

2021 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 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 the property has performed better than expected in the 2021 year. As such, the partnership will be making an additional **Q4 distribution of \$200,000**. Your cheque will be in the mail shortly.

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

	Q1	Q2	Q3	Q4	Total 2021
Income Distributions	\$45,000.01	\$50,000.00	\$50,000.00	\$200,000.00	\$345,000.01
Principal Paydown	\$46,357.37	\$46,658.55	\$46,961.68	\$47,266.78	\$187,244.38
Total	\$91,357.38	\$96,658.55	\$96,961.68	\$247,266.78	\$532,244.39

For your review below, please see our calculation of the return on investment, broken out by “cash on cash” return (which factors cash distributions and repayment of capital) and the total return (which factors in the principal paydown 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 annual Cash on Cash plus principal paydown return</u>	<u>Actual annual Cash on Cash plus principal paydown return</u>
Year 1 (2020)	9.41%	9.06%	13.36%	51.24%
Year 2 (2021)	11.00%	18.43%*	15.10%	28.44%

*this amount factors in the repayment of capital that occurred in 2020 and which reduced the partners’ equity in the property.



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

One of the two VBI Vaccines Inc. leases is expiring on December 31, 2022. Jennings Real Estate Corporation has been in consistent contact with the tenant in order to work towards renewal. We are optimistic that they will exercise their option to renew the lease for a period of three (3) years.

We are pleased to note that as of December 31, 2021, the building is fully leased.

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 Inc. 9,807 SF Exp: Dec 2022		VBI Vaccines Inc. 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
31-Aug-19	30 years	30-Jun-50	\$14.57	16,019

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
05-Sept-19	3 years	31-Dec-22	\$14.50	9,807
01-Oct-20	2.6 years	30-Apr-23	\$14.50	2,602

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
01-Aug-21	5 years	31-Jan-26	\$13.50	5,654

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
01-Jun-20	15	31-May-35	\$14.71	7,118



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
01-Oct-20	15	30-Sep-24	\$14.00	3,232

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
01-Apr-21	3	31-Mar-24	\$16.00	1,155

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
07-Apr-20	5	25-Apr-25	\$14.00	5,460

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

Start Date	Term	Expiry	\$/PSF	Square Feet
01-July-20	10	30-June-30	\$13.50	1,323



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

The only significant improvement made in 2021 was as follows:

- Replacement of stairwell light fixtures with LEDs and motion sensors was completed in August 2021. As this replacement improves energy efficiency, hydro incentives have been received by the property for this work.

Part C – Asset Management and Tenancy Forecast

Capital Expenditures

Only minor improvements are expected in 2022.

Tenancy Forecast

The only significant leases expiring in the near future are those of VBI Vaccines Inc., which expire in December 2022 and April 2023, respectively. We are working closely with VBI and are optimistic they will exercise their three-year extension option.

Part D – Financial Statements

See attached.

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

310 HUNT CLUB LIMITED PARTNERSHIP
for the year ended December 31, 2021
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COMPILATION ENGAGEMENT REPORT

To Management of 310 Hunt Club Limited Partnership,

On the basis of information provided by management, we have compiled the balance sheet of 310 Hunt Club 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 21, 2022

The Bookkeeping Bureau Ltd.

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

	2021	2020
ASSETS		
CURRENT		
Cash	\$ 487,721	\$ 419,220
Accounts receivable	6,150	57,967
Current portion of tenant improvement loan	5,596	5,271
Due from limited partners	-	1
Prepays and deposits	15,050	7,921
	<u>514,517</u>	<u>490,380</u>
LONG-TERM		
Tenant Improvement Loan	106,201	111,797
Investments in GIC	76,544	76,395
Deposits	31,794	39,000
Deferred finance charges (note 6)	52,000	65,000
Deferred leasing commissions (note 5)	432,080	476,331
Deferred tenant inducements (note 4)	439,223	333,813
Property, plant and equipment (note 2)	6,709,463	6,989,436
	<u>7,847,305</u>	<u>8,091,772</u>
	<u>\$ 8,361,822</u>	<u>\$ 8,582,152</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 101,407	\$ 136,171
Current portion of long-term debt	192,158	187,244
Government remittances payable	30,237	25,615
Deferred revenue	6,596	-
Tenant deposits	357,287	357,287
	<u>687,685</u>	<u>706,317</u>
LONG-TERM		
Long-term debt (note 3)	6,120,598	6,312,756
	<u>6,808,283</u>	<u>7,019,073</u>
PARTNERS' EQUITY		
	<u>1,553,539</u>	<u>1,563,079</u>
	<u>\$ 8,361,822</u>	<u>\$ 8,582,152</u>

Approved on Behalf of the partners:

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

	2021	2020
REVENUE		
Rental income	\$ 1,707,681	\$ 1,382,803
Interest income	11,198	13,382
Other income	1,850	383,370
	<u>1,720,729</u>	<u>1,779,555</u>
EXPENSES		
Amortization of leasing commissions	44,250	44,294
Amortization of tenant inducements	12,832	9,122
Bank charges and interest	18,641	4,568
Depreciation	309,432	292,160
General and administrative expenses	183,802	153,116
Insurance	13,412	10,552
Interest on long-term debt	178,118	182,144
Leasing expense	77,387	76,198
Management fees	56,612	95,671
Project Management fees	-	77,816
Professional fees	20,372	57,104
Property taxes	195,884	209,808
Repairs and maintenance	180,590	195,113
Utilities	253,936	251,418
	<u>1,545,268</u>	<u>1,659,084</u>
NET RENTAL EARNINGS	<u>\$ 175,461</u>	<u>\$ 120,471</u>

310 HUNT CLUB LIMITED PARTNERSHIP
STATEMENT OF PARTNERS' EQUITY
for the year ended December 31, 2021
(Unaudited - see Notice to Reader)

Name	Balance, beginning of year	Net earnings	Withdrawals	Balance, end of year
Grant Castle Properties Inc.	583,862	67,994	(72,022)	579,834
2490626 Ontario Inc.	66,353	6,745	(7,145)	65,954
2708333 Ontario Inc.	291,960	29,680	(31,438)	290,202
1394804 Ontario Inc.	66,353	6,745	(7,145)	65,954
AYM Real Estate Inc.	79,622	8,094	(8,574)	79,142
BC Bockstael Holdings Inc.	66,353	6,745	(7,145)	65,954
Chrisken Realty Investments Inc.	30,469	10,874	(11,518)	29,825
McLarty Family Holdings Inc.	66,353	6,745	(7,145)	65,954
Maisonneuve Investments Inc.	66,353	6,745	(7,145)	65,954
SR (Ottawa) Investments Inc.	44,597	5,396	(5,716)	44,277
Walker Family Wealth Ltd.	66,353	6,745	(7,145)	65,954
Anil Mital	67,224	6,476	(6,431)	67,269
Monica Mital	67,224	6,476	(6,431)	67,269
Limited Partners' Equity	\$ 1,563,079	\$ 175,461	(185,000)	\$ 1,553,539

310 HUNT CLUB LIMITED PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS
for the year ended December 31, 2021
(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
Furniture	20%	diminishing balance

	2021			2020
	Cost	Accumulated amortization	Net Book Value	Net Book Value
Building	\$ 7,024,593	658,626	\$ 6,365,967	\$ 6,631,216
Building improvements	359,596	20,976	338,620	350,342
Furniture	6,184	1,308	4,876	7,879
	\$ 7,390,373	\$ 680,910	\$ 6,709,463	\$ 6,989,436

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 a fixed rate of 2.49% per annum.

310 HUNT CLUB LIMITED PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS
for the year ended December 31, 2021
(Unaudited - see Notice to Reader)

4. DEFERRED TENANT INDUCEMENTS

	2021			2020
	Cost	Accumulated amortization	Net Book Value	Net Book Value
Tenant inducements	\$ 499,189	\$ (59,966)	\$ 439,223	\$ 333,813

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	\$ 531,979	\$ (99,899)	\$ 432,080	\$ 476,331

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