


MEMORANDUM

DATE: April 21, 2021

TO: CB Downtown Industrial, LLC

- Dean Realty Co,
- BMPI Downtown Industrial, LLC
- CB Downtown Industrial Investors, LLC

FROM: Bucky Brooks 

RE: **CBDI Q1 2021 UPDATE**

Greetings CBDI Partners,

I hope this email finds you safe and healthy, possibly vaccinated by now.

Copaken Brooks continues to do our part to protect our people and tenants emerging from Covid-19 restrictions.

Below is the Q1 2021 recap.

DISTRIBUTION

The Q1 distribution is **\$650,000**. Attached is a calculation for your share of the distribution. For those partners set up with wiring instructions, the Q1 distribution will be transferred this week. For those partners who prefer to receive checks, your check is being mailed to you accompanying a hard copy of this correspondence.

Q1 2021 financial results exceeded budget, with approximately \$952,000 available to distribute.

Our expectation is that the looming effects of Covid-19 on rental income will subside this year. However, as a precaution, we're holding back \$302,000. We'll monitor the effects of Covid-19 each quarter and update the partners.

COVID-19 IMPACT

So far this year, there have been no new requests for rent relief or restructuring. We're optimistic that the vaccine will help bring life and business operations back to normal in 2021.

LEASING & SALES

Q1 leasing of note included one expansion and four new leases for a total of 39,000 square feet. Kanbe's Market expanded by 12,384 square feet in the Downtown Business Park. We are fortunate to have landed Fastenal in a relocation from Southwest Boulevard to Business Center 4. Fastenal is a national tenant and a welcome new anchor in BC4.

OPERATIONS

Asset and property management, as well as project accounting and financial operations, are back in full swing. Same for building maintenance and security on-site. Tenant Improvement projects are moving ahead, but with some delays. Project accounting has transitioned to Julie O'Neil.

CAPITAL ITEMS

Notable major capital projects underway and expected to be completed this year include:

- New branding and signage for park entrances, business centers and wayfinding.
- Replacement of the 3101 elevator tower, which has been closed for repairs. We'll expand the elevator lobby to accommodate a street front leasing/sales office and stock room for Smart Storage visible/accessible from 31st Street in the 3101 elevator parking lot.
- Fully correcting the ceiling pan and drainage to prevent water from dripping in on the ingress/egress drive and Liberty Bend in Downtown Underground
- Demolition of Imperial Brewery

All of the above, except for Imperial Brewery demolition, are funded through the line of credit that was established to fund the expenses necessary to stabilize the portfolio, including capital improvements to the parks, tenant improvements and leasing commissions. Thus far, we've been light on needs to borrow funds from the line for budgeted capital needs.

We're prepared to move forward to demolish Imperial Brewery, pending an application for Brownfield Grant funds that might be suitable for this project, as well as the Greystone Mine remediation. The Imperial Brewery demolition will be funded by the land loan for the OZ development land acquisition, if not by Brownfield Grant funds.

OPPORTUNITY ZONE (OZ) DEVELOPMENT LAND

Burns & McDonnell, along with CB, is preparing development and marketing plans, and videos for the OZ development sites. Those materials are in the final stages and we'll be fully marketing the properties for development starting in May.

INCOME

Total Revenue of \$2,887,019 was favorable to budget by \$87,731. Operating Expense recoveries from tenants exceeded budget and offset the total Realized Rent shortfall of \$149,822. Realized Rent shortfall was largely due to the free rent concessions in the new long term leases signed.

EXPENSES

Total Expenses of \$1,373,109 was favorable to budget by \$144,608. The decrease was a result of: (i) lower real estate tax increases than budgeted, due to appeals; (ii) lower repairs and maintenance expenses than initially projected; and (iii) lower wages.

EBITDA

Earnings Before Interest Taxes Depreciation Amortization of \$1,513,910 was favorable to budget by \$232,339.

CASH FLOW FROM OPERATIONS

NOI (Earnings Before Taxes, Interest & Depreciation)	<u>\$1,513,910</u>
TOTAL CASH IN BANK AT 3/31/2021:	\$3,516,766
Reserves – Restricted Cash	\$1,871,802
<u>Reserves have been funded for:</u>	
• Real Estate Taxes - \$802,801	
• Security Deposits - \$503,374	
• Reserves for Replacement - \$265,627	
• Construction Escrow - \$300,000	
Unrestricted Cash at 3/31/2021:	\$1,644,964

Please call me with any questions. Thank you for investing with us.

CB Downtown Industrial, LLC Distribution Calculations

Tier 1 - Distribution of Operating Proceeds Paid up to 8%

LP Investment of 95%	Equity Contribution	LP Equity Percentage	1st QTR 2021	2nd QTR 2021	3rd QTR 2021
Dean Realty Co.	15,415,267	79.37%	490,079.35	-	-
BMPI Downtown Industrial, LLC	2,055,369	10.58%	65,343.92	-	-
CB Downtown Industrial Investors, LLC	1,952,601	10.05%	62,076.73	-	-
	19,423,237	100.00%	617,500.00	-	-
GP Investment of 5%					
Copaken Brooks Realty Capital, LLC	0.00	5.00%	32,500.00	-	-
			32,500.00	-	-
Total Distributed			650,000.00		

Tier 2 - Distribution of Operating Proceeds up to 15%

LP Investment of 85%	Equity Contribution	LP Equity Percentage	1st QTR 2021	2nd QTR 2021	3rd QTR 2021
Dean Realty Co.	15,415,267	79.37%	-	-	-
BMPI Downtown Industrial, LLC	2,055,369	10.58%	-	-	-
CB Downtown Industrial Investors, LLC	1,952,601	10.05%	-	-	-
	19,423,237	100.00%	-	-	-
GP Investment of 15%					
Copaken Brooks Realty Capital, LLC			-	-	-
			-	-	-
Total Distributed Tier 2					
Operating Proceeds			650,000.00	-	-

Cumulative Distributions for the Year 2021 \$ 650,000.00

Cumulative Distributions Since Inception \$ 3,024,547.00

CB Downtown Industrial Investors, LLC Distribution Calculation

Members	Equity Contribution	Equity Percentage	1st QTR 2021	2nd QTR 2021	3rd QTR 2021
CP KC Downtown Industrial, LLC	500,000	26.32%	14,615.79		
Robert A. Brooks, Jr. Trust	355,000	18.68%	10,377.21		
Robert A. Brooks III	315,000	16.58%	9,207.95		
James Copaken Trust	210,000	11.05%	6,138.63		
Jon Copaken Trust	210,000	11.05%	6,138.63		
Keith Copaken Trust	210,000	11.05%	6,138.63		
John Coe Family	50,000	2.63%	1,461.58		
LVE Downtown LLC	50,000	2.63%	1,461.58		
	1,900,000	100.00%	55,540.00		
Total Distributed			55,540.00		