

2020 Year-End Statement

310 Hunt Club Road

Presented to: **the Limited Partners of 310 Hunt Club Road Limited Partnership**





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Part A – Notice From General Partner

On behalf of the general partner of 310 Hunt Club 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 2021 tenancy forecast.

2020 Financial Performance

We are pleased to confirm that the property has performed better than expected in the 2020 year. As such, the partnership will be making an additional **Q4 distribution of \$40,000**. Your cheque will be in the mail shortly.

Further, as noted by previous email, we completed a long-term financing of the property in December 2020 in the amount of \$6,500,000 to replace our initial \$5,100,000 interest-only mortgage, and distributed \$1,618,250 at that time. Such amount was made up of both a repayment of capital in the amount of \$1,365,031.80 (the increased funds less closing costs) representing a 42% repayment of initial Limited Partnership equity and an early Q4 distribution of \$253,218.20.

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

	Q1	Q2	Q3	Q4	Total 2020
Income Distributions	-	-	-	\$293,218.20	\$293,218.20
Principal Paydown	-	-	-	-	\$0*
Repayment of Capital	-	-	-	\$1,365,031.80	\$1,365,031.80
Total					\$1,658,250

*mortgage was interest-only until January 2021.

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

Year	Projected Cash on Cash Return	Actual Cash on Cash Return	Projected IRR / Total Return	Actual IRR / Total Return
Year 1 (2020)	9.41%	9.06%*	13.36%	51.24%*

*this amount is calculated on the initial amount invested and does not factor in the repayment of capital, which will be factored in 2021.

The total 2020 return of \$1,658,250 represents a return of **51.24%** of the initial amounts contributed in July 2019. Further, given that (i) the building is fully leased, (ii) the debt servicing costs are significantly lower than anticipated and (iii) the return of capital, we anticipate that 2021’s returns should exceed our initial projections.



Financing Summary

The current financing has the following characteristics:

- Principal Amount: \$6,500,000
- Interest Rate: 2.61%
- Term: 5 years
- Commencement date: December 1, 2020

Part B - Property Summary

The Property

310 Hunt Club Road is a 52,370 square foot Class “A” office building located on the South-West corner of Hunt Club Road and Paul Benoit Driveway.

Tenant / Leasing Update

With the leasing program predominantly completed in 2019, this past year was focused on the conversion of the short-term “stabilization” loan to a fixed term option and the completion of the new tenant works and move-ins.

We are pleased to note that as of December 31, 2020, the building is fully leased, with no leases expiring in 2021.

There were two significant leasing items in 2020. The first being the leasing of last vacant space to Helux Systems Inc., and the second being a lease termination with Semp Engineering and the immediate re-leasing of that unit to VBI Vaccines.

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

OneLife Wealth Management 7,118 SF Exp: May 2035	Pryor Tax Law 3,232 SF Exp: Sep 2035	Genvira Biosciences Inc. 5,460 SF Exp: Apr 2025	Mital Group 1,323 SF Exp: June 2030	Helux Systems Inc. 1,155 SF Exp: March 2024
Bayshore Healthcare Ltd. 5,654 SF Exp: Jan 2026	VBI Vaccines 9,807 SF Exp: Dec 2022		VBI Vaccines 2,602 SF Exp: Apr 2023	
logen Corporation 16,019 SF Exp: June 2050				

LEASE EXPIRY YEAR



Tenant Profiles

Unit 101: Iogen Corporation. Iogen Corporation is an Ottawa-based, Canadian company that develops biofuel technology. With over \$500 million dollars invested into research, 310 Hunt Club is Iogen's global headquarters.



Start Date	Term	Expiry	\$/PSF	Square Feet	Annual Rent	Monthly Rent
31-Aug-19	30 years	30-Jun-50	\$14.28	16,019	\$228,751.32	\$19,062.61

Unit 201: Variation Biotechnologies Inc. (VBI). VBI is a publicly listed commercial-stage biopharmaceutical company. They occupy 12,409 sf of space on the second floor, which is a mix of office and laboratory space.



Start Date	Term	Expiry	\$/PSF	Square Feet	Annual Rent	Monthly Rent
05-Sept-19	3 years	31-Dec-22	\$14.50	9,807	\$142,201.50	\$11,850.13
01-Oct-20	2.6 years	30-Apr-23	\$14.50	2,602	\$37,729	\$3,144.08

Unit 202: Bayshore Healthcare Ltd. Bayshore Healthcare Ltd. is a leading provider of home and community healthcare services. They have over 100 locations across Canada, 310 Hunt Club is one of their two Ottawa locations.



Start Date	Term	Expiry	\$/PSF	Square Feet	Annual Rent	Monthly Rent
01-Aug-21	5 years	31-Jan-26	\$13.50	5,654	\$76,329	\$6,360.75

Unit 301: ONELIFE Wealth Management. ONELIFE is a wealth management company founded in 2005 that works in all aspects of wealth management including tax planning, wealth transfer strategies, retirement income and more.



Start Date	Term	Expiry	\$/PSF	Square Feet	Annual Rent	Monthly Rent
01-Jun-20	15	31-May-35	\$14.71	7,118	\$104,705.78	\$8,725.48



Unit 302: Pryor Tax Law. Pryor Tax Law is a boutique law firm with expertise in Canadian, U.S. and international tax and estate planning services.

Start Date	Term	Expiry	\$/PSF	Square Feet	Annual Rent	Monthly Rent
01-Oct-20	15	30-Sep-24	\$14.00	3,232	\$45,248	\$3,770.61

Unit 303: Helux Systems. Helux is an Ottawa-based Microsoft Gold Partner and a Microsoft Preferred Partner in Content Services.



Start Date	Term	Expiry	\$/PSF	Square Feet	Annual Rent	Monthly Rent
01-Apr-21	3	31-Mar-24	\$16.00	1,155	\$18,480	\$1,540

Unit 304: Genvira Biosciences. Genvira Biosciences is a research group specializing in customized DNA and RNA for gene therapy, vaccinations, and cancer immunotherapy.



Start Date	Term	Expiry	\$/PSF	Square Feet	Annual Rent	Monthly Rent
07-Apr-20	5	25-Apr-25	\$14.00	5,460	\$76,440	\$6,370

Unit 305: Mital Group. The Mital Group is a diversified group of Ottawa-area businesses.

Start Date	Term	Expiry	\$/PSF	Square Feet	Annual Rent	Monthly Rent
01-July-20	10	30-June-30	\$13.50	1,323	\$17,860.50	\$1,488.38



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 are as follows:

- The main lobby was completely refreshed and retrofitted;
- The second floor washrooms have been renovated (including counter top, sinks, faucets and toilet partitions);
- The third floor has been completely renovated. It was previously constructed to accommodate a single tenant. This floor has been subdivided into five separate units, and each unit has now been fully set up and leased; and
- Installation of exterior security cameras.

Part C – Asset Management and Tenancy Forecast

Capital Expenditures

With the building fully leased and the capital improvement program largely completed, only minor capital works are expected in 2021.

Tenancy Forecast

There are no lease expiries in 2021.

Part D – Financial Statements

See attached.

310 HUNT CLUB LIMITED PARTNERSHIP
FINANCIAL STATEMENTS
Unaudited
for the year ended December 31, 2020

310 HUNT CLUB 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 310 Hunt Club Limited Partnership as at December 31, 2020 and the statement of earnings and retained 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 17, 2021

The Bookkeeping Bureau Ltd.

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

	2020	2019
ASSETS		
CURRENT		
Cash	\$ 419,220	\$ 1,292,845
Accounts receivable	57,967	-
Due from limited partners	1	225,001
Prepays and deposits	46,921	35,077
Government remittances receivable	-	53,885
	<u>524,109</u>	<u>1,606,808</u>
LONG-TERM		
Tenant Improvement Loan	117,068	-
Investments in GIC	76,395	75,000
Deferred finance charges (note 6)	65,000	-
Deferred leasing commissions (note 5)	476,331	403,666
Deferred tenant inducements (note 4)	333,813	39,530
Property, plant and equipment (note 2)	6,989,436	6,950,648
	<u>\$ 8,582,152</u>	<u>\$ 9,075,652</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 136,171	\$ 160,042
Government remittances payable	25,615	-
Deferred revenue	-	397,481
Tenant deposits	357,287	372,287
	<u>519,073</u>	<u>929,810</u>
LONG-TERM		
Long-term debt (note 3)	<u>6,500,000</u>	<u>5,100,000</u>
	<u>7,019,073</u>	<u>6,029,810</u>
PARTNERS' EQUITY		
	<u>1,563,079</u>	<u>3,045,842</u>
	<u>\$ 8,582,152</u>	<u>\$ 9,075,652</u>

Approved on behalf of the partners

310 HUNT CLUB LIMITED PARTNERSHIP
STATEMENT OF PROFIT
for the year ended December 31, 2020
(Unaudited - see Notice to Reader)

	2020	2019
REVENUE		
Rental income	\$ 1,331,756	\$ 424,353
Interest income	13,382	6,652
Other income	383,370	157,039
Administration income	51,047	8,967
	<u>1,779,555</u>	<u>597,011</u>
EXPENSES		
Administration fees	-	8,967
Amortization of leasing commissions	44,294	11,354
Amortization of tenant inducements	9,122	3,801
Bank charges and interest	4,568	2,032
Depreciation	292,160	117,487
General and administrative expenses	153,116	56,069
Insurance	10,552	7,568
Interest on long-term debt	182,144	77,548
Leasing expense	76,198	25,211
Management fees	95,671	38,537
Office expense	-	340
Project Management fees	77,816	-
Professional fees	57,104	13,246
Property taxes	209,808	86,095
Repairs and maintenance	195,113	85,362
Utilities	251,418	84,039
	<u>1,659,084</u>	<u>617,656</u>
NET EARNINGS (LOSS)	<u>\$ 120,471</u>	<u>\$ (20,645)</u>

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

Partner	Balance, beginning of year	Net earnings	Withdrawals	Balance, end of year
Grant Castle Properties Inc.	1,166,963	46,899	630,000	583,862
2490626 Ontario Inc.	124,203	4,650	62,500	66,353
2708333 Ontario Inc.	546,478	20,468	274,986	291,960
1394804 Ontario Inc.	124,203	4,650	62,500	66,353
AYM Real Estate Inc.	149,044	5,578	75,000	79,622
BC Bockstael Holdings Inc.	124,203	4,650	62,500	66,353
Chrisken Realty Investments Inc.	123,714	7,505	100,750	30,469
McLarty Family Holdings Inc.	124,203	4,650	62,500	66,353
Maisonneuve Investments Inc.	124,203	4,650	62,500	66,353
SR (Ottawa) Investments Inc.	90,862	3,735	50,000	44,597
Walker Family Wealth Ltd.	124,203	4,650	62,500	66,353
Anil Mital	111,782	4,192	48,750	67,224
Monica Mital	111,782	4,192	48,750	67,224
Limited Partner's Equity	\$ 3,045,843	\$ 120,471	\$ (1,603,236)	\$ 1,563,079

310 HUNT CLUB 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 June 8, 2019 pursuant to laws of Ontario and is managed by its General partner, 310 Hunt Club GP Inc. It manages a commercial rental property in Ottawa, ON and operations began on July 24, 2019.

2. PROPERTY, PLANT AND EQUIPMENT

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

Building	4%	diminishing balance
Building improvements	4%	diminishing balance

	2020			2019
	Cost	Accumulated amortization	Net Book Value	Net Book Value
Building	7,024,593	393,377	6,631,216	6,907,517
Building improvements	359,596	9,255	350,342	43,131
Furniture	7,879	-	7,879	-
	\$ 7,392,068	\$ 402,632	\$ 6,989,436	\$ 6,950,648

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

3. LONG-TERM DEBT

BANK LOANS

The Partnership has a non-revolving term loan of \$5,100,000 for 60 months at a fixed interest rate of 2.64% per annum with Royal Bank of Canada. This credit facility is secured by a first charge on real property, general security agreement with a guarantee of all limited partners and assignment of rents. The partnership also secured an additional financing in 2020 amounting to \$1,400,000 at RBC's cost of funds plus 1.10% per annum.

310 HUNT CLUB 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	\$ 353,751	\$ (19,939)	\$ 333,813	\$ 39,530

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	\$ 531,979	\$ (55,648)	\$ 476,331	\$ 403,666

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	\$ 65,000	\$ -	\$ 65,000

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