

15 & 17 FITZGERALD ROAD



**THIRD
QUARTER
REPORT
2020**



Presented to:
the Limited Partners
of the Fitzgerald Road
Limited Partnership



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PART A UPDATE FROM THE GENERAL PARTNER

Dear Limited Partners,

As noted in our previous report, all above-grade space in these buildings is fully leased, and we are pleased to announce that a new three-year lease for 850 square feet of below-grade space commenced August 2020 with a new tenant, Figment Image Centre.

While the COVID-19 pandemic has affected the work patterns of our tenants, the nature of the tenants' businesses is such that the building has remained open and partially occupied throughout the COVID-19 pandemic, and we are happy to note that we have received rent paid in full from all tenants thus far in 2020.

We have one major capital expenditure underway, which is a roof replacement at 15 Fitzgerald. This expenditure was anticipated upon purchase of the properties (and we received a purchase price reduction as a result), as the roof is approximately 20 years old.

Finally, we will be making a distribution of \$19,549.38 at this time. Such amount will be mailed out in the coming weeks on a proportionate basis. We will be retaining the other funds in the property account with a view to providing further distributions later in 2020.

Regards,
Ken and Christian Jennings
Directors of the General Partner



PART B PROPERTY SUMMARY

BUILDING INFORMATION

| | |
|-------------------|---------------|
| Built | 1985 and 2001 |
| Total Lot Acreage | 1.65 acres |
| Building Size | 30,314 sq ft |
| Parking | 98 spaces |

ZONING DESIGNATION

| | |
|--------------|----------------------------------|
| Designation | IP |
| Description | Business Park Industrial Zone |
| Municipality | City of Ottawa |

PROPERTY MANAGEMENT

Jennings Real Estate Corporation conducts frequent site visits, maintains communication with tenants to understand any specific needs or problems, monitors all contract workers to ensure work is done correctly, and also performs routine preventative maintenance. In addition, some of the projects that took place in the third quarter of 2020 are as follows:

- Exterior insulation finishing system repairs completed on exterior of 17 Fitzgerald Road in August 2020; and
- Roof replacement of 15 Fitzgerald commenced in September 2020.



PART B PROPERTY SUMMARY

TENANT / LEASING

The above-grade space in both properties remains fully leased with no expiries in the next 12 months.

| Tenant | Square Feet | Lease Expiry |
|-----------------|---------------|--------------|
| TCC Canada | 9,720 | 30-Apr-22 |
| John G. Cooke | 3,509 | 28-Feb-24 |
| CFR Engines | 6,538 | 31-Aug-24 |
| Galvion Inc. | 7,400 | 31-Mar-25 |
| Splash Autocare | 3,147 | 31-Mar-30 |
| TOTAL | 30,314 | |



15 Fitzgerald

17 Fitzgerald

TCC Canada

8,820 SF , Exp: Apr 2022

John G Cooke & Associates

3,509 SF, Exp: Feb 2024

Galvion Inc.

7,400 SF, Exp: Mar 2025

TCC Canada

900 SF, Exp: Mar 2022

CFR Engines Inc.

6,538 SF , Exp: Aug 2024

Splash Autocare

3,147 SF , Exp: Mar 2030

LEASE EXPIRY YEAR

2022

2024

2025+



PART B PROPERTY SUMMARY

BELOW-GRADE SPACE

A new lease for 850 square feet of below-grade space at 15 Fitzgerald was entered into with Figment Image Centre. The agreement is a 3-year lease commencing on August 1, 2020, with a gross rent rate of \$800 per month, increasing by \$75/month annually. The remaining below-grade space is occupied by above grade and third-party tenants. There remains some vacancy which is actively being marketed.

MARKET UPDATE

The Ottawa Deep West office market's vacancy rate increased to 7.4% in Q3 2020 which is up from 6.3% in Q2 2020. Although there was an increase in vacancy, the average asking net rent rate in the area increased slightly to \$13.31 from \$13.23. (as per CBRE Q3 Ottawa Office Marketview)



PART C FINANCIAL STATEMENTS

Please find the enclosed Financial Statements*

*Disclaimer. These financial statements are interim, internally prepared and for management purposes. We do not express an opinion or any other form of assurance on them. This report is for management only. It is not intended for distribution or consideration for credit purposes.



Fitzgerald Road Limited Partnership

BALANCE SHEET

As of September 30, 2020

| | TOTAL |
|--|-----------------------|
| Assets | |
| Current Assets | |
| Cash and Cash Equivalent | |
| 1020 Savings Account | 14.46 |
| 1030 Operating Account - 2nd | 293,875.47 |
| 1050 Petty Cash | 2.01 |
| 1070 Deposits | 3,091.00 |
| Total Cash and Cash Equivalent | \$296,982.94 |
| Accounts Receivable (A/R) | |
| 1100 Accounts Receivable | -35,131.22 |
| Total Accounts Receivable (A/R) | \$ -35,131.22 |
| 1300 Prepaid Expenses | 1,986.66 |
| Total Current Assets | \$263,838.38 |
| Non-current Assets | |
| Property, plant and equipment | |
| 1500 Land | 798,407.51 |
| 1510 Building | 3,991,105.53 |
| 1550 Building Improvements | 82,184.06 |
| 1560 Building improvements - R | 14,649.06 |
| 1600 Information Systems | 499.76 |
| 1750 Tenant Inducements | 7,114.36 |
| Total Property, plant and equipment | \$4,893,960.28 |
| 1320 Financing Fees | 1,666.69 |
| 1410 Leasing Commissions | 82,476.52 |
| 1700 Long Term Investments | 1,377,032.83 |
| Total Non Current Assets | \$6,355,136.32 |
| Total Assets | \$6,618,974.70 |
| Liabilities and Equity | |
| Liabilities | |
| Current Liabilities | |
| Accounts Payable (A/P) | |
| 2000 Account Payable | 45,035.87 |
| Total Accounts Payable (A/P) | \$45,035.87 |
| GST/HST Payable | 13,641.40 |
| Total Current Liabilities | \$58,677.27 |
| Non-current Liabilities | |
| 2400 First Mortgage | 3,482,136.15 |
| 2500 Second Mortgage | 1,234,307.58 |
| 2610 Tenant Prepayments | 44,688.32 |
| Total Non-current Liabilities | \$4,761,132.05 |
| Total Liabilities | \$4,819,809.32 |
| Equity | |
| 3020 Investor Capital | 1,751,302.48 |
| Profit for the year | 47,862.90 |
| Total Equity | \$1,799,165.38 |
| Total Liabilities and Equity | \$6,618,974.70 |



Fitzgerald Road Limited Partnership

PROFIT AND LOSS

January - September, 2020

| | TOTAL |
|----------------------------------|---------------------|
| INCOME | |
| 4000 Rental Income | 273,167.22 |
| 4200 Additional Rent | 297,893.15 |
| 4300 Other Income | 67,741.83 |
| Total Income | \$638,802.20 |
| RECOVERABLE COSTS | |
| 5000 Recoverable Operating Costs | 218,858.84 |
| 5295 Taxes - Property | 94,509.00 |
| Total RECOVERABLE COSTS | \$313,367.84 |
| GROSS PROFIT | \$325,434.36 |
| EXPENSES | |
| 6000 Non Recoverable Expenses | 140,671.97 |
| 8000 Depreciation | 136,899.49 |
| Total Expenses | \$277,571.46 |
| PROFIT | \$47,862.90 |