the 3-month periods ended March 31, 2021 and March 31, 2020. The income (loss) from the Partnership flows to the partners, Kruger Inc., KPGP and KPT. However, the Partnership's subsidiaries KP USA, KTG, TAD Canco Inc., TAD Luxembourg S.A.R.L, KP TAD Holdco Inc., TAD1 Canco I Inc., TAD1 Canco II Inc., TAD1 GP ULC, TAD2 GP ULC, KPSI and KPSB are corporate entities and, therefore, are subject to tax.

Income tax expense (recovery) was recognized based on management's best estimate of the effective weighted average annual income tax rate expected for the full financial year. The estimated effective weighted average annual income tax rate for the 3-month period ended March 31, 2021 was (2.1%) (3-month period ended March 31, 2020 – (1.6%)).

The components of income taxes were as follows:

	3-month period ended March 31, 2021	3-month period ended March 31, 2020
	\$	\$
Current tax expense	361	480
Deferred tax recovery	(500)	(609)
	<u>(139)</u>	<u>(129)</u>

14 Related party transactions

The Partnership makes sales to and acquires goods and services from Kruger Inc. and its subsidiary companies (related parties) in the normal course of business. These transactions are measured at the exchange amount, which is the amount agreed on by the related parties, and are non-interest bearing.

Kruger Inc. is also providing certain management and support services related to the TAD Sherbrooke Project including project management services, and engineering, construction, accounting and corporate finance support services.

Sales of goods to Kruger Inc. for the 3-month period ended March 31, 2021 were \$0.05 million (3-month period ended March 31, 2020 - \$0.02 million). Sales of goods to subsidiaries of Kruger Inc. for the 3-month period ended March 31, 2021 were \$0.2 million (3-month period ended March 31, 2020 - nil). Goods are sold based on the price lists in force and terms that would be available to third parties.

Purchases of goods and services from Kruger Inc. for the 3-month period ended March 31, 2021 were \$2.1 million (3-month period ended March 31, 2020 - \$2.3 million). Purchases of goods and services from subsidiaries of Kruger Inc. for the 3-month period ended March 31, 2021 were \$11.8 million (3-month period ended March 31, 2020 - \$15.9 million). Goods are purchased from Kruger Inc. and related parties under normal commercial terms and conditions. These purchases of goods and services are included within cost of sales and selling, general and administrative expenses in the unaudited condensed consolidated statement of comprehensive income.

During the 3-month period ended March 31, 2021, management fees of \$1.9 million (3-month period ended March 31, 2020 - \$1.8 million) were paid to Kruger Inc. for management services provided to the Partnership.

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Balances due to and from related parties were as follows:

	March 31, 2021	December 31, 2020
	\$	\$
Receivables from Kruger Inc.	17	-
Receivables from subsidiaries of Kruger Inc.	14	13
	<u>31</u>	<u>13</u>
Payables to Kruger Inc.	3,043	5,726
Payables to subsidiaries of Kruger Inc.	1,949	3,350
Payables to KPT	24	21
	<u>5,016</u>	<u>9,097</u>

The receivables from and payables to related parties are based on commercial terms agreed on between the parties, unsecured and non-interest bearing. There were no provisions related to the receivables from related parties as of March 31, 2021 and December 31, 2020. There were no loans outstanding with related parties as of March 31, 2021 and December 31, 2020.

The Partnership declared distributions, which are payable to its related parties as follows:

	March 31, 2021	December 31, 2020
	\$	\$
Distribution payable to Kruger Inc.	10,248	10,163
Distribution payable to KPGP	1	1
Distribution payable to KPT	1,761	1,755
	<u>12,010</u>	<u>11,919</u>

15 Segment information

Reportable segments

Management has determined the operating segments based on the reports reviewed by the Chief Executive Officer who is considered to be the Chief Operating Decision Maker. The Partnership operates in two industry segments: Consumer and AFH.

(a) Consumer

This segment operates using the Partnership's manufacturing facilities in Canada (New Westminster, British Columbia; Crabtree, Quebec; Sherbrooke, Quebec; Gatineau, Quebec) and in the United States (Memphis, Tennessee). The Consumer segment includes sales of branded tissue products such as Cashmere™, Purex™, White Swan™, Scotties™, Sponge Towels™ and White Cloud™ and private label tissue products.

(b) AFH

This segment operates using the Partnership's manufacturing facilities in Canada. The AFH business sells tissue products primarily through distributors to businesses involved in property management, health care, food service, manufacturing and lodging and also to public facilities.

Segment operating income is the earnings (loss) for each such segment before (i) interest expense, (ii) income taxes, (iii) depreciation, (iv) amortization, (v) impairment (gain on sale) of non-financial assets, (vi) loss (gain) on disposal of

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property, plant and equipment, (vii) foreign exchange loss (gain), (viii) costs related to restructuring activities, (ix) changes in amortized cost of Partnership units liability, (x) change in fair value of derivatives, (xi) consulting costs related to operational transformation initiatives, (xii) corporate development related costs and (xiii) loss (gain) on sale of shares. The unaudited condensed consolidated financial statements refer to “Adjusted EBITDA”, a measure which does not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similarly titled measures presented by other companies. “Consumer Segment Adjusted EBITDA” and “AFH Segment Adjusted EBITDA” means in each case the Segment operating income for the respective reportable segment of the Partnership.

Corporate and other costs

Beginning during the 3-month period ended March 31, 2021, timing adjustments for certain manufacturing costs included in inventory that were previously included in Corporate and other costs are now allocated to the Consumer and AFH segments. Corporate and other costs now includes only certain management overhead costs not directly attributable to the business segments.

The Partnership’s assets, operations and employees are located primarily in Canada and the United States. The same long-term assets of the Partnership are used for the Consumer and AFH segments. Accordingly, assets cannot be allocated to these segments.

	3-month period ended March 31, 2021			Total \$
	Consumer \$	AFH \$	Corporate and other costs \$	
Revenue from external customers	271,367	39,012	-	310,379
Adjusted EBITDA	44,051	(4,782)	(1,804)	37,465
Depreciation and amortization				18,166
Interest expense				12,922
Change in amortized cost of Partnership units liability				3,428
Loss on sale of non-financial assets				1
Restructuring costs, net				56
Foreign exchange gain				(3,744)
Corporate development related costs				16
Income before income taxes				6,620
Income taxes				(139)
Net income				6,759

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	3-month period ended March 31, 2020			Total \$
	Consumer \$	AFH \$	Corporate and other costs \$	
Revenue from external customers	313,289	61,857	-	375,146
Adjusted EBITDA	54,349	(1,021)	(2,377)	50,951
Depreciation and amortization				16,819
Interest expense				10,580
Change in amortized cost of Partnership units liability				2,520
Change in fair value of derivatives				(360)
Loss on sale of non-financial assets				1
Restructuring costs, net				738
Foreign exchange loss				9,261
Consulting costs related to operational transformation initiatives				3,133
Income before income taxes				8,259
Income taxes				(129)
Net income				8,388

Geographic segments

The Partnership has generated revenue in Canada and the United States. Revenue and assets were allocated to geographic segment based on the location of the customer and long-term assets, respectively.

Revenue	3-month period ended March 31, 2021	3-month period ended March 31, 2020
	\$	\$
Canada	194,603	230,095
US	115,776	145,051
	310,379	375,146

	March 31, 2021		Total \$
	Canada \$	US \$	
Property, plant and equipment	882,587	321,610	1,204,197
Goodwill	152,021	-	152,021
Intangible assets	29,946	-	29,946

	December 31, 2020		Total \$
	Canada \$	US \$	
Property, plant and equipment	865,247	328,944	1,194,191
Goodwill	152,021	-	152,021
Intangible assets	26,205	-	26,205

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16 Financial instruments

Classification of financial instruments

As of March 31, 2021, the classification of the financial instruments, as well as their carrying amounts and fair values, was as follows:

	Classification	Carrying amount \$	Fair value \$
Cash and cash equivalents	financial assets at amortized cost	57,552	57,552
Trade and other receivables	financial assets at amortized cost	67,016	67,016
Receivables from related parties	financial assets at amortized cost	31	31
Advances to partners	financial assets at amortized cost	2,162	2,162
Embedded derivative	embedded derivative at fair value through profit and loss	10	10
Trade payables	financial liabilities at amortized cost	(80,852)	(80,852)
Accrued liabilities	financial liabilities at amortized cost	(68,877)	(68,877)
Contract liabilities	financial liabilities at amortized cost	(93,716)	(93,716)
Payables to related parties	financial liabilities at amortized cost	(5,016)	(5,016)
Distributions payable	financial liabilities at amortized cost	(12,010)	(12,010)
Long-term debt	financial liabilities at amortized cost	(852,761)	(868,665)
Lease liabilities	financial liabilities at amortized cost	(127,472)	(127,472)
Partnership units liability	financial liabilities at amortized cost	(171,317)	(171,317)

The following table details the fair value hierarchy of financial instruments by level as of March 31, 2021:

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Embedded derivative	-	10	-	10
Long-term debt	-	(868,665)	-	(868,665)
Partnership units liability	-	-	(171,317)	(171,317)

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As of December 31, 2020, the classification of the financial instruments, as well as their carrying amounts and fair values, was as follows:

	Classification	Carrying amount \$	Fair value \$
Cash and cash equivalents	financial assets at amortized cost	128,739	128,739
Trade and other receivables	financial assets at amortized cost	88,041	88,041
Receivables from related parties	financial assets at amortized cost	13	13
Advances to partners	financial assets at amortized cost	5,647	5,647
Embedded derivative	embedded derivative at fair value through profit and loss	10	10
Trade payables	financial liabilities at amortized cost	(109,593)	(109,593)
Accrued liabilities	financial liabilities at amortized cost	(114,776)	(114,776)
Contract liabilities	financial liabilities at amortized cost	(107,703)	(107,703)
Payables to related parties	financial liabilities at amortized cost	(9,097)	(9,097)
Distributions payable	financial liabilities at amortized cost	(11,919)	(11,919)
Long-term debt	financial liabilities at amortized cost	(753,473)	(769,984)
Lease liabilities	financial liabilities at amortized cost	(130,975)	(130,975)
Partnership units liability	financial liabilities at amortized cost	(185,424)	(185,424)

The following table details the fair value hierarchy of financial instruments by level as of December 31, 2020:

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Embedded derivative	-	10	-	10
Long-term debt	-	(769,984)	-	(769,984)
Partnership units liability	-	-	(185,424)	(185,424)

Fair value

Cash and cash equivalents, Trade and other receivables, Receivables from related parties, Advances to partners, Embedded derivative, Trade payables, Accrued liabilities, Contract liabilities, Payables to related parties and Distributions payable are short-term financial instruments whose fair value approximates the carrying amount, given they will mature in the near future.

The fair values of the Senior Credit Facility, the \$125 million aggregate principal amount of 6.0% senior unsecured notes issued April 24, 2018 and due April 24, 2025 (2025 Senior Unsecured Notes or 2025 Notes), the AgCredit Agreement and the Nordea2 Credit Facility approximate the current principal amount outstanding as the interest rate approximates current market interest rates. The fair values of the IQ Debenture, the Quebec PM Loan and the Ontario Loan are recorded on future cash flows discounted using market rates, net of the government grant recorded on the below-market rate of interest.

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The fair values of Long-term debt and discount rates were as follows:

	Discount rate	March 31, 2021	December 31, 2020
		\$	\$
Senior Credit Facility	-	80,000	10,000
Senior Unsecured Notes due April 24, 2025	-	125,000	125,000
AgCredit Agreement	-	478,027	454,527
IQ Debenture	6.0%	100,176	98,707
Nordea2 Credit Facility	-	61,257	56,229
Quebec PM Loan	4.4%	21,932	23,269
Ontario Loan	4.4%	2,273	2,252
		868,665	769,984

Amounts exclude deferred financing fees

Management has estimated the fair value of the Embedded derivative using a probability-weighted interest rate pricing method. The valuation methodology used is categorized as a Level 2 methodology.

The fair value of the derivative liabilities was based on foreign exchange rates and interest rates in the active market. The change in the fair value of the derivative liabilities based on foreign exchange rates was nil during the 3-month period ended March 31, 2021 (3-month period ended March 31, 2020 – \$0.4 million gain, which was recorded in the unaudited condensed consolidated statement of comprehensive income in Other expense). The valuation methodology used was categorized as a Level 2 methodology.

Fair value of the Partnership units liability

The Partnership units liability is classified as a financial liability at amortized cost. Management has estimated the fair value of the Partnership units liability using a discounted cash flow model. Significant assumptions include the income tax obligation, discount rate and an industry capitalization rate. There were no significant changes in the assumptions during the 3-month period ended March 31, 2021.

Currency risk

From time to time, the Partnership uses derivative financial instruments to manage foreign currency risk. Foreign exchange swaps and foreign exchange forwards are used to manage U.S. dollar borrowings. As of March 31, 2021, the Partnership had no foreign exchange swaps and no foreign exchange forwards outstanding.

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17 Non-cash working capital

The change in non-cash working capital on the unaudited condensed consolidated statement of cash flows comprised the following:

	3-month period ended March 31, 2021	3-month period ended March 31, 2020
	\$	\$
Decrease (increase) in trade and other receivables	19,902	(26,565)
Decrease (increase) in receivables from related parties	(18)	125
Decrease (increase) in inventories	(66,397)	14,485
Increase in prepaid expenses	(4,430)	-
Decrease in income taxes	264	309
Decrease in trade and other payables	(67,695)	(12,705)
Increase (decrease) in payables to related parties	(4,081)	2,846
	<u>(122,455)</u>	<u>(21,505)</u>

18 Cash flows from (used in) financing activities

The change in financing activities on the unaudited condensed consolidated statement of cash flows comprised the following:

	As of January 1, 2020	Proceeds from long- term debt	Repayment of long- term debt	Payment of deferred financing fees	Payment of lease liabilities	Interest paid on long-term debt	Distributions and advances paid, net	Movements not in financing activities	As of March 31, 2020
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Prepaid interest	(361)	-	-	-	-	(1,441)	-	1,212	(590)
Accrued liabilities	99,829	-	-	-	-	(304)	-	10,895	110,420
Distributions payable	11,393	-	-	-	-	-	(11,393)	11,576	11,576
Long-term debt	591,062	105,573	(1,267)	(5)	-	(175)	-	28,267	723,455
Partnership units	408,978	-	-	-	-	-	9,999	10	418,987
Partnership units liability	143,515	-	-	-	-	-	(5,103)	2,520	140,932
Lease liabilities	118,762	-	-	-	(4,491)	-	-	2,573	116,844
Total	<u>1,373,178</u>	<u>105,573</u>	<u>(1,267)</u>	<u>(5)</u>	<u>(4,491)</u>	<u>(1,920)</u>	<u>(6,497)</u>	<u>57,053</u>	<u>1,521,624</u>

	As of January 1, 2021	Proceeds from long- term debt	Repayment of long- term debt	Payment of deferred financing fees	Payment of lease liabilities	Interest paid on long-term debt	Distributions and advances paid, net	Movements not in financing activities	As of March 31, 2021
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Advances to partners	(5,647)	-	-	-	-	-	(2,162)	5,647	(2,162)
Prepaid interest	(11)	-	-	-	-	(284)	-	169	(126)
Other long-term assets	(10)	-	-	(188)	-	-	-	-	(198)
Accounts receivable	(88,041)	-	-	-	-	(37)	-	21,062	(67,016)
Accrued liabilities	114,776	-	-	-	-	(6,685)	-	(39,214)	68,877
Distributions payable	11,919	-	-	-	-	-	(11,919)	12,010	12,010
Long-term debt	753,473	104,640	(1,642)	(136)	-	-	-	(3,574)	852,761
Partnership units	439,571	-	-	-	-	-	5,434	5	445,010
Partnership units liability	185,424	-	-	-	-	-	(11,888)	(2,219)	171,317
Lease liabilities	130,975	-	-	-	(6,637)	-	-	3,134	127,472
Total	<u>1,542,429</u>	<u>104,640</u>	<u>(1,642)</u>	<u>(324)</u>	<u>(6,637)</u>	<u>(7,006)</u>	<u>(20,535)</u>	<u>(2,980)</u>	<u>1,607,945</u>