Galaxy Digital Holdings LP

Condensed Consolidated Interim Financial Statements

For the Three and Nine Months ended September 30, 2020 and 2019

(Expressed in US Dollars)

(Unaudited)

Galaxy Digital Holdings LP

Condensed Consolidated Interim Statements of Financial Position
(Expressed in US Dollars - unaudited)

	September 30, 2020	December 31, 2019
Assets		
Current assets		
Cash	$ 54,666,020	$ 106,262,780
Digital assets (Note 6)	224,847,948	85,980,731
Investments (Note 7)	200,672,653	158,163,420
Receivable for digital asset trades (Note 6)	590,657	330,609
Digital asset loans receivable (Note 10)	23,657,167	16,061,945
Assets posted as collateral (Note 10)	16,768,600	10,585,819
Receivables (Note 9)	2,216,386	1,853,169
Derivatives (Note 8)	2,072,522	—
Prepaid expenses and other assets (Note 11)	2,328,841	2,580,255
Loans receivable (Note 12)	—	11,719,738
	527,820,794	393,538,466
Right of use asset (Note 13)	4,725,670	5,182,993
Property and equipment (Note 13)	3,703,037	4,057,662
	8,428,707	9,240,655
Total assets	**$ 536,249,501**	**$ 402,779,121**
Liabilities		
Current liabilities		
Digital assets sold short (Note 15)	$ 12,077,789	$ 18,616,860
Accounts payable and accrued liabilities (Note 14)	15,055,582	11,719,494
Payable for digital asset trades (Note 6)	3,808,919	250,158
Digital asset loans payable (Note 10)	53,975,808	11,134,329
Collateral payable (Note 8, 10)	420,385	434,498
Lease liability (Note 16)	759,260	772,003
	86,097,743	42,927,342
Lease liability (Note 16)	4,581,259	4,747,214
Total liabilities	**90,679,002**	**47,674,556**
Equity		
Partners' capital (Note 17)	401,315,533	347,785,081
Non-controlling interests (Note 18)	44,254,966	7,319,484
Total equity	**445,570,499**	**355,104,565**
Total liabilities and equity	**$ 536,249,501**	**$ 402,779,121**

Nature and continuance of operations (Note 1)
Commitments and contingencies (Note 26)
Subsequent event (Note 27)

The condensed consolidated interim financial statements were authorized for issuance by the Board of Managers of Galaxy Digital Holdings GP LLC on November 10, 2020 and were signed on its behalf by:

"Ashwin Prithipaul" Chief Financial Officer   *"Michael Novogratz"* Chief Executive Officer

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

Galaxy Digital Holdings LP

Condensed Consolidated Interim Statements of Income (Loss) and Comprehensive Income (Loss)
(Expressed in US Dollars - unaudited)

	Three months ended September 30, 2020	Three months ended September 30, 2019	Nine months ended September 30, 2020	Nine months ended September 30, 2019
Income (loss)				
Advisory and management fees	$ 1,544,200	$ 1,260,725	$ 4,602,042	$ 4,110,936
Net realized gain (loss) on digital assets	10,473,168	(8,532,363)	20,838,311	107,038,137
Net realized gain (loss) on investments	15,818,968	(18,159)	11,401,110	38,082,476
Interest income	1,702,678	1,272,231	4,411,610	2,898,153
Net derivative gain (loss) (Note 8)	(792,130)	5,187,275	6,081,183	10,886,584
	28,746,884	**(830,291)**	**47,334,256**	**163,016,286**
Operating expenses				
Equity based compensation (Note 17)	3,339,278	6,297,963	8,251,249	23,441,735
Compensation and compensation related (Notes 19, 22)	6,376,099	7,551,497	19,370,264	22,230,967
General and administrative (Note 21)	3,513,028	5,466,079	9,833,382	9,875,149
Professional fees (Note 20)	1,709,746	2,269,488	4,212,947	5,886,115
Interest	1,867,101	637,525	4,138,742	2,264,779
Insurance	190,954	282,876	855,215	1,039,980
Director fees	29,915	50,000	129,915	150,000
	(17,026,121)	**(22,555,428)**	**(46,791,714)**	**(64,888,725)**
Net unrealized gain (loss) on digital assets	16,156,476	(39,957,814)	26,877,763	(29,009,140)
Net unrealized gain (loss) on investments	17,044,180	(4,761,276)	28,676,078	(10,583,501)
Unrealized foreign currency gain (loss)	(29,476)	(136,911)	(595,158)	143,687
Realized foreign currency gain (loss)	(334,790)	16,704	(193,250)	(183,034)
	32,836,390	**(44,839,297)**	**54,765,433**	**(39,631,988)**
Income (loss) for the period	**$ 44,557,153**	**$ (68,225,016)**	**$ 55,307,975**	**$ 58,495,573**
Income (loss) attributed to:				
Unit holders of the Partnership	$ 41,423,998	$ (63,531,407)	$ 49,779,599	$ 57,004,219
Non-controlling interests (Note 18)	3,133,155	(4,693,609)	5,528,376	1,491,354
	$ 44,557,153	**$ (68,225,016)**	**$ 55,307,975**	**$ 58,495,573**
Other comprehensive income (loss)				
Foreign currency translation adjustment	$ 78,455	$ (13,128)	$ 95,248	$ (101,396)
Net income (loss) and comprehensive income (loss) for the period	**$ 44,635,608**	**$ (68,238,144)**	**$ 55,403,223**	**$ 58,394,177**
Net income (loss) and comprehensive income (loss) attributed to:				
Unit holders of the Partnership	$ 41,502,453	$ (63,544,535)	$ 49,874,847	$ 56,902,823
Non-controlling interests (Note 18)	3,133,155	(4,693,609)	5,528,376	1,491,354
	$ 44,635,608	**$ (68,238,144)**	**$ 55,403,223**	**$ 58,394,177**

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

Galaxy Digital Holdings LP

Condensed Consolidated Interim Statements of Changes in Equity
(Expressed in US Dollars - unaudited)

	Class A Unit Capital		Class B Unit Capital		Non-controlling Interests in Consolidated Subsidiaries	Total
	Number	Amount	Number	Amount		
Balance at December 31, 2018	**65,117,305**	**$ 204,581,926**	**215,713,955**	**$ 96,938,665**	**$ 4,167,578**	**$ 305,688,169**
Purchase of additional interest	—	—	—	—	(140,316)	(140,316)
Equity based compensation (Note 17)	—	5,438,868	—	18,002,867	—	23,441,735
Contributions	—	—	—	—	2,317,676	2,317,676
Distributions	—	—	—	—	(279,142)	(279,142)
Vesting of Class B Units	—	—	11,818,450	—	—	—
Exchange of Class B Units	1,973,628	2,537,564	(1,973,628)	(2,537,564)	—	—
Cancellation of Class B Units withheld	—	—	(5,398,704)	(6,693,771)	—	(6,693,771)
Foreign currency translation adjustment	—	—	—	(101,396)	—	(101,396)
Income for the period	—	13,133,489	—	43,870,730	1,491,354	58,495,573
Balance at September 30, 2019	**67,090,933**	**$ 225,691,847**	**220,160,073**	**$ 149,479,531**	**$ 7,557,150**	**$ 382,728,528**
Balance at December 31, 2019	66,636,540	$ 219,406,045	219,332,907	$ 128,379,036	$ 7,319,484	$ 355,104,565
Equity based compensation (Note 17)	—	1,889,970	—	6,391,194	—	8,281,164
Contributions (Note 18)	—	—	—	—	32,109,656	32,109,656
Distributions (Note 17, 18)	—	—	—	(1,712,936)	(702,550)	(2,415,486)
Vesting of Class B Units	—	—	6,688,639	—	—	—
Exchange of Class B Units	1,747,364	2,600,790	(1,747,364)	(2,600,790)	—	—
Cancellation of Class A Units	(3,600,997)	(2,874,623)	—	—	—	(2,874,623)
Issuance of A Units on exercise of options	342,357	—	—	—	—	—
Cancellation of Class B Units withheld	—	—	(20,951)	(38,000)	—	(38,000)
Foreign currency translation adjustment	—	—	—	95,248	—	95,248
Income for the period	—	11,308,781	—	38,470,818	5,528,376	55,307,975
Balance at September 30, 2020	**65,125,264**	**$ 232,330,963**	**224,253,231**	**$ 168,984,570**	**$ 44,254,966**	**$ 445,570,499**

Galaxy Digital Holdings LP

Condensed Consolidated Interim Statements of Cash Flows
(Expressed in US Dollars - unaudited)

	Nine months ended September 30, 2020	Nine months ended September 30, 2019
Operating activities		
Income for the period	$ 55,307,975	$ 58,495,573
Adjustments for:		
Bad debt expense	239,883	—
Depreciation	863,973	796,739
Equity based compensation	8,281,164	23,441,735
Interest expense	4,138,742	2,264,779
Interest income	(4,411,610)	(2,898,153)
Net realized gain on digital assets	(20,838,311)	(107,038,137)
Net realized gain on investments	(11,401,110)	(38,082,476)
Net unrealized (gain) loss on digital assets	(26,877,763)	29,009,140
Net unrealized (gain) loss on investments	(28,676,078)	10,583,501
Unrealized foreign currency (gain) loss	595,158	(143,687)
Changes in operating assets and liabilities:		
Net digital asset activity	(112,319,531)	12,903,029
Receivable for digital asset trades	(260,048)	6,106,708
Digital asset loans receivable	(7,595,222)	(7,359,896)
Assets posted as collateral	(6,182,781)	(11,236,848)
Receivables	2,243,481	(271,782)
Due to related party	—	(1,177,498)
Derivatives	(2,072,522)	—
Prepaid expenses and other assets	251,414	(746,306)
Payable for digital asset trades	3,558,761	(2,387,792)
Digital asset loans payable	42,841,479	6,945,202
Collateral payable	(14,113)	579,871
Accounts payable and accrued liabilities	2,250,520	(3,366,390)
Net cash used in operating activities	(100,076,539)	(23,582,688)
Investing activities		
Loans receivable	(12,371,541)	(18,353,522)
Repayment of loans receivable	24,854,424	8,128,619
Receipt of interest on loans receivable	632,602	1,858,862
Return of investments	—	143,819
Purchase of property and equipment	(52,025)	(328,224)
Disposal of property and equipment	—	35,072
Purchase of investments	(24,962,554)	(24,829,349)
Proceeds and distributions from investments	33,680,775	73,861,925
Net cash provided by investing activities	21,781,681	40,517,202

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

Galaxy Digital Holdings LP

Condensed Consolidated Interim Statements of Cash Flows
(Expressed in US Dollars - unaudited)

Financing activities		
Cash paid for principal portion of lease liability	(178,697)	(150,571)
Purchase of additional interest in subsidiary	—	(140,316)
Capital contributions from non-controlling interests	32,109,656	2,317,676
Distributions	(1,712,936)	—
Distributions to non-controlling interests	(702,550)	(279,142)
Cancellation of Class A Units withheld	(2,874,623)	—
Cancellation of Class B Units withheld	(38,000)	(6,693,771)
Net cash provided by (used in) financing activities	26,602,850	(4,946,124)
Impact of exchange rate change on cash	95,248	(101,396)
Net increase (decrease) in cash	(51,596,760)	11,886,994
Cash, beginning of period	106,262,780	66,488,012
Cash, end of period	$ 54,666,020	$ 78,375,006
Supplemental disclosure of cash flow information and non-cash investing and financing activities:		
Cash paid during the period for:		
Taxes	$ 647,215	$ 25,751
Non-cash activities:		
Interest paid in digital assets	$ 3,648,333	$ 1,819,010
Purchase of investments with digital assets	$ 11,430,984	$ —
Reclassification between investments and digital assets	$ 450,000	$ 1,400,000
Recognition of right of use asset and lease liability	$ —	$ 5,732,426

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Galaxy Digital Holdings LP ("GDH LP" and together with its consolidated subsidiaries, the "Partnership") is a Cayman Islands exempted limited partnership formed on May 11, 2018. The Partnership's principal address is 107 Grand Street, 8^{th} Floor, New York, New York, 10013.

GDH LP, an operating partnership, is managed by the board of managers and officers of the general partner, who are also the principals of Galaxy LP. Galaxy Digital Holdings Ltd. ("GDH Ltd." or "Company") acquired a minority investment in the operating partnership and, effective July 6, 2020, has an active public listing on the TSX Exchange ("TSX") under the ticker "GLXY". The Company was previously listed on the TSX Venture Exchange ("TSX-V") under the same ticker.

The Company is listed on the Toronto Stock Exchange ("TSX") via TSX Sandbox. TSX Sandbox is an initiative intended to facilitate listing applications that may not satisfy the original listing requirements of the TSX, but due to facts or situations unique to a particular issuer otherwise warrant a listing on the TSX. The TSX has exercised its discretion to waive the requirements of subsection 309(c)(i) of its manual (C$10 million in treasury resulting from public raise) which the Company did not meet. GDH Ltd.'s approval pursuant to TSX Sandbox was conditioned upon public filing of an Annual Information Form and prominent quarterly disclosure of digital assets and investments, which the Company has completed and agreed to continue to provide. The Company will remain listed pursuant to TSX Sandbox until such time as it has completed a twelve-month period without significant compliance issues after graduation. In addition, GDH Ltd. and the Partnership are required to disclose the following two risk factors that were also included in the most recent Annual Information Form for the year-ended 2019: (1) The Company has limited operating history and its business lines are nascent and subject to material legal, regulatory, operational and other risks in every jurisdiction; and (2) the market price and trading volume of the Company's ordinary shares has been volatile and will likely continue to be so in response to, among other factors, market fluctuations in digital assets generally or the digital assets that the Partnership holds or trades.

The Partnership continues to build a diversified financial services and investment management business in the cryptocurrency and blockchain space. The intention is to capitalize on market opportunities made possible by the ongoing evolution of the digital assets space through four primary business lines: trading, principal investments, asset management, and investment banking.

The Partnership's digital assets may be subject to significant fluctuations in value and risks unique to the asset class and different from traditional financial assets. Additionally, certain assets are held on cryptocurrency exchanges that are limited in oversight by regulatory authorities (Note 24).

General Partner

Galaxy Digital Holdings GP LLC ("GDH GP" or the "General Partner"), is a limited liability company incorporated under the laws of the Cayman Islands on July 26, 2018 and serves as the general partner of GDH LP. The sole LLC member of the General Partner is Galaxy Group Investments LLC ("GGI"), which is controlled by the Chief Executive Officer ("CEO") of the General Partners, and the General Partner has a Board of Managers.

Financial Statements

These condensed consolidated interim financial statements are prepared on a going concern basis which assumes that the Partnership will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Partnership are dependent upon generating sufficient cash flow and/or obtaining necessary financing to meet its commitments as they come due and to continue building a diversified financial services and investment management business in the cryptocurrency and blockchain sectors. At September 30, 2020, the Partnership had cash of $54,666,020 (December 31, 2019 - $106,262,780) and partners' capital of $401,315,533 (December 31, 2019 - $347,785,081). Management estimates that the Partnership has sufficient financial resources to maintain its operations and activities for the upcoming year.

COVID-19

In March 2020, the World Health Organization declared COVID-19 (Coronavirus) a global pandemic. To date, the Partnership has not been uniquely impacted by COVID-19. For the safety and well-being of its employees, the Partnership has implemented its business continuity plans, including remote work arrangements. Nonetheless, the COVID-19 pandemic has caused global economic uncertainty and is likely to impact the Partnership's investments and business activities. For example, fundraising for asset management products and advisory transactions may be delayed. Offsetting the potential negative impact of the business delays, the trading business may benefit from increased volatility and transactions. Given the economic uncertainty, it is not possible to predict the duration or magnitude of the adverse results of the outbreak and its effect on the Partnership at this time.

2. BASIS OF PRESENTATION

Statement of Compliance

These unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 – Interim Financial Reporting as issued by the International Accounting Standards Board ("IASB"). Accordingly, certain disclosures included in the December 31, 2019 audited consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the IASB have been condensed or omitted and these unaudited condensed consolidated interim financial statements should be read in conjunction with GDH LP's audited consolidated financial statements for the year ended December 31, 2019.

The accounting policies applied in these unaudited condensed consolidated interim financial statements are consistent with those applied and disclosed in the Partnership's audited financial statements for the year ended December 31, 2019. The Partnership's interim results are not necessarily indicative of its results for a full year.

These unaudited condensed consolidated interim financial statements were approved by the Board of Managers of GDH GP and authorized for issuance on November 10, 2020.

Basis of Measurement

The condensed consolidated interim financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value and digital assets which are measured at fair value less cost to sell.

In addition, the condensed consolidated interim financial statements have been prepared using the accrual basis of accounting, except for cash flow disclosure.

Functional and Presentation Currency

The functional currency is the currency of the primary economic environment in which the entity operates. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21. The functional currency for First Coin is the Canadian dollar ("C$"), the functional currency for the Japan based entities is the Japanese Yen ("JPY"), the functional currency for the Ireland and United Kingdom based entities is the pound sterling ("GBP"), and the functional currency for the parent entity and all remaining subsidiaries is the United States dollar ("US dollar"). The presentation currency for the Partnership is the US dollar.

Foreign currency transactions are translated into the functional currency of the respective entity or division, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items denominated in foreign currency at period-end exchange rates are recognized in profit or loss. Non-monetary items that are not re-translated at period end are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value, which are translated using the exchange rates as at the date when fair value was determined. Gains and losses are recorded in profit or loss.

The results and financial position of entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows: (i) assets and liabilities for each statement of financial position presented are translated at the rate of exchange in effect as of the date of the statement of financial position; (ii) income and expense items are translated at the average rates of exchange in effect during the reporting period; and (iii) all resulting exchange differences are recognized in accumulated other comprehensive income (loss).

Basis of Consolidation

The condensed consolidated interim financial statements include the financial statements of GDH LP and its consolidated subsidiaries, which are controlled by the Partnership. The reporting period, as well as the accounting policies, of the financial statements are consistent across all entities included in the consolidation. All inter-company transactions, balances, income and expenses and unrealized gains and losses are eliminated in full upon consolidation.

(Expressed in US Dollars - unaudited)

As of September 30, 2020 and December 31, 2019, GDH LP's subsidiaries are as follows:

Subsidiary[1]	Place of Incorporation	September 30, 2020 Ownership %	December 31, 2019 Ownership %
Galaxy Digital LLC	Delaware	100%	100%
Galaxy Digital Trading LLC	Delaware	100%	100%
Galaxy Digital Trading Cayman LLC	Cayman	100%	100%
Galaxy Digital Labs LLC	Delaware	100%	100%
Galaxy Digital Labs Cayman LLC	Cayman	100%	100%
Galaxy Digital Capital Management GP LLC	Cayman	100%	100%
Galaxy Digital Capital Management LP	Cayman	100%	100%
Galaxy Digital Ventures LLC	Delaware	100%	100%
Galaxy Digital Ventures Cayman LLC	Cayman	100%	100%
Galaxy Digital Services LLC	Delaware	100%	100%
Galaxy Digital Services II LLC	Delaware	100%	100%
Galaxy Digital Lending LLC	Delaware	100%	100%
Galaxy Digital Partners LLC[2]	New York	100%	100%
Galaxy EOS VC Fund GP LLC	Cayman	100%	100%
Galaxy Crypto Index Fund GP, LLC	Cayman	100%	100%
Galaxy Crypto Index Master Fund, L.P.	Cayman	37%	37%
Galaxy Crypto Index Fund, L.P.	Delaware	37%	37%
Galaxy Bitcoin Fund GP LLC	Delaware	100%	100%
Galaxy Bitcoin Fund LP	Delaware	74%	92%
Galaxy Institutional Bitcoin Fund GP LLC	Delaware	100%	100%
Galaxy Institutional Bitcoin Fund LP	Delaware	57%	94%
Galaxy Institutional Bitcoin Master Fund, LP	Cayman	44%	93%
Galaxy Digital Trading Japan Quant GK	Japan	100%	100%
Galaxy Digital Trading Japan KK	Japan	100%	100%
Galaxy Digital Trading Ireland Limited	Ireland	100%	100%
First Coin Capital Corp.	British Columbia, Canada	100%	100%
Galaxy Digital GP LLC	Cayman	100%	100%
Galaxy Digital Crypto Lending LLC	Delaware	100%	100%
Galaxy Digital Crypto GP LLC	Delaware	100%	100%
Galaxy Digital LP	Cayman	100%	100%
Galaxy Digital Services HK Limited	Hong Kong	100%	100%
Galaxy Digital Trading Cayman II LLC	Cayman	100%	100%
Galaxy Digital Trading HK Limited	Hong Kong	100%	100%
Galaxy Digital UK Limited	United Kingdom	100%	100%
Galaxy Lending SPV I LLC	Delaware	95%	95%
Galaxy Digital Prime Services LLC	Delaware	100%	100%

[1] Excludes subsidiaries that are dormant.
[2] Formerly Galaxy Digital Advisors LLC

Scope of financial statements

These condensed consolidated interim financial statements represent the financial position of the Partnership and do not include the other assets and liabilities, and income and expenses of the partners. Income taxes are the responsibility of the partners through an allocation of GDH LP's taxable income (loss), and not that of GDH LP. Accordingly, no provision for income taxes has been recorded in these condensed consolidated interim financial statements other than for the entities in the consolidated GDH LP group subject to income taxes. The allocation of taxable income to members may vary substantially from net income reported in these condensed consolidated interim financial statements.

Current income tax assets and liabilities are measured at the amount expected to be paid to tax authorities, net of recoveries, based on the tax rates and laws enacted or substantively enacted at the statement of financial position dates. Current income tax assets and liabilities are included in trade receivables and other current assets and accounts payable and accrued liabilities, respectively, if any.

Deferred tax is recognized on taxable temporary differences between the tax bases and the carrying amounts of assets and liabilities. Deferred tax is not recognized if the temporary difference arises from goodwill or from initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither taxable profit nor accounting profit. Deferred income tax assets are recognized for all deductible temporary differences, carry forwards of unused tax credits and unused tax losses, to the extent that it is probable that deductions, tax credits and tax losses can be utilized. The carrying amount of deferred income tax assets is reviewed at each statement of financial position date and reduced to the extent it is no longer probable that the income tax assets will be recovered. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the assets are realized or the liabilities settled, using the tax rates and laws enacted or substantively enacted at the statement of financial position dates.

Current and deferred income taxes relating to items recognized directly in other comprehensive income ("OCI") are also recognized directly in OCI.

Allocation of income and loss

Income and loss arising from the Partnership’s ordinary course of operations is to be allocated between the Class A Units and Class B Units pro rata in accordance with the weighted average number of such Units outstanding for the respective periods.

Use of estimates and judgments

The preparation of the condensed consolidated interim financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from those estimates.

Many aspects of the digital currency and blockchain industry have not yet been addressed by current IFRS guidance. The Partnership is required to make significant assumptions and judgments as to its accounting policies and the application thereof, which is disclosed in the notes to these condensed consolidated interim financial statements. If specific guidance is enacted by the IASB in the future, the impact may result in changes to the Partnership’s profit or loss and financial position as currently presented.

Significant judgments in applying accounting policies

The critical judgments that the Partnership has made in the process of applying the Partnership’s accounting policies, aside from those involving estimations, that have the most significant effect on the amounts recognized in the Partnership’s condensed consolidated interim financial statements are as follows:

Digital assets - accounting

There is limited guidance on the recognition and measurement of digital assets. The Partnership has assessed that it acts in a capacity as a commodity broker trader as defined in IAS 2, *Inventories*, in characterizing certain of its holdings as inventory, or more specifically, digital assets. If assets held by commodity broker-traders are principally acquired for the purpose of selling in the near future and generating a profit from fluctuations in price or broker-traders’ margin, such assets are accounted for as inventory, and changes in fair value (less cost to sell) are recognized in profit or loss.

Valuation techniques

The fair values of all investments are measured using the cost, market or income approaches (Note 24). The determination of fair value requires significant judgment by the Partnership. The Partnership maintains a valuation policy which requires an appointed Valuation Committee (the "VC"), which is composed of employees of the Partnership, to act in good faith to fair value its investments on the Date of Contribution and on a quarterly basis thereafter, consistent with fair value accounting guidance in accordance with IFRS 13, *Fair Value Measurement*.

The VC, on behalf of the Partnership, has engaged an independent consultant to provide independent valuations of its investments on a quarterly basis.

Functional currency

The Partnership's functional currency has been assessed by management with consideration given to the currency and economic factors that mainly influence the Partnership's business and investments, operating costs and related transactions. Specifically, the Partnership considers the currencies in which its investments are most commonly denominated, the currencies in which its expenses are settled by the Partnership and its subsidiaries, as well as the currency in which the Partnership may receive or raise financing. Changes to these factors may have an impact on the judgment applied in the determination of the Partnership's functional currency.

Influence over investments

Classification of investments requires judgment on whether the Partnership controls, has joint control or significant influence over the strategic financial and operating decisions relating to the activity of the investee. In assessing the level of control or influence that the Partnership has over an investment, management considers ownership percentages, board representation as well as other relevant provisions in shareholder agreements. As of September 30, 2020 and December 31, 2019, the Partnership had greater than 20% ownership in certain of its underlying investments and board representation in other investments; however, after completing an analysis under IAS 28, the Partnership has concluded that it does not have significant influence in any investments.

Deferred income taxes

In applying the Partnership's policy, judgments are made in determining the probability of whether deductions, tax credits and tax losses can be utilized.

Key sources of estimation uncertainty

The areas which require management to make significant estimates and assumptions in determining carrying values include, but are not limited to:

Digital assets and investments - valuation

Although many of the Partnership's digital assets are traded in active markets and are valued based upon quoted prices (less costs to sell), a portion of such digital assets, as well as the majority of the Partnership's investments, are not actively traded and are valued based upon quoted prices for similar assets or based upon unobservable inputs (Note 24). These valuations require the Partnership to make significant estimates and assumptions.

Digital assets are generally considered to be commodities or similar to commodities and are treated as inventory for financial reporting purposes. Realized gains and losses from the disposition of digital assets and investments, whether by conversion to cash or other digital assets, are recorded as net realized gain (loss) on digital assets, and net realized gain (loss) on investments, respectively. Unrealized gains and losses on digital assets and investments are recorded as net unrealized gain (loss) on digital assets, and net unrealized gain (loss) on investments, respectively.

Collectability of receivable for digital asset trades and digital asset loans receivable

The Partnership records an allowance for doubtful accounts related to receivable for digital asset trades and digital asset loans receivable that are considered to be uncollectible. The allowance is based on the Partnership's knowledge of the financial condition of its counterparties, if the loan has gone into default and historical experience. A change to these factors could impact the estimated allowance and the provision for bad debts. As at September 30, 2020 and December 31, 2019, the

Partnership did not record any bad debt expense associated with its receivable for digital asset trades and digital asset loans receivable.

Estimated useful lives of property and equipment

Depreciation of property and equipment, including right of use assets, are dependent upon estimates of useful lives and estimates of when assets become available for use, which are determined through the exercise of judgment. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions and the useful lives of such assets.

Valuation of equity based compensation

The Partnership uses the Black-Scholes Option Pricing Model and other valuation models for the valuation of its equity based compensation. These models require the input of subjective assumptions including expected price volatility, risk-free interest rate, forfeiture rate, estimated weighted average fair value per unit calculations and expected term. If different input assumptions are used, the changes can materially affect the fair value estimate.

Income taxes

The condensed consolidated interim financial statements include estimates and assumptions for determining the future tax rates applicable to subsidiaries and identifying the temporary differences that relate to each subsidiary. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply during the year when the assets are realized or the liabilities settled, using the tax rates and laws enacted or substantively enacted at the consolidated statement of financial position dates. Operating plans and forecasts are used to estimate when the temporary difference will reverse.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in these unaudited condensed consolidated interim financial statements are consistent with those applied and disclosed in the Partnership's audited financial statements for the year ended December 31, 2019.

4. NEW ACCOUNTING POLICIES AND RECENT ACCOUNTING PRONOUNCEMENTS

The Partnership did not adopt any new accounting standards during the nine months ended September 30, 2020.

5. KEY TERMS OF LIMITED PARTNERSHIP AGREEMENT

On July 31, 2018, GDH LP, GDH GP, GDH Ltd., GDH Intermediate LLC (a wholly owned subsidiary of GDH Ltd. established as a tax efficient blocker corporation or similar entity for US tax purposes) entered into a second amended and restated limited partnership agreement (as amended from time to time, the "LPA"). Certain key terms of the LPA include the following:

- *Units* - there are two classes of partnership interests ("Units"): Class A Units, which are held by GDH Ltd., and Class B Units, which are held by GGI and other Class B limited partners.
- *Issuance of Additional Units* - the General Partner will not cause the Partnership to issue any additional Class B Units unless the General Partner determines there is a bona fide business or strategic reason to raise equity capital through the issuance of Class B Units, provided that the aggregate amount of Class B Units that may be issued is less than or equal to 70,000,000 or the GDH Ltd. board of directors approves such issuance.
- *Allocations of Income, Gain, Loss, Deduction and Credit* - each item of income, gain, loss, deduction and credit will generally be allocated pro-rata between Class A Units and Class B Units.
- *Issuances and redemptions of common stock of GDH Ltd.* - If GDH Ltd. issues any of its ordinary shares, the General Partner will, only if either (i) the General Partner has consented to such issuance or (ii) the issuance receives approval by the limited partners holding the majority of Units, cause the Partnership to issue to GDH Ltd., in exchange for GDH Ltd. promptly contributing the net cash proceeds of the issuance to the Partnership, a number of Class A Units equal to the number of ordinary shares issued. Upon the redemption, repurchase, or other acquisition of ordinary shares by GDH Ltd., the Partnership will, at substantially the same time as the redemption, repurchase or acquire, redeem or cancel Class A Units equal to the number of ordinary shares redeemed, repurchased or acquired for an amount equal to the net cash amount paid by the GDH Ltd. for such redemption, repurchase, or other acquisition.

(Expressed in US Dollars - unaudited)

- *Exchanges of Class B Units* - A Class B limited partner may exchange vested Class B Units for ordinary shares of GDH Ltd. On exchange, GDH Ltd. will issue ordinary shares and the General Partner will cancel the Class B Units exchanged and issue Class A Units to GDH Ltd. equal to the number of Class B Units being surrendered, after accounting for any withholding obligation if applicable.
- *Removal of General Partner* - The General Partner may generally be removed by the limited partners holding at least 66 2/3% of the outstanding Units.
- *Reimbursable Expenses* - All expenses reasonably incurred by GDH Ltd. in the conduct of its business, including fees related to professional advisors, required or advisable licenses and filings, and meetings and compensation of directors, will be reimbursable by GDH LP.
- *General Partner Board* - As long as GDH Ltd. owns more than 10% of the outstanding Units of GDH LP, GDH Ltd. will have the right to appoint one person to the board of the general partner. In addition, if GDH Ltd. owns more than 40%, but not more than 50%, of the outstanding Units, GDH Ltd. will have the right to appoint another person to the board of the general partner.

Accounting for the investment by GDH Ltd.

GDH Ltd. is deemed to have significant influence over GDH LP as it owns more than 20% of GDH LP and it has representation on the board of the general partner of the Partnership. As a result, GDH Ltd. has accounted for its investment in the Partnership under the equity method. If and when Class B units of the Partnership are exchanged into ordinary shares of GDH Ltd., GDH Ltd. receives Class A Units of the Partnership. As GDH Ltd. 's interest in GDH LP increases through the ownership of the Class A Units, an ongoing assessment will be performed to determine when GDH Ltd. obtains control of GDH LP. Under IFRS accounting guidance,an investor controls an investee if and only if the investor has all of the following:

- power over the investee;
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect the amount of the investor's returns.

While there are many factors that need to be considered for the evaluation of control, an important factor would be when GDH Ltd. obtains the ability to impact the Partnership's governance and decision making, including its ability to replace the general partner.

6. DIGITAL ASSETS

The Partnership's digital assets are primarily traded in active markets and are purchased with the intent to resell in the near future, generating a profit from the fluctuations in prices or margins. As a result, the Partnership has determined that its holdings of cryptocurrency, both restricted and unrestricted, are considered to be digital assets and, as a result, are accounted for as inventory with changes in fair value less cost to sell recognized in profit or loss. Below are the Partnership's digital asset holdings as of September 30, 2020 and December 31, 2019:

	September 30, 2020	December 31, 2019
Cryptocurrency:		
Unrestricted[(1)]	$ 220,485,170	$ 85,936,838
Restricted	4,362,778	43,893
	$ 224,847,948	$ 85,980,731

[(1)] The digital asset balance as of September 30, 2020 and December 31, 2019 includes $85.9 million and $32.1 million, respectively, of digital assets that are held in funds that are managed by the Partnership. The Partnership held General Partner interest in the digital assets held in the funds of $39.5 million and $25.3 million at September 30, 2020 and December 31, 2019, respectively.

Cryptocurrency: Digital assets that are typically part of a decentralized system of recording transactions and issuance of new units and that rely on cryptography to secure its transactions, to control the creation of additional units, and to verify the transfer of assets. The Partnership holds both unrestricted and restricted cryptocurrency, as defined below.

(Expressed in US Dollars - unaudited)

Unrestricted – Digital assets held by the Partnership, typically acquired through direct purchase or via pre-ICO investment whereby the related company or project has completed its token generated event or ICO and distributes such digital assets to the holder.

Restricted – Pre-ICO investments, typically pursuant to a Simple Agreement For Equity and/or Tokens ("SAFE-T"), which entitle the holder to receive certain cryptocurrency at a later date. Such restricted cryptocurrency has not yet been distributed to the Partnership, however is expected to be distributed over time.

During the periods ended September 30, 2020 and 2019, the Partnership engaged in several trading strategies with respect to its digital assets, including cross-exchange arbitrage as well as market neutral trading strategies across a variety of crypto assets and exchanges. Realized gains and losses are recognized in profit or loss.

The Partnership's realized gain or loss on a digital asset is calculated as the proceeds received from the sale of the digital asset less its assigned original cost. The Partnership's unrealized gain or loss on a digital asset consists of both the change in fair value on a digital asset from the beginning of the period and the reversal of any previously recognized unrealized gain or loss on a digital asset sold during the period.

Digital asset trades

As of September 30, 2020 and December 31, 2019, there were a number of unsettled trades. The amounts receivable and payable were $590,657 (December 31, 2019 - $330,609) and $3,808,919 (December 31, 2019 - $250,158), respectively.

7. INVESTMENTS

The Partnership's holdings of investments generally are not traded in active markets. Investments are accounted for as financial assets which are initially recognized at fair value and subsequently measured at fair value through profit or loss. Below are the Partnership's investments as of September 30, 2020 and December 31, 2019:

	September 30, 2020	December 31, 2019
Common Stock	$ 20,927,242	$ 32,476,631
Convertible Notes	7,570,019	5,255,579
LP/LLC Interests	64,346,281	38,120,805
Pre-ICO	5,757,327	6,005,114
Preferred Stock	90,061,363	75,703,153
Warrants/Trust Units/Trust Shares	12,010,421	602,138
	$ 200,672,653	**$ 158,163,420**

Common Stock: Class of ownership in a corporation that entitles the holders to a claim on the assets and future earnings of the corporation, as well as certain voting and governance rights over the operations of the corporation.

Convertible Notes: Class of debt that entitles the holders to convert such debt into equity of the issuer under certain circumstances.

Limited Partnership / Limited Liability Company Interests: Class of ownership in a limited partnership or limited liability company that entitles the holders to a claim on the assets and future earnings of the limited partnership or limited liability company, as well as certain voting or governance rights over the operations of the limited partnership or limited liability company.

Pre-ICO: Contributions made to companies or start-up blockchain projects, typically documented via a SAFE-T, that entitles the holder to receive cryptocurrency at a future date once the related company or project has completed its token generated event or ICO.

Preferred Stock: Class of ownership in a corporation that typically entitles the holder to a priority claim on the assets and future earnings of the corporation above that of common stock holders, as well as certain voting and governance rights over the operations of the corporation.

(Expressed in US Dollars - unaudited)

Warrants/ Trust Units/ Trust Shares: Warrants represent a security that entitles the holders to purchase the underlying stock of the issuing company at a pre-determined price until the stated expiry date. Trust units are a class of ownership in a unit trust (typically an unincorporated mutual fund) that entitles the holders to a claim on the assets and future earnings of the trust as well as certain voting and governance rights over the operations of the trust. Trust shares represent investments in traditional investment vehicles that enable investors to gain exposure to price movements of underlying assets.

Continuity schedule of investments

The below table shows components of the change in investments for the period ended September 30, 2020 and the year ended December 31, 2019:

		Investments
Balance as at December 31, 2018	**$**	**179,365,696**
Purchases		29,739,820
Proceeds from investments[i]		(75,597,801)
Transfer to digital assets		(1,100,000)
Net realized gain on investments		37,922,360
Net unrealized loss on investments		(12,521,148)
Other[ii]		354,493
Balance as at December 31, 2019	**$**	**158,163,420**
Purchases		36,393,538
Proceeds from investments[i]		(33,090,052)
Distribution		(590,723)
Transfer to Digital Assets		(450,000)
Net realized gain on investments		11,401,110
Net unrealized gain on investments		28,676,078
Other[ii]		169,282
Balance as at September 30, 2020	**$**	**200,672,653**

(i) Proceeds from investments for the period ended September 30, 2020, reflect the proceeds from the sale of preferred stock and common stock of companies. Proceeds from investments for the year ended December 31, 2019, reflect the proceeds received from the tender of a portion of the Partnership's investment in the ordinary shares of Block.one, the sale of common stock of another company and a return of an investment.

(ii) Other includes capitalized interest and accretion of a discount from the issuance of convertible notes.

The Partnership's realized gain or loss on an investment is calculated as the proceeds received from the sale of the investment less its original cost. The Partnership's unrealized gain or loss on an investment consists of both the change in fair value on an investment from the beginning of the period and the reversal of any previously recognized unrealized gain or loss on an investment sold during the period.

(Expressed in US Dollars - unaudited)

8. DERIVATIVES

For the three and nine months ended September 30, 2020, the Partnership recognized $(792,130) and $6,081,183, respectively, of net derivative gain (loss) (2019 - $5,187,275 and $10,886,584). The net gains for the period ending September 30, 2020 were due to positioning and economic hedging.

The breakdown of the Partnership's derivatives portfolio, including their respective maturity, as of September 30, 2020 and December 31, 2019 are as follows:

	As of September 30, 2020		As of December 31, 2019	
Type of Derivative	**Notional Amount[3]**	**Fair Value**	**Notional Amount[3]**	**Fair Value[2]**
Bitcoin futures	$ 1,136,140	$ (216,350)	$ 2,386,395	$ (4,548)
Commodity futures[1]	—	—	304,620	(12,030)
Digital currency forwards	—	—	96,508	2,336
Digital currency options	170,503,538	2,159,321	6,061,608	21,318
Digital currency swaps	—	—	1,682,517	9,559
Foreign currency swaps	3,295,785	(41,315)	4,552,700	(17,775)
Nasdaq futures	16,097,988	127,838	—	—
Exchange traded digital currency options[4]	26,406,954	43,028	—	—
	$217,440,405	**$2,072,522**	**$ 15,084,348**	**$ (1,140)**

[1] Futures on gold, which are used as a hedge against a digital currency.
[2] Included in prepaid expenses and other assets (Note 11).
[3] Notional amount is shown on an absolute basis. Notional amount on a net basis is $3 million for the period ended September 30, 2020.
[4] Digital currency options are traded on a traditional financial exchange.

	As of September 30, 2020		
		Term to Maturity	
Type of Derivative	**Within 1 year**	**1 through 5 years**	**Over 5 years**
Bitcoin futures	$ (216,350)	$ —	$ —
Digital currency options	2,159,321	—	—
Foreign currency swaps	(41,315)	—	—
Nasdaq futures	127,838	—	—
Exchange traded digital currency options	43,028	$ —	$ —
	$ 2,072,522	$ —	$ —

As of September 30, 2020, in connection with the open digital currency options, counterparties had posted cash and cryptocurrency collateral of $113,500 (December 31, 2019 - $336,749) and $16.1 million (December 31, 2019 - $2,101,661). The cash collateral has been reflected in the Partnership's cash balance with a corresponding entry to collateral payable on the statement of financial position. The Partnership is not entitled to utilize the cryptocurrency posted as collateral by borrowers and therefore the collateral has no impact to the Partnership's statement of financial position.

(Expressed in US Dollars - unaudited)

9. RECEIVABLES

	September 30, 2020	December 31, 2019
Interest receivable	$ 208,555	$ 219,706
Other [(i)]	2,007,831	1,633,463
	$ 2,216,386	**$ 1,853,169**

[(i)] Includes $1.1 million (December 31, 2019 - $1.2 million) due to the Partnership from managed funds. These amounts represent expenses incurred by the funds that were paid on their behalf by the Partnership.

10. DIGITAL ASSET LOANS RECEIVABLE AND PAYABLE

In the ordinary course of business, the Partnership enters into facilities to borrow cryptocurrencies in order to lend to counterparties, thus earning a return through the spread between its borrowing and lending rates. In addition, the Partnership may, from time to time, lend cryptocurrencies using its holdings.

Digital asset loans receivable

During the period ended September 30, 2020, the Partnership loaned select cryptocurrencies to borrowers at annual rates ranging from 4% to 17%. There is no set term for the loans and the borrower can prepay without penalty. In addition, the Partnership can generally demand the repayment of the loans at any time by providing between three to twenty business days notice. The borrower is generally required to post collateral between 0% to 150% of the loan value in either US dollars or select cryptocurrencies.

As of September 30, 2020, the Partnership had a digital asset loans receivable balance of $23,657,167 (December 31, 2019 - $16,061,945).

As of September 30, 2020, borrowers had posted cash collateral of $306,885 (December 31, 2019 - $434,498), cryptocurrency collateral of $9,266,566 (December 31, 2019 - $2,624,687) and fund investments collateral of $286,843 December 31, 2019 - $nil). Under the terms of the master loan agreements, the Partnership is entitled to use the cash collateral to conduct its digital currency lending and borrowing business and therefore has reflected the amount in the Partnership's cash balance with a corresponding entry to collateral payable on the statement of financial position. The Partnership is not entitled to utilize the cryptocurrency posted as collateral by borrowers and therefore, unless there is an event of default by the borrower, the cryptocurrency posted as collateral by the borrowers has no impact on the Partnership's statement of financial position. The value of the cryptocurrency received as collateral has been netted with the obligation to return the cryptocurrency.

Digital asset loans payable

During the period ended September 30, 2020, the Partnership entered into master loan agreements with lenders to borrow select cryptocurrencies at annual rates of interest ranging from 2% to 14%. For most of the loans, there is no set term for the loans and the Partnership can prepay the loans without penalty. In addition, the lenders can generally demand the repayment of the loans at any time by providing between five to twenty business days notice. The Partnership is generally required to post collateral between 0% to 100% of the loan value in either US dollars or in select cryptocurrencies. In addition, one loan has a set term, which matures in January 2021.

(Expressed in US Dollars - unaudited)

Master Loan Agreements	September 30, 2020	December 31, 2019
Digital assets borrowed	$ 90,934,548	$ 46,894,236
Digital assets sold short [i]	(12,077,789)	(18,616,860)
Digital assets borrowed but not used [ii]	(24,880,951)	(17,143,047)
	$ 53,975,808	**$ 11,134,329**

[i] See Note 15 for disclosure on digital assets sold short. The digital assets sold short balance above reflects the net traded balance of the cryptocurrency borrow.

[ii] For cryptocurrencies borrowed but not used as of the end of the period, the Partnership has no net exposure.

As of September 30, 2020, the Partnership had a digital asset loans payable balance of $53,975,808 (December 31, 2019 - $11,134,329).

As of September 30, 2020, the Partnership posted cash and cryptocurrency collateral of $nil (December 31, 2019 - $2,377,166) and $16,768,600 (December 31, 2019 - $8,208,653), respectively. The total collateral posted by the Partnership of $16,768,600 (December 31, 2019 - $10,585,819) is reflected as Assets posted as collateral on the statement of financial position.

During the three and nine months ended September 30, 2020, the Partnership paid interest expense of $1.7 million and $3.5 million (2019 - $0.5 million and $0.6 million) and received interest income of $0.6 million and $1.7 million (2019 - $0.2 million and $0.2 million) in connection with the aforementioned lending and borrowing activity.

11. PREPAID EXPENSES AND OTHER ASSETS

	September 30, 2020	December 31, 2019
Prepaid payroll funding and deposit	$ 900,000	$ 900,000
Other[1]	663,385	1,202,729
Prepaid rent and security deposits	475,089	96,689
Prepaid insurance	290,367	380,837
	$ 2,328,841	**$ 2,580,255**

[1] Includes the Partnership's net derivative position of ($1,140) as of December 31, 2019 (Note 8).

12. LOANS RECEIVABLE

The loans receivable balance includes the following loans:

Galaxy Lending SPV I LLC loans

Galaxy Lending SPV I LLC (the "SPV") is a special purpose vehicle created to buy and house crypto-backed loans from a secured non-bank lender ("Non-bank Lender") that offers US dollar loans to cryptoasset owners who collateralize the loan with their cryptoassets. The SPV is owned 95% (2019 - 95%) by Galaxy Digital Lending LLC ("GDL") and 5% (2019 - 5%) by the Non-bank Lender.

The Non-bank Lender originates bitcoin, ether or litecoin backed US dollar loans, which are generally underwritten at 50% loan to value ("LTV") to eligible customers. The loans have a one-year maturity period and the notional interest rates are generally between 12% and 14%, unless capped by state law. The loans also generally have a 1% - 3% origination fee and several provisions built in to manage the value of the collateral and LTV of the loan. At a pre-determined LTV threshold, a 72-hour margin notification is sent and at another pre-determined LTV threshold, if the customer does not respond to a margin call, an accelerated default is triggered, and the collateral is liquidated for US dollars. The SPV began buying loans from the Non-bank Lender during the third quarter of 2018.

(Expressed in US Dollars - unaudited)

At September 30, 2020, the SPV had no outstanding loans (December 31, 2019 - $11,484,651). For the three and nine months ended September 30, 2020, the Partnership recognized interest income of $4,716 and $363,063, respectively, (2019 - $285,766 and $443,547) on the loans.

Loans purchased from a digital asset lending company

During the nine months ended September 30, 2020, the Partnership purchased loans extended by a digital asset lending, borrowing and investment management company with a principal balance of $12,500,000 for $12,371,542. As of September 30, 2020, the loans were repaid in full. The loans carried an interest rate of either 13% or 15% and were fully collateralized. For the three and nine months ended September 30, 2020, the Partnership recognized interest income of $nil and $252,500, respectively, on the loans extended.

Term loan to a cryptocurrency mining and blockchain infrastructure company

On September 10, 2018, the Partnership provided a loan of $16,000,000 par amount to a cryptocurrency mining and blockchain infrastructure company (the "Borrower"). The term of the loan was 2.5 years with a maturity on March 10, 2021. The interest rate on the loan was generally the London Interbank Borrowing Rate ("LIBOR") and an applicable margin of 10%.

The Partnership also charged a lender's fee of 2% of the loan's par amount. The Partnership received detachable warrants to purchase 2,222,222 common shares of the Borrower at an exercise price of C$4.50 and an expiration of September 10, 2023. The warrants were accounted as a separate financial asset and are included in Investments as at September 30, 2020.

On September 12, 2019, the Borrower repaid $2,000,000 of the principal balance along with a $30,000 prepayment fee. On November 20, 2019, the term loan was fully repaid. The borrower paid the principal amount of $14,000,000, outstanding accrued and unpaid interest of $42,914, and prepayment fees of $210,000.

For the year ended December 31, 2019, the Partnership recognized interest income of $2,076,133 on the loan.

Balance as of December 31, 2018	$	15,693,341
Prepayment of loan		(16,000,000)
Accretion of loan origination fee		306,659
Balance as of December 31, 2019	**$**	**—**

First Block Capital Inc. Promissory Note

The Partnership had a promissory note held with First Block Capital Inc., acquired for $146,368. The loan was unsecured, bore interest at 5% compounded annually, and was repayable in full plus interest on its maturity date of November 30, 2019. The loan was initially recorded at its estimated fair value using a presumed market interest rate of 20% to reflect the risk profile attached to the loan. In 2018, the borrower repaid C$100,000.

On November 26, 2019, the loan was fully repaid. The borrower paid the principal amount of C$250,000, and outstanding accrued and unpaid interest of C$26,970.

IPowow International Corporation ("IPowow") Promissory Note

The Partnership has a promissory note held with IPowow, acquired for $196,643. The loan plus accrued interest is repayable on the earlier of May 21, 2020 or an event of default. The loan is pursuant to a general security agreement dated May 23, 2018. The loan bears interest at 12% per annum, and is payable quarterly. If IPowow is unable to repay the quarterly interest out of its cash flow, interest will accrue at 14% per annum. If IPowow has an event of default, interest will be calculated at 16% per annum. Based on an update provided by IPowow, the Partnership recorded a bad debt expense against the outstanding loan balance of $239,883 (outstanding balance at December 31, 2019 - $235,087) in the first quarter of 2020 (Note 21).

13. PROPERTY AND EQUIPMENT AND RIGHT OF USE ASSET

	Furniture & Fixtures	Office Equipment	Computer Equipment	Leaseholds Improvements (ii)	Total Property and Equipment	Right of Use Asset(i)
Balance as at December 31, 2018	$ 619,628	$ 13,753	$ 384,428	$ 3,205,443	$ 4,223,252	$ —
Additions	10,477	—	155,514	237,184	403,175	5,732,426
Depreciation	(70,249)	(2,662)	(94,741)	(366,041)	(533,693)	(549,433)
Other	(35,072)	—	—	—	(35,072)	—
Balance as at December 31, 2019	**$ 524,784**	**$ 11,091**	**$ 445,201**	**$ 3,076,586**	**$ 4,057,662**	**$ 5,182,993**
Additions	—	—	52,025	—	52,025	—
Depreciation	(44,672)	(1,996)	(88,518)	(271,464)	(406,650)	(457,323)
Balance as at September 30, 2020	**$ 480,112**	**$ 9,095**	**$ 408,708**	**$ 2,805,122**	**$ 3,703,037**	**$ 4,725,670**

(i) On January 1, 2019, the Partnership adopted IFRS 16.

(ii) Leasehold improvements primarily relate to expenditures for renovation and build out of office space, architect and design costs.

14. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30, 2020	December 31, 2019
Compensation and compensation related	$ 4,367,353	$ 7,682,508
Professional fees	2,053,271	1,719,410
Interest	478,533	198,747
Other[1]	8,156,425	2,118,829
	$ 15,055,582	**$ 11,719,494**

[1] Includes contributions received in advance of $2.1 million as of September 30, 2020.

15. DIGITAL ASSETS SOLD SHORT

In the ordinary course of business, the Partnership enters into facilities to borrow cryptocurrencies to facilitate trading. For certain of those cryptocurrencies, the Partnership has taken a strategy to short the borrowed cryptocurrency. In those instances, these borrowings have been reflected as digital assets sold short on the statement of financial position. In addition, from time to time, the Partnership sells cryptocurrencies that it does not hold in its inventory or that it has not borrowed. The Partnership will then, at a later date, buy the respective cryptocurrencies to close out the transaction. Such sales have also been reflected as digital assets sold short.

Realized gains and losses are recognized only on a purchase of the identical asset made in order to close out the future position at the settlement date. All other trading activity is recognized in unrealized gains and losses.

November 2018 Facility

The Partnership entered into a loan agreement dated March 22, 2018 ("March 2018 Loan Agreement") and effective through December 15, 2018, whereby the Partnership borrowed certain cryptocurrency from a counterparty. Interest of 12.0% per annum was payable, in such cryptocurrency, upfront in four installments over the term of the loan. On November 20, 2018, the Partnership entered into a new revolving cryptocurrency facility with the same counterparty ("November 2018 Facility"), whereby the Partnership may borrow certain cryptocurrencies from the counterparty. On December 15, 2018, the March 2018 Loan Agreement was terminated and the amount of cryptocurrency borrowed was rolled into the November 2018 Facility. Under the November 2018 Facility, interest of 10.0% per annum was payable on the borrowed cryptocurrencies in such cryptocurrency. There was an additional fee for the facility of 0.125% of the total value of the facility, payable each quarter in US dollars. The November 2018 Facility was terminated in the second quarter of 2019 and the cryptocurrencies outstanding were rolled into new master loan agreements with the counterparty. See Master Loan Agreements section for more detail (Note 10).

(Expressed in US Dollars - unaudited)

During the three and nine months ended September 30, 2019, the Partnership recognized $nil and $0.8 million, respectively, in interest expense related to the November 2018 Facility.

Master Loan Agreements

During the period ended September 30, 2020, the Partnership entered into master loan agreements with lenders to borrow select cryptocurrencies. For certain of these borrowings the Partnership has taken a strategy to short the borrowed cryptocurrency and therefore these borrowings have been reflected as digital assets sold short on the statement of financial position.

As of September 30, 2020, the digital assets sold short balance under the Master Loan Agreements (Note 10) was $12,077,789 (December 31, 2019 - $18,616,860).

16. LEASE LIABILITY

Lease liability	**September 30, 2020**	**December 31, 2019**
Lease liability	$ 5,340,519	$ 5,519,217
Less: current portion	(759,260)	(772,003)
Classified as a long-term liability	**$ 4,581,259**	**$ 4,747,214**

Undiscounted lease payments	**September 30, 2020**	**December 31, 2019**
Later than a year	$ 7,396,347	$ 8,130,185
Not later than a year	989,852	911,297
	$ 8,386,199	**$ 9,041,482**

The Partnership adopted IFRS16 - Leases and recognized $4.8 million of lease liability on January 1, 2019. The lease liability was measured at the present value of the remaining lease payments of $8.3 million as of January 1, 2019, discounted using an incremental borrowing rate at that date of 12%. The Company recorded a right of use asset of the same amount (Note 13) which relates to its long-term office lease. Depreciation of the right of use asset is calculated using the straight line method over the remaining lease term.

In addition, effective August 1, 2019, the Partnership recognized $0.9 million of lease liability related to another lease agreement which became effective during the year. The lease liability was measured at the present value of the lease payments of $1.6 million as of August 1, 2019, discounted using an incremental borrowing rate at that date of 12%. The Company recorded a right of use asset of the same amount (Note 13) for this lease. Depreciation of the right of use asset is calculated using the straight line method over the remaining lease term.

Details of the above leases are disclosed in Note 26.

For the three and nine months ended September 30, 2020, the Partnership recognized interest expense on the lease liability of $161,828 and $490,409, respectively, (2019: $159,431 and $445,769) which was recorded within interest expense.

The Partnership elected not to apply the new lease standard to short term leases with an initial term of 12 months or less but rather recognize the lease expense on a straight line basis. The Partnership leases office space in London, Hong Kong and Tokyo on short term leases with initial terms of 12 months or less. For the three and nine months ended September 30, 2020, the Partnership recognized $55,830 and $201,429 (2019 - $105,741 and $328,064) of lease expense, classified within general and administrative expenses (Note 21), related to those short term leases.

17. EQUITY

Issued Partnership Capital

GDH LP has two classes of ownership interests, representing limited partner interests:

(i) GDH LP Class A Units, which were subdivided into GDH LP A-1 Units, all of which are held by GDH Ltd., and GDH LP A-2 Units, all of which are held indirectly by GDH Ltd., through GDH Ltd.'s wholly owned U.S. blocker subsidiary, GDH Intermediate LLC, which was established as a tax-efficient blocker corporation or similar entity for U.S. tax purposes; and

(ii) GDH LP Class B Units, all of which are held by GGI, employees of GDH LP as part of the GDH LP employee compensation plan and former First Coin shareholders (other than Non-Participating First Coin shareholders).

The GDH LP Class A Units and GDH LP Class B Units generally rank pari passu as to all distributions from GDH LP and they otherwise rank equally in all material respects, including from an economic and from a voting perspective.

Under the terms of the LPA, GDH LP Class B Units will, subject to certain limitations, be exchangeable for GDH Ltd. shares on a one-for-one basis subject to customary adjustments for stock splits, stock dividends and reclassifications and other similar transactions or, at the election of GDH LP, GDH LP may deliver an amount of cash in lieu of GDH Ltd. shares to an exchanging GDH LP Class B Unit holder. On receipt of a request to exchange, the Partnership or the General Partner will cancel the Class B Units and will cause GDH Ltd. to issue common shares. In addition, GDH LP will issue Class A Units.

Issued Capital

Class A Units

During the period ended September 30, 2020, the Partnership issued 2,089,721 (2019 - 1,973,628) Class A Units, post withholding taxes, to GDH Ltd. on exchange of Class B Units and issuance of Class A Units to GDH Ltd. on exercise of stock options.

In fiscal 2019, GDH Ltd. received approval from its Board of Directors and TSX-V to purchase up to approximately 7.3% of its issued and outstanding ordinary shares and 10% of its public float (the "Share Repurchase Program"). All shares were purchased for cancellation. On the repurchase of the shares of GDH Ltd., an equivalent number of Class A Units in GDH LP was cancelled.

GDH Ltd. began repurchasing shares on October 2, 2019. GDH Ltd. repurchased a total of 3,600,997 shares for a total cost of C$3.9 million ($2,874,623) for the period ended September 30, 2020. Shares repurchased from October 2, 2019 through April 17, 2020 were 4,916,431 for a total cost of C$5.5 million. All repurchased shares of GDH Ltd. and the equivalent number of Class A Units in the Partnership were cancelled. Effective April 17, 2020, GDH Ltd. completed its normal course issuer bid program repurchases.

Class B Units

During the period ended September 30, 2020, 1,747,364 (2019 - 1,973,628) Class B Units were exchanged for common shares of GDH Ltd. The number of Units exchanged is after the withholding and cancellation of 20,951 (2019 - 106,345) Class B Units, associated with the withholding obligation on the vested compensatory Class B Units.

As of September 30, 2020, there were 65,125,264 (December 31, 2019 - 66,636,540) Class A Units and 224,253,231 (December 31, 2019 - 219,332,907) Class B Units outstanding. The change during the period ended September 30, 2020 was due to exchanges of Class B Units for common shares of GDH Ltd. (and into Class A Units of GDH LP), vesting of Class B Units awarded, cancelled Class A Units on repurchase of GDH Ltd. shares and issuance of Class A Units on exercise of options.

Distributions

In June 2020, the board of the General Partner approved a tax distribution of up to $2.5 million in respect of taxable income related to tax year 2019 and estimated taxable income related to tax year 2020. As of September 30, 2020, the Partnership distributed $1,712,936 of the approved amount. Certain of the recipients of the tax distributions are officers of the General Partner and Company. The Partnership does not anticipate making any further tax distributions, beyond the approved amount, to the limited partners in the current year.

(Expressed in US Dollars - unaudited)

Equity Based Compensation

The Partnership has awarded compensatory Class B Units and stock options (equity instruments) to eligible officers and employees. For the three and nine months ended September 30, 2020 and 2019, equity based compensation expense was recognized as follows:

	Three months ended September 30, 2020	Three months ended September 30, 2019	Nine months ended September 30, 2020	Nine months ended September 30, 2019
Stock options	$ 1,713,465	$ 2,554,903	$ 2,916,670	$ 8,286,870
Compensatory Class B Unit awards [(i)]:				
Standard Units	9,701	1,830,713	21,807	9,241,659
Profit Interest Units	1,616,112	1,812,841	5,312,772	5,429,181
Class B Units to First Coin	—	99,506	—	484,025
	3,339,278	6,297,963	8,251,249	23,441,735
Stock options awarded to directors included in director fees	29,915	—	29,915	—
	$ 3,369,193	**$ 6,297,963**	**$ 8,281,164**	**$ 23,441,735**

(i) 2019 includes a cash payment of $226,530.

<u>Compensatory Class B Unit Awards and Stock Option Plan</u>

The Partnership has awarded Class B Unit awards and stock options (equity instruments) to eligible officers and employees.

Compensatory Class B Unit Awards

On January 30, 2019, the Partnership transferred 5,280,695 Class B Units of GDH LP to certain officers and employees as compensation. The Class B Units transferred were comprised of 1,521,558 Standard Units and 3,759,137 Profit Interest Units. The terms of the Class B Units are as follows:

- Standard Units - 1,233,422 of the Standard Units vested 50% on each of February 1, 2019 and September 1, 2019. For 288,136 of the Standard Units, 250,000 vested on September 1, 2019 and 38,136 vested on September 1, 2020. Once vested, each Standard Unit can be exchanged for one share of GDH Ltd. for no additional consideration. The fair value of the Standard Units transferred, measured as of the grant date, was $1,703,451 (or approximately $1.1561 per Standard Unit) based on the 10-day volume weighted average share price of GDH Ltd. from January 17, 2019 through January 30, 2019 ("10-day WA") and on the number of Standard Units expected to vest (87.5% to 100%). The fair value will be recognized over the vesting period.
- Profit Interest Units - 3,047,273 of the Profit Interest Units vest 50% on each of September 1, 2020 and September 1, 2021. For 711,864 of the Profit Interest Units, 211,864 vested on September 1, 2020, while 250,000 vest on each of September 1, 2021 and September 1, 2022. Similar to the July 31, 2018 grants, once a Profit Interest Unit has vested and has been fully "caught up", such Profit Interest Unit may be exchanged for one share of GDH Ltd. for no additional consideration. The fair value of the Profit Interest Units granted was $2,686,791 (or approximately $0.8485 per Profit Interest Unit). The fair value of the Profit Interest Units was estimated using the probability-weighted expected return method. In applying this method, a payoff was determined for a Profit Interest Unit under three potential scenarios, each payoff was weighted by an estimated probability of the corresponding scenario, and then the probability-weighted payoffs were discounted to the date of grant and summed. The scenarios, probabilities, and other inputs into the model consider, among other things, the results of a one-period trinomial model, the results of a standard Black-Scholes option pricing model under different assumptions, and the estimated fair value of a common share of GDH Ltd. The scenarios probability ranged from 2.50% to 70%, the annual discount rate used was 1.85%, the term used was 5.92 years, and the share price used ranged from C$0 to C$50. The number of Profit Interest Units expected to vest ranged from 77.5% to 87.5%.

(Expressed in US Dollars - unaudited)

The following table summarizes the activity related to the compensatory Class B Units during the respective periods:

Description	Class B Units
Balance, December 31, 2018	28,165,507
Granted/ Transferred [(i)]	5,280,695
Exchanged	(1,969,594)
Forfeited/ Transferred	(12,871,818)
Balance, December 31, 2019	18,604,790
Exchanged	(1,411,810)
Forfeited	(20,951)
Balance, September 30, 2020	17,172,029
Class B Units exercisable, September 30, 2020	10,309,346
Class B Units exercisable, December 31, 2019	5,042,517

[(i)] Relates to the transfer of Class B Units to existing employees from terminated employees.

Under the terms of the LPA, the General Partner may elect, at its sole discretion, to pay an amount of cash equal to the current market price of the applicable number of shares in lieu of delivering the applicable number of shares. However, as the Partnership does not have a present obligation to settle in cash, the Class B Units are accounted for as equity settled awards.

Equity Plan

The Partnership has granted stock options to employees, officers, directors and consultants of the Partnership under the GDH Ltd. stock option plan (the "Plan"), subject to the approval of the board of directors of GDH Ltd. Under the Plan, the number of stock options granted to any person within a one-year period will not exceed 5% and the number granted to those individuals considered consultants or providing investor relations services may not exceed 2% in a one-year period, in each case on a fully exchanged basis. In addition, the exercise price of each option may not be less than the market price of GDH Ltd.'s shares at the date of grant. Options granted under the Plan will have a term not to exceed 5 years and will be subject to vesting provisions as determined by the board of directors of GDH Ltd., who administer the Plan. On exercise of an option, the holder will receive one common share in GDH Ltd. and GDH LP will issue one Class A Unit to GDH Ltd. Up to the date of the Plan amendment on June 24, 2019, the maximum number of shares reserved for issuance under the Plan was not to exceed 10% of the issued share capital of GDH Ltd. on a fully exchanged basis.

Modification of Equity Plan

Effective June 24, 2019, the shareholders of GDH Ltd. approved an amendment to the Plan ("Amended and Restated Stock Option Plan"). The Plan was previously a rolling equity plan which reserved for issuance a number of shares of the GDH Ltd. up to a maximum of 10% of the issued share capital on a fully exchanged basis. The Plan was amended to a fixed equity plan reserving for issuance 45,565,739 shares of GDH Ltd. (15% of the issued share capital, as April 30, 2019, on a fully exchanged basis). None of the other aforementioned terms were changed under the Amended and Restated Stock Option Plan.

Stock Option Grants

On June 25, 2019, the Partnership granted 3,885,000 stock options ("June 2019 Grant") with a fair value of $4,426,140 (or a weighted average fair value of approximately of $1.1393). The stock options granted are exercisable into one common share of GDH Ltd. at an exercise price of C$2.15 per option for a period of five years and vest 25% annually commencing on December 1, 2019.

On September 4, 2019, the Partnership granted 682,500 stock options ("September 2019 Grant") with a fair value of $694,869 (or a weighted average fair value of approximately of $1.0181). The stock options granted are exercisable into one common share of GDH Ltd. at an exercise price of C$1.95 per option for a period of five years and vest 25% annually commencing on March 1, 2020.

(Expressed in US Dollars - unaudited)

On April 9, 2020, the Partnership granted 6,810,00 stock options ("April 2020 Grant") with a fair value of $2,882,279 (or a weighted average fair value of approximately of $0.4232). The stock options granted vest by a third annually commencing on March 1, 2021. The exercise price is C$1.35 for the options vesting on March 1, 2021; C$1.60 for the options vesting on March 1, 2022; and C$1.85 for the options vesting on March 1, 2023. The awards will expire on April 9, 2025 if not exercised.

On June 25, 2020, the Partnership granted 750,000 stock options ("June 2020 Grant") with a fair value of $525,830 (or a weighted average fair value of approximately of $0.7011) to the external directors of GDH Ltd. and external managers of the Partnership. The stock options granted are exercisable into one common share of GDH Ltd. at an exercise price of C$1.39 per option for a period of five years and vest fully on June 1, 2021.

Modification of stock options previously granted

On June 24, 2019, the shareholders of GDH Ltd. approved a resolution to reprice outstanding options that were granted with an exercise price of C$5.00 ("C$5.00 options") by reducing the number of option grants by 30% and reducing the exercise price to the higher of C$3.00 and the then prevailing market price. On June 24, 2019, there were 19,170,000 options, subject to the repricing, and employees holding 19,044,000 of options voluntarily agreed to the repricing. As a result, on June 25, 2019 (the "Repricing Date"), the C$5.00 options granted were reduced by 5,713,200 options to 13,330,800 options and the exercise price was reduced to C$3.00 ("C$3.00 options").

The C$5.00 options and the C$3.00 options were both fair valued at the date of modification and their fair value were compared. The fair value of the C$3.00 options was less than the fair value of the C$5.00 options and as a result, the decrease in fair value was not considered in the calculation of the equity based compensation. The Partnership will therefore continue to recognize the equity based compensation related to the C$5.00 options based on their initial grant date fair value, updated for the options that eventually vest.

The fair value of the options granted was measured using the Black-Scholes option pricing model with the following weighted average inputs:

Inputs to the Black-Scholes Model	**September 30, 2020**	**December 31, 2019**
Share price (i)	C$0.97 - C$1.39	C$1.95 - C$2.15
Exercise price	C$1.35 - C$1.85	C$1.95 - C$2.15
Expected annual volatility (ii)	90%	90%
Expected term (years)	5.00	5.00
Dividend yield	0%	0%
Risk-free interest rate (iii)	0.35% - 0.60%	1.15% - 1.33%
Forfeiture rate (iv)	15.9%	15.4% - 18.8%

(i) The closing price of GDH Ltd. shares on the respective grant dates were used.

(ii) Volatility was selected based on the holdings of the Partnership and a review of the historical volatility of digital assets and academic studies of historical venture equity volatility. In addition, the historical trading volatility of the shares of GDH Ltd. was also considered.

(iii) The risk-free interest rate was calculated by interpolating Government of Canada bond yields over the expected terms of the respective option grants.

(iv) The forfeiture rate for the April 2020 Grant is a weighted average of the estimated forfeiture rates for the respective vesting dates (ranging from 10% to 25%). The forfeiture rate for the June 2020 Grant is 0%.

(Expressed in US Dollars - unaudited)

The following table summarizes the activity related to the stock options during the nine months ended September 30, 2020 and year ended December 31, 2019:

Description	Number of Options	Weighted Average Exercise Price (C$)
Balance, December 31, 2018	21,691,035	4.86
Forfeited	(1,757,897)	4.97
Balance, March 31, 2019 (before repricing adjustment)	19,933,138	4.85
Reduction in number of options due to repricing adjustment	(5,713,200)	5.00
Balance, June 25, 2019 (after repricing adjustment)	14,219,938	2.92
Granted	4,567,500	2.12
Forfeited	(1,103,138)	2.56
Balance, December 31, 2019	17,684,300	2.74
Granted	7,560,000	1.58
Exercised	(727,800)	2.05
Forfeited	(3,125,700)	2.70
Balance, September 30, 2020	21,390,800	2.36
Options exercisable as of September 30, 2020	5,811,500	
Options exercisable as of December 31, 2019	4,250,450	

There were 727,800 options exercised during the period ended September 30, 2020. There were no options exercised for the year ended December 31, 2019. For stock options outstanding as of September 30, 2020, the weighted average remaining contractual life is 3.42 years (December 31, 2019 - 3.81 years).

A summary of the stock options outstanding as at September 30, 2020 is as follows:

Grant Date	Number Outstanding	Number Exercisable	Exercise Price (C$)	Expiry Date
Employees and Officers:				
July 31, 2018	10,266,200	4,956,700	3.00	July 23, 2023
July 31, 2018	126,000	63,000	5.00	July 23, 2023
September 10, 2018	103,600	51,800	3.00	July 23, 2023
December 3, 2018	375,000	—	1.15	December 3, 2023
June 25, 2019	2,760,000	690,000	2.15	June 25, 2024
September 4, 2019	200,000	50,000	1.95	September 4, 2024
April 9, 2020	6,810,000	—	1.35 - 1.85	April 9, 2025
June 25, 2020	750,000	—	1.39	June 25, 2025
Total	21,390,800	5,811,500		

Under certain circumstances, the options may be settled by cash payments at the election of the Partnership. However, as the Partnership does not have a present obligation to settle in cash, the stock options are accounted for as equity settled awards.

(Expressed in US Dollars - unaudited)

Net Income per Unit

The below table presents the basic and diluted net income per unit for the three months ended September 30, 2020.

	Class A Unitholders	Class B Unitholders	Total Class A and Class B Unitholders
Basic income per unit	$ 0.15	$ 0.15	$ 0.15
Diluted income per unit	N/A	N/A	0.14
Net income used in the calculation of basic and diluted income per unit	9,467,151	31,956,847	41,423,998
Weighted average number of units for the purposes of basic income per unit	64,764,778	220,021,124	284,785,902
Weighted average number of units for the purposes of diluted income per unit	N/A	N/A	298,054,925

The below table presents the basic and diluted net income per unit for the nine months ended September 30, 2020.

	Class A Unitholders	Class B Unitholders	Total Class A and Class B Unitholders
Basic income per unit	$ 0.17	$ 0.18	$ 0.18
Diluted income per unit	N/A	N/A	0.17
Net income used in the calculation of basic and diluted income per unit	11,308,781	38,470,818	49,779,599
Weighted average number of units for the purposes of basic income per unit	65,112,569	219,235,395	284,347,964
Weighted average number of units for the purposes of diluted income per unit	N/A	N/A	293,427,088

For the three and nine months ended September 30, 2020, the weighted average number of total Units (Class A and Class B Units) for the purposes of diluted income per unit assumes the potential vesting of the Class B Units and dilutive stock options under the GDH LP equity compensation plan.

Reconciliation of weighted average number of units for the purposes of basic income per unit to weighted average number of units for the purposes of diluted income per unit:

	Three months ended September 30, 2020	Nine months ended September 30, 2020
Weighted average number of units for the purposes of basic income per unit	284,785,902	284,347,964
Diluted units:		
Compensatory Class B Unit awards	6,862,682	6,862,682
Stock options	6,406,341	2,216,442
Weighted average number of units for the purposes of diluted income per unit	**298,054,925**	**293,427,088**

(Expressed in US Dollars - unaudited)

2019

The table below presents the basic and diluted net loss per unit for the three months ended September 30, 2019.

	Class A Unitholders	Class B Unitholders	Total Class A and Class B Unitholders
Basic loss per unit	$ (0.222)	$ (0.223)	$ (0.223)
Diluted loss per unit	N/A	N/A	$ (0.223)
Net loss used in the calculation of basic and diluted loss per unit	$ (14,887,933)	$ (48,643,474)	$ (63,531,407)
Weighted average number of units for the purposes of basic loss per unit	66,943,627	218,299,997	285,243,624
Weighted average number of units for the purposes of diluted loss per unit[1]	N/A	N/A	285,243,624

[1] Potentially dilutive Compensatory B Units awards and Stock options were excluded from the computation of diluted loss per unit for the three months ended September 30, 2019 because their effect would have been antidilutive.

The table below presents the basic and diluted net income per unit for the nine months ended September 30, 2019.

	Class A Unitholders	Class B Unitholders	Total Class A and Class B Unitholders
Basic income per unit	$ 0.198	$ 0.201	$ 0.201
Diluted income per unit	N/A	N/A	$ 0.190
Net income used in the calculation of basic and diluted income per unit	$ 13,133,489	$ 43,870,730	$ 57,004,219
Weighted average number of units for the purposes of basic income per unit	66,176,595	217,955,013	284,131,608
Weighted average number of units for the purposes of diluted income per unit	N/A	N/A	299,936,843

For the three and nine months ended September 30, 2019, the weighted average number of total Units (Class A and Class B Units) for the purposes of diluted income per unit assumes the potential vesting of the Class B Units and dilutive stock options under the GDH LP equity compensation plan.

Reconciliation of weighted average number of units for the purposes of basic income per unit to weighted average number of units for the purposes of diluted income per unit:

	Three months ended September 30, 2019	Nine months ended September 30, 2019
Weighted average number of units for the purposes of basic income per unit	285,243,624	284,131,608
Diluted units:		
Compensatory Class B Unit awards	—	15,463,780
Stock options	—	341,455
Weighted average number of units for the purposes of diluted income per unit[1]	**285,243,624**	**299,936,843**

[1] Potentially dilutive Compensatory B Units awards and Stock options were excluded from the computation of diluted loss per unit for the three months ended September 30, 2019 because their effect would have been antidilutive.

(Expressed in US Dollars - unaudited)

18. NON-CONTROLLING INTERESTS

During the year ended December 31, 2018, the Partnership formed the SPV (Note 12) and Galaxy Crypto Index Fund, L.P. ("Galaxy Index Fund").

During the year ended December 31, 2019, the Partnership formed Galaxy Institutional Bitcoin Master Fund, L.P. ("GIBF") and Galaxy Bitcoin Fund L.P. ("GBF").

Set out below is a summary of the financial information for GDL (Note 12), Galaxy Index Fund, GIBF and GBF, the subsidiaries for which the Partnership is subject to a non-controlling interest.

	GDL	Galaxy Index Fund	GBF	GIBF	Total
Non-controlling interests, December 31, 2018	$ 280,630	$ 3,886,948	$ —	$ —	$ 4,167,578
Sale of interest to the Partnership	(140,316)	—	—	—	(140,316)
Contributions[1]	988,017	1,450,000	425,000	1,500,000	4,363,017
Distributions	(582,525)	(313,301)	—	(133)	(895,959)
Share of income (loss)	37,632	5,688	(41,714)	(176,442)	(174,836)
Non-controlling interests, December 31, 2019	**$ 583,438**	**$ 5,029,335**	**$ 383,286**	**$ 1,323,425**	**$ 7,319,484**
Contributions[1]	—	375,000	1,735,000	29,999,656	32,109,656
Distributions	(585,807)	(36,308)	(80,435)	—	(702,550)
Share of income	13,860	3,286,551	287,440	1,940,525	5,528,376
Non-controlling interests, September 30, 2020	**$ 11,491**	**$ 8,654,578**	**$ 2,325,291**	**$ 33,263,606**	**$ 44,254,966**

[1] Contributions include capital contributed by Non-bank Lender towards the purchase of the crypto-backed loans housed in the SPV and contributions from third party investors in the Galaxy Index Fund, GIBF, and GBF.

(Expressed in US Dollars - unaudited)

The following tables present the non-controlling interests at September 30, 2020 and December 31, 2019. The information below is before inter-company eliminations.

	GDL	Galaxy Index Fund	GBF	GIBF	Total
Non-controlling %	5%	63%	26%	56%	
Assets					
Current	$ 230,718	$ 14,255,591	$ 9,108,349	$ 64,893,428	$ 88,488,086
	230,718	14,255,591	9,108,349	64,893,428	88,488,086
Liabilities					
Current	103	443,981	328,185	5,305,467	6,077,736
	103	443,981	328,185	5,305,467	6,077,736
Net Assets	230,615	13,811,610	8,780,164	59,587,961	82,410,350
Non-controlling interests, September 30, 2020	**$ 11,491**	**$ 8,654,578**	**$ 2,325,291**	**$ 33,263,606**	**$ 44,254,966**

	GDL	Galaxy Index Fund	GBF	GIBF	Total
Non-controlling %	5%	63%	8%	7%	
Assets					
Current	$ 11,690,311	$ 8,507,825	$ 4,966,327	$ 19,366,281	$ 44,530,744
	11,690,311	8,507,825	4,966,327	19,366,281	44,530,744
Liabilities					
Current	21,528	551,443	184,594	390,067	1,147,632
	21,528	551,443	184,594	390,067	1,147,632
Net Assets	11,668,783	7,956,382	4,781,733	18,976,214	43,383,112
Non-controlling interests, December 31, 2019	**$ 583,438**	**$ 5,029,335**	**$ 383,286**	**$ 1,323,425**	**$ 7,319,484**

The following table reflects the net income and net comprehensive income attributable to non-controlling interests for the three and nine months ended September 30, 2020 and 2019.

	Three months ended September 30, 2020	Three months ended September 30, 2019	Nine months ended September 30, 2020	Nine months ended September 30, 2019
Net income (loss)	**$ 44,557,153**	**$ (68,225,016)**	**$ 55,307,975**	**$ 58,495,573**
Net comprehensive income (loss) attributable to non-controlling interests:				
GDL	(32)	13,032	13,860	19,798
Galaxy Index Fund	1,907,781	(4,706,641)	3,286,551	1,471,556
GBF	197,916	—	287,440	—
GIBF	1,027,490	—	1,940,525	—
	$ 3,133,155	**$ (4,693,609)**	**$ 5,528,376**	**$ 1,491,354**

(Expressed in US Dollars - unaudited)

19. COMPENSATION AND COMPENSATION RELATED

	Three months ended September 30, 2020	Three months ended September 30, 2019	Nine months ended September 30, 2020	Nine months ended September 30, 2019
Base compensation and accrued bonuses[1]	$ 4,994,763	$ 6,010,259	$ 15,241,765	$ 18,165,240
Benefits	616,674	528,900	2,066,651	1,425,732
Payroll taxes	242,627	292,880	806,605	1,104,971
Consulting	298,755	424,237	794,289	702,097
Placement Fees	199,500	276,875	393,500	750,133
Temporary staff	23,780	18,346	67,454	82,794
	$ 6,376,099	**$ 7,551,497**	**$ 19,370,264**	**$ 22,230,967**

(1) Nine months ended September 30, 2020 includes $446,303 of severance expense payments.

20. PROFESSIONAL FEES

	Three months ended September 30, 2020	Three months ended September 30, 2019	Nine months ended September 30, 2020	Nine months ended September 30, 2019
Audit and related	$ 637,302	$ 662,456	$ 1,959,892	$ 2,018,638
Legal	829,429	1,306,765	1,293,531	2,744,507
Tax	162,690	213,879	737,449	885,382
Valuations	80,325	86,388	222,075	237,588
	$ 1,709,746	**$ 2,269,488**	**$ 4,212,947**	**$ 5,886,115**

21. GENERAL AND ADMINISTRATIVE

	Three months ended September 30, 2020	Three months ended September 30, 2019	Nine months ended September 30, 2020	Nine months ended September 30, 2019
Technology	$ 753,546	$ 611,918	$ 2,336,490	$ 1,985,626
Marketing	630,093	45,820	1,456,958	58,904
Consulting	263,754	255,426	766,780	1,002,368
Depreciation (Note 13)	288,931	289,734	863,973	796,739
Bad debt expense (Note 12)	—	2,094,006	239,883	2,094,006
Travel and entertainment	8,499	345,759	311,835	770,695
Fund administration	224,595	196,027	545,846	540,359
Occupancy	126,431	170,416	392,378	440,740
Trading Fees	117,850	—	303,381	—
Other (i)	1,099,329	1,456,973	2,615,858	2,185,712
	$ 3,513,028	**$ 5,466,079**	**$ 9,833,382**	**$ 9,875,149**

(i) Includes GDH Ltd. Reimbursable Expenses of $455,960 and $987,890 and business tax expense of $42,524 and $647,215 for the three and nine months ended September 30, 2020 respectively (2019 - $259,231 and $707,249, respectively, for the reimbursable expenses and $10,656 and $25,752, respectively, for the business tax expense).

(Expressed in US Dollars - unaudited)

22. RELATED PARTY TRANSACTIONS

The Partnership's related parties include its subsidiaries, associates over which it exercises significant influence, and key management personnel. Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Partnership, directly or indirectly. Key management personnel include officers, directors, companies controlled by officers or directors and companies with common directors of the Partnership.

Due to related party

For the year ended December 31, 2018, for administrative convenience, GGI paid $1.2 million of expenses incurred in the ordinary course of business by the Partnership. The amount paid by GGI was reimbursed by the Partnership in March 2019.

Compensation of Key Management Personnel

Key management personnel include ten individuals (2019 - eleven individuals), consisting of officers, former officers and certain employees, who are considered to have decision making authority. Compensation provided to key management personnel for the three and nine months ended September 30, 2020 and 2019 are as follows:

	Three months ended September 30, 2020	Three months ended September 30, 2019	Nine months ended September 30, 2020	Nine months ended September 30, 2019
Base compensation and accrued bonuses*	$ 997,797	$ 1,183,027	$ 3,099,956	$ 4,662,003
Benefits	65,634	71,172	204,914	205,842
Equity based compensation	2,603,150	4,687,399	8,205,151	17,914,208
Total	**$ 3,666,581**	**$ 5,941,598**	**$ 11,510,021**	**$ 22,782,053**

*For the three and nine months ended September 30, 2020, amounts include approximately $0.3 million and $0.8 million, respectively, of accrued bonuses within accounts payable and accrued liabilities. For the nine months ended September 30, 2019, amounts include approximately $1.4 million of accrued bonuses within accounts payable and accrued liabilities. The amount of accrued bonuses within accounts payable and accrued liabilities for the three months ended September 30, 2019 was not significant.

The Partnership has an agreement with an entity owned by a member of key management to provide software development consulting services. The Partnership incurred $116,250 and $399,250 in software development technology expenses during the three and nine months ended September 30, 2020 (2019 - $124,500 and $279,000), of which $40,250 is included in accounts payable at September 30, 2020 (2019 - $81,500).

Sublease

GIP, which has leased the office space located on the 7th and 8th floors of 107 Grand Street, New York, New York 10013, has subleased to GDS to occupy the 8th floor on the same terms as the master lease (Note 26). In addition, effective August 1, 2019, GIP also subleased a portion of the 7th floor to GDS, including use of common areas. (Note 26).

Other

Certain key management personnel have invested in funds that the Partnership manages. In addition, some members of key management serve as board members for companies in which the Partnership or a fund it manages holds investments.

(Expressed in US Dollars - unaudited)

The CEO of the general partner of the Partnership served as a director of a cryptocurrency mining and blockchain infrastructure company. During May 2019, the CEO of the general partner of the Partnership did not stand for re-election and, effective May 13, 2019, the company is no longer a related party (Note 12). The Partnership also completes OTC trades with the company.

In addition, the Partnership's CEO was a member of the advisory board for another company, resulting in the Partnership and that company being related parties. As at September 30, 2020, the Partnership had an investment in the company valued at $9.4 million (December 31, 2019 - $9.0 million).

In accordance with the LPA (Note 5), the Partnership will reimburse or pay for all reimbursable expenses of GDH Ltd. For the three and nine months ended September 30, 2020, the Partnership paid or accrued $455,960 and $987,890 respectively (2019 - $259,231 and $707,249 respectively), on behalf of GDH Ltd., which has been included in general and administrative expenses.

23. REPORTABLE SEGMENTS

The Partnership has identified four reportable segments: trading, principal investments, asset management, and investment banking. The four reportable segments represent the four lines of business for which the Partnership expects to earn income, incur costs and allocate resources. In determining the Partnership’s segment structure, the Partnership considered the basis on which the chief operating decision-maker, as well as other members of senior management, review the financial and operational performance of the Partnership. Certain reclassifications have been made based on how the chief operating decision-maker reviews the performance of the Partnership.

Trading

The trading group manages positions in cryptocurrency and other liquid digital assets contributed to the business at the outset and continues to invest and trade in those and related assets. The Partnership engages in several trading strategies (Note 6). The trading segment includes the performance of the over the counter (OTC) trading and of the short term and long term positioning of the Partnership's digital assets.

Principal Investments

The principal investments business has a diverse portfolio of private principal investments across the blockchain ecosystem, including early- and later-stage equity, pre-ICO contributions, and other structured alternative investments (Note 7).

Asset Management

The asset management business manages capital on behalf of third parties in exchange for management fees and performance-based compensation.

Investment Banking

The investment banking business partners with high quality businesses operating in and around the blockchain ecosystem. The investment banking business offers the full spectrum of investment banking, including, but not limited to: general corporate advisory, mergers and acquisition (M&A), transaction advisory, restructuring and capital raising.

Corporate and Other consists of the Partnership’s unallocated corporate overhead and other unallocated costs not identifiable to any of the four reportable segments.

Assets and liabilities by each of the reportable segments as of September 30, 2020 are as follows:

	Trading	Principal Investments	Asset Management	Investment Banking	Corporate and Other	Totals
Total assets	$ 218,388,530	$ 291,835,575	$ 5,012,174	$ 1,801,917	$ 19,211,305	$ 536,249,501
Total liabilities	$ 71,822,898	$ 246,793	$ 6,589,594	$ 43,281	$ 11,976,436	$ 90,679,002

(Expressed in US Dollars - unaudited)

Assets and liabilities by each of the reportable segments as of December 31, 2019 are as follows:

	Trading	Principal Investments	Asset Management	Investment Banking	Corporate and Other	Totals
Total assets	$ 177,226,904	$ 199,678,202	$ 1,415,135	$ 1,102,055	$ 23,356,825	$ 402,779,121
Total liabilities	$ 30,329,154	$ 403,187	$ 1,377,492	$ 96,273	$ 15,468,450	$ 47,674,556

Income and expenses by each of the reportable segments for the nine months ended September 30, 2020 and 2019 are as follows:

	Trading	Principal Investments	Asset Management	Investment Banking	Corporate and Other	Totals
Income (loss)						
Advisory and management fees	$ —	$ —	$ 3,759,892	$ 842,150	$ —	$ 4,602,042
Net realized gain (loss) on digital assets	22,607,531	(1,769,220)	—	—	—	20,838,311
Net realized gain on investments	—	11,401,110	—	—	—	11,401,110
Interest income	3,473,752	921,408	9,559	6,643	248	4,411,610
Net derivative gain	6,081,183	—	—	—	—	6,081,183
	32,162,466	**10,553,298**	**3,769,451**	**848,793**	**248**	**47,334,256**
Operating expenses	**14,709,376**	**2,967,845**	**9,757,054**	**3,334,508**	**16,022,931**	**46,791,714**
Net unrealized gain (loss) on digital assets	5,381,232	21,496,531	—	—	—	26,877,763
Net unrealized gain on investments	—	28,676,078	—	—	—	28,676,078
Unrealized foreign currency loss	(595,158)	—	—	—	—	(595,158)
Realized foreign currency loss	(193,250)	—	—	—	—	(193,250)
	4,592,824	**50,172,609**	**—**	**—**	**—**	**54,765,433**
Net income (loss) for the period, including non-controlling interests	**$ 22,045,914**	**$ 57,758,062**	**$ (5,987,603)**	**$ (2,485,715)**	**$ (16,022,683)**	**$ 55,307,975**

(Expressed in US Dollars - unaudited)

	Trading	Principal Investments	Asset Management	Investment Banking	Corporate and Other	Totals
Income (loss)						
Advisory and management fees	$ —	$ —	$ 3,907,811	$ 203,125	$ —	$ 4,110,936
Net realized gain (loss) on digital assets	110,402,993	(3,364,856)	—	—	—	107,038,137
Net realized gain on investments	—	38,082,476	—	—	—	38,082,476
Interest income	650,844	2,193,989	—	49,337	3,983	2,898,153
Net derivative gain (loss)	10,707,608	220,000	(45,000)	3,976	—	10,886,584
	121,761,445	**37,131,609**	**3,862,811**	**256,438**	**3,983**	**163,016,286**
Operating expenses	**18,022,432**	**5,342,020**	**14,255,645**	**7,351,678**	**19,916,950**	**64,888,725**
Net unrealized gain (loss) on digital assets	(34,809,020)	5,799,880	—	—	—	(29,009,140)
Net unrealized loss on investments	—	(10,583,501)	—	—	—	(10,583,501)
Unrealized foreign currency gain (loss)	164,443	—	—	(20,713)	(43)	143,687
Realized foreign currency loss	(183,034)	—	—	—	—	(183,034)
	(34,827,611)	**(4,783,621)**	**—**	**(20,713)**	**(43)**	**(39,631,988)**
Net income (loss) for the period, including non-controlling interests	**$ 68,911,402**	**$ 27,005,968**	**$ (10,392,834)**	**$ (7,115,953)**	**$ (19,913,010)**	**$ 58,495,573**

Select statement of financial position information

The fair value of each asset class by reporting segment as of September 30, 2020 is as follows:

	Trading	Principal Investments	Asset Management	Investment Banking	Corporate and Other	Totals
Digital assets:						
Cryptocurrency	$ 137,764,820	$ 87,083,128	$ —	$ —	$ —	$ 224,847,948
Digital assets posted as collateral (Note 10)	16,768,600	—	—	—	—	16,768,600
Investments:						
Pre-ICO	—	5,757,327	—	—	—	5,757,327
Convertible Notes	—	7,570,019	—	—	—	7,570,019
Preferred Stock	—	90,061,363	—	—	—	90,061,363
Common Stock	—	20,927,242	—	—	—	20,927,242
LP/LLC Interests	—	64,346,281	—	—	—	64,346,281
Warrants/Trust Units/Trust Shares	11,455,702	554,719	—	—	—	12,010,421
	$ 165,989,122	**$ 276,300,079**	**$ —**	**$ —**	**$ —**	**$ 442,289,201**

(Expressed in US Dollars - unaudited)

The fair value of each asset class by reporting segment as of December 31, 2019 is as follows:

	Trading	Principal Investments	Asset Management	Investment Banking	Corporate and Other	Totals
Digital assets:						
Cryptocurrency	$ 53,882,704	$ 32,098,027	$ —	$ —	$ —	$ 85,980,731
Digital assets posted as collateral	8,208,653	—	—	—	—	8,208,653
Investments:						
Pre-ICO	—	6,005,114	—	—	—	6,005,114
Convertible Notes	—	5,255,579	—	—	—	5,255,579
Preferred Stock	—	75,703,153	—	—	—	75,703,153
Common Stock	—	32,476,631	—	—	—	32,476,631
LP/LLC Interests	—	38,120,805	—	—	—	38,120,805
Warrants/Trust Units	—	602,138	—	—	—	602,138
	$ 62,091,357	**$ 190,261,447**	**$ —**	**$ —**	**$ —**	**$ 252,352,804**

24. FINANCIAL INSTRUMENTS, DIGITAL ASSETS AND RISK

The fair values of all investments and digital assets were measured using the cost, market or income approaches. The investments and digital assets measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values, with the designation based upon the lowest level of input that is significant to the fair value measurement. The three levels of the fair value hierarchy are:

Level 1 Inputs: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 Inputs: Quoted prices for similar assets or liabilities in active markets, or quoted prices for identical or similar assets or liabilities in markets that are not active, or other observable inputs other than quoted prices.

Level 3 Inputs: One or more inputs to the valuation are unobservable and significant to the fair value measurement of the asset or liability. (Unobservable inputs reflect management's assumptions on how market participants would price the asset or liability based on the information available.)

	As of September 30, 2020				As of December 31, 2019			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Cryptocurrency	$ —	$223,497,741	$ 1,350,207	$224,847,948	$ —	$ 85,791,558	$ 189,173	$ 85,980,731
Digital Assets Posted as Collateral	—	16,768,600	—	16,768,600	—	8,208,653	—	8,208,653
Common Stock	135,145	20,792,097	—	20,927,242	13,497,273	18,979,358	—	32,476,631
Convertible Notes	—	2,625,531	4,944,488	7,570,019	—	703,500	4,552,079	5,255,579
LP/LLC Interests	—	20,813,765	43,532,516	64,346,281	—	21,348,796	16,772,009	38,120,805
Pre-ICO	—	5,757,327	—	5,757,327	—	6,005,114	—	6,005,114
Preferred Stock	—	70,746,149	19,315,214	90,061,363	—	58,286,806	17,416,347	75,703,153
Warrants/Trust Units/ Trust Shares	54,659	4,027	11,951,735	12,010,421	68,052	—	534,086	602,138
Digital Assets Sold Short	—	(12,077,789)	—	(12,077,789)	—	(18,616,860)	—	(18,616,860)
	$ 189,804	$348,927,448	$81,094,160	$430,211,412	$13,565,325	$180,706,925	$39,463,694	$233,735,944

Valuation of Assets that use Level 1 Inputs ("Level 1 Assets"). Consists of common stock and warrants/trust units, where quoted prices in active markets are available.

Valuation of Assets that use Level 2 Inputs ("Level 2 Assets"). Level 2 assets consist of the majority of the Partnership's investments and digital assets, including its digital assets sold short, where quoted prices in active markets are available. For the digital assets, the fair value utilized is primarily either:

(i) the volume-weighted average of prices across principal exchanges as of 12:00 UTC, per coinmarketcap.com*, with no adjustments; or

(ii) the quoted prices across principal exchanges as of 12:00 UTC, per coinmarketcap.com*, with no adjustments.

* Coinmarketcap.com is a pricing aggregator, as the principal market or most advantageous market is not always known. The Partnership believes any price difference amongst the principal market and an aggregated price to be immaterial.

Level 2 Assets also includes all of the Partnership's pre-ICO investments, the majority of common stock and preferred stock, limited partnership/limited liability company interest investments, convertible note investments and investment in trust shares. The Partnership's pre-ICO investments are generally carried at the total contributions made to date as there are no conditions indicating a change in value and therefore cost approximates fair value. For the Partnership's other investments classified as Level 2, the market approach is used. These investments are classified as Level 2 as they are based on other observable inputs other than quoted prices, such as transactions in the equity of the investments.

Valuation of Assets that use Level 3 Inputs ("Level 3 Assets"). Consists of certain of the Partnership's cryptocurrency, preferred stock, warrants and the majority of the Partnership's limited partnership/limited liability company interest investments and convertible notes.

- For investments in cryptocurrency, fair value was determined utilizing a volume-weighted average of prices across principal exchanges as of 12:00 UTC, with a marketability adjustment. If the investment was either contractually or legally restricted for trading or lacked access to an active market, a discount for lack of marketability was applied to the closing prices. The discount was calculated using the Black-Scholes model to determine the cost to insure the subject asset against the risk of encountering lower prices.
- For the Partnership's preferred stock investments:
    - The prior transaction approach was used with adjustments, as the transaction in the subject entity's equity may have different characteristics than the Partnership's preferred stock investment. The allocation of the subject entity's equity value (based on the market approach) to its various classes of shares was determined using the Black-Scholes model.
    - One of the Partnership's preferred stock investments used the adjusted book value method to estimate fair value. This is an approach that relies on adjusting the most recently reported book values of the subject enterprise's assets to their market values and subtracting the corresponding liabilities.
    - For some of the Partnership's preferred stock investments, the Partnership has taken further discounts for lack of marketability and control.
- For the Partnership's investment in warrants, the Black-Scholes model was used to determine the fair value.
- For the Partnership's limited partnership/limited liability company interest investments in funds, fair value was based on the net asset value provided by the fund.
- For the Partnership's convertible notes, the market approach is used, with further fair value adjustments (e.g. the application of unobservable probabilities).

The fair value of Level 3 Assets is inherently subjective. Because of the uncertainty of fair valuation of investments that do not have readily ascertainable market values, the VC's conclusion of fair value for an investment on a date may differ significantly from (1) the fair value conclusions of other knowledgeable market participants and/or (2) prior or subsequently observed transaction prices, including the price paid to acquire, or received to sell, the investment itself.

Other

Adjustments to observable prices obtained for assets that are deemed to lack access to an active market are based on empirical studies designed to estimate liquidity discounts. To estimate the appropriate discount to apply, the Partnership considered the relevant facts and circumstances, including features of the subject assets, expectations related to an active market existing in the future, costs associated with accessing (or trading outside of) existing exchanges as applicable, price volatility of comparable assets, and other identified risks associated with the subject assets.

(Expressed in US Dollars - unaudited)

A verified prior transaction is initially given 100% weighting in a fair value conclusion (if completed at arm's length), but subsequently such weighting is adjusted based on the merits of newly observed data. As a result, in the absence of disconfirming data, an unadjusted prior transaction price may not be considered "stale" for months or, in some cases, years.

Level 3 Continuity

The following is a reconciliation of Level 3 Assets for the three months ended September 30, 2020:

	Fair Value at June 30, 2020	Contributions	Purchases	Sales/ Distributions	Net Realized Gain (Loss) on Digital Assets and Investments	Net Unrealized Gain/(Loss) on Digital Assets and Investments	Transfers in /(out) of Level 3	Fair Value at September 30, 2020
Cryptocurrency	$ 164,443	$ —	$ 425,000	$ —	$ —	$ 762,801	$ (2,037)	$ 1,350,207
Convertible Notes	4,900,752	—	—	—	—	43,736	—	4,944,488
LP/LLC Interests	22,062,218	—	11,748,357	(590,723)	—	7,030,977	3,281,687	43,532,516
Preferred Stock	17,607,382	—	—	—	—	507,825	1,200,007	19,315,214
Warrants/Trust Units/ Trust Shares	560,631	—	7,492,543	—	—	2,454,080	1,444,481	11,951,735
Total Digital Assets and Investments	**$ 45,295,426**	**$ —**	**$ 19,665,900**	**$ (590,723)**	**$ —**	**$ 10,799,419**	**$ 5,924,138**	**$ 81,094,160**

Transfers in and out of Level 3 are considered to have occurred at the beginning of the period the transfer occurred. Total transfers into Level 3 were $5,926,175 and transfers out of Level 3 were $2,037. The transfers into Level 3 for preferred stock was due to fair value determined by a market approach that utilized an option pricing based methodology. The transfers into Level 3 for LP/LLC interest was due to a fair value determined by an income approach that utilized discounted cash flows and an investment, which utilizes net asset values provided by funds. The transfers into Level 3 for warrants/trust units/trust shares was due to fair value determined by a discount for lack of marketability using a Black-Scholes model. The transfers out of Level 3 were due to the removal of trading restrictions for a cryptocurrency.

The following is a reconciliation of Level 3 Assets for the three months ended September 30, 2019:

	Fair Value at June 30, 2019	Contributions	Purchases	Sales/ Distributions	Net Realized Gain (Loss) on Digital Assets and Investments	Net Unrealized Gain/(Loss) on Digital Assets and Investments	Transfers in /(out) of Level 3	Fair Value at September 30, 2019
Cryptocurrency	$ 375,599	$ —	$ —	$ —	$ —	$ 499,797	$ 593,034	$ 1,468,430
Common Stock	9,318,855	—	—	—	—	—	(9,318,855)	—
LP/LLC Interests	22,919,276	—	180,000	(65,242)	—	(770,431)	—	22,263,603
Preferred Stock	6,730,000	—	—	—	—	(1,470,000)	—	5,260,000
Warrants/Trust Units	2,541,427	—	—	—	—	(1,006,632)	—	1,534,795
Total Digital Assets and Investments	**$ 41,885,157**	**$ —**	**$ 180,000**	**$ (65,242)**	**$ —**	**$ (2,747,266)**	**$ (8,725,821)**	**$ 30,526,828**

Transfers in and out of Level 3 are considered to have occurred at the beginning of the quarter the transfer occurred. Total transfers into Level 3 were $593,034 and total transfers out of Level 3 were $9,318,855. The transfers into Level 3 for cryptocurrency assets were due to the restrictions on trading for certain cryptocurrencies after their ICO events, and the transfers out of Level 3 were due to the removal of trading restrictions for a publicly traded common stock.

(Expressed in US Dollars - unaudited)

The following is a reconciliation of Level 3 Assets for the nine months ended September 30, 2020:

	Fair value at December 31, 2019	Contributions	Purchases	Sales/ Distributions	Net Realized Gain (Loss) on Digital Assets and Investments	Net Unrealized Gain/(Loss) on Digital Assets and Investments	Transfers in /(out) of Level 3	Fair Value at September 30, 2020
Cryptocurrency	$ 189,173	$ —	$ 425,000	$ —	$ —	$ 777,890	$ (41,856)	$ 1,350,207
Convertible Notes	4,552,079	—	733,000	—	—	(340,591)	—	4,944,488
LP/LLC Interests	16,772,009	—	17,276,486	(590,723)	—	6,793,057	3,281,687	43,532,516
Preferred Stock	17,416,347	—	—	—	—	(1,887,384)	3,786,251	19,315,214
Warrants/Trust Units/ Trust Shares	534,086	—	7,492,543	—	—	2,480,625	1,444,481	11,951,735
Total Digital Assets and Investments	**$ 39,463,694**	**$ —**	**$ 25,927,029**	**$ (590,723)**	**$ —**	**$ 7,823,597**	**$ 8,470,563**	**$ 81,094,160**

Transfers in and out of Level 3 are considered to have occurred at the beginning of the period the transfer occurred. Total transfers into Level 3 were $14,374,227 and total transfers out of Level 3 were $5,903,664. The transfers into Level 3 for preferred stock was due to fair value determined by a market approach that utilized an option pricing based methodology. The transfers into Level 3 for LP/LLC interest was due to a fair value determined by an income approach that utilized discounted cash flows and an investment, which utilizes net asset values provided by funds. The transfers into Level 3 for warrants/trust units/trust shares was due to fair value determined by a discount for lack of marketability using a Black-Scholes model. The transfers out of Level 3 for preferred stock were due to the availability of an observable input (transaction in the investment entity) and the transfers out of Level 3 for cryptocurrency were due to the removal of restrictions.

The following is a reconciliation of Level 3 Assets for the nine months ended September 30, 2019:

	Fair value at December 31, 2018	Contributions	Purchases	Sales/ Distributions	Net Realized Gain (Loss) on Digital Assets and Investments	Net Unrealized Gain/(Loss) on Digital Assets and Investments	Transfers in /(out) of Level 3	Fair Value at September 30, 2019
Cryptocurrency	$ 545,308	$ —	$ 100,000	$ (5,037,262)	$ 4,937,262	$ 4,045	$ 919,077	$ 1,468,430
Common Stock	5,580,000	—	—	(2,289,839)	(1,153,663)	7,182,357	(9,318,855)	—
LP/LLC Interests	21,659,859	—	180,000	(143,819)	—	567,563	—	22,263,603
Preferred Stock	2,734,262	—	—	—	—	2,525,738	—	5,260,000
Warrants/Trust Units	1,329,427	—	—	—	—	205,368	—	1,534,795
Total Digital Assets and Investments	**$ 31,848,856**	**$ —**	**$ 280,000**	**$ (7,470,920)**	**$ 3,783,599**	**$ 10,485,071**	**$ (8,399,778)**	**$ 30,526,828**

Transfers in and out of Level 3 are considered to have occurred at the beginning of the quarter the transfer occurred. Total transfers into Level 3 were $1,193,034 and total transfers out of Level 3 were $9,592,812. The transfers into Level 3 for cryptocurrency assets were due to the restrictions on trading for certain cryptocurrencies after their ICO events. The transfers out of Level 3 were due to the removal of trading restrictions for a publicly traded common stock and due to the removal of trading restrictions for certain cryptocurrencies.

The carrying values of the Partnership’s cash, receivable for digital asset trades, digital asset loans receivable, assets posted as collateral, receivables, loans receivable, accounts payable and accrued liabilities, payable for digital asset trades, digital asset loans payable and collateral payable approximate fair value due to their short maturities. The carrying value of the Partnership's lease liability is measured as the present value of the discounted future cash flows.

(Expressed in US Dollars - unaudited)

Quantitative Information for certain Level 3 Assets

Financial Instrument	Fair Value at September 30, 2020	Significant Unobservable Inputs	Range
Cryptocurrency	$1,350,207	Marketability discount	25.0% - 59.1%
Convertible Notes [3]	$2,776,077	Recovery rate	65% - 100%
		Scenario probability [1]:	
		No deal closure and dissolution	25%
		Deal closure and partial default	67.5%
		Deal closure and full recovery	7.5%
LP/LLC Interests [4]	$11,560,406	Risk-free rate	0.12%
		Selected discount for lack of marketability	15%
		Scenario probability [2]:	
		Downside	25%
		Upside	25%
		Best	50%
Preferred Stock	$19,315,214	Control discount	5%
		Marketability discount	15%
		Time to liquidity event (years)	3.5 - 5
		Annualized equity volatility	90%
		Risk free rate	0.16% - 2.06%
		Expected dividend payout ratio	—
		Enterprise value to revenue multiple	8
Warrants/Trust Units	$11,951,735	Volatility	100% - 115%
		Exercise price	C$4.50
		Underlying share price	C$0.97
		Time to liquidity event (years)	0.56 - 0.83
		Risk free rate	0.11% - 0.12%
		Expected dividend payout ratio	—
		Marketability discount	35.1% - 35.3%

[1] Relates to the probability of a deal closure with a potential buyer of the underlying company, with either partial default or full recovery of the amount outstanding of the convertible notes, or no deal closure with a potential buyer and dissolution of the underlying company.

[2] Relates to the probability of three different outcomes of the civil rehabilitation plan proceedings relating to Mt. Gox Investment Fund LP.

[3] The remaining fair value relates to one additional investment which utilizes the prior transaction method.

[4] The remaining fair value relates to additional investments which utilize net asset values provided by funds.

(Expressed in US Dollars - unaudited)

Financial Instrument	Fair Value at December 31, 2019	Significant Unobservable Inputs	Range
Cryptocurrency	$189,173	Marketability discount	25% - 54.8%
Convertible Notes	$4,552,079	Recovery rate	65% - 100%
		Scenario probability (1):	
		No deal closure and dissolution	25%
		Deal closure and partial default	67.5%
		Deal closure and full recovery	7.5%
Preferred Stock	$17,416,347	Control discount	5%
		Marketability discount	15%
		Time to liquidity event (years)	4.25 - 5
		Annualized equity volatility	90%
		Risk free rate	1.66% - 2.06%
		Expected dividend payout ratio	—
		Enterprise value to revenue multiple	8
Warrants	$534,086	Volatility	84%
		Exercise price	C$4.50
		Underlying share price	C$1.07

[1] Relates to the probability of a deal closure with a potential buyer of the underlying company, with either partial default or full recovery of the amount outstanding of the convertible notes, or no deal closure with a potential buyer and dissolution of the underlying company.

For the nine months ended September 30, 2020 and the year ended December 31, 2019, the latest available reported net asset value of the underlying funds were used to fair value the Level 3 limited partnership/ limited liability company interests.

As indicated above, certain of the Level 3 Assets had adjustments applied to the prices used to determine fair value. The Partnership does not believe a change in unobservable inputs will have a significant impact on partners' capital.

Valuation Techniques

The following tables summarize the valuation techniques and significant inputs used in the fair value measurement of the Partnership's digital assets and investments as of September 30, 2020 and December 31, 2019, respectively.

Category	Valuation Methods & Techniques	Key Inputs
Cryptocurrency	• Volume-weighted average of trading prices • Black-Scholes model • Marketability adjustments • Liquidity adjustments	• Current trading prices of subject cryptocurrencies • Selected volatilities of subject cryptocurrencies • Selected discounts for lack of marketability/liquidity
Pre-ICO	• Prior transactions method	• Prior prices of subject pre-ICO cryptocurrencies
Convertible Notes	• Prior transactions method • Probability-weighted expected return model	• Prior prices of subject convertible note • Scenario probabilities • Recovery rates
Preferred Stock	• Prior transactions method • Comparable transactions method • Backsolve method in an option pricing model framework • Equity allocation using option pricing model framework • Volume-weighted average of trading prices • Control adjustments • Marketability adjustments • Guideline public company method • Adjusted book value	• Prior prices of subject preferred stock • Expected time to exit • Volatility of the company's total equity • Risk free rate • Expected dividend payout ratio • Current trading prices of certain cryptocurrencies • Selected discounts for lack of control • Selected discounts for lack of marketability • Enterprise value-to-revenue multiple • Net assets of subject company
Common Stock	• Prior transactions method • Public closing price • Guideline public company method	• Prior prices of subject common stock • Public closing prices of subject securities • Price-to-earnings multiples • Price-to-book value multiples
LP/LLC Interests	• Prior transactions method • Comparable transactions method • Net asset value provided by fund • Discounted cash flow analysis	• Prior prices of subject LP/LLC interests • Net asset value provided by fund • Current trading price of Bitcoin • Scenario probabilities • Selected discount for lack of marketability
Warrants/Trust Units/ Trust Shares	• Public closing price • Black-Scholes model • Prior transactions method	• Public closing prices of subject securities • Selected volatility of underlying trust units • Prior prices of subject trust shares

(Expressed in US Dollars - unaudited)

Industry

As of September 30, 2020 and December 31, 2019, details of the industry composition of the Partnership's investments, other than cryptocurrency and pre-ICO investments, are as follow:

Industry	September 30, 2020		December 31, 2019	
	Percentage	# of Investments	Percentage	# of Investments
Other (Cryptocurrency and Pre-ICO)	54 %	74	36 %	72
Finance	31	21	35	16
Services: Business	7	11	11	10
High Tech Industries	7	10	14	10
Media: Diversified and Production	<1	2	<1	2
Utilities: Electric	<1	1	<1	1
Banking	0	0	4	1
Total	100 %	119	100 %	112

In the table above, multiple portfolio Partnership investments across the capital structure are considered one investment.

Risk

The Partnership's activities may expose it to variety of financial and other risks: credit risk, interest rate risk, liquidity risk, foreign currency risk, market risk, digital asset risk, loss of access risk, irrevocability of transactions, hard fork and airdrop risks and regulatory oversight risk, among others. The Partnership seeks to minimize potential adverse effects of these risks on performance by employing experienced personnel, daily monitoring of the Partnership's investments and digital assets, and any market events and diversifying the Partnership's business strategy as well as its investment portfolio within the constraints of the Partnership's investment objectives.

Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into, causing the other party to incur a financial loss. The Partnership's cash, receivables, receivable for digital asset trades, and loans (including digital asset loans) receivable are exposed to credit risk. The Partnership limits its credit risk by placing its cash with high credit quality financial institutions and with cryptocurrency exchanges on which the Partnership has performed internal due diligence procedures. The Partnership deems these procedures necessary as some exchanges are unregulated and not subject to regulatory oversight. Furthermore, crypto-exchanges engage in the practice of commingling their clients' assets in exchange wallets. When crypto-assets are commingled, transactions are not recorded on the applicable blockchain ledger but are only recorded by the exchange. Therefore, there is risk around the occurrence of transactions or the existence of period end balances represented by exchanges. As at September 30, 2020, the Partnership held approximately $2.6 million (December 31, 2019 - $4.5 million) in cash and $175.5 million (December 31, 2019 - $68.5 million) in digital assets at exchanges or custodians that do not have system or organization control reporting available. The Partnership's due diligence procedures around exchanges include, but are not limited to, internal control procedures around on-boarding new exchanges which includes review of the exchanges anti-money laundering ("AML") and know-your-client ("KYC") policies by the Partnership's chief compliance officer, obtaining a security ratings report by an independent third-party on certain exchanges, constant review of market information specifically regarding the exchanges security and solvency risk, setting balance limits for each exchange account based on risk exposure thresholds and preparing daily asset management reports to ensure limits are being followed and having a fail-over plan to move cash and digital assets held on an exchange in instances where risk exposure significantly changes. The Partnership limits its credit risk with respect to its receivables, receivables for digital asset trades and digital assets loans receivable by transacting with credit worthy counterparties that are believed to have sufficient capital to meet their obligations as they come due and, with regards to OTC and Master Loan Agreement (MLA) counterparties for the trading business, on which the Partnership has satisfactorily performed the relevant AML and KYC procedures. As of September 30, 2020 and subsequently, the Partnership does not expect a material loss on any of its loans. As of each reporting period, the Partnership assesses if there may be expected credit losses requiring recognition of a loss allowance. As of September 30, 2020, the Partnership is exposed to credit risk. While the Partnership intends to only transact with counterparties or exchanges that it believes to be creditworthy, there can be no assurance that a counterparty will not default and that the Partnership will not sustain a material loss on a transaction as a result.

Derivative-related credit risk

Credit risk from derivative transactions is generated by the potential for the counterparty to default on its contractual obligations when one or more transactions have a positive market value to the Partnership. Therefore, derivative-related credit risk is represented by the positive fair value of the instrument and is normally a small fraction of the contract's notional amount.

The Partnership manages credit risk by transacting with counterparties that have gone through an internal due diligence approval process and requiring the posting of collateral if deemed necessary. The Partnership has also established mark-to-market provisions in its agreements with some counterparties which provide it with the right to request that the counterparties pay down or collateralize the current market value of its derivatives when the value exceeds a specified amount.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. General interest rate fluctuations may have an impact on the Partnership's investment opportunities, primarily within its principal investments segment. An increase in interest rates may make it more expensive to utilize a leverage facility in the future to make investments. To the extent the Partnership invests in debt instruments, interest rate changes may affect the value of the instrument indirectly in the case of fixed rate obligations, or directly in the case of adjustable rate instruments. In general, rising rates will negatively impact the price of a fixed rate debt instrument and falling interest rates will have a positive effect on price. Interest rate sensitivity generally is more pronounced and less predictable in instruments with uncertain payment or prepayment schedules. Adjustable rate instruments also react to interest rate changes in a similar manner although generally to a lesser degree (depending, however, on the characteristics of the reset terms, including the index chosen, frequency of reset and reset caps or floors, among other factors). Interest rate changes would also affect its ability to earn interest income on cash balances at variable rates. The Partnership did not have a leverage facility in place, and its digital assets loan receivable and payable (Note 10) are at fixed rates of interest. The Partnership's remaining loans all have fixed rates however in some cases can also be settled in digital assets at the option of the borrower. As of September 30, 2020, the Partnership's exposure to interest rate risk is limited.

Liquidity Risk

Liquidity risk is the risk that the Partnership will not be able to meet its financial obligations as they come due, as well as the risk of not being able to liquidate assets at reasonable prices. The Partnership manages liquidity risk by maintaining sufficient cash balances to enable settlement of its liabilities. Accounts payable and accrued liabilities, other than accrued compensation, and payables for digital asset trades generally have maturities of 30 days or less or are due on demand, or in the case of digital assets loan payable, on 5 to 20 business days notice or at the end of the set term unless renewed. The Partnership intends to manage its short-term liquidity needs through its available cash balance and cash inflows from its ongoing business activities. In addition, as of September 30, 2020, 52.4% (December 31, 2019 - 37.4%) of the Partnership's net portfolio was in liquid, actively traded cryptocurrency which can be monetized at reasonable prices in short order.

Foreign Currency Risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. To the extent these financial instruments are unhedged or not adequately hedged, the value of the Partnership's financial instruments may fluctuate with exchange rates as well as with price changes in various local markets and currencies. The value of the financial assets may therefore be unfavorably affected by fluctuations in currency rates and exchange control regulations. For the period ended September 30, 2020, the Partnership minimized exposure to digital assets transactions completed in foreign currencies by entering into foreign currency swaps, which are not significant.

Market Risk

Market risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign currency risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All investments present a risk of loss of capital. The maximum risk resulting from financial instruments is equivalent to their fair value. The Partnership's investments are susceptible to other market risk arising from uncertainties about future prices of the instruments. The Partnership moderates this risk through the various investment strategies within the parameters of the Partnership's investment guidelines.

As of September 30, 2020, management's estimate of the effect on equity to a +/- 10% change in the market prices of the Partnership's investments, with all other variables held constant, is +/- \$20.1 million (December 31, 2019 - \$15.8 million).

Digital Asset Risk

Digital assets are measured at fair value less cost to sell. Digital currency or cryptocurrency prices are affected by various forces including global supply and demand, interest rates, exchanges rates, inflation or deflation and the political and economic conditions. Further, cryptocurrencies have no underlying backing or contracts to enforce recovery of invested amounts.

The profitability of the Partnership is related to the current and future market price of cryptocurrencies; in addition, the Partnership may not be able to liquidate its inventory of cryptocurrencies at its desired price if necessary. Investing in cryptocurrencies is speculative, prices are volatile, and market movements are difficult to predict. Supply and demand for such currencies change rapidly and are affected by a variety of factors, including regulation and general economic trends. Cryptocurrencies have a limited history, their fair values have historically been volatile and the value of cryptocurrencies held by the Partnership could decline rapidly. A decline in the market prices of cryptocurrencies could negatively impact the Partnership's future operations. Historical performance of cryptocurrencies is not indicative of their future performance.

Many cryptocurrency networks are online end-user-to-end-user networks that host a public transaction ledger (blockchain) and the source code that comprises the basis for the cryptographic and algorithmic protocols governing such networks. In many cryptocurrency transactions, the recipient or the buyer must provide its public key, which serves as an address for a digital wallet, to the seller. In the data packets distributed from cryptocurrency software programs to confirm transaction activity, each party to the transaction user must sign transactions with a data code derived from entering the private key into a hashing algorithm, which signature serves as validation that the transaction has been authorized by the owner of the cryptocurrency. This process is vulnerable to hacking and malware, and could lead to theft of the Partnership's digital wallets and the loss of the Partnership's cryptocurrency.

Cryptocurrencies are loosely regulated and there is no central marketplace for exchange. Supply is determined by a computer code, not a central bank. Additionally, exchanges may suffer from operational issues, such as delayed execution, that could have an adverse effect on the Partnership.

The cryptocurrency exchanges on which the Partnership may trade on are relatively new and, in many cases, largely unregulated, and therefore may be more exposed to fraud and failure than regulated exchanges for other assets.

Any financial, security, or operational difficulties experienced by such exchanges may result in an inability of the Partnership to recover money or digital assets being held on the exchange. Further, the Partnership may be unable to recover digital assets awaiting transmission into or out of the Partnership, all of which could adversely affect an investment of the Partnership. Additionally, to the extent that the digital asset exchanges representing a substantial portion of the volume in digital asset trading are involved in fraud or experience security failures or other operational issues, such digital asset exchanges' failures may result in loss or less favorable prices of digital assets, or may adversely affect the Partnership, its operations and its investments.

As of September 30, 2020, management's estimate of the effect on equity to a +/- 10% change in the market prices of the Partnership's net digital assets, including digital assets posted as collateral, with all other variables held constant, is +/- \$23.0 million (December 31, 2019 - \$7.8 million).

Loss of access risk

The loss of access to the private keys associated with the Partnership's cryptocurrency holdings may be irreversible and could adversely affect an investment. Cryptocurrencies are controllable only by an individual that possesses both the unique public key and private key or keys relating to the "digital wallet" in which the cryptocurrency is held. To the extent a private key is lost, destroyed or otherwise compromised and no backup is accessible the Partnership may be unable to access the cryptocurrency.

Irrevocability of transactions

Cryptocurrency transactions are irrevocable and stolen or incorrectly transferred cryptocurrencies may be irretrievable. Once a transaction has been verified and recorded in a block that is added to the blockchain, an incorrect transfer or theft generally will not be reversible, and the Partnership may not be capable of seeking compensation.

(Expressed in US Dollars - unaudited)

Hard fork and air drop risks

Hard forks may occur for a variety of reasons including, but not limited to, disputes over proposed changes to the protocol, significant security breach, or an unanticipated software flaw in the multiple versions of otherwise compatible software. In the event of a hard fork in a cryptocurrency held by the Partnership, it is expected that the Partnership would hold an equivalent amount of the old and new cryptocurrency following the hard fork.

Air drops occur when the promoters of a new cryptocurrency send amounts of the new cryptocurrency to holders of another cryptocurrency that they will be able to claim a certain amount of the new cryptocurrency for free.

The Partnership may not be able to realize the economic benefit of a hard fork or air drop, either immediately or ever, for various reasons. For instance, the Partnership may not have any systems in place to monitor or participate in hard forks or airdrops. Therefore, the Partnership may not receive any new cryptocurrencies created as a result of a hard fork or airdrop, thus losing any potential value from such cryptocurrencies.

Regulatory oversight risk

Regulatory changes or actions may restrict the use of cryptocurrencies or the operation of cryptocurrency networks or exchanges in a manner that adversely affects investments held by the Partnership.

25. CAPITAL MANAGEMENT

The Partnership's objectives when managing capital are to safeguard its ability to continue as a going concern, to meet the capital needs of its ongoing operations, and to maintain a flexible capital structure which optimizes the cost of capital. The Partnership considers current economic conditions as well as the risk profile of its portfolio and overall business when managing its capital structure. The Partnership has an ongoing process whereby actual expenditures and cash needs are compared against budgets to ensure that there is sufficient capital on hand to meet ongoing obligations. As of September 30, 2020 and December 31, 2019, the Partnership had $445.6 million and $355.1 million in equity, respectively. The Partnership has the flexibility to acquire or dispose of assets, and to issue debt or equity to adjust its capital structure in the future. The Partnership is not subject to externally imposed capital requirements other than the minimum net capital requirement for its broker dealer of $0.1 million, nor were there any changes to the Partnership's approach to capital management during the period ended September 30, 2020.

26. COMMITMENTS AND CONTINGENCIES

Sublease

As of September 30, 2020 and December 31, 2019, the Partnership had commitments under two operating subleases (Note 22). The first sublease has a 10.5 year term commencing on February 1, 2018 and expiring on June 30, 2028. The sublease contains a standard rent escalation clause, and rent was waived until June 30, 2018. The rent began at $756,800 per annum and is to be paid monthly in advance in equal installments.

In addition, the Partnership entered into another sublease agreement, effective August 1, 2019. The sublease starts on August 1, 2019 and ends on June 30, 2028. The sublease contains a standard rent escalation clause and rent began at $11,532 per month and is to be paid monthly in advance.

The Partnership adopted IFRS 16 on January 1, 2019, which changed the accounting for the first operating lease (Notes 13 and 16).

As of September 30, 2020, the Partnership has operating lease commitments for the next five years as follows:

	Rent Due
2020	$ 242,191
2021	983,295
2022	1,012,793
2023	1,043,177
2024	1,074,473
Total	**$ 4,355,929**

Additionally, the Partnership has $4.0 million in total commitments under the subleases for the period from 2025 to the expiration of the sublease terms on June 30, 2028.

Investment and loan commitments

As of September 30, 2020, the Partnership was obligated to three portfolio companies to fund up to $8.2 million, of which $nil was funded subsequent to period end.

Indemnification

The Partnership has provided standard representations for agreements and customary indemnification for claims and legal proceedings. Insurance has been purchased to mitigate certain of these risks. Generally, there are no stated or notional amounts included in these indemnifications and the contingencies triggering the obligation for indemnification are not expected to occur. Furthermore, often counterparties to these transactions provide comparable indemnifications. The Partnership is unable to develop an estimate of the maximum payout under these indemnifications for several reasons. In addition to the lack of a stated or notional amount in a majority of such indemnifications, it is not possible to predict the nature of events that would trigger indemnification or the level of indemnification for a certain event. The Partnership believes, however, that the possibility of making any material payments for these indemnifications is remote. As of September 30, 2020 and 2019, there was no liability accrued under these arrangements.

In the ordinary course of business, the Partnership and its subsidiaries may be threatened with, named as defendants in, or made parties to pending and potential legal actions. The Partnership does not believe that the ultimate outcome of these and any outstanding matters will have a material effect upon our financial position, results of operations or cash flows.

Financial Support of GDH Ltd.

In accordance with the LPA, the Partnership will reimburse or pay for all reimbursable expenses of GDH Ltd. (Note 5).

27. SUBSEQUENT EVENT

On October 30, 2020, GDH Ltd. announced a private investment in a public equity financing ("PIPE") of $50 million of aggregate gross proceeds. Investors, led by Slate Path Capital LP, and including CI Investments, NZ Funds, and Corriente Advisors, among others, invested $50 million at a price per share of C$3.50 for up to 19,070,000 ordinary shares of the Company with each share accompanied by a warrant to purchase 0.25 of an ordinary share. Each warrant is exercisable into an ordinary share of the Company for a term of two years from the date of issuance at an exercise price of C$8.25. All securities issued pursuant to the PIPE will be subject to certain selling restrictions set forth the investment agreements. The investment agreements provide that: (i) no sales are permitted during the first six months from the Closing; (ii) sales of up to 33.3% of total shares issued are permitted seven to nine months after the Closing, subject to a maximum daily sale participation of no more than 10% of daily traded volume; (iii) sales of up to 66.6% of the total shares issued are permitted ten to twelve months after the Closing, subject to a maximum daily sale participation of no more than 10% of daily traded volume and (iv) until eighteen months after the Closing, all shares remain subject to a daily selling restriction of no more than 10% of daily traded volume. The selling restrictions terminate upon certain corporate actions by GDH Ltd. The Partnership intends to use the proceeds from the PIPE for general corporate and working capital purposes across its business lines, with a particular focus on growing its client financing business and seeding new asset management-related product offerings.