

15 & 17 FITZGERALD ROAD



SECOND QUARTER REPORT 2024

Presented to:
the Limited Partners
of the Fitzgerald Road
Limited Partnership



UPDATE FROM THE GENERAL PARTNER

Dear Limited Partners,

We are pleased to provide you with the 2024 Second Quarter Report for 15 and 17 Fitzgerald Road (the “Properties”).

As noted in the first quarter report, we reached an unconditional lease extension with an existing tenant occupying 22% of the above grade gross leasable area (GLA) at the Properties.

The Properties' expiry profile has improved significantly over the past 12 months, with 58% of the GLA, or 17,582 square feet, being renewed. We are pleased to report that the weighted average lease term (WALT) of the Properties is currently 6.2 years, an improvement of 2 years compared to a year prior, when the WALT was 4.2 years. An increased WALT means tenants are locked into their leases for a longer period.

Due to successful lease renewals, we are currently in discussions with Scotiabank, the lender for the Properties, which has conditionally agreed to provide additional financing. This amount will be used to pay off the principal and accrued interest of a loan owed to an entity related to the general partner. Additionally, the funds will support deal costs associated with renewal leasing and for a warehouse space representing 10% of the GLA that is currently available for lease. To date, interest in the space has been strong, and we are negotiating with a prospective tenant to secure a lease for the space.

As noted in our annual report and forecast, to fund the costs associated with various lease extensions and new leasing, we will not be distributing any funds this quarter. We are optimistic that upon leasing the vacancy at the Property, we will be able to resume regular distributions.

Ken and Christian Jennings
Directors of the General Partner



PROPERTY SUMMARY

BUILDING INFORMATION

Built	1985 and 2001
Total Lot Acreage	1.65 acres
Building Size	30,314 sq ft
Parking	98 spaces

ZONING DESIGNATION

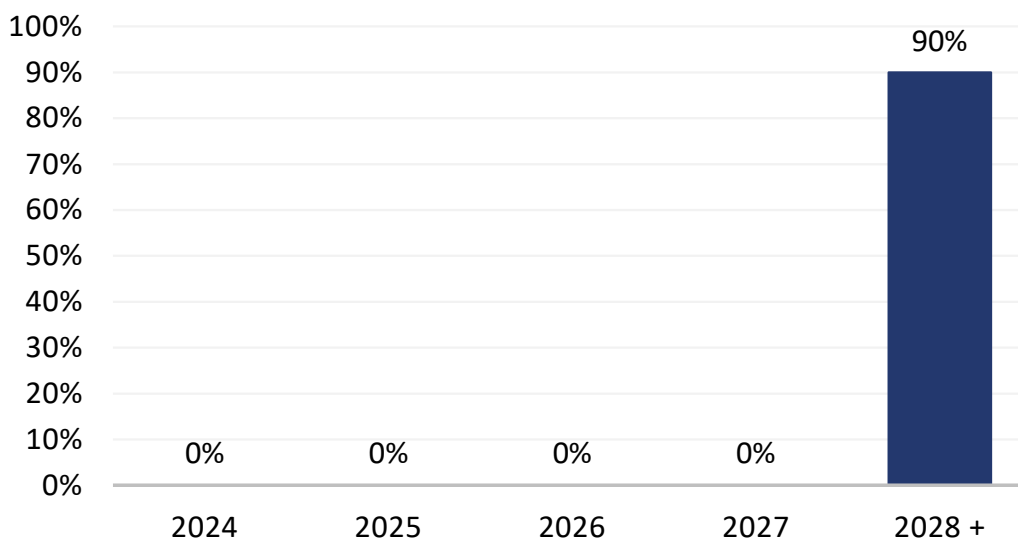
Designation	IP
Description	Business Park Industrial Zone
Municipality	City of Ottawa

LEASING

As noted in the first quarter report, we reached an unconditional lease extension with an existing tenant occupying 22% of the above grade gross leasable area (GLA) at the Properties. The extension has now been finalized.

Over the past 12 months, 58% of the GLA, or 17,582 square feet, has been renewed at the Properties. The chart below illustrates the upcoming lease expirations at the Properties, broken down as a percentage of the total square footage, spanning the next five years.

Lease Expiry Profile



LEASING (CONTINUED)

In addition to the above grade space the Properties also boasts several tenants utilizing below-grade space for storage purposes. 100% occupancy was maintained on the below-grade space during the quarter.

MARKET UPDATE

In Q2 2024, the Ottawa Deep West **office** market's vacancy rate decreased to 12%, down from 13.9% in Q1 2024. The average asking rent remained stable at \$14.67 per square foot in Q2 2024, down from \$14.86 in Q1 2024 (CBRE Q2 2024 Ottawa Office Marketview).

In Q2 2024, the Ottawa Deep West **industrial** vacancy rate was just 1.7%, a decrease of 0.4% from 2.1% in Q1, 2024. The average asking rent for Ottawa Deep West declined in Q2, and is currently \$13.79 per square foot, a decline of \$1.92 from Q1, 2024 (CBRE Q2 2024 Ottawa Industrial Marketview). The decrease in asking net rent is not due to a lack of demand or an oversupply of space. Instead, it is primarily caused by the small amount of available space for lease being discounted for factors such as limited or challenged loading areas, low ceiling heights, or extensive office build-outs.

CAPITAL EXPENDITURES AND IMPROVEMENTS

The capital improvements associated with the previously completed lease extensions have been finalized. The photos on the following page show some of the renovations completed at the Properties.



CAPITAL EXPENDITURES AND IMPROVEMENTS



Before



After



Before



After



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.



Property = 15fitz 17fitz 1517fitz

Balance Sheet

Period = Jun 2024

Book = Accrual ; Tree = property b/s

	As at 06/2024	As at 12/2023
Assets		
Current Assets		
Cash	45,662	109,345
Accounts receivable	22,545	3,870
Sales tax receivable	15,920	26,285
Prepaid expenses	4,710	9,341
Total Current Assets	88,837	148,841
Long-Term Assets		
Rental properties	4,620,574	4,631,403
Deferred finance charges	10,551	12,662
Deferred leasing costs	155,405	148,219
Total Long-Term Assets	4,786,530	4,792,284
Total Assets	4,875,367	4,941,125
Liabilities & Partner's Equity		
Current Liabilities		
Accounts payable & accrued liabilities	39,177	36,771
Tenant deposits and prepaid rents	83,373	77,951
Government remittances	24,014	29,966
Total Current Liabilities	146,564	144,688
Long-Term Liabilities		
Mortgages payable	3,905,921	3,974,148
Loans from investors	103,830	100,449
Total Long-Term Liabilities	4,009,750	4,074,597
Total Liabilities	4,156,315	4,219,286
Partner's Equity		
Partner contributions	1,950,000	1,950,000
Partner distributions	-1,983,784	-1,983,784
Partner share of accumulated earnings (deficit)	755,621	688,472
Current period earnings (loss)	-2,784	67,151
Total Equity	719,053	721,839
Total Liabilities & Partner's Equity	4,875,367	4,941,125

Property = 15fitz 17fitz 1517fitz

Income Statement

Period = Jun 2024

Book = Accrual ; Tree = property pnl

	Period ended 06/2024	Period ended 06/2023
Revenues		
Rental income	405,458.17	429,529.06
Interest income	1,770.48	4,698.52
Total revenues	407,228.65	434,227.58
Operating expenses		
Amortization	94,702.95	90,481.24
Interest on long-term debt	75,494.49	62,594.37
Property taxes	60,870.00	61,122.00
Repairs and maintenance	64,152.53	54,126.70
Utilities	50,512.60	52,841.81
General and administrative	35,601.00	48,591.07
Property management	18,457.98	18,609.06
Professional fees	9,186.10	5,626.00
Insurance	4,690.23	4,366.50
Bad debts	-4,975.06	0.00
Bank charges and interest	1,319.78	447.61
Total operating expenses	410,012.60	398,806.36
Net income (loss)	-2,783.95	35,421.22