

# 2018 Year End Statement

302 Legget Drive

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Presented to: **the Limited Partners of 302 Legget Drive Limited Partnership**



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**Part A - Notice from the General Partner**

On behalf of the general partner of the 302 Legget Drive Limited Partnership, we will set out below:

- A) A summary of financial performance;
- B) A property summary of the 2018 fiscal year; and
- C) An overview of our asset management plans and a 2019 tenancy forecast.

**2018 Financial Performance**

We are pleased to confirm that the property performed as expected during the 2018 year. As the property was acquired in July 2018, the focus for the partial year was to ensure the property remained stabilized.

**We are pleased to issue a distribution of \$150,000.00 (equal to 6.24% for each investor). Cheques will be mailed to you in the coming weeks.**

With the acquisition of the property occurring in July 2018, the property remained fully occupied throughout 2018. 2019 will be the first full year from a revenue standpoint, and we anticipate distributions in the 2019 year, with the goal of providing quarterly distributions commencing 2020.

As you will note from the T5013s that will be distributed, this year each partner will receive income in line with our projections.

	Projected cash on cash returns	Projected IRR (cash on cash plus principal paydown)	Actual cash on cash returns	Actual IRR (cash on cash plus principal paydown)
Year 1 (July 18, 2018 - December 31, 2018)	6.11%	10.07%	7.15%	11.68%  (based on principal payment of \$82,598.96)

\*Note that as the closing date of the property was July 18, 2018, we have annualized the calculation period for the returns accordingly (such that the approximate 6-month period of calculation is annualized over 12 months).

## Part B - 2018 Property Summary

### Tenant Update

Since acquisition, the property has been 100% occupied by six tenants. Rent has been paid in full, from all tenants.

#### **MBP Technologies**

Start Date	Term	Expiry	\$/PSF	Square Feet	Annual Rent	Monthly Rent
01-Jul-16	5 years	30-Jun-21	\$ 12.62	14,274	\$ 180,137.88	\$ 15,011.49

#### **Neptec Design Group**

Start Date	Term	Expiry	\$/PSF	Square Feet	Annual Rent	Monthly Rent
01-Nov-11	10 Years	31-Oct-21	\$ 10.75	40,000	\$ 430,000.00	\$ 35,833.33

#### **Kanata Baseball**

Start Date	Term	Expiry	\$/PSF	Square Feet	Annual Rent	Monthly Rent
01-May-18	1 Year	30-Apr-19	\$ 11.00	6,282	\$ 69,102.00	\$ 5,758.50

#### **Mastermind Event Rentals**

Start Date	Term	Expiry	\$/PSF	Square Feet	Annual Rent	Monthly Rent
01-Nov-17	5.3 Years	28-Feb-23	\$ 11.80	12,467	\$ 147,170.88	\$ 12,264.24

#### **Manotick Pool & Spa**

Start Date	Term	Expiry	\$/PSF	Square Feet	Annual Rent	Monthly Rent
01-Jan-18	5 Years	31-Dec-22	\$ 12.25	5,550	\$ 67,987.50	\$ 5,665.63

#### **MCL Hospitality Ltd.**

Start Date	Term	Expiry	\$/PSF	Square Feet	Annual Rent	Monthly Rent
01-Jun-17	5.5 Years	31-Oct-22	\$ 12.38	5,857	\$ 72,509.66	\$ 6,042.47

### The Property

302 Legget Drive is a large industrial building in Kanata, comprises a total of 84,830 square feet of leasable space and sits on 4.62 acres of land with 134 parking spaces.

The property was acquired in July 2018 for \$11,600,000.00

The Kanata industrial and office market has continued to improve over 2018 and there is presently very limited vacancy in the industrial and office markets, which has continued to provide upward pressure on rental rates.

As the DND move-in to the Carling Campus on Moodie Drive is underway, as well as a number of other large multi-national and local tenant occupy space in the Kanata area, the nearby amenities continue to develop.

### Building Improvements

## **Part C - 2019 Asset Management**

### **Asset Management Plan**

In line with the building condition report and our ongoing review of the property, we plan on undertaking certain capital projects in the coming years. These capital projects will be confirmed shortly.

### **Tenancy Forecast**

Of the 84,830 square feet of space, there is one lease expiring in 2019, Kanata Baseball. We have received a binding agreement from Purewater (the neighboring tenant) and anticipate completing a deal to expand Purewater into 11,901 SF on a five year term. This would be an increase from their previous 5,950 SF, which had an early termination right after July 2019.

**Part D - Financial Statements**

Financial Statements are enclosed below