

310 HUNT CLUB ROAD



**THIRD
QUARTER
REPORT
2020**



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



JENNINGS
REAL ESTATE

TABLE OF CONTENTS

Part A | Update from the General Partner _____ 3

Part B | Property Summary

– Building Information and Zoning Designation _____ 4

– Property Management _____ 4

– Tenant / Leasing _____ 5

– Market Update _____ 6

Part C | Financial Statements

- Financial Statements _____ 7



PART A

UPDATE FROM THE GENERAL PARTNER

Dear Limited Partners,

We are pleased to announce that, with the recent lease to Helux Systems Inc., the property at 310 Hunt Club Road is now fully leased. Further, the third floor construction work is now complete and the third floor is fully operational.

As a result, the property is now in a position to refinance and distribute the proceeds. To that end, we have entered into a commitment letter with RBC on the following terms:

- Amount: \$1,400,000 (for total financing of \$6.5M)
- Interest Rate: 2.39% (approximate, to be confirmed upon funding)
- Term: 5 years
- Amortization: 25 years

This financing will take advantage of the current low interest rate environment, provide a return of approximately 45% of the initial investment and increase the projected returns going forward. As the interest rate is subject to fluctuation until funding, we will be in a position to provide a full estimate of future returns in our annual report. We expect the financing to be completed in November, with distribution cheques sent out immediately thereafter.

Further, we expect to receive final construction invoices and pay out the remaining tenant inducements in the coming months, at which point we will be in a position to provide distributions from the income of the property (in addition to the refinancing proceeds).

Finally, we are happy to confirm that rent collection has remained at 100% throughout the COVID-19 pandemic.

Regards,

Ken and Christian Jennings
Directors of the General Partner



PART B PROPERTY SUMMARY

BUILDING INFORMATION

Built	2006
Total Lot Acreage	2.80 acres
Building Size	49,784 sf*
Parking	211 spaces

ZONING DESIGNATION

Designation	T1A
Description	Airport Lands
Municipality	City of Ottawa

PROPERTY MANAGEMENT

Jennings Real Estate Corporation conducts frequent site visits, maintains communication with tenants to understand any specific needs or problems, monitors all contract workers to ensure work is done correctly, and performs routine preventative maintenance.

In addition, some of the projects that took place in the third quarter of 2020 are as follows:

- The main lobby and the second floor have been updated (including full retrofit of the lobby, as well as paint and new carpeting on the second floor);
- New tenant entry signs were installed;
- The second floor washrooms have been renovated (including counter top, sinks, faucets and toilet partitions);
- The construction of Pryor Tax Law’s unit was completed;
- The construction of the Mital Group’s unit was completed; and
- The construction of the Helux unit was completed.

* Estimate, as updated building measurements are being completed now that the building has been demised and construction is complete.



PART B PROPERTY SUMMARY

TENANT / LEASING UPDATE

A 3-year Lease with Helux Systems Inc. was entered into on August 27, 2020. The tenant will be leasing 1,101 sf of space on the third floor commencing April 1, 2021.

VBI Vaccines executed a 2.6-year lease for an additional 2,688 square feet, which commenced on October 1, 2020. VBI Vaccines took over the SEMP Engineering space, with SEMP paying a lease surrender fee.

As of September 30, 2020, the building is 100% leased, with no upcoming lease expiries in the next 12 months.

Tenant	Square Feet	Lease Expiry
VBI Vaccines	9,682	31-Dec-22
VBI Vaccines	2,688	30-Apr-23
Helux Systems Inc.	1,101	31-Mar-24
Genvira Biosciences	5,000	30-Apr-25
Bayshore Healthcare	5,294	31-Jan-26
Mital Group	1,000	30-Jun-30
OneLife Management	6,000	31-May-35
Pryor Tax Law	3,000	30-Sep-35
Iogen Corporation	16,019	30-Jun-50
TOTAL	49,784*	



PART B PROPERTY SUMMARY

OneLife Wealth Management 6,500 SF Exp: May 2035	Pryor Tax Law 3,000 SF Exp: Sep 2035	Genvira Biosciences Inc. 5,000 SF Exp: Apr 2025	Mital Group 1,000 SF Exp: June 2030	Helux Systems Inc. 1,101 SF Exp: March 31, 2024
Bayshore Healthcare Ltd. 5,294 SF Exp: Jan 2026	VBI Vaccines 9,682 SF Exp: Dec 2022		VBI Vaccines 2,569 SF Exp: Apr 2023	
logen Corporation 16,019 SF Exp: June 2050				

LEASE EXPIRY YEAR



MARKET UPDATE

The Ottawa South office market’s vacancy rate decreased slightly to 5.6% in Q3 2020 which is down from 5.7% in Q2 2020. The average net asking rent rate in the area increased to \$13.15 from \$12.51. (as per CBRE Q3 Ottawa Office Marketview)



PART C FINANCIAL STATEMENTS

Please find the enclosed Financial Statements*

*Disclaimer. These financial statements are interim, internally prepared and for management purposes. We do not express an opinion or any other form of assurance on them. This report is for management only. It is not intended for distribution or consideration for credit purposes.



310 Hunt Club Limited Partnership

BALANCE SHEET

As of September 30, 2020

	TOTAL
Assets	
Current Assets	
Cash and Cash Equivalent	
1010 Regular Chequing	156,114.08
1011 High Interest Chequing	350,817.70
Total Cash and Cash Equivalent	\$506,931.78
Accounts Receivable (A/R)	
1100 Accounts Receivable	-8,990.86
Total Accounts Receivable (A/R)	\$ -8,990.86
1080 Investments	300,930.00
1111 Deposit - Hydro Ottawa	39,000.00
1300 Prepaid Expenses	62,165.46
1320 Financing Fees	51,000.00
1450 Due from partners	1.00
Total Current Assets	\$951,037.38
Non-current Assets	
Property, plant and equipment	
1501 Leasing Commissions	397,956.85
1505 Leasing Commission - Non Depreciable	73,965.00
1510 Building	6,700,290.99
1610 Building Improvements	293,075.66
1615 Onelife Management Allowance	308,666.12
1630 Leasehold Improvements	32,688.55
Total Property, plant and equipment	\$7,806,643.17
1425 Repayable Tenant Improvement Allowance - ONELIFE	118,337.06
Total Non Current Assets	\$7,924,980.23
Total Assets	\$8,876,017.61
Liabilities and Equity	
Liabilities	
Current Liabilities	
Accounts Payable (A/P)	
2000 Account Payable	90,736.95
Total Accounts Payable (A/P)	\$90,736.95
2110 GST/HST Payable	34,361.76
2142 Deferred Revenue	70,540.62
2350 Payable to IOGEN	5,381.60
Total Current Liabilities	\$201,020.93
Non-current Liabilities	
2400 First Mortgage	5,100,000.00
2600 Tenant Deposits	382,287.00
Total Non-current Liabilities	\$5,482,287.00
Total Liabilities	\$5,683,307.93
Equity	
3020 Investor Capital	3,060,844.15
Profit for the year	131,865.53
Total Equity	\$3,192,709.68
Total Liabilities and Equity	\$8,876,017.61



310 Hunt Club Limited Partnership

PROFIT AND LOSS

January - September, 2020

	TOTAL
INCOME	
4000 Rental Income	416,445.02
4200 Additional Rent	526,882.32
4300 Other Income	289,812.86
Total Income	\$1,233,140.20
RECOVERABLE COSTS	
5000 Recoverable Operating Costs	533,687.25
6570 Property Taxes	157,969.26
Total RECOVERABLE COSTS	\$691,656.51
GROSS PROFIT	\$541,483.69
EXPENSES	
6000 Non Recoverable Expenses	156,140.90
8000 Depreciation	253,477.26
Total Expenses	\$409,618.16
PROFIT	\$131,865.53