

2019 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 2019 fiscal year; and
- c) An overview of our asset management plans and a 2020 forecast.

2019 Financial Performance

We are pleased to confirm that the property has performed better than expected in the 2019 year. The focus in 2019 was threefold: (i) implement the leasing plan, (ii) commence the demolition and construction of the third floor to accommodate new tenants and (iii) complete a smooth transition of ownership. Each of the above has been accomplished (or are in the process of being completed), and will be addressed in the following sections.

With the acquisition of the property occurring in August 2019, and the full-scale construction and leasing of the third floor commencing immediately thereafter, over 1/3rd of the property was vacant throughout 2019. 2020 will be the first full year from a revenue standpoint, and we anticipate distributions in the 2020 year, with the goal of providing quarterly distributions once the 3rd floor construction is completed for the incoming tenants, which should be in Q3 2020.

Part B - Property Summary

The Property

310 Hunt Club Road is a 56,312 square foot Class “A” office building located on the South-West corner of Hunt Club Road and Paul Benoit Driveway.

Tenant / Leasing Update

Prior to our acquisition in August of 2019, this building had experienced vacancy for an extended period of time. Since our acquisition, the leasing has improved dramatically, with leases being signed for all but 2,000 square feet of the building. This is significantly ahead of the targets set out in the leasing plan that was included in the investment package and will benefit the building significantly in 2020 (as new tenants occupy the building).

Further, a three-year lease extension with VBI Vaccines was finalized shortly after closing. The building now has a weighted average lease term (WALT) of 14.57 years.

The remaining vacancy on the third floor (approximately 2,000 sf) is being actively marketed for rent by Darwin Properties Brokerage.

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

310 HUNT CLUB ROAD

OneLife Wealth Management 6,500 sf May - 2035	Pryor Tax Law 3,000 sf September - 2035	Genvira Biosciences Inc. 5,000 sf April- 2025	Vacant 2,000 sf
SEMP Engineering 2,569 sf April - 2024	Bayshore Health Ltd. 5,294 sf January - 2021	VBI Vaccines 9,682 sf December - 2022	
logen 16,019 sf June - 2050			

LEASE EXPIRY YEAR

2021	2022	2024	2025+
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Unit 101: logen Corporation. logen Corporation is an Ottawa-based, Canadian company that develops biofuel technology. With over \$500 million dollars invested into research, 310 Hunt Club is logen’s global headquarters. On closing, logen signed a long-term lease for the entirety of the first floor.



Start Date	Term	Expiry	\$/PSF	Square Feet	Annual Rent	Monthly Rent
31-Aug-19	30 years	30-Jun-50	\$14.00	16,019	\$224,266.00	\$18,688.83

Unit 201: Variation Biotechnologies Inc. (VBI). VBI is a publicly listed commercial-stage biopharmaceutical company. They occupy 9,682 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	\$14.22	9,682	\$137,678.04	\$11,473.17

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-15	5 years	31-Jan-21	\$12.90	5,294	\$68,292.60	\$5,691.05

Unit 203: SEMP Engineering Ltd. SEMP is a multi-national, UK- based engineering company who provides integrated engineering systems to the rail and nuclear industries.



Start Date	Term	Expiry	\$/PSF	Square Feet	Annual Rent	Monthly Rent
01-May-19	5	30-Apr-24	\$13.50	2,569	\$34,681.50	\$2,890.13

Unit 300: 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. Their lease was signed on closing for part of the third floor, and their renovations have already commenced.



Start Date	Term	Expiry	\$/PSF	Square Feet	Annual Rent	Monthly Rent
01-Jun-20	15	31-May-35	\$14.00	6,000	\$91,000.00	\$7,583.33

Unit 301: Pryor Tax Law. Pryor Tax Law is a boutique law firm with expertise in Canadian, U.S. and international tax and estate planning services. Their lease was signed shortly after closing for part of the third floor, and their renovations have already commenced.



Start Date	Term	Expiry	\$/PSF	Square Feet	Annual Rent	Monthly Rent
01-Oct-20	15	30-Sep-24	\$14.00	3,000	\$42,000	\$3,500

Unit 302: Genvira Biosciences. Genvira Biosciences is a research group specializing in customized DNA and RNA for gene therapy, vaccinations, and cancer immunotherapy. Genvira is the most recent addition to the building and they will be taking the existing laboratory space on the third floor. Renovations have already commenced for their fit up.

Start Date	Term	Expiry	\$/PSF	Square Feet	Annual Rent	Monthly Rent
07-Apr-20	5	25-Apr-25	\$14.00	5,000	\$70,000.00	\$5,833.33



Property Management Update

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. The management team is set out below:

<u>Title</u>	<u>Name</u>	<u>Phone Number</u>	<u>Email</u>
Property Manager	John Rowan	613-402-1260	jrowan@jenningsdevelopments.com
Property Manager	Ryan Dickie	613-697-5178	rdickie@jenningsdevelopments.com
Accountant	Andrew Irving	613-401-9008	airving@jenningsdevelopments.com
Administrator	Kelli Vidiuk	613-286-8691	admin@jenningsdevelopments.com
Analyst	Dan Donnelly	613-302-7302	ddonnelly@jenningsdevelopments.com

After completing the acquisition of the building Jennings Real Estate facilitated a successful transition of management companies. With multiple lab-based tenants in the building, our team completed the required lab safety training to access and properly maintain certain areas of the building. Our team ensures that the building is running smoothly, and that all service providers complete their tasks on time and on budget.

Building Improvements

Some of the larger improvements made in 2019 are as follows:

- Demolition of 3rd floor in preparation for incoming tenant fit-ups:
 - Selective demolition of office walls, T-bar ceiling, and removal of existing carpet;
- Installed a server at the building for building automation systems to be accessed remotely by property managers; and
- Replaced lights in parking lot with high efficiency LED lights.



Part C – Asset Management and Tenancy Forecast

Asset Management

In 2020, we plan on finalizing the third floor revitalization, which is well underway.

In addition, an overall building “re-fresh” is underway and will include an updated aesthetic for the interior of the building (including in relation to the front lobby area).

Tenancy Forecast

The property has already seen a substantial increase in occupancy since acquisition. With a full renovation of the third floor underway, the remaining available space on the floor has received interest from multiple parties. The landlord will continue to work with Darwin Properties Brokerage to fill the remaining space.

There are no lease expiries in 2020.

310 HUNT CLUB LIMITED PARTNERSHIP
FINANCIAL STATEMENTS
Unaudited
for the year ended December 31, 2019

310 HUNT CLUB LIMITED PARTNERSHIP
for the year ended December 31, 2019
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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, 2019 and the statement of loss and deficit, and statement of partner's 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, 2020

The Bookkeeping Bureau Ltd.

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310 HUNT CLUB LIMITED PARTNERSHIP
BALANCE SHEET
for the year ended December 31, 2019
(Unaudited - see Notice to Reader)

	2019
ASSETS	
CURRENT	
Cash	\$ 1,292,845
Due from limited partners	225,001
Prepays and deposits	35,077
Government remittances receivable	53,885
	1,606,808
LONG-TERM	
Investments in GIC	75,000
Deferred leasing commissions (note 5)	403,666
Deferred tenant inducements (note 4)	39,530
Property (note 2)	6,950,648
	\$ 9,075,652
LIABILITIES	
CURRENT	
Accounts payable and accrued liabilities	\$ 160,042
Deferred revenue	397,481
Tenant deposits	372,287
	929,810
LONG-TERM	
Long-term debt (note 3)	5,100,000
	6,029,810
PARTNERS' EQUITY	3,045,842
	\$ 9,075,652

Approved on behalf of the partners

310 HUNT CLUB LIMITED PARTNERSHIP
STATEMENT OF PROFIT
for the year ended December 31, 2019
(Unaudited - see Notice to Reader)

	2019
REVENUE	
Rental income	\$ 424,353
Interest income	6,652
Other income	157,039
Administration income	8,967
	597,011
EXPENSES	
Administration fees	8,967
Amortization of leasing commissions	11,354
Amortization of tenant inducements	3,801
Bank charges and interest	2,032
Depreciation expense	117,487
General and administrative expenses	56,069
Insurance	7,568
Interest on long-term debt	77,548
Leasing expense	25,211
Management fees	38,537
Office expense	340
Professional fees	13,246
Property taxes	86,095
Repairs and maintenance	85,362
Utilities	84,039
	617,656
NET LOSS	\$ (20,645)

310 HUNT CLUB LIMITED PARTNERSHIP
STATEMENT OF PARTNERS' EQUITY
for the year ended December 31, 2019
(Unaudited - see Notice to Reader)

Partner	Cost of Units acquired during the year	Net losses	Withdrawals	Balance, end of year
Limited Partner's Equity	\$ 3,066,487	\$ (20,645)	-	\$ 3,045,842

310 HUNT CLUB LIMITED PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS
for the year ended December 31, 2019
(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

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

	2019		
	Cost	Accumulated amortization	Net Book Value
Building	7,024,593	117,077	6,907,517
Building improvements	43,541	410	43,131
	\$ 7,068,134	\$ 117,487	\$ 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 12 months at a fixed interest rate of 3.75% 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.

310 HUNT CLUB LIMITED PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS
for the year ended December 31, 2019
(Unaudited - see Notice to Reader)

4. DEFERRED TENANT INDUCEMENTS

	2019		
	Cost	Accumulated amortization	Net Book Value
Tenant inducements	\$ 43,331	\$ (3,801)	\$ 39,530

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

5. DEFERRED LEASING COMMISSIONS

	2019		
	Cost	Accumulated amortization	Net Book Value
Leasing commissions	\$ 415,020	\$ (11,354)	\$ 403,666

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