



## 2022 BUSINESS PLAN

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



## PROPERTY PROFILE

<b>Property Name:</b>	The District
<b>Property Legal Name:</b>	The District at City Center, LLC
<b>Address:</b>	SEC of 87 <sup>th</sup> Street & Penrose Ln., Lenexa, KS 66219
<b>Description:</b>	3 office towers (4 stories ea.), 2 retail strips, 78,378 RSF Total (44,438 RSF office, 33,940 RSF retail)
<b>Debt:</b>	There is no debt booked on the commercial side
<b>Major Investors (%):</b>	Penrose Place, LLC (80%), City Center Lenexa (10%), Copaken District Capital Partners, LLC (5%), EPC District Capital Partners (5%)
<b>TIF/CID/Other</b>	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	Key Challenges
<b>2021</b>	
<ul style="list-style-type: none"> <li>With the pandemic restrictions winding down, there is renewed interest in leasing and development in and around City Center Lenexa.</li> </ul>	<ul style="list-style-type: none"> <li>Cost of construction and materials have increased due to supply/labor shortage</li> </ul>
<b>2022</b>	
<ul style="list-style-type: none"> <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 style="list-style-type: none"> <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>

### Key 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
<b>Occupancy (EOY)</b>	95%	22%	73%	(17%)	90%	46%
<b>NOI (1) (2)</b>	1,227,072	646,837	580,235	(485,195)	1,065,430	(23,177)
<b>Cash Flow Generated (1) (2)</b>	1,701,215	864,715	836,501	1,405,951	(569,450)	531,261
<b>Distributions (Contributions)</b>	1,350,000	525,000	825,000	(325,000)	1,150,000	375,000
<b>Valuation (@ 7.25% cap)</b>	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 excludes real estate tax payment, as the payment are made at the combined property level of ~ \$407,000.

### Leasing

Tenant/Suite	2022		2021		
	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 Charge 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
Total Operating Expense	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

\*No improvements planned

### 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.

## 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**

The District

Accrual

For Period Ending: Dec 2022

Time: 2:43 PM

Account #	Account Name	2022 Original Budget	2021 Reforecast	2021 Variance	2021 Reforecast	2021 Original	2021 Variance	2022 Original Budget	2020 Actual	Variance
INCOME										
	Minimum Rent	1,776,270	1,152,669	623,601	1,152,669	1,505,903	(353,233)	1,776,270	648,342	1,127,928
	CAM / Operating Costs	143,198	85,027	58,170	85,027	164,741	(79,714)	143,198	11,910	131,287
	Real Estate Taxes	61,454	60,655	799	60,655	33,858	26,797	61,454	7,160	54,294
	Advertising & Promotion	8,959	10,337	(1,378)	10,337	2,043	8,294	8,959	1,946	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



Database: COPAKENBROOI

**Original Budget Statement of Changes in Cash Balance**

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The District

STCHNGES3

Date: 11/23/2021

Accrual

For Period Ending: Dec 2022

Time: 2:42 PM

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	0	0	0	0	0	0	0	0	0
	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	0	(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	(1,350,000)	(825,000)	(525,000)	(825,000)	(1,150,000)	325,000	(1,350,000)	(375,000)	(975,000)
	Contributions from Partners	0	0	0	0	1,900,677	(1,900,677)	0	6,082	(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	0	0	0	0	0	0	0	0	0
	Unrestricted Cash & Cash Equivalents	571,362	220,151	351,211	220,151	300,825	(80,674)	571,362	208,654	362,708
	Total Restricted & Unrestricted Cash	571,362	220,151	351,211	220,151	300,825	(80,674)	571,362	208,654	362,708