


# MEMORANDUM

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**DATE:** October 21, 2021

**TO:** CB Downtown Industrial, LLC

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

**FROM:** Bucky Brooks 

**RE:** **CBDI Q3 2021 UPDATE**

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Greetings CBDI Partners,

Below is the Q3 2021 recap.

## **DISTRIBUTION**

The Q3 distribution is **\$500,000**. Attached is a calculation for your share of the distribution. For those partners set up with wiring instructions, the Q3 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.

Q3 2021 financial results exceeded budget, with approximately \$801,000 available to distribute.

We're holding back approximately \$301,000 in part for anticipated repair expenses that have been delayed this year due to weather.

## **COVID-19 IMPACT**

Again, 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**

Q3 leasing of note included four renewals and five new leases for a total of 49,767 SF. Trane signed a 5-year renewal for 15,459 SF at 2700 Bi-State Drive. PSI moved out of 17,100 SF at 1211 W. Cambridge. PSI had been a holdover tenant since June of last year. We are marketing the space to new users and proposing it to Purple Guys to accommodate their expansion and potential relocation from 1155 Adams. We're actively negotiating with five prospective tenants for a total of 88,367 SF of potential new leasing.

## **OPERATIONS**

Asset and property management, as well as project accounting and financial operations, are back to normal and full staff on the properties. Same for building maintenance and security on-site. Tenant Improvement projects are moving ahead, but with some delays. 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 for the parks is complete. Signage for park entrances, business centers and wayfinding is almost complete. New park signs are starting to appear at Business Centers 1, 2, 3 and 5, in Kansas. Permits for the KCMO signs were granted last week. We expect to have all of the new signage installed this fall, including the Downtown Underground entrance and exterior painting the smaller buildings in Downtown Business Park that are visible from 31<sup>st</sup> Street.
- Replacement of the 3101 elevator tower, which has been closed for repairs, has been redesigned and put out for bids. We'll expand the elevator lobby to accommodate a street front leasing/sales office and stock room for Smart Storage visible/accessible from 31<sup>st</sup> Street in the 3101 elevator tower parking lot. We expect to be under construction 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. We expect to have our bids finalized by the end of October.
- 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 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 rescheduled for November 16<sup>th</sup> atop Cambridge Crest.

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### INCOME

Total Revenue year-to-date is \$8,395,877, a \$541,671 increase from same period last year.

### EXPENSES

Total Expenses year-to-date is \$4,234,562. Expenses for the year are favorable to budget by \$589,480, 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 \$4,161,315.

### CASH FLOW FROM OPERATIONS

NOI (Earnings Before Interest, Taxes, Depreciation, Amortization)	<u>\$4,161,315</u>
<b>TOTAL CASH IN BANK AT 9/30/2021:</b>	<b>\$3,871,125</b>
<b>Reserves – Restricted Cash</b>	<b>\$2,346,247</b>
<u>Reserves have been funded for:</u>	
• Real Estate Taxes - <b>\$1,087,487</b>	
• Insurance - <b>\$210,000</b>	
• Security Deposits - <b>\$505,890</b>	
• Reserves for Replacement - <b>\$242,870</b>	
• Construction Escrow - <b>\$300,000</b>	
<b>Unrestricted Cash at 6/30/2021:</b>	<b>\$1,524,878</b>

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

