

MEMORANDUM

DATE: April 21, 2023
TO: CB Downtown Industrial, LLC

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

FROM: Bucky Brooks
RE: CBDI Q1 2023 UPDATE

Greetings CBDI Partners,

Below is the Q1 2023 recap.

DISTRIBUTION

The Q1 distribution is **\$315,000**. 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 2023 financial results fell short of budget, with approximately \$315,667 available to distribute. Key factors include the timing of unbudgeted tenant move-outs and new leasing with deferred rent commencement, plus the headwind of increased floating interest rate expense associated with half of the debt. We expect new leasing, which has been positive, to boost future revenues and meet budget for the year.

LEASING & SALES

Q1 leasing included nine new leases totaling 63,690 square feet and six lease renewals for 110,954 square feet. Good news is ICONEX renewed early. ICONEX is the portfolio's largest single tenant at 88,461 square feet. We renewed them for a seven year term and minimal tenant improvement expense, at increased net rents. ICONEX represents more than 5.5% of the portfolio square footage, and approximately 4% of net operating income.

Q1 had seven move-outs totaling 55,657. Net absorption for the quarter was 8,033 square feet.

SMART STORAGE

Smart Storage reached 96% occupancy at YE 2022. We raised rates and expanded Smart Storage by 11,625 leasable square feet in March. Occupancy for the expanded space now totaling 153,440 square feet now stands at 89%. It is our plan to keep expanding Smart Storage in the Underground.

CAPITAL ITEMS

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

- New branding and signage for park entrances, business centers and wayfinding are now all complete.
- Replacement of the 3101 elevator tower and new street front leasing/sales office for Smart Storage visible/accessible from 31st Street in the 3101 elevator parking lot are now complete and operating.
- New exterior painting of select buildings along Mercier Street.
- 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.

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 sites. The light industrial development plan is not feasible today without incentives, due to the cost of construction relative to the maximum achievable net rent in current market. We are looking into any incentives that may be available to help bridge the gap. We are also entertaining a 300-unit apartment development on the Imperial Brewery lot from an outside developer who would purchase the land.

INCOME

Total Revenue year-to-date of \$2,945,019 is unfavorable to budget by \$309,061, mostly due to unbudgeted move-outs and the timing of rent commencement for new leases.

EXPENSES

Total Expenses year-to-date of \$1,461,930 are favorable to budget by \$307,952, due to timing of the HVAC chiller replacement, as well as other small capital projects that have not yet been completed. We are paying attention to match up timing for income and expenses.

NET OPERATING INCOME

Net Operating Income of \$1,483,090 is slightly unfavorable to budget by \$1,109.

CASH FLOW FROM OPERATIONS

NOI (Earnings Before Taxes, Interest & Depreciation) **\$1,483,090**

TOTAL CASH AT 3/31/2023: **\$3,267,601**

Reserves – Restricted Cash **\$2,179,717**

Reserves have been funded for:

- Real Estate Taxes - **\$853,191**
- Security Deposits - **\$609,310**
- Reserves for Replacement - **\$207,216**
- Demolition Escrow - **\$300,000**
- Reserve for Insurance - **\$210,000**

Unrestricted Cash at 3/31/2023: **\$1,087,883**

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 2023
Dean Realty Co.	15,415,267	79.37%	237,500.00
BMPI Downtown Industrial, LLC	2,055,369	10.58%	31,667.00
CB Downtown Industrial Investors, LLC	1,952,601	10.05%	30,083.00
	<u>19,423,237</u>	<u>100.00%</u>	<u>299,250.00</u>
GP Investment of 5%			
Copaken Brooks Realty Capital, LLC	0.00	5.00%	15,750.00
			<u>15,750.00</u>
Total Distributed Tier 1			<u>315,000.00</u>

Tier 2 - Distribution of Operating Proceeds up to 15%

LP Investment of 85%	Equity Contribution	LP Equity Percentage	1st QTR 2023
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%	-
	<u>19,423,237</u>	<u>100.00%</u>	<u>-</u>
GP Investment of 15%			
Copaken Brooks Realty Capital, LLC			-
			<u>-</u>
Total Distributed Tier 2			<u>-</u>
Total Distributed			<u>315,000.00</u>

Cumulative Distributions for the Year 2023	<u>\$ 315,000.00</u>
Cumulative Distributions Since Inception	<u>\$ 6,701,819.00</u>

Recap of Above Distributions by Owners

Dean Realty Co.	237,500.00
BMPI Downtown Industrial, LLC	31,667.00
CB Downtown Industrial Investors, LLC	30,083.00
Copaken Brooks Realty Capital, LLC	15,750.00
Total Distributed	<u>\$ 315,000.00</u>

CB Downtown Industrial Investors, LLC Distribution Calculations

Members	Equity Contribution	Equity Percentage	1st QTR 2023
CP KC Downtown Industrial, LLC	513,842	26.32%	7,916.57
Robert A. Brooks, Jr. Trust	364,828	18.68%	5,620.77
Robert A. Brooks III	323,721	16.58%	4,987.45
James Copaken Trust	215,814	11.05%	3,324.97
Jon Copaken Trust	215,814	11.05%	3,324.97
Keith Copaken Trust	215,814	11.05%	3,324.97
John Coe Family	51,384	2.63%	791.65
LVE Downtown LLC	51,384	2.63%	791.65
	<u>1,952,601</u>	<u>100.00%</u>	<u>30,083.00</u>
Total Distributed			<u>30,083.00</u>
Cumulative Distributions for the Year 2022			<u>\$ 30,083.00</u>
Cumulative Distributions Since Inception			<u>\$ 600,278.25</u>