



**JENNINGS**  
**REAL ESTATE**

# 2024 ANNUAL REPORT

15 & 17 Fitzgerald Road

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



**Jennings Real Estate**  
Unlocking Potential, One Property at a Time

141 Laurier Avenue West, Suite 1000  
Ottawa, ON K1P 5J3  
[www.jre.ca](http://www.jre.ca)

# 2024 HIGHLIGHTS

Located in the Bells Corners node of  
Ottawa, only minutes away from  
Department of National Defence  
National Headquarters and Highway 417



**30,314**

Square Feet



**100%**

Occupancy



**6.0 YR**

Weighted Average  
Lease Term



**\$351K**

Net Operating Income



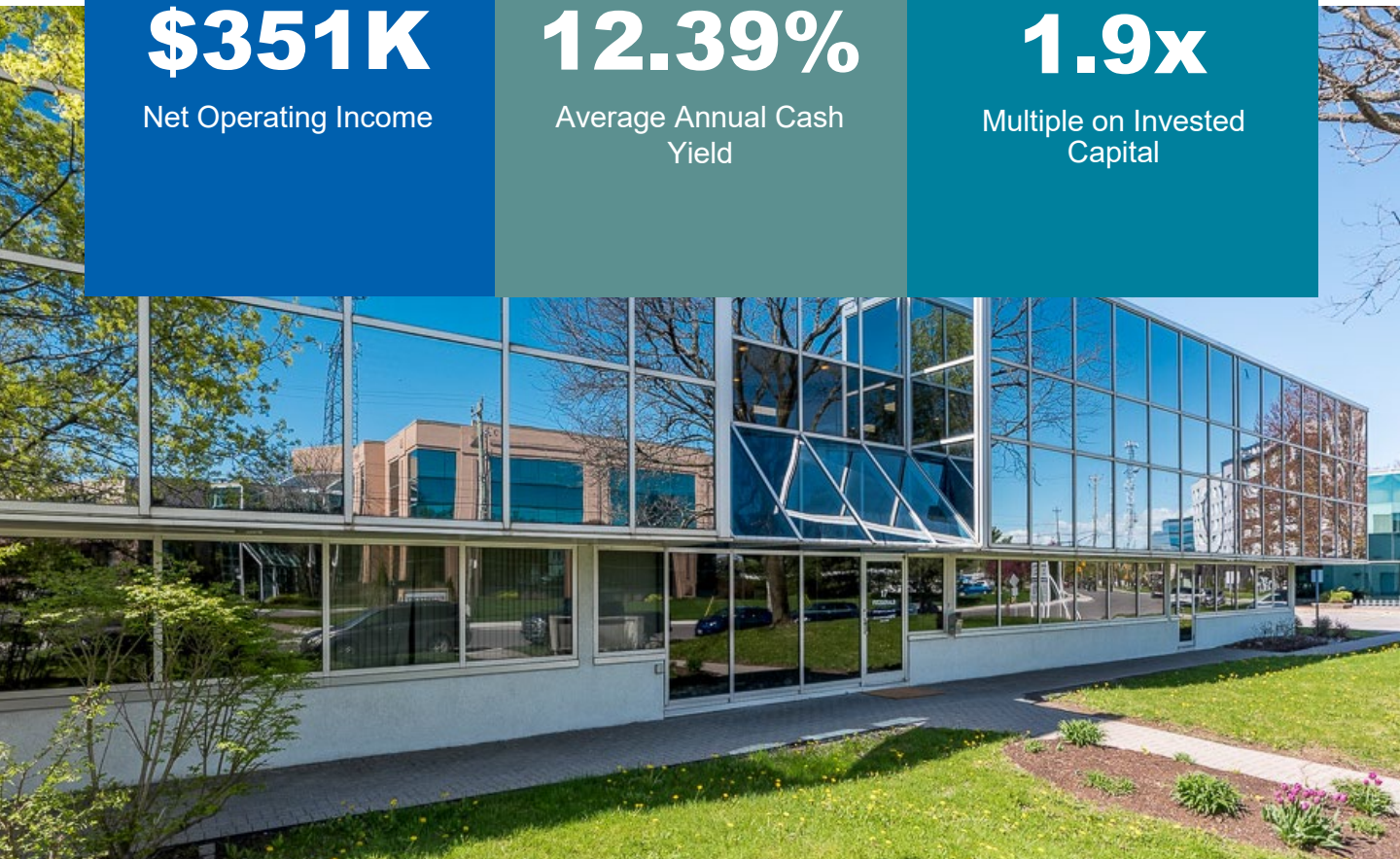
**12.39%**

Average Annual Cash  
Yield



**1.9x**

Multiple on Invested  
Capital



# TABLE OF CONTENTS

1. Letter to the Limited Partners .....	2
2. Net Operating Income and Funds from Operations .....	3
3. Distributions .....	4
4. Key Performance Metrics .....	5
The Average Annual Cash Yield.....	5
The Average Total Return .....	6
5. Valuation .....	6
6. Properties Summary.....	7
The Properties.....	7
Leasing.....	7
7. Asset Management and Leasing Forecast .....	8
Leasing Forecast.....	8
Capital Expenditure and Improvements .....	9
Future Capital Expenditure and Improvements.....	10
8. Financial Statements.....	10



## 1. Letter to the Limited Partners

Similar to 2023, leasing activity remained active in 2024 for 15 and 17 Fitzgerald Road (the “Properties”). A long-term lease extension and a new lease were secured for two tenants, representing 32% of the Properties’ above-grade gross leasable area (GLA). Combined with leasing activity completed in 2023, approximately 68% of the Properties’ GLA have successfully completed a lease extension, or new lease.

In Q2, a tenant occupying flex office and warehouse space representing 22% of the GLA, agreed to a long-term lease extension. The layout and finish have been in place for over 20 years, as such, part of the extension includes an upgrade to their space, which will be partially funded by the landlord.

In addition, a new lease was executed in Q3, with a tenant representing 10% of the GLA. The rental rate **increase was 87.5% compared to the rent paid by the previous tenant**. The new lease commenced in Q4, 2024.

This activity increased the weighted average lease term (WALT) to 6.0 years, with no leases expiring until 2029. Weighted average rent has increased from \$12.42 per square foot to \$13.36 per square foot.

To fund the costs related to the leasing in 2023 and 2024, additional financing was sourced from Scotiabank, the current lender of the Property in the amount of \$275,000. When combined with the existing mortgage, the blended interest rate on the Property’s debt is 3.80%, with the term expiring in 2027.

In 2024, the Properties experienced a decrease in Net Operating Income (NOI) and a reduction in Funds From Operations (FFO), primarily due to the unexpected departure of a tenant occupying 10% of the GLA. However, full occupancy was restored by Q4 2024, ahead of schedule. NOI is now forecasted to increase to \$459,492 in 2025, **representing a 22% increase compared to the previous four-year average**.

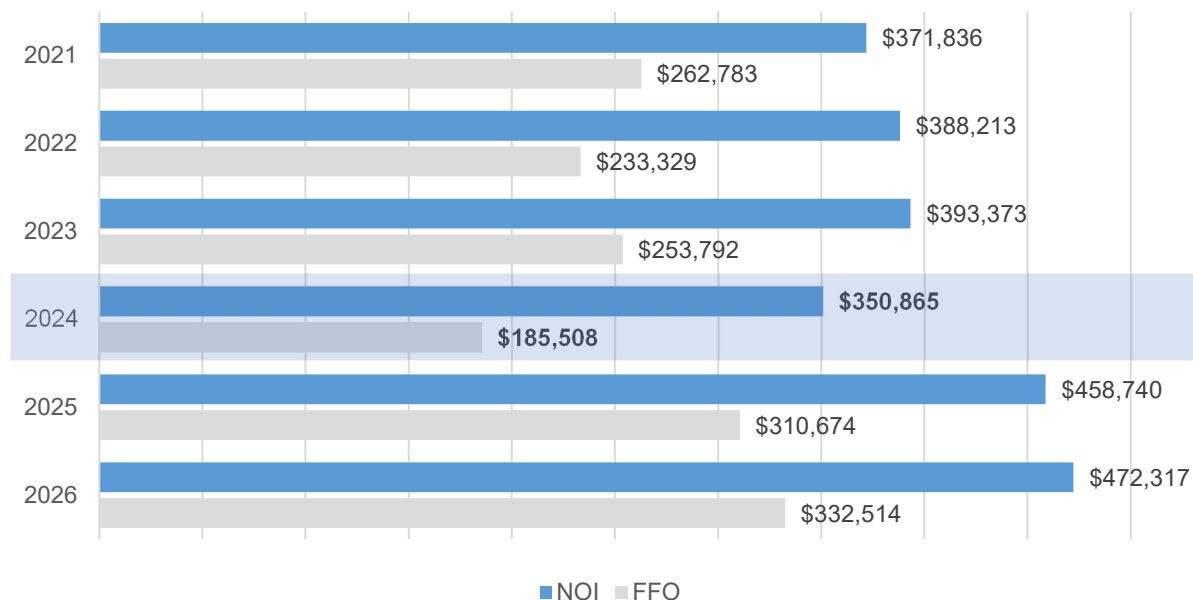
Although distributions were temporarily reduced to fund leasing expenditures, these investments have positioned the Properties to potentially achieve a significant annual NOI increase compared to the average of the past four years, along with increased WALT of 6.0 years. With full occupancy achieved sooner than originally projected and positive leasing activity completed for 68% of the GLA, **a distribution of \$10,000** will be made in connection with Q4 2024. A conservative distribution approach will be maintained in 2025, prioritizing the growth of a cash reserve.

Sincerely,

Ken and Christian Jennings  
Directors of the General Partner

## 2. Net Operating Income and Funds from Operations

The table below presents the NOI and FFO for the last three years and a projection for 2025 and 2026:



**Funds From Operations (FFO)** = net income + amortization + depreciation - capital gains from property sale

**Net Operating Income (NOI):** Total income generated by the Property subtracting its operating expenses, excluding capital expenditures and debt service.

In 2024, the Properties' NOI decreased 10.8% over 2023, and FFO decreased 26.9%. This decline was due to the unexpected departure of a tenant representing 10% of the GLA.

The Properties returned to full occupancy in Q4, 2024, ahead of the schedule. As shown in the table above, NOI is forecasted to increase in 2025 by approximately \$83,500, representing a 22% increase in NOI compared to the average of the past four years. This is a direct result of the leasing efforts in 2023 and 2024, which included renewing existing tenants at rental rates that exceeded their previous rent, and leasing the unexpected vacancy at a rental rate increase of 87.5% compared to the previous tenant.

These leasing efforts and the projected increase in NOI and FFO required funding for necessary deal costs in 2023 and 2024, primarily leasing commissions and leasehold improvements. In return, these investments allow the Properties to achieve a longer WALT, and increased rent, which are in the projected NOI, and FFO.

### 3. Distributions

As a result of better-than-expected timing on leasing, we will be providing a Q4 distribution, outperforming the projection for 2024.

We are also projecting steady distributions throughout 2025. However, note that while the Properties are now fully-leased, we have committed to funding certain tenant improvements. As a result, distributions for 2025 are anticipated to be lower than other years.

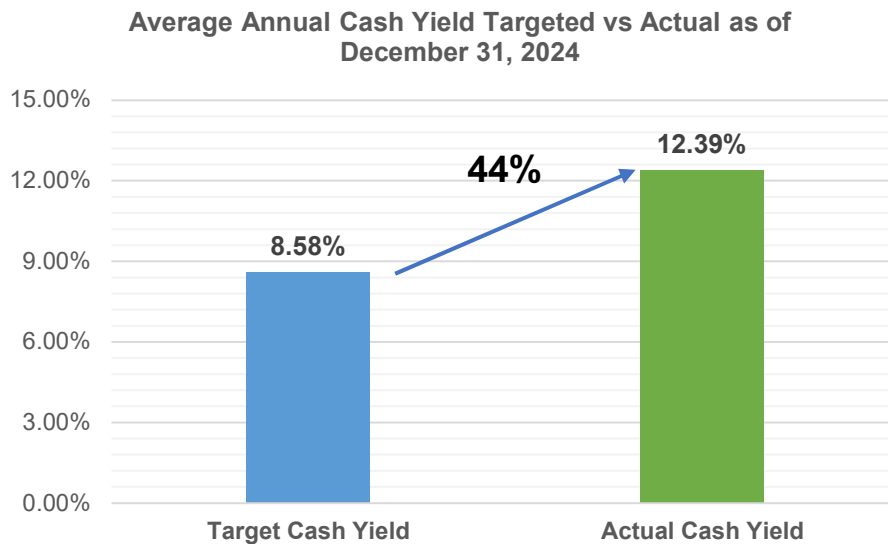
A summary of this year and prior year's distributions is set out below along with a projection for 2025.

Year	Q1	Q2	Q3	Q4	Total	Cumulative Distributions (including refinancing)	% of Investment Returned
2018-2022	\$40,000	\$110,000	\$87,360	\$755,424	\$992,784	\$992,784	48%
2023	\$963,000	\$28,000	\$0	\$0	\$991,000	\$1,983,784	96%
2024	\$0	\$0	\$0	\$10,000	\$10,000	\$1,993,784	96%
2025 Outlook	\$10,000	\$10,000	\$10,000	\$10,000	\$40,000	\$2,033,784	98%

## 4. Key Performance Metrics

### The Average Annual Cash Yield

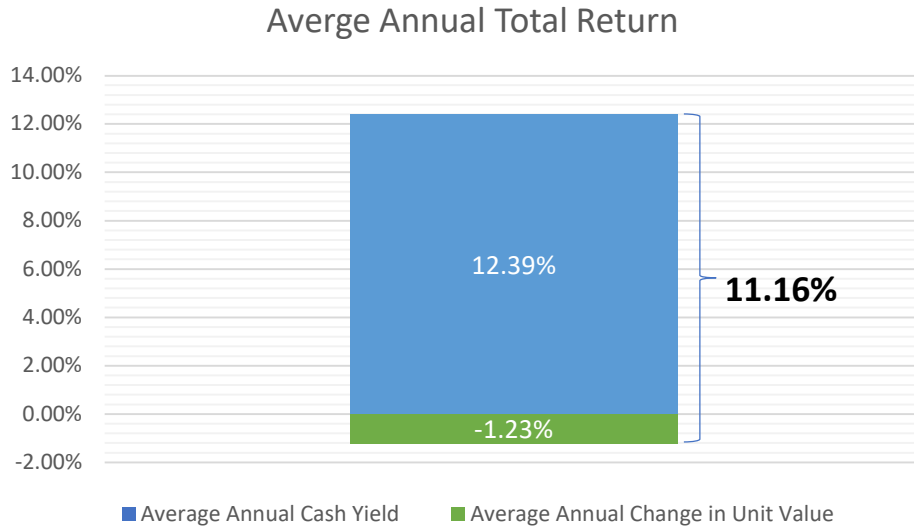
The graph below showcases the Average Annual Cash Yield as of December 31, 2024, compared to the targeted cash yield set out initially during acquisition. The initial target for Average Annual Cash Yield was 8.58% on this investment. Actual Average Annual Cash Yield to date is 12.39%, exceeding the target by 3.80% or 44%. This was made possible by a successful leasing approach, strategic investments in the Properties to attract and retain tenants, and consistently reviewing financing opportunities with changes in capital markets.



**Average Annual Cash Yield** is calculated by dividing total cash distributed (which includes income, refinancing and capital distributions) by the initial equity investment and then further divided by the holding period (from acquisition to Dec 31, 2024).

## The Average Total Return

The Average Annual Total Return remains strong at 11.16%, even though the Average Annual Change in Unit Value is -1.23%. This decrease reflects the large repayment of capital that was made upon refinancing in 2023 (which drew down the equity), while the valuation of the Properties remained stable since last year. Further details related to the valuation is set out in the valuation section below.



**Average Annual Change in Unit Value** is calculated by dividing Net Asset Value (NAV) by initial equity invested, which is further divided by the holding period (from acquisition to Dec 31, 2024).

**Average Annual Total Return** is calculated by adding the Average Annual Cash Yield and the Average Annual Change in Unit Value.

## 5. Valuation

The recent leasing activity has increased the WALT as well as forecasted NOI, in comparison to the past four years. As a result, we are hopeful the estimated market value has increased. A new appraisal has been commissioned for the Properties, and the result will be shared in the future.

## 6. Properties Summary

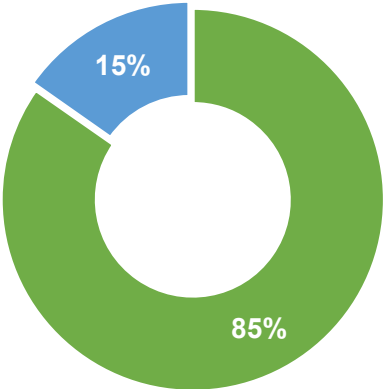
### The Properties

15 Fitzgerald Road and 17 Fitzgerald Road are two flex office buildings with a combined 30,314 square feet of space in the community of Bells Corners in the City of Ottawa.

### Leasing

The office space market in Ottawa West experienced a decline in vacancy, as indicated by a decrease from 10.5% in Q4, 2023 to 9.4% in Q4, 2024 (CBRE Office Market Report Q4, 2023 and Q4, 2024) . This decline can be attributed to the growing tenant interest in suburban office space over downtown, reflected in a 9.9% suburban vacancy rate versus 15.6% downtown (CBRE Q4 Office Market Report). Attributes tenants are seeking in the suburbs include proximity to major highways, parking, and lower operating costs. The Properties maintain their attractiveness due to its proximity to key locations such as the Department of National Defence headquarters, highway 417, and the Kanata technology park. In addition, the abundance of parking at the Properties and competitive operating costs.

Additionally, the Properties have the adaptability to allow for the conversion of 56% of its above-grade gross leasable area into warehouse/industrial space, which is in high demand evidenced by a significantly lower vacancy rate of 0.6%, when compared to the 9.4% vacancy rate for office space (CBRE Office and Industrial Market Report, Q4, 2024).



<b>Extensions</b>	17,447 SF
<b>New Leases</b>	3,147 SF
<b>Total</b>	<b>20,594 SF</b>

**68% of Total GLA**

■ Extensions ■ New Leases

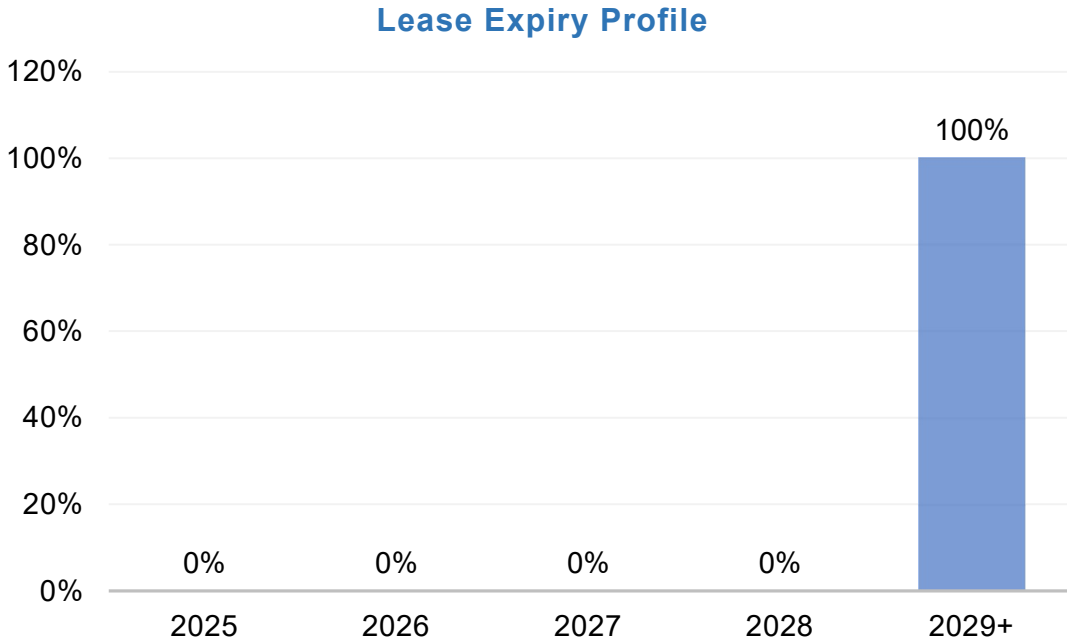
The Properties achieved success in completing long term leases for 32% of its GLA in 2024. This combined with 2023 figure, means 68% of the GLA at the Property has been leased on a long-term basis, a summary of the lease deals are outlined below.

An existing tenant, occupying 22% of the GLA agreed to a lease extension in Q1 2024. The extension was completed at market rent. As part of the agreement, the landlord will partially fund an upgrade to the space, while the tenant is responsible for the remainder.

Additionally, a new lease was executed with a tenant representing 10% of the GLA, at market rent. The increase was 87.5% compared to the rent paid by the previous tenant. The new lease commenced in Q4 2024.

68% of the Properties' GLA successfully completed lease agreements in the past 24 months. These leases have increased the WALT, which measures the average remaining duration of all leases, from 5.9 years to 6.0 years.

This activity has increased the length of tenant commitments to the Properties, as shown in the graph below, which illustrates the proportion of GLA set to expire over the next five years.

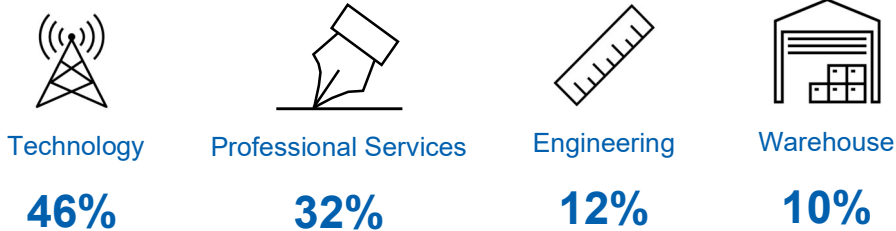


In addition to its main above-grade tenancies, the Properties include below-grade space used for storage. Throughout 2024, below-grade occupancy remained at 100%, with one tenant vacating a space that was immediately leased to a new tenant with no gap in occupancy.

## 7. Asset Management and Leasing Forecast

### Leasing Forecast

The last 24 months have been active for leasing at the Properties. The lease expiry profile noted above showcase that 100% of the GLA is expected to remain occupied through 2029 and beyond, with tenants in the following industries:



We forecast minimal level of leasing activity at the Properties for all above grade tenancies. We will continue to manage tenant turnover to maintain occupancy of the below grade storage space.

**Capital Expenditure and Improvements**

In 2024, 15 Fitzgerald saw improvements in connection with a lease extension concluded in 2023. Upgrades to the suite included modernized washrooms, LED lighting, and a newly constructed enclosed office.

**Before**



**After**



**Before**



**After**



## **Future Capital Expenditure and Improvements**

In the short term, capital expenditures are planned at 17 Fitzgerald, mainly replacing sealants on exterior glazing as a part of the overall building maintenance plan. Additional improvements may be considered as part of ongoing asset management effort in the medium term.

## **8. Financial Statements**

Enclosed you will find the notice to reader package prepared by the Bookkeeping Bureau.

## DISCLAIMER

Certain statements contained in this report may contain forward-looking statements and forward-looking information (collectively, “forward-looking statements”). In some cases, forward-looking statements can be identified by the use of words such as "may", "will", "should", "expect", "plan", "anticipate", "believe", "estimate", "potential", "continue", "target", "committed", "priority", "remain", "strategy", or the negative of these terms or other comparable terminology, and by discussions of strategies that involve risks and uncertainties. Such forward-looking statements contained in this report may include, among other things, statements regarding: the general partner’s expectations with regard to market demand and rent growth; the partnership’s growth strategy; planned growth of the property portfolio; future acquisitions; including the amount expected to be invested in such acquisitions, the location of such acquisitions, improvements in profitability or rent growth of the portfolio, property developments, including cost and timing of completion thereof, and the general partner’s expectations regarding capital improvement costs; portfolio growth, debt maintenance or reductions, and return on investment; maintenance costs; the effect of completed developments on the portfolio; uncertainties and risks arising as a result of the spread of the COVID-19 pandemic, including uncertainty surrounding disruptions to financial markets, regional economies and the world economy; interest rate fluctuations; credit availability; financing costs; market values; pace and scope on future acquisitions, construction, development and renovation, renewals and leasing. Readers should be aware that these forward-looking statements are subject to known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from those anticipated or implied, or those suggested by any forward-looking statements. Given these uncertainties, readers are cautioned not to rely upon any forward-looking statements contained, or incorporated by reference, in this report. By their nature, forward-looking statements involve numerous assumptions, inherent risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and various future events contained therein may not occur. Although the general partner believes that the expectations reflected in the forward-looking statements are reasonable, there can be no assurance that future results, levels of activity, performance or achievements will occur as anticipated. While the general partner anticipates that subsequent events and developments may cause it’s view to change, the general partner does not intend to update or revise any forward-looking statement, whether as a result of new information, future events, circumstances, or such other factors that affect this information.

The general partner makes commercially reasonable efforts to ensure the information presented in this report is accurate, but it is not responsible for any errors and omissions contained in the information included in this report.



**FITZGERALD ROAD LIMITED PARTNERSHIP**  
**FINANCIAL STATEMENTS**  
(Unaudited - see Compilation Engagement Report)  
for the year ended December 31, 2024

The Bookkeeping Bureau Ltd.

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FITZGERALD ROAD LIMITED PARTNERSHIP  
for the year ended December 31, 2024  
CONTENTS

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	Page
<b>COMPILATION ENGAGEMENT REPORT</b>	1
<b>UNAUDITED FINANCIAL STATEMENTS</b>	
Balance sheet	2
Statement of earnings (loss)	3
Statement of partners' equity	4
Notes to unaudited financial statements	5-6



## COMPILATION ENGAGEMENT REPORT

To Management of Fitzgerald Road Limited Partnership,

On the basis of information provided by management, we have compiled the balance sheet of Fitzgerald Road Limited Partnership as at December 31, 2024 and the statement of earnings (loss) and Statement of partners' equity 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 28, 2025

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The Bookkeeping Bureau Ltd.

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FITZGERALD ROAD LIMITED PARTNERSHIP  
**BALANCE SHEET**  
for the year ended December 31, 2024  
(Unaudited - see Compilation Engagement Report)

	2024	2023
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 277,086	\$ 109,347
Accounts receivable	5,256	3,913
	<u>282,342</u>	<u>113,260</u>
<b>LONG-TERM</b>		
Security deposits	-	9,341
Deferred finance charges (note 6)	9,761	12,662
Deferred leasing commission (note 5)	284,008	147,872
Deferred tenant inducements (note 4)	67,534	347
Property, plant and equipment (note 2)	4,455,337	4,631,403
	<u>4,816,640</u>	<u>4,801,625</u>
	<u>\$ 5,098,982</u>	<u>\$ 4,914,885</u>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 192,245	\$ 36,813
Current portion of long-term-debt	151,343	140,347
Loan from General Partner	-	100,449
Government remittances payable	11,467	3,682
Deferred revenue	21,245	38,052
	<u>376,300</u>	<u>319,343</u>
<b>LONG-TERM</b>		
Deposits	50,538	39,899
Long-term debt (note 3)	3,962,645	3,833,801
	<u>4,013,183</u>	<u>3,873,700</u>
	<u>4,389,483</u>	<u>4,193,043</u>
<b>PARTNERS' EQUITY</b>		
	<u>709,499</u>	<u>721,842</u>
	<u>\$ 5,098,982</u>	<u>\$ 4,914,885</u>

Approved on Behalf of the partners:

Signed by:

*Christian Jennings*

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FITZGERALD ROAD LIMITED PARTNERSHIP  
**STATEMENT OF EARNINGS (LOSS)**  
for the year ended December 31, 2024  
(Unaudited - see Compilation Engagement Report)

	2024	2023
<b>REVENUE</b>		
Rental income	\$ 809,642	\$ 859,591
Interest income	3,119	7,033
Other income	6,633	-
	<u>819,394</u>	<u>866,624</u>
<b>EXPENSES</b>		
Amortization of deferred finance charges	4,276	4,221
Amortization of leasing commissions	21,644	16,041
Amortization of tenant inducements	347	1,041
Bad debts (recovery)	(4,975)	4,975
Bank charges	2,161	3,412
Depreciation	170,915	165,338
General and administrative expenses	74,379	101,337
Insurance	9,400	8,733
Interest on long-term debt	153,209	137,489
Property management	36,916	37,218
Professional fees	4,547	1,954
Property taxes	104,705	101,455
Repairs and maintenance	158,324	113,780
Telecommunication	415	509
Utilities	95,474	101,969
	<u>831,737</u>	<u>799,472</u>
<b>NET EARNINGS (LOSS)</b>	<u>\$ (12,343)</u>	<u>\$ 67,152</u>

FITZGERALD ROAD LIMITED PARTNERSHIP  
**STATEMENT OF PARTNERS' EQUITY**  
for the year ended December 31, 2024  
(Unaudited - see Compilation Engagement Report)

Name	Balance, beginning of year	Net earnings	Withdrawals	Balance, end of year
A.M. Realty Corp Ltd.	84,684	(1,234)		83,450
1394804 Ontario Inc.	84,684	(1,234)		83,450
2490626 Ontario Inc,	84,684	(1,234)		83,450
B. Holmes Holdings Ltd.	84,684	(1,234)		83,450
BC Bockstael Holdings Ltd.	61,221	(892)		60,329
2540583 Ontario Inc.	23,461	(342)		23,119
AYM Real Estate Inc.	84,684	(1,234)		83,450
Walker Family Wealth Ltd.	84,684	(1,234)		83,450
Adam Mills Holdings Inc.	84,684	(1,234)		83,450
Chrisken Realty Investments Inc.	22,184	(1,234)		20,950
TH (Ottawa) Investments Inc.	11,093	(617)		10,475
DH (Ottawa) Investments Inc.	11,093	(617)		10,475
10875767 Canada Inc.	0.58	(0)		0.57
Limited Partners' Equity	\$ 721,842	\$ (12,343)	-	\$ 709,499

FITZGERALD ROAD LIMITED PARTNERSHIP  
**NOTES TO FINANCIAL STATEMENTS**  
for the year ended December 31, 2024  
(Unaudited - see Compilation Engagement Report)

## 1. LIMITED PARTNERSHIP AND NATURE OF ACTIVITIES

The limited partnership came into agreement on May 5, 2017 pursuant to laws of Ontario and is managed by its General partner, 10875767 Canada Inc.. It manages a commercial rental property in Nepean, ON.

## 2. PROPERTY, PLANT AND EQUIPMENT

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

Land	NIL
Building	4% diminishing balance
Building improvements	4% diminishing balance

	2024			2023
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 798,408	\$ -	\$ 798,408	\$ 798,408
Building	4,524,309	(1,172,625)	3,351,684	3,494,171
Building improvements	360,702	(55,458)	305,245	338,825
	<u>\$ 5,683,419</u>	<u>\$ (1,228,083)</u>	<u>\$ 4,455,337</u>	<u>\$ 4,631,403</u>

Amortization of fixed assets is pro-rated in the year of acquisition.

## 3. LONG-TERM DEBT

### BANK LOAN

The Partnership refinanced the real property in February 2022 with a credit facility of \$4,220,583 at a fixed annual interest rate of 3.70% for a term of 5 years amortized over 22 years with blended monthly principal and interest payments in the amount of \$23,390.23. The mortgage is secured with a first priority fixed charge over the land & building, and general security agreement.

The Partnership refinanced the real property in July 2024 with an additional credit facility of \$275,000 at a fixed annual interest rate of 5.15% for a term of 2 years amortized over 25 years with blended monthly principal and interest payments in the amount of \$1,631.75. The mortgage is secured with a Second priority fixed charge over the land & building, and general security agreement.

#### 4. DEFERRED TENANT INDUCEMENTS

	2024			2023
	Cost	Accumulated amortization	Net Book Value	Net Book Value
Tenant inducements	\$ 82,618	\$ (15,083)	\$ 67,534	\$ 347

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

#### 5. DEFERRED LEASING COMMISSIONS

	2024			2023
	Cost	Accumulated amortization	Net Book Value	Net Book Value
Leasing commissions	\$ 359,516	\$ (75,509)	\$ 284,008	\$ 147,872

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

#### 6. DEFERRED FINANCE CHARGES

	2024			2023
	Cost	Accumulated amortization	Net Book Value	Net Book Value
Financing fees	\$ 22,478	\$ (12,717)	\$ 9,761	\$ 12,662

Finance charges were incurred at the time of the mortgage refinancing and are amortized on a straight line basis over the five year term.