


MEMORANDUM

DATE: July 23, 2021

TO: CB Downtown Industrial, LLC

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

FROM: Bucky Brooks 

RE: **CBDI Q2 2021 UPDATE**

Greetings CBDI Partners,

Below is the Q2 2021 recap.

DISTRIBUTION

The Q2 distribution is **\$450,000**. Attached is a calculation for your share of the distribution. For those partners set up with wiring instructions, the Q2 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.

Q2 2021 financial results exceeded budget, with approximately \$848,000 available to distribute.

We're holding back approximately \$398,000 in part for anticipated repair expenses that have been delayed this year due to weather.

COVID-19 IMPACT

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

LEASING & SALES

Q2 leasing of note included six renewals and seven new leases for a total of 75,602 square feet. Move-outs totaled 67,800 square feet during the quarter. A large portion (51,000 square feet) of the move-outs was Belfor in Downtown Underground. Belfor, who is an existing tenant in both Cambridge Business Park and Downtown Underground, was storing books for Kansas State University while its

library was undergoing fire restoration over the past two years. We will rock bolt the space vacated by Belfor this summer, making it ready for Smart Storage expansion.

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. Property management and accounting are in the midst of true-ups and collection for tenant operating expense reconciliations. Maintenance and repairs were routine for the quarter, except that much of the concrete and asphalt work was delayed due to weather.

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. The new park signs are starting to appear at Business Centers 1, 2, 3 and 5, with others to follow as soon as permits are obtained. We expect to have all of the new signage installed by the fall, including the Downtown Underground entrance and exterior painting the smaller buildings in Downtown Business Park that are visible from 31st Street.
- 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. We expect to be completed by year end.
- Fully correcting the ceiling pan and drainage to prevent water from dripping in on the ingress/egress drive and Liberty Bend in Downtown Underground. This has proven to be a larger problem that requires some engineering and an outside contractor.
- 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

Development and marketing plans, drone videos and web sites are now complete and launched for the OZ development land parcels, which are being marketed as Cambridge Crest and Imperial Crossing, are now complete and launched. The marketing team of Jeremiah Dean, Molly Munninghoff and Annemijn

Memo to Partnership
July 23, 2021
Page 3 of 3

Steele have produced excellent materials. The team is now embarking on an aggressive marketing plan to draw users to the property. A broker and public relations event is planned for September 29th atop Cambridge Crest.

INCOME

Total Revenue year-to-date is \$5,535,343, a \$251,692 increase from same period last year.

EXPENSES

Total Expenses year-to-date is \$2,675,193. Expenses for the year are favorable to budget by \$722,945, largely due to lower real estate taxes than budgeted after tax appeals, and delays to parking lot and surface repairs due to weather.

EBITDA

Earnings Before Interest, Taxes, Depreciation, Amortization is \$2,860,150.

CASH FLOW FROM OPERATIONS

NOI (Earnings Before Interest, Taxes, Depreciation, Amortization)	<u>\$2,860,150</u>
TOTAL CASH IN BANK AT 6/30/2021:	\$3,057,195
Reserves – Restricted Cash	\$1,809,460
<u>Reserves have been funded for:</u>	
• Real Estate Taxes - \$740,333	
• Security Deposits - \$503,500	
• Reserves for Replacement - \$265,627	
• Construction Escrow - \$300,000	
Unrestricted Cash at 6/30/2021:	\$1,247,735

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
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 5%		
Copaken Brooks Realty Capital, LLC	0.00	5.00%

Total Distributed

1st QTR 2021	2nd QTR 2021	3rd QTR 2021	4th QTR 2021
490,079.35	339,285.70	-	-
65,343.92	45,238.10	-	-
62,076.73	42,976.20	-	-
617,500.00	427,500.00	-	-
32,500.00	22,500.00	-	-
32,500.00	22,500.00	-	-
650,000.00	450,000.00		

Tier 2 - Distribution of Operating Proceeds up to 15%

LP Investment of 85%	Equity Contribution	LP Equity Percentage
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

1st QTR 2021	2nd QTR 2021	3rd QTR 2021	4th QTR 2021
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-

Operating Proceeds

650,000.00	450,000.00	-	-
-------------------	-------------------	---	---

Cumulative Distributions for the Year 2021

\$ 650,000.00 \$ 1,100,000.00

Cumulative Distributions Since Inception

\$ 3,024,547.00 \$ 3,474,547.00