

2021 Year-End Statement

15 & 17 Fitzgerald Road

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





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Part A - Notice from General Partner

On behalf of the general partner of the Fitzgerald Road Limited Partnership, we will set out below:

- a) A summary of financial performance;
- b) A property summary for the 2021 fiscal year; and
- c) An overview of our asset management plans and a 2022 tenancy forecast.

2021 Financial Performance

We are pleased to confirm that, despite COVID-19 pandemic, the property performed very well during the 2021 year. As such, the partnership has made a **Q4 distribution of \$50,000**. Your cheque will be in the mail shortly.

There were a number of major developments in the 2021 year that will be detailed in this report. Particularly notable was the leasing (by new lease or extension) of over 40% of the buildings, and the repayment in full of the \$1,377,033 of Class B units held by this partnership in the 302 Legget Drive partnership.

Each such development helped facilitate the financing and return of capital equal to 50% of each partner’s initial investment that occurred in Q1 2022, and will facilitate steady expected returns going forward.

A summary of this year’s distributions is set out below for your review.

	Q1	Q2	Q3	Q4	Total 2021
Distributions	\$20,000.00	\$20,000.00	\$30,000.00	\$50,000.00	\$120,000.00
Principal Paydown	\$36,521.76	\$36,555.99	\$36,151.68	\$37,748.62	\$146,978.05

For your review below, please see our calculation of the return on investment, broken out by “cash on cash” return and the Total Return / IRR (which factors in the principal pay-down on the mortgage). We are including both actual returns, as well as those projected in the investment package that we distributed prior to your investment.

<u>Year</u>	<u>Projected Cash on Cash Return</u>	<u>Actual Cash on Cash Return</u>	<u>Projected Total Return / IRR</u>	<u>Actual Total Return / IRR</u>
Year 1 (2017)	8.20%	12.00%	12.63%	16.62%
Year 2 (2018)	6.63%	10.00%	11.21%	16.18%
Year 3 (2019)	6.87%	7.60%	11.61%	14.92%
Year 4 (2020)	7.54%	4.24%	12.44%	11.78%
Year 5 (2021)	8.26%	6.40%	13.33%	14.24%



Property Summary

The Property

15 Fitzgerald Road and 17 Fitzgerald Road are two office buildings with a combined 30,314 square feet of space in Bells Corners in the City of Ottawa.

Tenant / Leasing Update

As noted above, there was a significant amount of leasing activity (both above ground and in the lower level space) completed in 2021. This was particularly notable as both above-grade deals were completed during the COVID-19 pandemic lockdowns in a slow leasing period for the market in general, and with little to no vacancy incurred by the property.

A lease for 3,147 square feet of space at 17 Fitzgerald was entered into with MotoMike Canada Inc. in Q1 of 2021. The agreement is a 5-year lease that commenced on June 1, 2021, and will expire on May 31, 2026.

A lease extension with TCC was successfully completed in Q4 of 2022 for 9,720 square feet (equaling 32% of the leasable space in the properties). The agreement is an 11-year lease that will expire on April 30, 2033. It should be noted that during the negotiation of the extension, the tenant noted that one of the reasons it intended to stay in the building was due to the continuous re-investment that has occurred by the ownership group over the past few years (and the comments he has received from his clients as a result).

As of December 31, 2021, the above-grade space in the buildings is 100% leased, with no lease expiries in 2022.

Please see below a stacking chart outlining each above-grade tenant’s square footage and lease expiration, followed by a summary of existing above-grade leases.

15 Fitzgerald

17 Fitzgerald

TCC Canada
8,820 SF, Exp: Apr 2033

John G Cooke & Associates
3,509 SF, Exp: Feb 2024

Stryten Energy (Galvion) 7,400 SF Exp: Mar 2025	TCC Canada 900 SF Exp: Apr 2033
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CFR Engines Inc. 6,538 SF Exp: Aug 2024	MotoMike Canada Inc. 3,147 SF Exp: May 2026
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LEASE EXPIRY YEAR



17 Fitzgerald - Unit 101: CFR Engines. CFR Engines Inc. is an American-based research company in the petrochemical and engine/combustion technologies industry.



Start Date	Term	Expiry	\$/PSF	Square Feet
31-Aug-19	5 years	31-Aug-24	\$13.78	6,538

17 Fitzgerald - Unit 102: Motomike. Motomike is an online distributor of motorcycle parts, powersports parts, auto parts, including accessories, clothing, apparel, and equipment related thereto.



Start Date	Term	Expiry	\$/PSF	Square Feet
1-Jun-21	5 years	31-May-26	\$8.00*	3,147

*increasing to \$11.50 over the term of the lease.

17 Fitzgerald - Unit 200: John G. Cooke & Associates LTD. John G. Cooke & Associates is an engineering consulting firm which was established in Ottawa in 1992. They specialize in historic conservation and structural rehabilitation.



Start Date	Term	Expiry	\$/PSF	Square Feet
01-Mar-11	13 Years	28-Feb-24	\$ 14.35	3,509

15 Fitzgerald - Unit 100: Stryten Energy (formerly Galvion Inc.) Stryten Energy delivers premium energy storage solutions that power everything from warehouses and distribution centers to cars, trains and trucks that keep people on the move and essential supply chains running.



Start Date	Term	Expiry	\$/PSF	Square Feet
01-Apr-15	10 Years	31-Mar-25	\$12.00	7,400

15 Fitzgerald - Unit 101, 200: TCC Canada. The Corporate Centre Canada provides fully managed office and meeting spaces for people to rent for short- and long-term purposes. They have multiple locations across Canada and the shared / co-working office space is a growing industry.



Start Date	Term	Expiry	\$/PSF	Square Feet
01-May-15	18 Years*	30-Apr-33	\$ 11.75	9,720

*includes an 11-year extension exercised in 2021



Below-grade space

In addition to the above-grade leasing, approximately 1,500 square feet of below grade storage space was leased to Pure Kitchen in Q4 of 2021, which will provide additional income to the property. The remaining below-grade space is occupied by above grade and third-party tenants. There remains approximately 2,500 square feet of vacancy which is actively being marketed. It should be noted that since repainting and improving the basement level, we have experienced a significant increase in leasing interest.

Property Manager

Jennings Real Estate Corporation is the property manager and completes daily site visits and ongoing maintenance of the property as well as oversees all contracts to ensure work is being completed correctly and up to standard.

Building Improvements

Some of the larger improvements made in 2021 at this property are as follows:

- Storage units and basement hallway painted in August 2021;
- Exterior of 15 Fitzgerald was repaired and updated with new paint, as shown in the photo on page 1; and
- The basement bathrooms were updated.

Part C – 2022 Asset Management Plan and Tenancy Forecast

Capital Expenditures

As part of the extension of the TCC premises, we undertook to complete the retrofit of the tenant's lighting to LED in 2022. Other than that, no major capital works are anticipated in 2022.

Tenancy Forecast

There are no above-grade leases expiring in 2022, and we anticipate continued steady cashflow from the property.

Part D – Financial Statements

See attached.

FITZGERALD ROAD LIMITED PARTNERSHIP
FINANCIAL STATEMENTS
(Unaudited - see Compilation Engagement Report)
for the year ended December 31, 2021

FITZGERALD ROAD LIMITED PARTNERSHIP
for the year ended December 31, 2021
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COMPILATION ENGAGEMENT REPORT

To Management of Fitzgerald Road Limited Partnership,

On the basis of information provided by management, we have compiled the balance sheet of Fitzgerald Road Limited Partnership as at December 31, 2021 and the statement of earnings and, statement of partner's capital for the year then ended. The accrual basis of accounting was applied in the preparation of the compiled financial information.

Management is responsible for the accompanying financial information, including the accuracy and completeness of the underlying information used to compile it and the selection of the basis of accounting.

We performed this engagement in accordance with the Canadian Standard on Related Services (CSRS) 4200, Compilation Engagements, which requires us to comply with relevant ethical requirements. Our responsibility is to assist management in the preparation of the financial information.

We have not performed an audit engagement or a review engagement, nor were we required to perform procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an audit opinion or a review conclusion, or provide any form of assurance on the financial information.

Readers are cautioned that the financial information may not be appropriate for their purposes.

The Bookkeeping Bureau Ltd.

The Bookkeeping Bureau Ltd.
Ottawa, March 14, 2022

The Bookkeeping Bureau Ltd.

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FITZGERALD ROAD LIMITED PARTNERSHIP
BALANCE SHEET
for the year ended December 31, 2021
(Unaudited - see Compilation Engagement Report)

	2021	2020
ASSETS		
CURRENT		
Cash	\$ 1,600,534	\$ 145,997
Accounts receivable	16,869	4,945
	<u>1,620,494</u>	<u>154,033</u>
LONG-TERM		
Investments	-	1,377,033
Security deposits	3,091	3,091
Deferred finance charges (note 6)	417	1,417
Deferred leasing commission (note 5)	126,019	79,151
Deferred tenant inducements (note 4)	4,512	6,594
Property, plant and equipment (note 2)	4,830,755	4,972,217
	<u>4,964,794</u>	<u>6,439,503</u>
	<u>\$ 6,582,197</u>	<u>\$ 6,590,445</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 169,108	\$ 10,476
Current portion of long-term-debt	146,978	141,298
Government remittances payable	955	1,772
Deferred revenue	16,270	16,147
	<u>333,311</u>	<u>169,693</u>
LONG-TERM		
Deposits	40,099	37,970
Long-term debt (note 3)	4,386,109	4,538,767
	<u>4,426,208</u>	<u>4,576,737</u>
	<u>4,759,519</u>	<u>4,746,430</u>
PARTNERS' EQUITY		
	<u>1,822,678</u>	<u>1,844,015</u>
	<u>\$ 6,582,197</u>	<u>\$ 6,590,445</u>

Approved on Behalf of the partners:

FITZGERALD ROAD LIMITED PARTNERSHIP
STATEMENT OF EARNINGS
for the year ended December 31, 2021
(Unaudited - see Compilation Engagement Report)

	2021	2020
REVENUE		
Rental income	\$ 811,171	\$ 776,244
Income from investment in a partnership	82,622	87,420
Interest income	953	1,279
	<u>894,746</u>	<u>864,943</u>
EXPENSES		
Advertisement	-	820
Amortization of deferred finance charges	1,000	1,000
Amortization of leasing commissions	16,259	13,739
Amortization of tenant inducements	2,082	2,082
Bank charges	2,936	3,160
Depreciation	174,114	171,463
General and administrative expenses	55,583	21,301
Insurance	8,342	7,947
Interest on long-term debt	172,246	164,911
Management fees	37,218	36,488
Professional fees	18,205	11,668
Project Management fees	-	9,423
Property taxes	102,374	105,002
Repairs and maintenance	120,884	114,600
Telecommunication	795	801
Utilities	94,045	88,276
	<u>806,083</u>	<u>752,681</u>
NET EARNINGS	<u>\$ 88,663</u>	<u>\$ 112,262</u>

FITZGERALD ROAD LIMITED PARTNERSHIP
STATEMENT OF PARTNERS' EQUITY
for the year ended December 31, 2021
(Unaudited - see Compilation Engagement Report)

Name	Balance, beginning of year	Net earnings	Withdrawals	Balance, end of year
A.M. Realty Corp Ltd.	196,902	8,866	(11,000)	194,768
1394804 Ontario Inc.	196,902	8,866	(11,000)	194,768
2490626 Ontario Inc,	196,902	8,866	(11,000)	194,768
B. Holmes Holdings Ltd.	196,902	8,866	(11,000)	194,768
BC Bockstael Holdings Ltd.	142,340	6,410	(7,952)	140,799
2540583 Ontario Inc.	54,559	2,456	(3,048)	53,967
AYM Real Estate Inc.	196,902	8,866	(11,000)	194,768
Walker Family Wealth Ltd.	196,902	8,866	(11,000)	194,768
Adam Mills Holdings Inc.	196,902	8,866	(11,000)	194,768
Chrisken Realty Investments Inc.	134,402	8,866	(11,000)	132,268
TH (Ottawa) Investments Inc.	67,201	4,433	(5,500)	66,134
DH (Ottawa) Investments Inc.	67,201	4,433	(5,500)	66,134
10875767 Canada Inc.	0.49	0.09		0.58
Limited Partners' Equity	\$ 1,844,015	\$ 88,663	(110,000)	\$ 1,822,678

FITZGERALD ROAD LIMITED PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS
for the year ended December 31, 2021
(Unaudited - see Compilation Engagement Report)

1. LIMITED PARTNERSHIP AND NATURE OF ACTIVITIES

The limited partnership, came into agreement on May 5, 2017 pursuant to laws of Ontario and is managed by its General partner, 10875767 Canada Inc.. It manages a commercial rental property in Nepean, ON.

2. PROPERTY, PLANT AND EQUIPMENT

Fixed assets are accounted at cost. Amortization of fixed assets is calculated using the following rates and methods:

Land	NIL
Building	4% diminishing balance
Building improvements	4% diminishing balance
Information systems	55% diminishing balance

	2021			2020
	Cost	Accumulated amortization	Net Book Value	Net Book Value
Land	\$ 798,408	\$ -	\$ 798,408	\$ 798,408
Building	4,524,309	(732,347)	3,791,962	3,949,960
Building improvements	270,530	(30,144)	240,386	223,466
Information systems	2,607	(2,607)	-	383
	<u>\$ 5,593,247</u>	<u>\$ (762,492)</u>	<u>\$ 4,830,755</u>	<u>\$ 4,972,217</u>

Amortization of fixed assets is pro-rated on a monthly basis

3. LONG-TERM DEBT

BANK LOANS

The Partnership has two interest bearing loans of \$3,825,000 and \$1,300,000 at fixed annual interest rate of 3.158% and 4.278% respectively with Scotiabank. The mortgages are secured by first priority fixed charge over land & building, and general security agreement.

FITZGERALD ROAD LIMITED PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS
for the year ended December 31, 2021
(Unaudited - see Compilation Engagement Report)

4. DEFERRED TENANT INDUCEMENTS

	2021			2020
	Cost	Accumulated amortization	Net Book Value	Net Book Value
Tenant inducements	\$ 8,850	\$ (4,338)	\$ 4,512	\$ 6,594

Deferred tenant inducements are amortized on a straight line basis over the term of corresponding leases.

5. DEFERRED LEASING COMMISSIONS

	2021			2020
	Cost	Accumulated amortization	Net Book Value	Net Book Value
Leasing commissions	\$ 160,732	\$ (34,712)	\$ 126,019	\$ 79,151

Deferred leasing commissions are amortized on a straight line basis over the term of corresponding leases.

In November 2021, the lease with the tenant TCC was extended for 11 years effective May 1, 2022 through to April 30, 2033. This resulted in a leasing commission of \$53,460.

6. DEFERRED FINANCE CHARGES

	2021			2020
	Cost	Accumulated amortization	Net Book Value	Net Book Value
Financing fees	\$ 5,000	\$ (4,583)	\$ 417	\$ 1,417

Deferred finance charges were incurred at the time of mortgage financing and are amortized on a straight line basis over the term of five years.