



**JENNINGS**  
**REAL ESTATE**

# 2024 ANNUAL REPORT

310 HUNT CLUB ROAD

Presented to: The Limited Partners of 310 Hunt Club 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

High Quality Class A Office and Life Science property located directly across from the Ottawa Hunt and Golf Club



**52,284**

Square Feet



**81%**

Occupancy



**12.0 YR**

Weighted Average  
Lease Term



**\$667k**

Net Operating Income



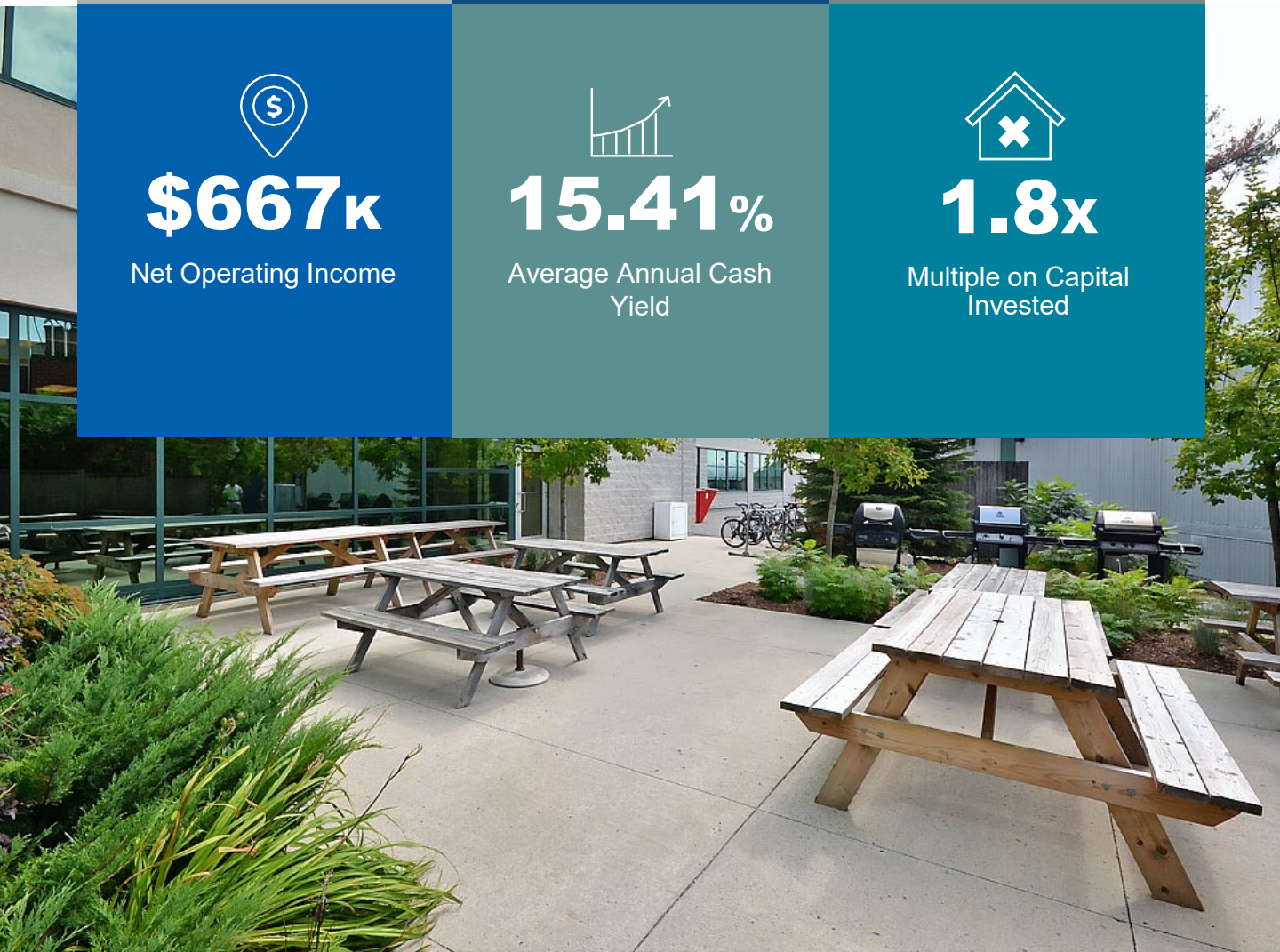
**15.41%**

Average Annual Cash  
Yield



**1.8x**

Multiple on Capital  
Invested



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## 1. Letter to the Limited Partners

310 Hunt Club Road (the “Property”) navigated a challenging 2024 while maintaining positive cash flow throughout the year.

The unexpected bankruptcy of VBI Vaccines, on July 30, 2024, resulted in 19% of the Property’s gross leasable area (GLA) becoming available for lease. This impacted Net Operating Income (NOI) and Funds from Operations (FFO). Despite this, **the Property remains solidly cash flow positive**, and leasing efforts are underway to secure a long-term tenant for this vacated laboratory and office space. In the interim, we have successfully secured a month-to-month lease to DB Health, a start up biotechnology company. This lease agreement contributes to the already positive monthly cash flow, while providing the flexibility to terminate the lease when a long-term laboratory and/or office tenant is found.

We expect that securing a suitable tenant may take longer than typical office space as the current configuration is specific to a life science / biotech company. The Ottawa market has a smaller pool of life science and biotech companies compared to office tenants. As such, we expect an investment will need to be made into the space, which may include: demising of the space to accommodate smaller tenants, and conversion from laboratory to office use to attract the larger pool of office tenants in the market.

For the remainder of the Property, leasing risk remains low, with 79% of the Property’s total square feet under lease through 2029 and beyond.

The current mortgages on the Property, both with RBC, are set to expire December 2025, with an outstanding principal balance of \$5.5 million, where approximately \$1,000,000 of principal having been paid down since the mortgages were placed in 2020. The current blended interest rate of the mortgages is 2.61%. Although an increase in interest rate is anticipated upon mortgage renewal, this risk has been mitigated by increased rent rates and the reduction of nearly \$1 million in the outstanding balance over the past five years.

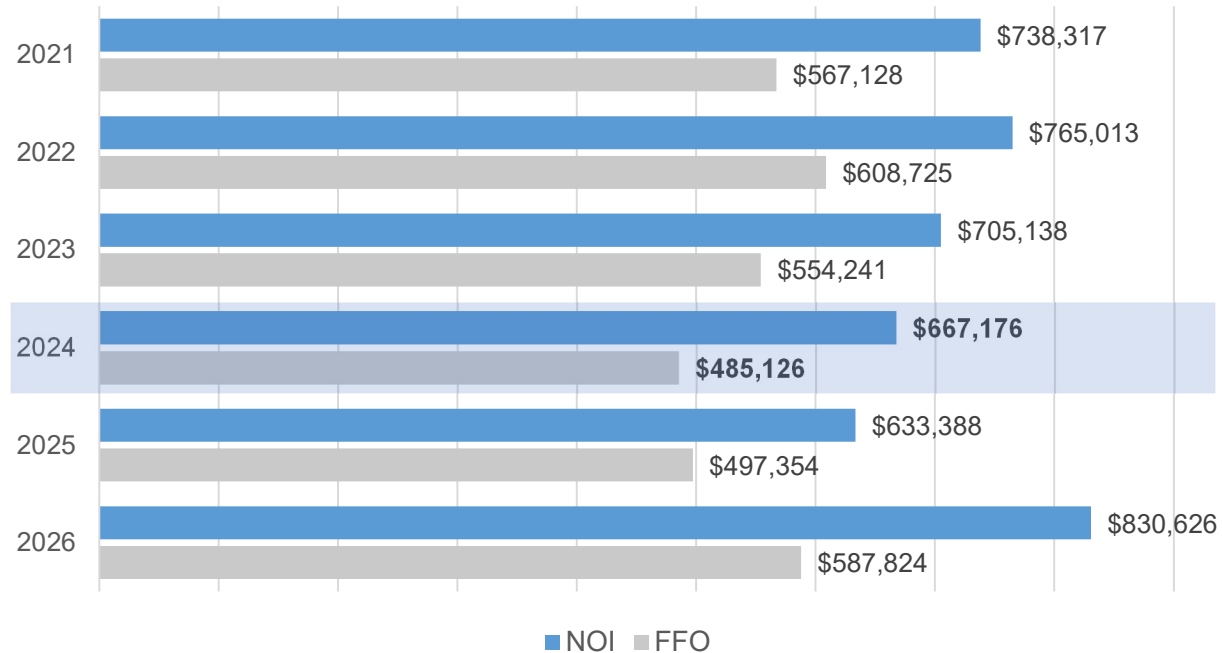
Despite the vacancy, the Property remains cash flow positive. A distribution of \$15,000 will be issued for Q4, 2024. Bringing the total distribution to \$65,000 for 2024. When added to prior distributions, this brings cumulative distributions since acquisition to \$2.4 million, with 84% of the original investment returned. Looking ahead, a projected distribution of \$90,000 is forecasted for 2025.

Sincerely,

Ken and Christian Jennings  
Directors of the General Partner

## 2. Net Operating Income and Funds from Operations

The table below presents the Net Operating Income (NOI) and Funds from Operations (FFO) for the last four years and our 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, a fluctuation in the Property's NOI is noted. This variance resulted from the unforeseen bankruptcy of VBI Vaccines, on July 30, 2024, who accounted for 19% of the Property's GLA. This was unexpected as the tenant had no prior payment issues since moving to the Property in 2016. The reduction in occupancy decreased revenue and NOI.

Looking forward to 2025, we expect a gap in occupancy, as the space vacated by VBI Vaccines is built out as specialized laboratory space and will require a longer time than traditional office space to find a suitable tenant. The space may also require time to renovate or convert to office space before welcoming a new tenant, temporarily impacting revenue. Despite the vacancy, the Property remains cash flow positive.

There is a positive outlook for the Property's financial performance in 2026. The current assumption is NOI will not only recover but exceed the levels achieved in 2022 and 2023. This forecast is underpinned by the factor that VBI Vaccines paid a rent, which was less than the current market rate. For further details on leasing, and how it impacts the financial projection, please refer to the leasing section.

### 3. Distributions

The Property remains cash flow positive, even with the departure of VBI Vaccines. The remainder of the Property continues to be occupied on a long-term basis. We will be making a distribution of \$15,000 at this time and forecast continued distributions throughout 2025.

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

Year	Q1	Q2	Q3	Q4	Total	Cumulative Distributions (including refinancing)	% of investment Returned
<b>2020-2022</b>	\$105,000	\$100,000	\$1,472,000	\$693,250	\$2,370,250	\$2,370,250	73%
<b>2023</b>	\$43,125	\$38,000	\$38,000	\$150,000	\$269,125	\$2,639,375	82%
<b>2024</b>	<b>\$50,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$15,000</b>	<b>\$65,000</b>	\$2,704,375	84%
<b>2025 Outlook</b>	<b>\$15,000</b>	<b>\$15,000</b>	<b>\$15,000</b>	<b>\$45,000</b>	<b>\$90,000</b>	\$2,794,375	86%

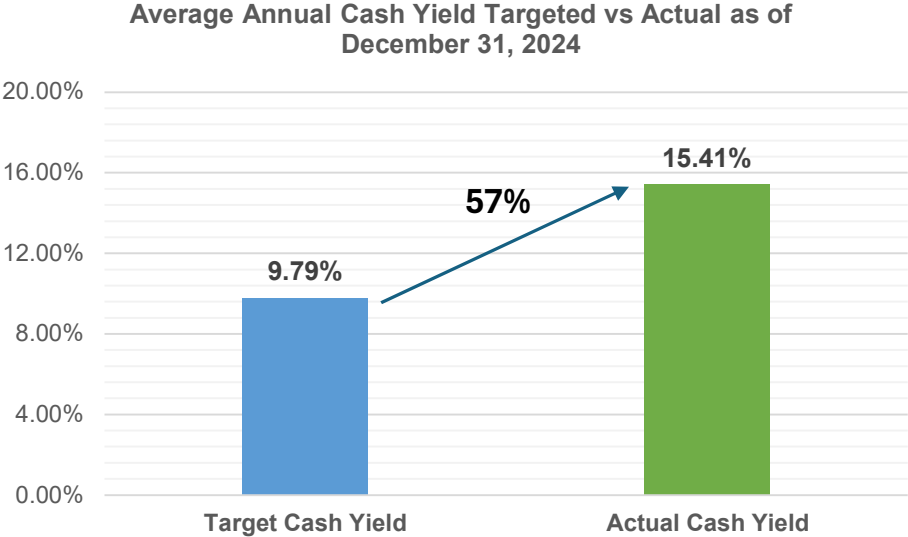
### 4. Debt

The current mortgages on the Property are set to expire December 2025, with an outstanding principal balance of \$5.5 million. Approximately \$1,000,000 of principal have been paid down since the mortgages were placed in 2020. The current blended interest rate of the mortgages is 2.61%. Although an increase in interest rate is anticipated upon mortgage renewal, this risk has been mitigated by increased rent rates and the \$1 million reduction in principal.

**5. Key Performance Metrics**

**The Average Annual Cash Yield**

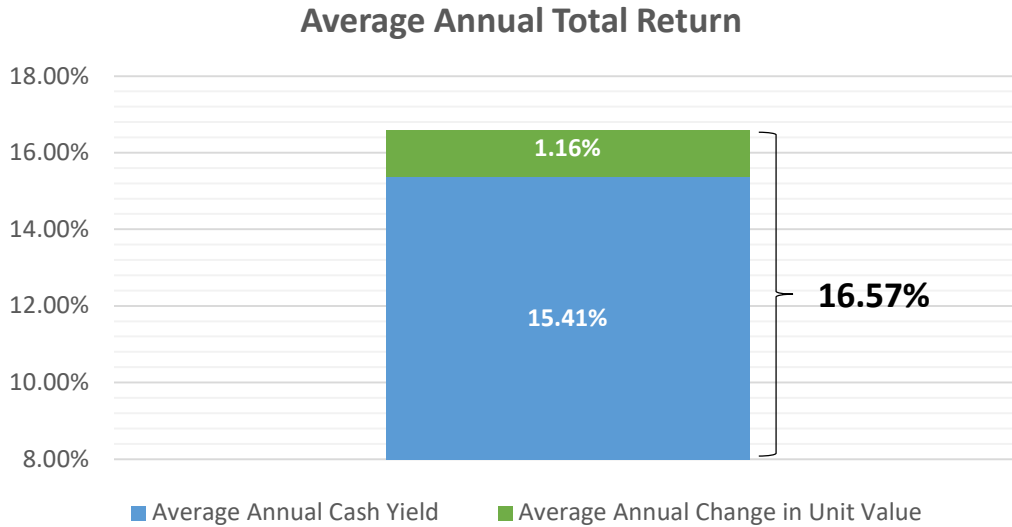
The below graph showcases the Average Annual Cash Yield as of December 31, 2024, compared to the targeted return set out initially during acquisition. The initial target for Average Annual Cash Yield was 9.79% on this investment. Actual Average Annual Cash Yield to date is 15.41%, exceeding the target by 5.62% or 57%. This achievement can be attributed to a combination of strategic leasing decisions, diligent management efforts to keep expenses in check, and seizing opportunities for financing.



**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).

## Average Annual Total Return

In addition to generating an Average Annual Cash Yield, this investment has also experienced an Average Annual Appreciation in Unit Value of 1.16%. The growth has resulted in an Annual Average Total Return of 16.57%.



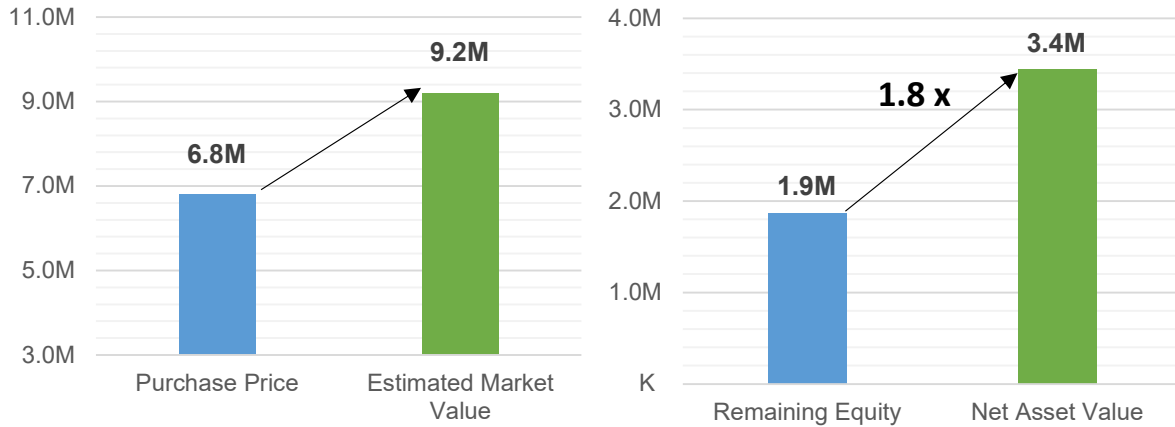
**Average Annual Change in Unit Value** is calculated by dividing Net Asset Value (NAV) by initial equity invested, which is further divided by the holding period (from acquisition to Dec 31, 2024).

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

## 6. Valuation

The Estimated Market Value was completed by Juteau Johnson Comba Inc, an independent third party appraisal firm in 2024. Given the unexpected vacancy of Suite 201 it was determined that a year-end valuation of the Property would not accurately reflect its value. A new appraisal will be completed once the suite is leased, providing a more representative valuation of the Property.

The valuation concluded by the appraiser in 2024 compared to the purchase price paid for the property in 2019. The Net Asset Value of the Partnership's assets (less liabilities) compared to remaining invested capital (equity):



**Estimated Market Value** On March 1, 2024, Juteau Johnson Comba Inc. issued an appraisal of the Property which valued the Property at \$9,200,000.

**The Net Asset Value (NAV)** has been calculated using the Estimated Market Value and subtracting (i) the outstanding principal amounts of all loans as of December 31, 2024, and (ii) all current liabilities as of December 31, 2024. Any cash on hand as of December 31, 2024 was added. Note that these figures do not reflect any future capital expenditures, nor do they incorporate any tax attributes of the units. NAV is an estimated value and should not be perceived as the actual value of the property and may not be reflective of future values.

## 7. Property Summary

### The Property

310 Hunt Club Road is a 52,370 square foot Class “A” office building located in the South of Ottawa at the corner of Hunt Club Road and Paul Benoit Driveway.

### Leasing

As of Q4 2024, the Ottawa South office market has the lowest vacancy rate among all submarkets at 9.7%, reflecting a 3.7% increase from 6.0% in Q4 2023 (CBRE Office Market Report, Q4 2023 & 2024).

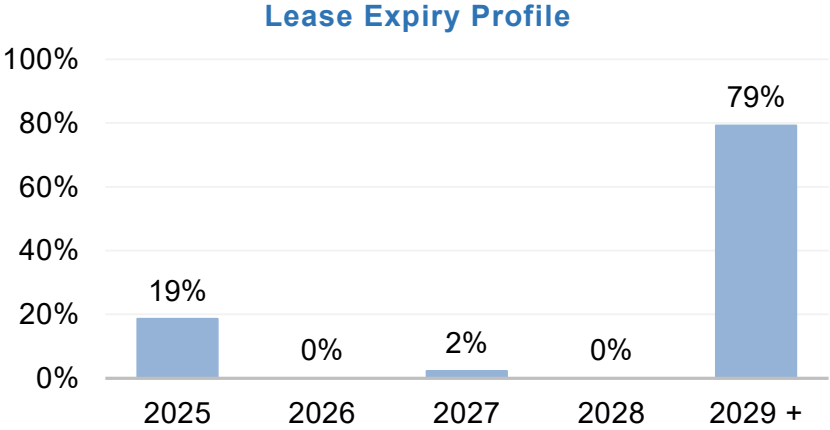
Approximately 19% of the GLA became available for lease following the unexpected bankruptcy of VBI Vaccines on July 30, 2024. A marketing campaign was launched immediately to attract tenants for the specialized laboratory and office space. Given the smaller pool of life science and biotech companies in Ottawa compared to traditional office tenants, securing a suitable occupant is expected to take longer than a standard office lease.

Additionally, the space may require renovations, as it has remained unchanged since its original construction in 2004, or a conversion to office use before a new tenant can move in. Below represents the current build out of the space.

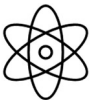






In the interim, the specialized laboratory and office space has been leased on a month-to-month basis to DB Health, a biotechnology startup. This lease generates revenue during the marketing period while providing flexibility to end the lease as needed for a long-term laboratory or office tenant. It also contributes to the property's already positive cash flow.

The chart displayed below illustrates the upcoming lease expirations at the Property, broken down as a percentage of the GLA, spanning the next five years. 79% of the GLA does not expire until 2029 and beyond. For the purpose of the depiction below the month to month tenant mentioned prior, DB Health, is noted to expire in 2025:



The Property’s weighted average lease term of long term tenants is **12.01 years**, with an average weighted base rent of \$15.09 per square foot, with rent being derived on a percentage basis from the following industries:

				
Life Science	Finance	Healthcare	Professional Services	Technology
<b>41%</b>	<b>16%</b>	<b>16%</b>	<b>6%</b>	<b>2%</b>

## 8. Asset Management and Leasing Forecast

### Leasing Forecast

The South Ottawa office market has continued to perform the strongest among all submarket in Ottawa, with the lowest recorded vacancy rate of 9.7% (CBRE Q4, 2025 Office Market Report)

Leasing prospects for the vacant space remain positive. A targeted marketing campaign is underway and we are hopeful to provide positive updates in the coming quarters.

In addition, an architect has been consulted to review possible demising options for the space as there is a larger pool of small to medium size businesses in Ottawa that typically occupy 5,000 square feet or less.

In the interim, the space has been leased month-to-month to DB Health, generating revenue while preserving flexibility for a long-term tenant.

Additionally, leasing risk in the short term have been minimized, with over 79% of all square footage having lease expirations beyond 2029.

### Capital Expenditure and Improvements

In 2024, capital expenditures were generally paused, as the Property dealt with the impact of the unexpected bankruptcy VBI Vaccines. The necessary replacement of the fire pump system was completed. This system is the heart of the sprinkler system and ensures the satisfactory flow of water to the sprinkler heads in the event of a fire.

### Future Capital Expenditure and Improvements

As we look ahead to 2025, the capital plan for the Property contemplates the leasing of the space formerly occupied by VBI Vaccines. This could require one or more of the following:

1. Renovation and modernization of the existing layout from 2004;
2. Demising the space into multiple units that are smaller and would lend itself to a variety of tenant;
3. Converting the laboratory space to office space.

The investment required for the space will ultimately depend on prospective tenant requirements, but some sort of investment will be required to lease the space.

## 9. Financial Statements

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

## 10. 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 its 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.



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

The Bookkeeping Bureau Ltd.

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310 HUNT CLUB LIMITED PARTNERSHIP  
for the year ended December 31, 2024  
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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, 2024 and the statement of earnings and statement of partner's 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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310 HUNT CLUB 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	\$ 322,158	\$ 249,467
Accounts receivable	23,394	44,844
Current portion of tenant improvement loan	6,697	6,308
Prepays and deposits	13,070	13,680
	<u>365,319</u>	<u>314,299</u>
<b>LONG-TERM</b>		
Tenant improvement Loan	87,255	93,952
Investments in GIC	81,351	78,167
Deposits	30,681	30,681
Deferred finance charges (note 6)	13,000	26,000
Deferred leasing commissions (note 5)	452,535	510,224
Deferred tenant inducements (note 4)	325,221	359,167
Property, plant and equipment (note 2)	6,038,955	6,274,626
	<u>7,028,998</u>	<u>7,372,817</u>
	<u>\$ 7,394,317</u>	<u>\$ 7,687,116</u>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 73,401	\$ 121,451
Deferred revenue	216	295
Current portion of long-term debt	207,687	202,375
Government remittances payable	24,309	18,665
Tenant deposits	18,800	-
	<u>324,413</u>	<u>342,786</u>
<b>LONG-TERM</b>		
Long-term debt (note 3)	5,513,334	5,721,022
Tenant deposits	338,487	357,287
	<u>6,176,234</u>	<u>6,421,095</u>
<b>PARTNERS' EQUITY</b>		
	<u>1,218,083</u>	<u>1,266,021</u>
	<u>\$ 7,394,317</u>	<u>\$ 7,687,116</u>

Approved on Behalf of the partners:

Signed by:

*Christian Jennings*

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310 HUNT CLUB LIMITED PARTNERSHIP  
**STATEMENT OF EARNINGS**  
for the year ended December 31, 2024  
(Unaudited - see Compilation Engagement Report)

	2024	2023
<b>REVENUE</b>		
Rental income	\$ 1,793,565	\$ 1,764,602
Interest income	12,784	13,484
Other income	3	-
	<u>1,806,352</u>	<u>1,778,086</u>
<b>EXPENSES</b>		
Amortization of leasing commissions	64,892	53,521
Amortization of tenant inducements	14,279	20,313
Bank charges and interest	20,390	18,398
Bad Debts	40,053	-
Depreciation	269,387	281,633
General and administrative expenses	229,104	225,020
Insurance	21,859	15,913
Interest on long-term debt	162,954	168,140
Leasing expense	82,397	79,877
Property management	49,644	56,312
Professional fees	2,011	5,335
Property taxes	214,010	209,230
Repairs and maintenance	265,091	242,622
Utilities	218,482	228,149
	<u>1,654,553</u>	<u>1,604,463</u>
<b>NET EARNINGS</b>	<u>\$ 151,799</u>	<u>\$ 173,623</u>

310 HUNT CLUB 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
Grant Castle Properties Inc.	467,900	59,097	(77,760)	449,237
2490626 Ontario Inc.	54,849	5,863	(7,714)	52,998
2708333 Ontario Inc.	144,884	15,243	(20,057)	140,070
1394804 Ontario Inc.	54,849	5,863	(7,714)	52,998
AYM Real Estate Inc.	65,817	7,035	(9,257)	63,595
BC Bockstael Holdings Inc.	54,849	5,863	(7,714)	52,998
Chrisken Realty Investments Inc.	11,924	9,451	(12,435)	8,940
McLarty Family Holdings Inc.	54,849	5,863	(7,714)	52,998
Maisonneuve Investments Inc.	54,849	5,863	(7,714)	52,998
SR (Ottawa) Investments Inc.	35,393	4,690	(6,171)	33,912
Walker Family Wealth Ltd.	54,849	5,863	(7,714)	52,998
A.M. Realty Corp Ltd.	114,550	10,553	(13,886)	111,217
B. Holmes Holdings Ltd.	96,458	10,553	(13,886)	93,126
Limited Partners' Equity	\$ 1,266,021	\$ 151,799	\$ (199,737)	\$ 1,218,083

310 HUNT CLUB 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 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

	2024			2023
	Cost	Accumulated amortization	Net Book Value	Net Book Value
Building	\$ 7,024,593	\$ (1,390,991)	\$ 5,633,602	\$ 5,868,335
Building improvements	467,147	(62,598)	404,549	404,109
Furniture	6,184	(5,380)	804	2,181
	\$ 7,497,924	\$ (1,458,969)	\$ 6,038,955	\$ 6,274,626

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.

**4. DEFERRED TENANT INDUCEMENTS**

	<b>2024</b>			<b>2023</b>
	Cost	Accumulated amortization	Net Book Value	Net Book Value
Tenant inducements	\$ 499,189	\$ (173,969)	\$ 325,221	\$ 359,167

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

**5. DEFERRED LEASING COMMISSIONS**

	<b>2024</b>			<b>2023</b>
	Cost	Accumulated amortization	Net Book Value	Net Book Value
Leasing commissions	\$ 671,980	\$ (219,445)	\$ 452,535	\$ 510,224

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

**6. DEFERRED FINANCE CHARGES**

	<b>2024</b>			<b>2023</b>
	Cost	Accumulated amortization	Net Book Value	Net Book Value
Financing fees	\$ 65,000	\$ (52,000)	\$ 13,000	\$ 26,000

Deferred finance charges were incurred at the time of mortgage financing and are amortized on a straight line basis over the term of five years.