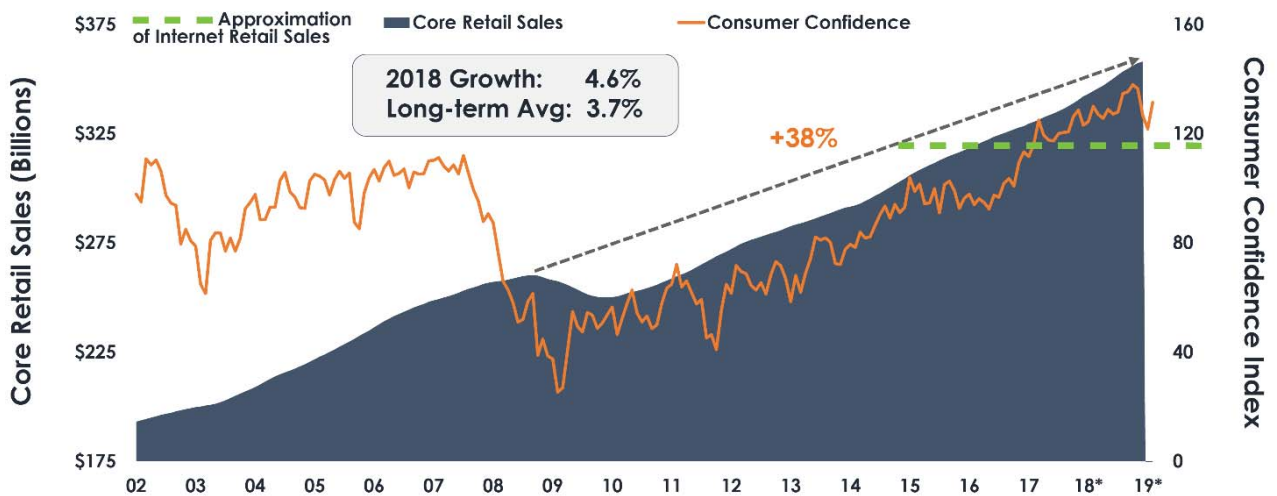


I was recently forwarded an article by one of our investors regarding Amazon expanding its number of storefront locations. A different investor forwarded a different article regarding an Aldi expansion. Fortunately, these widely reported expansion plans are good for us, as we are in the business of leasing retail space, and we would love to have Whole Foods or Aldi as tenants. Their expanding footprints will increase the demand for space during a period when new construction remains constrained, in large part because of the high costs of labor, materials, and compliance. **We can conclude from their expansion plans that they are highly optimistic about the future of neighborhood retail sales.** We can hope that increases in demand lead to higher rents across the markets in which they are expanding.

A third investor sent me an article forewarning (for 12th consecutive year) the imminent retail apocalypse. That's why I love this chart, which I first saw at a Marcus & Millichap breakfast for commercial property developers. Total U.S. core retail sales are around \$3.5 trillion. Of that, Internet retail sales are around \$513B, or around 14.3% of the total, depending on how you count. If we chop the \$513B out of the total retail mix, the chart still shows very healthy and growing retail sales since the Great Recession.

Elevated Consumer Confidence Sustains Retail Consumption



* Core retail sales through December 2018; Consumer confidence through February 2019
 Trailing 12-month average for retail sales
 Core retail sales excludes auto and gasoline sales
 Sources: Marcus & Millichap Research Services, U.S. Census Bureau, The Conference Board

I'm also encouraged that state sales taxes are being charged on an increasing number of online retail purchases. It had always struck me as profoundly unfair that the business that pays property taxes and payroll taxes in a community must also collect a sales tax, while the retailer with a minimal physical presence was not required to collect the same sales tax on behalf of the state. One recent study by a group of Stanford economists predicts *"...if the law changed to require collection of home-state sales tax on all internet purchases, internet purchasing by state residents might fall by 8-9% in a state with a typical 5-6% sales tax."* We will see whether this is true, as the law has changed. Having seen the shopping traffic on a Saturday at the Washington-Oregon border, we know that price sensitivity trumps convenience for many consumers. I tend to think the economists will be proven correct. **Ultimately, this change to the fair collection of sales taxes will be positive for our tenants that sell goods.**

The 11th **Annual Bertha L. Johnson Memorial Golf Tournament** will be held this year on Thursday, July 25, at 1:30pm. There is still time to join this year's four-person scramble tournament, which 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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PWREI Scorecard
 (approximate investment by PWREI)
 all data as of 5/31/19

Willow Hill Center — PWREI purchased this property in May 2014. The 21,082 sq. ft. center is located in Puyallup, WA. Tenants include 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 Q1NOI
\$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 AT&T, Starbucks, Subway, Papa Murphy's, and H&R Block.

Initial Investment	Net Investment	Occupancy	2019 Q1NOI
\$1,900,000	\$1,978,735	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, Ideal Image, and a Sushi restaurant.

Initial Investment	Net Investment	Occupancy	2019 Q1NOI
\$2,740,600	\$3,006,060	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 Q1NOI
\$1,000,000	\$1,031,598	100%	\$37,456

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, Cash America, 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 Q1NOI
\$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 Q1NOI
\$1,010,000	\$1,039,430	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, Regional Finance, Batteries Plus, Atlantic Kitchens, Tao Wellness Spa, and Painting with a Twist.

Initial Investment	Net Investment	Occupancy	2019 Q1NOI
\$1,522,500	\$1,635,624	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 Q1NOI
\$2,677,500	\$2,762,653	100%	\$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 Q1NOI
\$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 Q1NOI
\$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 Q1NOI
\$1,191,750	\$1,266,993	77%	\$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 Q1NOI
\$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.

Initial Investment	Net Investment	Occupancy	2019 Q1NOI
\$12,512,000	\$3,422,948	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 Q1NOI
\$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.

Initial Investment	Net Investment	Occupancy	2019 Q1NOI
\$1,100,000	\$899,693	91%	\$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 Edward Jones, among others. The Cracker Barrel parcel was sold on May 6, 2016 for ~\$2.28M net. The Tire Discounters 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 Q1NOI
\$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.

Initial Investment	Net Investment	Occupancy	2019 Q1NOI
\$2,660,000	\$2,692,038	100%	\$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 Q1NOI
\$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 Q1NOI
\$2,922,500	\$2,962,558	86%	\$58,021

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.
