

2020 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 2020 fiscal year; and
- c) An overview of our asset management plans and a 2020 tenancy forecast.

2020 Financial Performance

We are pleased to confirm that, despite COVID-19 pandemic, the property performed reasonably well during the 2020 year. As such, the partnership has made a **Q4 distribution of \$40,000**. Your cheque will be in the mail shortly.

The returns this year were impacted by two items, (i) the vacating, due to COVID-19 impacts and the apparent mental health of the owner/operator, of Splash Autocare from the smallest unit in 17 Fitzgerald, and (ii) the roof replacement at 15 Fitzgerald. Nonetheless, the property still managed to approach the initial projections (on a total return basis).

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

	Q1	Q2	Q3	Q4	Total 2020
Distributions	-	\$20,000	\$19,549.38	\$40,000	\$79,549.38
Principal Paydown	\$35,173.26	\$34,416.20	\$35,330.55	\$36,378.82	\$141,298.83

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%

One additional note is that 125,000 Class B Partnership Units that this partnership held in the 302 Legget Limited Partnership were redeemed at the pre-determined price of \$1 per unit (\$125,000 in the aggregate). Such funds were primarily utilized towards the roof replacement of 15 Fitzgerald.



Part B - 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

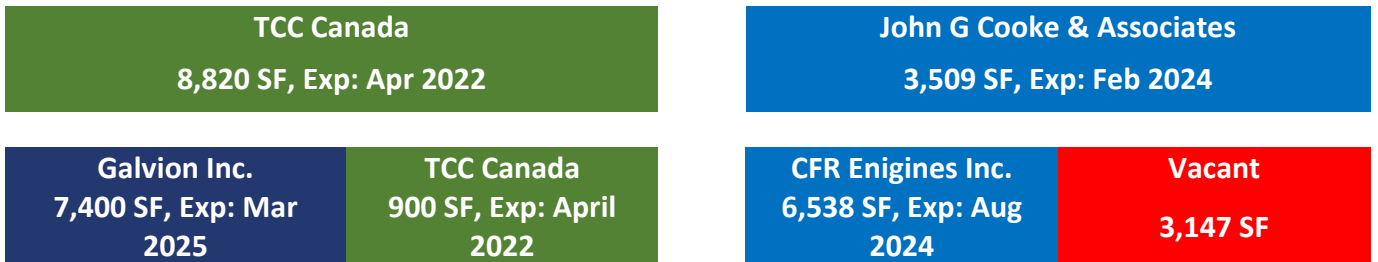
The building encountered unexpected vacancy in the fourth quarter, when Splash Autocare Inc. (3,147 sf) vacated their premises without notice. The vacant unit was immediately prepared for lease and is being marketed through a third-party brokerage.

As of December 31, 2020, the above-grade space in the buildings is 90% leased, with no lease expiries in 2021.

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



LEASE EXPIRY YEAR



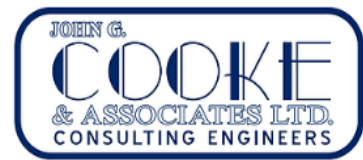
Tenant Profiles

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	Annual Rent	Monthly Rent
31-Aug-19	5 years	31-Aug-24	\$13.58	6,538	\$88,786.04	\$7,398.84

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	Annual Rent	Monthly Rent
01-Mar-11	13 Years	29-Feb-24	\$ 14.00	3,509	\$ 49,126.00	\$ 4,093.83

15 Fitzgerald - Unit 100: Galvion Inc. (formerly Revision Electronics and Power Systems Inc.) Galvion is a multi-national corporation that designs, develops and delivers protective armor and head systems, as well as innovative power supply and management solutions for soldiers and military vehicles.



Start Date	Term	Expiry	\$/PSF	Square Feet	Annual Rent	Monthly Rent
01-Apr-15	10 Years	31-Mar-25	\$12.00	7,400	\$ 88,800	\$ 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	Annual Rent	Monthly Rent
01-May-15	7 Years	30-Apr-22	\$ 11.75	8,820	\$ 103,635.00	\$ 8,636.25
01-May-15	7 years	30-Apr-22	\$ 12.50	900	\$ 11,250.00	\$ 937.50



Below-grade space

A new lease for 850 square feet of below-grade space at 15 Fitzgerald was entered into with Figment Image Centre in Q2 of this year. The agreement is a 3-year lease that commenced 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.

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 2020 at this property are as follows:

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

Part C – 2020 Asset Management Plan and Tenancy Forecast

Capital Expenditures

No major capital works are anticipated in 2021.

Tenancy Forecast

We have experienced a significant amount of interest in the vacant space in 17 Fitzgerald and anticipate leasing such premises in 2021.

There are no leases expiring in 2021, and we anticipate continued steady cashflow from the property.

Part D – Financial Statements

See attached.

FITZGERALD ROAD LIMITED PARTNERSHIP
FINANCIAL STATEMENTS
Unaudited
for the year ended December 31, 2020

FITZGERALD ROAD LIMITED PARTNERSHIP
for the year ended December 31, 2020
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NOTICE TO READER

On the basis of information provided by management, we have compiled the balance sheet of Fitzgerald Road Limited Partnership as at December 31, 2020 and the statement of earnings, and statement of partners' capital for the year then ended.

We have not performed an audit or a review engagement in respect of these financial statements and, accordingly, express no assurance thereon.

Readers are cautioned that these statements may not be appropriate for their purposes.

The Bookkeeping Bureau Ltd.

The Bookkeeping Bureau Ltd.
Ottawa, March 19, 2021

The Bookkeeping Bureau Ltd.

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FITZGERALD ROAD LIMITED PARTNERSHIP
BALANCE SHEET
for the year ended December 31, 2020
(Unaudited - see Notice to Reader)

	2020	2019
ASSETS		
CURRENT		
Cash	\$ 145,997	\$ 212,948
Accounts receivable	4,945	19,408
Prepaid expenses	3,091	3,091
	<u>154,033</u>	<u>235,447</u>
LONG-TERM		
Investments	1,377,033	1,502,033
Deferred finance charges (note 6)	1,417	-
Deferred leasing commission (note 5)	79,151	44,972
Deferred tenant inducements (note 4)	6,594	8,676
Property, plant and equipment (note 2)	4,972,217	4,940,041
	<u>6,436,412</u>	<u>6,495,722</u>
	<u>\$ 6,590,445</u>	<u>\$ 6,731,169</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 10,476	\$ 29,183
Current portion of long-term-debt	141,298	141,747
Government remittances payable	1,772	7,904
Deposits	54,117	29,159
	<u>207,663</u>	<u>207,993</u>
LONG-TERM		
Long-term debt (note 3)	4,538,767	4,677,200
	<u>4,746,430</u>	<u>4,885,193</u>
PARTNERS' EQUITY		
	<u>1,844,015</u>	<u>1,845,976</u>
	<u>\$ 6,590,445</u>	<u>\$ 6,731,169</u>

Approved on behalf of the partners:

FITZGERALD ROAD LIMITED PARTNERSHIP
STATEMENT OF EARNINGS
for the year ended December 31, 2020
(Unaudited - see Notice to Reader)

	2020	2019
REVENUE		
Rental income	\$ 776,244	\$ 800,576
Income from investment in a partnership	87,420	90,122
Interest income	1,279	724
	<u>864,943</u>	<u>891,422</u>
EXPENSES		
Advertisement	820	389
Amortization of deferred finance charges	1,000	-
Amortization of leasing commissions	13,739	4,527
Amortization of tenant inducements	2,082	174
Bad debts	-	13,962
Bank charges	3,160	4,316
Depreciation	171,463	180,704
General and administrative expenses	21,301	20,904
Insurance	7,947	9,724
Interest on long-term debt	164,911	156,624
Management fees	36,488	37,218
Professional fees	11,668	14,295
Project Management fees	9,423	2,450
Property taxes	105,002	105,034
Repairs and maintenance	114,600	127,987
Telecommunication	801	469
Utilities	88,276	79,547
	<u>752,681</u>	<u>758,324</u>
NET EARNINGS	<u>\$ 112,262</u>	<u>\$ 133,098</u>

FITZGERALD ROAD LIMITED PARTNERSHIP
STATEMENT OF PARTNERS' EQUITY
for the year ended December 31, 2020
(Unaudited - see Notice to Reader)

Name	Balance, beginning of year	Contributions	Net earnings	Withdrawals	Balance, end of year
A.M. Realty Corp Ltd.	197,098	-	11,226	(11,422)	196,902
1394804 Ontario Inc.	197,098	-	11,226	(11,422)	196,902
2490626 Ontario Inc,	197,098	-	11,226	(11,422)	196,902
B. Holmes Holdings Ltd.	197,098	-	11,226	(11,422)	196,902
BC Bockstael Holdings Ltd.	142,481	-	8,117	(8,257)	142,340
2540583 Ontario Inc.	54,615	-	3,110	(3,165)	54,559
AYM Real Estate Inc.	197,098	-	11,226	(11,422)	196,902
Walker Family Wealth Ltd.	197,098	-	11,226	(11,422)	196,902
Adam Mills Holdings Inc.	197,098	-	11,226	(11,422)	196,902
Chrisken Realty Investments Inc.	134,598	-	11,226	(11,422)	134,402
TH (Ottawa) Investments Inc.	67,299	-	5,613	(5,711)	67,201
DH (Ottawa) Investments Inc.	67,299	-	5,613	(5,711)	67,201
10875767 Canada Inc.	0.38	-	0.11	-	0.49
	\$ 1,845,977	\$ -	\$ 112,262	\$ (114,224)	\$ 1,844,015

FITZGERALD ROAD LIMITED PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS
for the year ended December 31, 2020
(Unaudited - see Notice to Reader)

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, Fitzgerald Road Properties Limited. It manages a commercial rental property in Nepean, ON.

2. PROPERTY

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

	2020			2019
	Cost	Accumulated amortization	Net Book Value	Net Book Value
Land	\$ 798,408	\$ -	\$ 798,408	\$ 798,408
Building	4,524,309	(574,349)	3,949,960	4,114,542
Building improvements	238,105	(14,639)	223,466	26,241
Information systems	2,607	(2,224)	383	851
	<u>\$ 5,563,429</u>	<u>\$ (591,213)</u>	<u>\$ 4,972,217</u>	<u>\$ 4,940,041</u>

Amortization of fixed assets is calculated at 50% in the year of acquisition.

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, 2020
(Unaudited - see Notice to Reader)

4. DEFERRED TENANT INDUCEMENTS

	2020			2019
	Cost	Accumulated amortization	Net Book Value	Net Book Value
Tenant inducements	\$ 8,850	\$ (2,256)	\$ 6,594	\$ 8,676

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

5. DEFERRED LEASING COMMISSIONS

	2020			2019
	Cost	Accumulated amortization	Net Book Value	Net Book Value
Leasing commissions	\$ 97,604	\$ (18,453)	\$ 79,151	\$ 44,972

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

6. DEFERRED FINANCE CHARGES

	2020		
	Cost	Accumulated amortization	Net Book Value
Financing fees	\$ 5,000	\$ (3,583)	\$ 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 mortgage.