

Pacific West Real Estate Income II (PWRE2) sold the Kroger at Dublin Village on April 3 for ~\$5.16M. PWRE2 owned 100% of the Kroger parcel and continues to own 100% of the remaining multi-tenant buildings. We planned to make this partial disposition when we bought Dublin Village. We now plan to reinvest the sale proceeds.



### IRS fixes worksheet that miscalculated capital gains taxes.

Last week the IRS posted a new *"Tax Worksheet for the 2018 Schedule D, Capital Gains and Losses."* The version the IRS replaced led to overpayment by taxpayers who followed the instructions in calculating their tax on capital gains. The IRS has asked filers to holdup on filing amendments as the IRS contemplates a fix. If you have already filed your 2018 return and you included a schedule D in your return, you should make sure this is on the radar of your tax accountant, as an amended return may be in order.

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**We have received many questions regarding Opportunity Zones** since we published our “OZ Special” a few weeks ago. Here are a couple of clarifications and a response.

PWL is not starting an “OZ Fund.”

We are syndicating individual OZ investments as we find them. Information about potential investments is only going to investors who have given us a firm indication of interest. If you think you would like to participate in one of these syndications, knowing the minimum investment will be at least \$250K, then please contact me.

I’ve gotten a few questions from investors asking me if I thought Opportunity Zones would work as intended; will the program create “impact” investments? Will the OZ incentives spur economic activity in areas that need help attracting capital? My answer has been, *“In many places yes, the program will be effective, but as with EVERY tax incentive program, we will hear of some abuses.”* The investments PWL has sourced thus far in Opportunity Zones will certainly be beneficial to communities that would not have attracted our investment dollars were it not for the added OZ tax incentives. The OZ program is working as intended where we are involved. We have been making investments that will help the communities into which our dollars are flowing.

We’d like you to know that Sally is very pregnant. She is due in less than 1 month. Alli has been in training for several months to help fill-in during Sally’s maternity leave. While the wheels won’t come off, there’s no way things will run as smoothly while Sally is out.

The **11<sup>th</sup> Annual Bertha L. Johnson Memorial Golf Tournament** will be held this year on Thursday, July 25, at 1:30pm. This year’s four-person scramble tournament will be held at the Port Ludlow Golf Club. It is organized by our leasing director Dennis Johnson, and last year’s tournament raised over \$4,000 for pancreatic cancer research. Please consider attending for a fun day of food, prizes, and friendly golf while supporting a great cause. Contact Dennis (Dennisj@pacificwestland.com) for more details and to sign up. The Bertha L. Johnson Memorial is an officially sanctioned event of the [Pancreatic Cancer Action Network \(Pan Can\)](#). All proceeds will be donated to [Pan Can](#), a 501(c) non-profit ID#33-0841281.

If you’d like to meet for breakfast or lunch, please give me a shout. Office visitors are always welcome.

Thanks –

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**Martin A. Stever**  
President  
[martin@pacificwestland.com](mailto:martin@pacificwestland.com)  
(206) 780-3944 direct  
(206) 780-4040 office

**Sally Erickson**  
Investor Relations & Marketing Manager  
[sally@pacificwestland.com](mailto:sally@pacificwestland.com)  
(206) 201-3212 direct

### PWREI Scorecard

(approximate investment by PWREI)  
all data as of 3/31/19

**Willow Hill Center** — PWREI purchased this property in May 2014. The 21,082 sq. ft. center is located in Puyallup, WA. Tenants include Kumon Learning, Money Tree, Rainier Growlers and F45. PWREI owns 83% of this property. Starbucks' parcel sold for ~\$2.35M net on October 15, 2014. Ivar's pad sold for ~\$1.27M net on April 28, 2015.

Initial Investment	Net Investment	Occupancy	2019 Q1 NOI
\$5,625,000	\$2,889,710	100%	\$84,751

**Benjamin Square** — PWREI purchased this property in May 2014. The 9,950 sq. ft. center is located in Woodland, WA, and is just off I-5. Tenants include Starbucks, Subway, Papa Murphy's, and H&R Block. A new lease signed in November with AT&T brings occupancy to 86%.

Initial Investment	Net Investment	Occupancy	2019 Q1 NOI
\$1,900,000	\$1,967,475	86%	\$42,151

**Shoppes at Buford** — PWREI purchased this 20,844 sq. ft. property in May 2014. The property is located in Buford, GA, and is located across from the Mall of Georgia. The tenants include Play It Again Sports, Foot Traveller, Edible Arrangements, a hair salon, and a Sushi restaurant.

Initial Investment	Net Investment	Occupancy	2019 Q1 NOI
\$2,740,600	\$2,996,108	100%	\$74,027

**Auburn Road** — PWREI purchased this property in August 2014. The 8,400 sq. ft. property is located in Dacula, GA. The tenants include a medical care facility, a large veterinary office, and a hair salon.

Initial Investment	Net Investment	Occupancy	2019 Q1 NOI

\$1,000,000	\$1,025,100	100%	\$37,456
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**Roosevelt Place** — PWREI purchased this property in August 2014. The 14,000 sq. ft. center is located in Phoenix, AZ, off of busy I-10. The tenants include Port of Subs, Teramar Staffing, and a drive-thru Filiberto's Mexican restaurant. The Jack in the Box pad sold on May 2, 2016 for ~\$1.08M net.

Initial Investment	Net Investment	Occupancy	2019 Q1 NOI
\$2,960,000	\$1,943,078	70%	\$42,694

**Little Corona** — PWREI purchased this property in December 2014. The property consists of 6,074 sq. ft. of leasable space located at the busy intersection of Rural Rd and Ray Rd in Chandler, AZ. Current tenants include a Greek restaurant and Fullers Bar & Grill.

Initial Investment	Net Investment	Occupancy	2019 Q1 NOI
\$1,010,000	\$1,033,939	59%	\$13,777

**Dail Center** — This property was purchased in December 2014. The 16,145 sq. ft. strip is located along US Route 17 in Myrtle Beach, SC, which boasts over 14 million visitors a year. Current tenants include State Farm, Batteries Plus, Atlantic Kitchens, Tao Wellness Spa, and Painting with a Twist.

Initial Investment	Net Investment	Occupancy	2019 Q1 NOI
\$1,522,500	\$1,642,695	88%	\$31,062

**Gulf Breeze** — PWREI purchased this 27,736 sq. ft. property in January 2015. The property is located in Port Arthur, TX, and is shadow anchored by H-E-B, a major grocery chain based out of San Antonio, with great visibility from both Hwy 365 and 347. Current tenants include Pizza Hut, Edward Jones, Sprint, Supercuts, and Fancy Nails.

Initial Investment	Net Investment	Occupancy	2019 Q1 NOI
\$2,677,500	\$2,762,653	88%	\$53,650

**Log Pond Plaza** — PWREI purchased this 27,368 sq. ft. property in March 2015. This property, located in Newark, OH, is shadow anchored by a Walmart Super Center and across the street from a Home Depot, in a dense residential area just north of SR-16. The center boasts a healthy mix of local and national tenants including Cheng's Chinese, Fiesta Salon, Big Apple Cafe, and CATO.

Initial Investment	Net Investment	Occupancy	2019 Q1 NOI
\$1,850,000	\$2,022,298	81%	\$52,306

**Massard Farms** — PWREI purchased this large shopping complex in April 2015, located in Fort Smith, AR. We own a total of 71,592 sq. ft. of leasable space, consisting of the Kohl's remainder space, IHOP, Savers, and an 8,000 sq. ft. mixed tenant building including Sport Clips, Firehouse

Subs, Catherine's, and Pad Thai Cuisine. The Kohl's building sold in September 2018 for \$8.9M net. The revised Net Investment and Occupancy numbers are shown below with the Occupancy number reflecting the reduced square footage of the overall owned property.

Initial Investment	Net Investment	Occupancy	2019 Q1 NOI
\$13,415,287	\$6,831,062	66%	\$111,448

**Oak Creek Commons** — PWREI purchased this small strip center in May 2015. Located south of Milwaukee, the population growth and average household income of Oak Creek, WI, are projected to outpace the national average over the next five years. The 10,462 sq. ft. property has a healthy mix of tenants including Dunkin' Donuts, Empress Nail Spa, and Yen Hwa Chinese Restaurant.

Initial Investment	Net Investment	Occupancy	2019 Q1 NOI
\$1,191,750	\$1,263,042	88%	\$26,844

**Massillon Commons** — PWREI is 66.7% owner of this shopping center purchased in June 2015. It is located along the busy Lincoln Way corridor in Massillon, OH. In addition to a 50,503 sq. ft. Dunham's Sports, this property boasts 63,048 sq. ft. of leasable shop space. Home Depot sold on June 30, 2016 for ~\$9.36M net and proceeds were used to pay off debt.

Initial Investment	Net Investment	Occupancy	2019 Q1 NOI
\$8,618,667	\$2,379,809	80%	\$70,402

**Greensburg Commons** — This property was purchased in July 2015 and is 66.7% owned by PWREI. The large shopping center is located at the intersection of I-74 and State Rd 3 in Greensburg, IN. It currently consists of 88,953 sq. ft. of leasable retail space and boasts a healthy mix of tenants including Jimmy Johns, Great Clips, GameStop, GNC, Rent A Center, Goodwill, Cricket Wireless, and Bath and Body Works. The Walmart parcel sold on December 2, 2016 for ~\$13.9M net, with most of the proceeds used to pay off debt. Goodwill officially opened for business at the property.

Initial Investment	Net Investment	Occupancy	2019 Q1 NOI
\$12,512,000	\$3,431,264	79%	\$98,902

**Gateway Center** — PWREI purchased this center in October 2015. It consists of 28,056 sq. ft. of mixed retail space located at the intersection of US 76 and Main St in Newberry, SC. It is shadow anchored by a Walmart. Current tenants include GameStop, T-Mobile, Newberry Nails & Spa, CATO, It's Fashion, Shoe Show, Groucho's Deli, and China Town Restaurant.

Initial Investment	Net Investment	Occupancy	2019 Q1 NOI
\$2,030,055	\$2,205,889	100%	\$24,326

**Powder Springs** — This property was purchased by PWREI in October 2015. It is located on Richard D Sailors Pkwy in Powder Springs, GA, and is shadow anchored by a Home Depot. The small strip

center has a total of 15,050 sq. ft. and has Allen Chiropractic, Johnny's Pizza, Hanger Prosthetics and Benchmark Therapy as tenants. The vacant pad we bought with the building was sold on February 12, 2016 for ~\$280k net. *A new lease signed in May will bump occupancy to 91%.*

Initial Investment	Net Investment	Occupancy	2019 Q1 NOI
\$1,100,000	\$896,188	70%	\$18,230

**Sugarcreek Crossing** — PWREI is 66.7% owner of this shopping center in Centerville, OH, purchased in October 2015. The property at purchase included three parcels – a ground leased Cracker Barrel pad, a Tire Discounters pad, and a multi-tenant retail building containing a UPS Store, a Chiropractic office, and Godfather's Pizza, among others. The Cracker Barrel parcel was sold on May 6, 2016 for ~\$2.28M net. The Tire Discounter's parcel sold on December 23, 2016 for ~\$2.96M net. Work is complete on the project to create an additional 3,425 sq. ft. of retail space in what used to be a bank drive-thru in the middle of the strip center.

Initial Investment	Net Investment	Occupancy	2019 Q1 NOI
\$5,117,333	\$2,056,281	80%	\$44,742

**East West Market** — PWREI purchased this property as a joint deal with Castleberry Promenade in February 2016. This center is located along East West Connector in Austell, GA, and consists of 17,017 sq. ft. of leasable space and a 1.09-acre developable pad. Current tenants include 100% Chiropractic, WellStar, and American Health Imaging. *A new lease signed in April will bump occupancy to 100%.*

Initial Investment	Net Investment	Occupancy	2019 Q1 NOI
\$2,660,000	\$2,692,038	87%	\$59,850

**Castleberry Promenade** — PWREI purchased this property as a joint deal with East West Market in February 2016. It consists of 26,651 sq. ft. of leasable space with two small developable pads, and is located at the busy intersection of Bethelview Rd and Castleberry Rd in Cumming, GA. Current tenants include Kumon Learning, Liberty Tax, Castleberry Ale House, My Running Store, Fitness Foundation, and Arise Chiropractic.

Initial Investment	Net Investment	Occupancy	2019 Q1 NOI
\$2,906,000	\$2,978,035	74%	\$57,112

**Village at Las Sendas** — PWREI purchased a 33.4% stake in this property in June 2016. The shopping center is located in Mesa, AZ, at the intersection of McDowell Rd and Power Rd and consists of 39,144 sq. ft. of leasable space. Current tenancy is a diverse mix of local and national tenants including Jimmy Johns, Smashburger, Chipotle, Sunnyside Breakfast, Pacino's Italian, D'Vine Wine, Two Wheel Jones, Royal Tobacco, and Echo 5 Sports Pub.

Initial Investment	Net Investment	Occupancy	2019 Q1 NOI

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\$2,922,500	\$2,959,303	86%	\$58,021
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Note: 2019 NOI numbers reflect the PWREI's portion of the total. All profit, NOI, Gross IRR, and Deal Multiple calculations presented are unaudited gross estimates.

All numbers within this report are unaudited and should be considered as close approximations. Members receive the audited results on an annual basis.

Pacific West Land, LLC • 403 Madison Ave N, Ste 230 • Bainbridge Island, WA 98110