

Do Better Deals.®

## **2022 BUSINESS PLAN**

# The District (The District at City Center, LLC)





#### **PROPERTY PROFILE**

Property Name:	The District
Property Legal Name:	The District at City Center, LLC
Address:	SEC of 87 <sup>th</sup> Street & Penrose Ln., Lenexa, KS 66219
Description:	3 office towers (4 stories ea.), 2 retail strips, 78,378 RSF Total (44,438 RSF office, 33,940 RSF retail)
Debt:	There is no debt booked on the commercial side
Major Investors (%):	Penrose Place, LLC (80%), City Center Lenexa (10%), Copaken District Capital Partners, LLC (5%),
	EPC District Capital Partners (5%)
TIF/CID/Other	TIF: Eligible for \$13,672,388 in reimbursements over the next 20 yrs. beginning July 2020

#### Notes:

The district is part of a combined development including office, retail, and multifamily. The projections in the summary exclude any allocation of debt or new leasing costs.

The Cash flow included TIF reimbursement which related to the entire development.

#### **2021 ACTUALS & 2022 BUDGET**

**Key Opportunities & Challenges** 

Key Opportunities & Changes  Key Opportunities	Key Challenges
	021
With the pandemic restrictions winding down, there is renewed interest in leasing and development in and around City Center Lenexa.	Cost of construction and materials have increased due to supply/labor shortage
2	022
<ul> <li>When the Advent Hospital build begins across 87<sup>th</sup> Street, it will bring more traffic by CCL</li> <li>Kiewit is moving all of its associates from 9701 Renner to the K campus, which will be another 100+ workers in CCL on a daily basis</li> <li>Kiewit may begin construction on its K3 building which will accommodate another 400+ associates as potential retail customers</li> </ul>	<ul> <li>There are still uncertainties surrounding the different variants of COVID and what local municipalities and the federal government may mandate regarding public gathering restrictions</li> <li>Supply chain issues and higher construction materials cost may still be a factor in leasing and developing</li> </ul>

#### **Kev Financial Projections**

Metric	2022 Budget	Variance – 2022 Budget/ 2021 Reforecast	2021 Reforecast (as of 9/30)	Variance – 2021 Reforecast/ 2021 Budget	2021 Budget	2020 Actual
Occupancy (EOY)	cy (EOY) 95% 22%		73%	(17%)	90%	46%
NOI (1) (2)	1,227,072		580,235	(485,195)	1,065,430	(23,177)
Cash Flow Generated (1) (2)	h Flow Generated (1) (2) 1,701,215 86		836,501	1,405,951	(569,450)	531,261
Distributions (Contributions)	tions (Contributions) 1,350,000 525,		825,000	(325,000)	1,150,000	375,000
Valuation (@ 7.25% cap)	16,925,131	8,921,890	8,003,241	(6,692,345)	14,695,586	(319,683)

- (1) The NOI and Cash flow excludes TIF reimbursements which are recorded at the combined property level
- (2) The NOI includes real estate tax expense. The cash flow <u>excludes</u> real estate tax payment, as the payment are made at the combined property level of ~ \$407,000.



#### Leasing

Tonant/Suito	202	22	2021				
Tenant/Suite	New SF (%)	Renewal (%)	New SF (%)	Renewal (%)	Expired (%)		
Total Leased SF	20,986 (27%)	0 (0%)	16,583 (21%)	0 (0%)	0 (0%)		
Leases	6	0	3	0	0		
Avg Rent \$/SF	27.10	N/A	28.89	N/A			
Avg TI \$/SF	58.26	N/A	77.06	N/A			

Side Charae History

Metric	2022 Budget	Variance – 2022 Budget/ 2021 Reforecast	2021 Reforecast (as of 9/30)	Variance – 2021 Budget/ Reforecast	2021 Budget	2020 Actual					
Opex/Management Fee	353,594	(45,116)	308,478	37,713	346,191	249,895					
Real Estate Taxes	407,774	10,448	418,222	(128,506)	289,716	416,944					
<b>Total Operating Expense</b>	761,368	(34,668)	726,700	(90,793)	635,907	666,839					
Total Net RSF		78,378									
Total Opex per RSF	9.71	(.44)	9.27	(1.16)	8.11	8.51					

### **Capital Improvements**

## **FUTURE OUTLOOK (as directed by Owner Rep)**

#### **Asset Strategy**

- Condo out the Multi-family and sell to take advantage of valuation in this asset call.
- Assess opportunity to sell or hold retail, taking into account the remaining TI and commission cost to get it lease up vs proceeds from a sale.
- If the retail is held, look to refinance the debt.

<sup>\*</sup>No improvements planned

## copaken brooks

#### **Lease Expirations**



Lease TSF Expirations (% of TSF)

2022	2023	2024	2025	2026
0 (0%)	0 (0%)	5,407 (6.9%)	3,454 (4.4%)	7261 (9.3%)

#### 2022 Financial Budget

- Annual Summary Budget Statement of Changes in Cash Balance
- Annual Summary Budget Income Statement

**Annual Budget Income Statement** CWB\_BUDSUM4 Page: Database: COPAKENBROOI 1 The District 11/23/2021 IS\_MC\_SUMV3 Date: For Period Ending: Dec 2022 Time: 2:43 PM Accrual 2022 2021 2021 2022 Original 2021 Original 2020 Budget Account # **Account Name** Budget Reforecast Variance Reforecast Original Variance **Actual** Variance INCOME (353,233) Minimum Rent 1,776,270 1,152,669 623,601 1,505,903 1,776,270 1,127,928 1,152,669 648,342 143,198 85,027 85,027 164,741 (79,714) 131,287 CAM / Operating Costs 58,170 143,198 11,910

Real Estate Taxes Advertising & Promotion	61,454 8,959	60,655 10,337	799 (1,378)	60,655 10,337	33,858 2,043	26,797 8,294	61,454 8,959	7,160 1,946	54,294 7,013
Miscellaneous	0	0	0	0	0	0	0	751	(751)
TOTAL INCOME	1,989,880	1,308,689	681,192	1,308,689	1,706,545	(397,857)	1,989,880	670,110	1,319,770
EXPENSE									
CAM / Operating Costs	288,755	267,767	(20,988)	267,767	290,161	22,394	288,755	229,232	(59,523)
Real Estate Taxes	407,774	418,222	10,448	418,222	289,716	(128,506)	407,774	416,944	9,170
Direct Tenant	0	0	0	0	0	0	0	1,894	1,894
General & Administrative	1,440	1,754	314	1,754	5,208	3,454	1,440	28,506	27,066
Management Fees	64,839	40,711	(24,128)	40,711	56,030	15,319	64,839	20,663	(44,176)
Leasing Fees	0	0	0	0	0	0	0	(3,953)	(3,953)
TOTAL EXPENSE	762,808	728,454	(34,354)	728,454	641,115	(87,339)	762,808	693,287	(69,522)
NET OPERATING INCOME	1,227,072	580,235	646,837	580,235	1,065,430	(485,195)	1,227,072	(23,177)	1,250,249
Interest Expense, Net	12	16	(4)	16	30	(14)	12	28	(16)
Depreciation & Amortization	0	0	0	0	(61,148)	61,148	0	0	0
Prior Year Adjustments	0	6,147	(6,147)	6,147	0	6,147	0	(1,040)	1,040
NET INCOME	1,227,084	586,398	640,687	586,398	1,004,312	(417,914)	1,227,084	(24,189)	1,251,273
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Original Budget Statement of Changes in Cash Balance
The District

Database:

Accrual

COPAKENBROOI

For Period Ending: Dec 2022

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11/23/2021 Time:

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	Report includes an open period. Entries are not final.											
Account # Account Name	2022 Original Budget	2021 Reforecast	Variance	2021 Reforecast	2021 Original Budget	Variance	2022 Original Budget	2020 Actual	Variance			
CASH FLOWS FROM OPERATING ACTIVITIES												
Net Income	1,227,084	586,398	640,687	586,398	1.004.312	(417,914)	1,227,084	(24,189)	1,251,273			
Adjustments to reconcile net income to net cash	.,,,004	200,000	2.0,001	223,000	.,50.,012	( , 5 . 1 )	.,,	(= ., .00)	.,,,			
provided by operating activities												
Depreciation Depreciation	0	0	0	0	22,519	(22,519)	0	0	0			
Amortization	0	0	0	0	38,629	(38,629)	0	0	0			
Other Income	0	0	0	0	0	0	0	0	0			
Other Expenses	0	0	0	0	0	0	0	0	0			
Interest Expense	0	0	0	0	0	0	0	0	0			
Investment Income	0	0	0	0	0	0	0	0	0			
Loss (Gain) on Sale of Assets	0	0	0	0	0	0	0	0	0			
Decrease (Increase) in operating assets												
Accounts Receivable, Trade	42,715	(4,758)	47,473	(4,758)	0	(4,758)	42,715	(36,932)	79,647			
Other Receivables	23,642	(23,642)	47,284	(23,642)	0	(23,642)	23,642	0	23,642			
Advances to Affiliates	0	87,741	(87,741)	87,741	33,806	53,935	0	134,968	(134,968)			
Other Assets	0	0	0	0	0	0	0	(6,331)	6,331			
Increase (Decrease) in operating liabilities												
Accounts Payable, Trade	0	(8,404)	8,404	(8,404)	0	(8,404)	0	4,654	(4,654)			
Accrued Interest	0	0	0	0	0	0	0	0	0			
Accrued Expenses	407,774	184,058	223,716	184,058	4,219	179,839	407,774	436,914	(29,140)			
Deferred Revenue	0	(3,353)	3,353	(3,353)	0	(3,353)	0	8,353	(8,353)			
Tenant/Customer Deposits	0	22,600	(22,600)	22,600	0	22,600	0	45,195	(45,195)			
Net Cash Provided (Used) By Operating Activities	1,701,215	840,638	860,577	840,638	1,103,485	(262,847)	1,701,215	562,632	1,138,584			
CASH FLOWS FROM INVESTING ACTIVITIES												
Tenant Improvements	0	(7,475)	7,475	(7,475)	(1,417,115)	1,409,640	0	(10,873)	10,873			
Commissions	0	4,664	(4,664)	4,664	(250,845)	255,509	0	(33,510)	33,510			
Other Capital	0	(1,327)	1,327	(1,327)	0	(1,327)	0	13,013	(13,013)			
Accrued Capital Projects	0	0	0	0	0	0	0	0	0			
Deferred Commissions	0	0	0	0	(4,976)	4,976	0	0	0			
Land Held for Development	0	0	0	0	0	0	0	0	0			
Land Held for Sale	0	0	0	0	0	0	0	0	0			
Development Studies	0	0	0	0	0	0	0	0	0			
Investments	0	0	0	0	0	0	0	0	0			
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# Original Budget Statement of Changes in Cash Balance The District

For Period Ending: Dec 2022

CWB\_BUDSCFP6 Page: STCHNGES3 Date:

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Report includes an open period. Entries are not final.

Account # Account Name	2022 Original Budget	2021 Reforecast	Variance	2021 Reforecast	2021 Original Budget	Variance	2022 Original Budget	2020 Actual	Variance
Other Intangibles Gain (Loss) on Sale of Assets	0	0	0	0	0	0	0	0	0
Net Cash Provided (Used) By Investing Activities	0	(4,138)	4,138	(4,138)	(1,672,936)	1,668,798		(31,371)	31,371
CASH FLOWS FROM FINANCING ACTIVITIES Increase (Decrease) in Mortgage Notes Payable	0	0	0	0	0	0	0	0	0
Net Cash Provided (Used) By Financing Activities	0	0	0	0	0	0	0	0	0
CASH FLOW (DEFICIT) GENERATED FOR THE PERIOD	1,701,215	836,501	864,715	836,501	(569,450)	1,405,951	1,701,215	531,261	1,169,954
Distributions to Partners Contributions from Partners	(1,350,000) 0	(825,000) 0	(525,000) 0	(825,000) 0	(1,150,000) 1,900,677	325,000 (1,900,677)	(1,350,000) 0	(375,000) 6,082	(975,000) (6,082)
Net Cash Provided (Used) By Contributions (Distributions)	(1,350,000)	(825,000)	(525,000)	(825,000)	750,677	(1,575,677)	(1,350,000)	(368,918)	(981,082)
NET INCREASE (DECREASE) IN CASH & EQUIVALENTS	351,215	11,501	339,715	11,501	181,227	(169,726)	351,215	162,342	188,873
CASH & CASH EQUIVALENTS, BEGINNING OF PERIOD	220,151	208,654	11,497	208,654	119,597	89,057	220,151	46,312	173,839
CASH & CASH EQUIVALENTS, END OF PERIOD	571,367	220,155	351,212	220,155	300,824	(80,669)	571,367	208,654	362,712
Summary: Restricted Cash & Cash Equivalents Unrestricted Cash & Cash Equivalents	0 571,362	0 220,151	0 351,211	0 220,151	0 300,825	0 (80,674)	0 571,362	0 208,654	0 362,708
Total Restricted & Unrestricted Cash	571,362	220,151	351,211	220,151	300,825	(80,674)	571,362	208,654	362,708