


MEMORANDUM

DATE: October 27, 2022

TO: CB Downtown Industrial, LLC

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

FROM: Bucky Brooks 

RE: **CBDI Q3 2022 UPDATE**

Greetings CBDI Partners,

Below is the Q3 2022 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 2022 financial results exceeded budget, with approximately \$1,409,166 available to distribute.

As a precaution in a rising interest rate environment for half the debt, because amortization on the loan began in June, and because there is some leasing to accomplish this year, we're holding back \$909,166 to better even out distributions throughout the year

LEASING & SALES

Q3 leasing of note included seven new leases totaling 41,532 square feet, and five lease renewals for 26,661 square feet. Plastikon leased 27,350 square feet in Downtown Underground. There was one 2,082 square foot move-out. Absorption for Q3 was positive 39,450 square feet

SMART STORAGE

Smart Storage continues to be a bright spot in the portfolio. Absolute Storage Management (ASM) has assisted with new systems and processes, including software, billing, and marketing. Smart Storage is exceeding budget for the year. Currently, there are approximately 525 storage customers with 88 units available for rent

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 pylon signs on 31st Street are wrapping up in Q4.
- Replacement of the 3101 elevator tower is complete, waiting for the new elevator, which will be installed in January, which has been closed for repairs. This project is underway and expected to finish in Q4. The new building will house a new street front 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. The main drive portion is phase one, which we expect to be completed in Q1 2023. 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. This has been a slow process, due in part because we do not yet have a user who can demonstrate new jobs and payroll. 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.

Another prospect for the Imperial Brewery is looking to purchase the site for a 300-unit apartment and commercial project that would utilize Federal Historic Tax Credits and preserve parts of the old brewery structure and the mule barn.

INCOME

Total Revenue year-to-date of \$9,146,099 is favorable to budget by \$800,846, mostly due to higher storage income.

EXPENSES

Total Expenses year-to-date of \$4,846,206 are unfavorable to budget by \$158,900, due to setting up an allowance for bad debts for several tenants and increased advertising and professional fees related to Smart Storage.

DEBT SERVICE

Debt service has increased dramatically this year, from roughly \$200,000 per month in January to more than \$400,000 in October. The increase is due to (a) rising interest rates for half of the loan (\$75,000 per month, and (b) amortization of the loan began in June, adding \$154,000 of principal reduction per month). The debt service has been budgeted, but it clearly puts pressure on the cash flow and capital project wish list. We will have roughly \$1.1 million in principal reduction in 2022, and roughly \$1.85 million per year going forward.

EBITDA

Earnings Before Interest Taxes Depreciation Amortization of \$4,299,893 is favorable to budget by \$959,747 and up 3.3% over the same period last year.

CASH FLOW FROM OPERATIONS

NOI (Earnings Before Taxes, Interest & Depreciation)	<u>\$4,299,893</u>
TOTAL CASH AT 9/30/22	\$4,733,040
Reserves – Restricted Cash	\$2,445,740
<u>Reserves have been funded for:</u>	
• Real Estate Taxes - \$1,118,531	
• Security Deposits - \$609,993	
• Reserves for Replacement - \$207,216	
• Construction Escrow - \$300,000	
• Reserve for Insurance - \$210,000	
Unrestricted Cash at 9/30/2022	\$2,287,300

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	3rd QTR 2022
Dean Realty Co.	15,415,267	79.37%	310,840.00
BMPI Downtown Industrial, LLC	2,055,369	10.58%	41,446.00
CB Downtown Industrial Investors, LLC	1,952,601	10.05%	39,372.00
	<u>19,423,237</u>	<u>100.00%</u>	<u>391,658.00</u>
GP Investment of 5%			
Copaken Brooks Realty Capital, LLC	0.00	5.00%	20,614.00
			<u>20,614.00</u>
Total Distributed Tier 1			<u>412,272.00</u>

Tier 2 - Distribution of Operating Proceeds up to 15%

LP Investment of 85%	Equity Contribution	LP Equity Percentage	3rd QTR 2022
Dean Realty Co.	15,415,267	79.37%	59,182.00
BMPI Downtown Industrial, LLC	2,055,369	10.58%	7,891.00
CB Downtown Industrial Investors, LLC	1,952,601	10.05%	7,496.00
	<u>19,423,237</u>	<u>100.00%</u>	<u>74,569.00</u>
GP Investment of 15%			
Copaken Brooks Realty Capital, LLC			13,159.00
			<u>13,159.00</u>
Total Distributed Tier 2			<u>87,728.00</u>
Total Distributed			<u>500,000.00</u>

Cumulative Distributions for the Year 2022 \$ 1,500,000.00

Cumulative Distributions Since Inception \$ 5,974,547.00

Recap of Above Distributions by Owners

Dean Realty Co.	370,022.00
BMPI Downtown Industrial, LLC	49,337.00
CB Downtown Industrial Investors, LLC	46,868.00
Copaken Brooks Realty Capital, LLC	33,773.00
Total Distributed	<u>\$ 500,000.00</u>

CB Downtown Industrial Investors, LLC Distribution Calculations

Members	Equity Contribution	Equity Percentage	3rd QTR 2022
CP KC Downtown Industrial, LLC	513,842	26.32%	12,333.69
Robert A. Brooks, Jr. Trust	364,828	18.68%	8,756.92
Robert A. Brooks III	323,721	16.58%	7,770.24
James Copaken Trust	215,814	11.05%	5,180.16
Jon Copaken Trust	215,814	11.05%	5,180.16
Keith Copaken Trust	215,814	11.05%	5,180.16
John Coe Family	51,384	2.63%	1,233.37
LVE Downtown LLC	51,384	2.63%	1,233.37
	<u>1,952,601</u>	<u>100.00%</u>	<u>46,868.07</u>
Total Distributed			<u>46,868.07</u>
Cumulative Distributions for the Year 2022			<u>\$ 138,692.07</u>
Cumulative Distributions Since Inception			<u>\$ 530,822.25</u>