



December 10, 2021

Dear Shareholder,

Happy Holidays! My family wrapped eight nights of Hannukah this past weekend, celebrating each night via Facetime with my in-laws, and watching my daughters Gwen (7) and Clara (4) learn the Jewish prayers little by little each night. For me, it is these small traditions that make the holidays so special. I trust you and yours are forming the very same memories. Everyone here at ARC extends our warmest holiday wishes to you, however and wherever you celebrate.

Our Corporation has thrived in 2021, and although the year is not quite over, we anticipate the gains in the enclosed Income Statement and Balance Sheet through September 30, 2021 to continue through year end, and beyond. I've included some color on our financials and photos of our ongoing projects, and welcome feedback from you all on this new format.

Next year marks the Aubuchon Realty Company's 90th year in business! While this is exciting alone, we are also thrilled to share more about our expanded development projects, realization of our full business plan on 2016/2017 acquisitions, and take the opportunity to celebrate the rich history of this great organization and how it translates to an equally bright future! More to come on our Corporation's milestone in the New Year!

During the November 2021 meeting, your Board of Directors confidently approved a \$1.30/share dividend for Q3-2021, also enclosed.

Cheers,

A handwritten signature in blue ink that reads 'Eamon D. Moran'.

Eamon D. Moran
President

HIGHLIGHTS

Revenue

Total Revenue is up 6% thru Q3-21

Rental Income increased \$365,000+/-

Professional services income is up considerably

Expenses

Total Expenses are up \$115,000+/- or 5%

Revenue growth is far outpacing expense growth, improving overall “margins”

Cash Flow

EBITDA is up 6.6% or \$272,250+/-

Gain on Disposal of Assets will continue to drive Net Income higher by Year End.

Balance Sheet

Cash conversion to Tangible Assets

Continued paydown of long-term Liabilities (Debt), results in Equity creation

Quarterly dividend issued \$1.30/share

SUMMARY

New acquisitions / projects are driving the overall revenue gains, including 2020 developments on-line for the FY-21, acquisitions of CVS and 661 BPR, completion of DG Sunapee, and the continued strategy of pairing off lower cash flow and hard to manage “legacy assets.”

Greg’s role in “retirement” as a consultant has driven gains in Professional Services, up 130% year to date (YTD).

The largest contributors to our Operating Expense increases includes Salaries & Benefits (more employees compared to last year); Repairs & Maintenance (taking care of the portfolio with more focused facilities management with Alex/Sean); Professional Fees (expanded Board of Directors).

We are forecasting full year EBITDA near \$5.8M+/- which will be a healthy increase over 2020, and exceed our “Target” budgeting metric.

The profit from Sunapee (see next page) and 1031 exchanges from earlier in the year will drive a considerable increase in Net Income.

We have converted nearly \$4M in Cash (Other Assets on BS) into Assets (Buildings and the like). This cash investment thru development projects or acquisitions will result in appreciable long term cash flow and attractive yields.

We continue to paydown Mortgage Notes payable, this, coupled with healthy Asset increases = Equity up 6% +/-



DOLLAR GENERAL - SUNAPEE

Store Open - October 2021



June 2021



October 2021

INVESTMENT SUMMARY

All-In Cost:	\$1,630,000
Sale Price:	<u>\$2,230,000</u>
Profit:	\$600,000

Land purchased in Mar-21 and sold in Dec-21 resulting in \$600k profit, results in very good use of capital / return. Alternatively, for better addresses we'll choose to hold onto the 15 YR NNN lease deals, and exit our equity from the project through bank financing. Regardless of outcome, the model proves very lucrative to the shareholder

DOLLAR GENERAL - WEARE

Store Delivery - Spring 2022



November 2021



December 2021

661 Boston Post Road - Marlborough

Permitted - Redevelopment begins Q1-22



In November we received City Council approval for our Special Permit request for 2 additional drive-thrus (1 exists already) & addition of 7,500 Sq. Ft. to the property, including standalone Starbucks and branch bank with ATM/drive-thru. For more info: www.arc1932.com/wsx

This Target/Home Depot outparcel was under-utilized and mismanaged by the prior owner. It was rewarding to have City Council members thank us for our vision and investment. This reinforces a pillar of our strategic plan to be a community leader in commercial real estate investing.

Aubuchon Realty Company, Inc.
Income Statement Consolidated
For the Period Ending September 30, 2021

Account	Current Year	Prior Year	\$ Variance	% Variance
Revenues				
Rental Income	6,697,634	6,333,595	364,039	5.7%
Professional Services	42,057	18,285	23,772	130.0%
Total Revenue	6,739,691	6,351,880	387,811	6.1%
Operating Expenses				
Property Taxes	784,548	794,416	(9,868)	-1%
Salaries & Related Benefits	583,630	519,720	63,910	12%
Repair & Maintenance	391,839	356,129	35,710	10%
Utilities	126,045	145,357	(19,312)	-13%
Professional Fees	143,643	121,108	22,535	19%
Insurance	89,525	89,226	299	0%
General Expenses	44,636	31,103	13,533	44%
Legal Fees	7,464	16,336	(8,872)	-54%
Accounting Fees	36,515	34,198	2,317	7%
Miscellaneous/Office Expenses	38,210	37,698	512	1%
Bad Debt Expense - Corporate	42,451	43,536	(1,085)	-2%
Rent for Leased Property	34,884	19,000	15,884	84%
Total Operating Expenses	2,323,390	2,207,827	115,563	5%
EBITDA	4,416,301	4,144,053	272,248	6.6%
Depreciation and Amortization				
Interest Expense	341,412	373,011	(31,599)	-8%
Depreciation and Amortization	1,421,584	1,298,368	123,216	9%
Income from Operations	2,653,305	2,472,674	180,631	7%
Other Income (Expense)				
Gain/Loss on Disposal of Assets	853,389	1,600,385	(746,996)	-47%
Interest Income	22,323	55,601	(33,278)	-60%
Miscellaneous Income	2,900	500	2,400	480%
Total Other Income (Expense)	878,612	1,656,486	(777,874)	-47%
Income Before Taxes	3,531,917	4,129,160	(597,243)	-14%
Income Tax Expense				
Current Income Tax Expense	1,199,475	736,275	463,200	63%
Deferred Income Tax Expense	244,000	418,000	(174,000)	-42%
Income Tax Expense	1,443,475	1,154,275	289,200	25%
Net Income	2,088,442	2,974,885	(886,443)	-30%

Aubuchon Realty Company, Inc.
Balance Sheet
As of September 30, 2021

ACCOUNT	Current Year	Prior Year	\$ Var	% Var
ASSETS				
Assets Leased to Others				
Buildings	35,058,450	29,369,363	5,689,087	19%
Building Improvement	13,053,705	11,396,608	1,657,097	15%
Land	8,494,511	6,849,732	1,644,779	24%
Land Improvements	8,691,042	8,133,229	557,813	7%
Equipment	1,150,357	805,658	344,699	43%
Construction In Progress	1,669,701	2,975,923	(1,306,222)	-44%
Total Assets Leased to Others	68,117,766	59,530,513	8,587,253	14%
Less Accumulated Depreciation	21,304,274	19,825,412	1,478,862	7%
Net Assets Leased to Others	46,813,492	39,705,101	7,108,391	18%
Other Assets				
Cash and cash equivalents	2,777,523	6,652,205	(3,874,682)	-58%
Accounts Receivable, net	34,823	71,720	(36,897)	-51%
Property and Equipment	(3)	(3)	0	0%
Prepaid Expenses	1,393	108,557	(107,164)	-99%
Due from Exchange Agent	0	1,763,826	(1,763,826)	-100%
Intangible assets	0	34,833	(34,833)	-100%
Mortgage Receivable	190,663	192,414	(1,751)	-1%
Interest Rate Swap Contracts	0	0	0	100%
Deposit on Purchase of Real Estate	0	6,750	(6,750)	-100%
Total Other Assets	3,004,399	8,830,302	(5,825,903)	-66%
TOTAL ASSETS	49,817,891	48,535,403	1,282,488	3%
LIABILITIES				
Line of Credit	0	0	0	100%
Mortgage Notes Payable	11,005,405	12,110,545	(1,105,140)	-9%
Accounts Payable and Accrued Expenses	414,461	536,950	(122,489)	-23%
Deferred Income Taxes	2,856,802	2,728,673	128,129	5%
Security Deposits	166,798	157,910	8,888	6%
Interest Rate Swap Contracts	829,580	379,339	450,241	119%
Deferred Gain	0	0	0	100%
TOTAL LIABILITIES	15,273,046	15,913,417	(640,371)	-4%
EQUITY				
Stockholder's Equity				
Common Stock	327,931	327,931	0	0%
Dividends	(395,038)	(365,129)	(29,909)	8%
Retained Earnings	36,052,805	33,825,736	2,227,069	7%
Accumulated Other Comprehensive Loss	(598,740)	(272,370)	(326,370)	120%
Less - Treasury Stock, at cost	842,112	894,162	(52,050)	-6%
TOTAL EQUITY	34,544,846	32,622,006	1,922,840	5.9%
TOTAL LIABILITIES & EQUITY	49,817,892	48,535,423	1,282,469	2.6%