

# MEMORANDUM

**DATE:** July 25, 2022

**TO:** CB Downtown Industrial, LLC

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

**FROM:** Bucky Brooks

**RE:** **CBDI Q2 2022 UPDATE**

Greetings CBDI Partners,

Below is the Q2 2022 recap.

## **DISTRIBUTION**

The Q2 distribution is **\$500,000**. 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 2022 financial results exceeded budget, with approximately \$1,122,052 available to distribute.

As a precaution in a rising interest rate environment for half the debt, because amortization on the loan began last month, and because there is some leasing to accomplish this year, we're holding back \$622,052 to better even out distributions throughout the year.

## **LEASING & SALES**

Q1 leasing of note included seven new leases totaling 30,286 square feet, one expansion of 14,827 square feet, and five lease renewals for 22,301 square feet. Purple Guys renewed and expanded at 1155 Adams. Kudos to leasing agent, Jeremiah Dean, who filled two vacant spaces at Business Center 4, which has been a leasing priority over the past year.

## **SMART STORAGE**

Absolute Storage Management (ASM) commenced management of Smart Storage on March 1<sup>st</sup>. The transition has been smooth with immediate benefits, including new storage software and billing system,

b-to-c website, call center for customer service and sales assistance, marketing, unit mix and market rent analysis, and ancillary sales such as locks and insurance. Keena Masters is employed by CBDI; she is the local manager for Smart Storage working hand in glove with ASM.

### **CAPITAL ITEMS**

Notable major capital projects that are either completed or underway this year include:

- New exterior painting of the buildings along Terrace Street is completed.
- New branding and signage for park entrances, business centers and wayfinding. The signs are wrapping up in Q2.
- Replacement of the 3101 elevator tower, which has been closed for repairs. This project is underway and expected to finish in Q4. When completed, the new building will house a street front leasing/sales office and stock room for Smart Storage visible/accessible from 31<sup>st</sup> 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. The main drive portion is phase one, which we expect to be completed in Q3. If satisfied with phase one, we'll immediately move on phase two, the Liberty Bend portion.
- Demolition of Imperial Brewery.

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**

The Cambridge Crest and Imperial/Chopp sites are being actively marketed for development or sale. Most of the prospects for Cambridge Crest have expressed interest in mixed use or residential. We've been exploring detailed cost estimating and plans for light industrial development on the Imperial/Chopp site.

### **INCOME**

Total Revenue year-to-date of \$6,083,221 was favorable to budget by \$594,271, mostly due to higher storage income.

### **EXPENSES**

Total Expenses year-to-date of \$3,007,527 was favorable to budget by \$185,169, mostly due to lower utilities and lower repairs and maintenance.

Memo to Partnership  
April 21, 2022  
Page 3 of 3

**EBITDA**

Earnings Before Interest Taxes Depreciation Amortization of \$3,075,694 was favorable to budget by \$779,440 and up 7.5% over the same period last year.

**CASH FLOW FROM OPERATIONS**

NOI (Earnings Before Taxes, Interest & Depreciation)	<b><u>\$3,075,694</u></b>
<b>TOTAL CASH IN BANK AT 6/30/2022:</b>	<b>\$4,129,704</b>
<b>Reserves – Restricted Cash</b>	<b>\$2,087,642</b>
<u>Reserves have been funded for:</u>	
• Real Estate Taxes - <b>\$760,973</b>	
• Security Deposits - <b>\$609,453</b>	
• Reserves for Replacement - <b>\$207,216</b>	
• Construction Escrow - <b>\$300,000</b>	
• Reserve for Insurance - <b>\$210,000</b>	
<b>Unrestricted Cash at 6/30/2022:</b>	<b>\$2,042,062</b>

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%**

<b>LP Investment of 95%</b>	<b>Equity Contribution</b>	<b>LP Equity Percentage</b>	<b>2nd QTR 2022</b>
Dean Realty Co.	15,415,267	79.37%	307,460.00
BMPI Downtown Industrial, LLC	2,055,369	10.58%	40,995.00
CB Downtown Industrial Investors, LLC	1,952,601	10.05%	38,945.00
	<u>19,423,237</u>	<u>100.00%</u>	<u>387,400.00</u>
<b>GP Investment of 5%</b>			
Copaken Brooks Realty Capital, LLC	0.00	5.00%	20,389.00
			<u>20,389.00</u>
<b>Total Distributed Tier 1</b>			<b><u>407,789.00</u></b>

**Tier 2 - Distribution of Operating Proceeds up to 15%**

<b>LP Investment of 85%</b>	<b>Equity Contribution</b>	<b>LP Equity Percentage</b>	<b>2nd QTR 2022</b>
Dean Realty Co.	15,415,267	79.37%	62,206.00
BMPI Downtown Industrial, LLC	2,055,369	10.58%	8,294.00
CB Downtown Industrial Investors, LLC	1,952,601	10.05%	7,879.00
	<u>19,423,237</u>	<u>100.00%</u>	<u>78,379.00</u>
<b>GP Investment of 15%</b>			
Copaken Brooks Realty Capital, LLC			13,832.00
			<u>13,832.00</u>
<b>Total Distributed Tier 2</b>			<b><u>92,211.00</u></b>
<b>Total Distributed</b>			<b><u>500,000.00</u></b>

**Cumulative Distributions for the Year 2022**

\$ 1,000,000.00

**Cumulative Distributions Since Inception**

\$ 5,474,547.00

**Recap of Above Distributions by Owners**

Dean Realty Co.	369,666.00
BMPI Downtown Industrial, LLC	49,289.00
CB Downtown Industrial Investors, LLC	46,824.00
Copaken Brooks Realty Capital, LLC	34,221.00
<b>Total Distributed</b>	<b><u>\$ 500,000.00</u></b>

**CB Downtown Industrial Investors, LLC Distribution Calculations**

<b>Members</b>	<b>Equity Contribution</b>	<b>Equity Percentage</b>	<b>2nd QTR 2022</b>
CP KC Downtown Industrial, LLC	513,842	26.32%	12,322.11
Robert A. Brooks, Jr. Trust	364,828	18.68%	8,748.69
Robert A. Brooks III	323,721	16.58%	7,762.93
James Copaken Trust	215,814	11.05%	5,175.29
Jon Copaken Trust	215,814	11.05%	5,175.29
Keith Copaken Trust	215,814	11.05%	5,175.29
John Coe Family	51,384	2.63%	1,232.20
LVE Downtown LLC	51,384	2.63%	1,232.20
	<u>1,952,601</u>	<u>100.00%</u>	<u>46,824.00</u>
<b>Total Distributed</b>			<b><u>46,824.00</u></b>
<b>Cumulative Distributions for the Year 2022</b>			<b><u>\$ 91,824.00</u></b>
<b>Cumulative Distributions Since Inception</b>			<b><u>\$ 483,954.18</u></b>