



December 2019 Update

Long time readers of this monthly email know that my favorite holiday is Thanksgiving. This year was no exception. We are lucky to live in a time and place of freedom and bounty. We should remember that every day, and especially on Thanksgiving.

This is my last chance to brag about PWREO results (*this year*). PWREO sold its last holding in April 2019 and made its final distribution to Members a few weeks ago. **PWREO Members enjoyed an annualized net return of 16.63%**. Those who have attended PWL events know I don't think much of money manager Ray Dalio. Dalio's management philosophy of "rudely transparent" has been featured on the front page of the Wall Street Journal many times, and each time I've thought, "*That's a nutty way to run things or live life.*" Dalio now spends most of his time telling everyone else how to live. Don't drink the Kool-Aid. Dalio's annualized returns from 2012-2019 were only [3.79% according to Bloomberg](#). PWREO outperformed Dalio by over 4x! But still Neil Cavuto never asks Josh or me what we think.

We have made three Opportunity Zone investments so far in 2019, and while it is early days, things are going well. We have a couple more new Opportunity Zone purchases pending for year-end. As a reminder, if you're considering making an Opportunity Zone investment with us, please email me indicating your interest. Our minimum for Opportunity Zone investments is \$250K, and I do not recommend it to anyone who does not have at least \$2M in investible assets.

I encourage everyone to read one or two non-fiction history books each year. Only through considering other times and other places do we get the perspective necessary to recognize our own good fortune. From my reading this year, the two books I recommend in this regard are "[Call Sign Chaos: Learning to Lead](#)" by General Jim Mattis and "[A Life in Letters and Diaries](#)" by George Orwell. They are both good reads and very educational. Each will make readers thankful for the peace, freedom, and prosperity we are blessed with.

Our long-time auditor and tax preparer, Peterson Sullivan, merged with [BDO](#) a few weeks ago. BDO is a member of the "Big 6" accounting firms. Here in Seattle, BDO only had 2 partners while Peterson Sullivan had 20. From our perspective it looks like BDO merged into Peterson Sullivan. We will be working with the same people, led by Codi Scott for Tax and Melissa Bartenbach for audit. We do not anticipate any noticeable changes. It's certain I'll stumble and call the firm Peterson Sullivan rather than BDO for at least the next 9 months.

PWL signed a new lease in November. 10 Gym signed a new 10-year lease at [Massard Farms](#) for 24,467-sq. ft. This is the space that was created when we chopped down the size of a Kohl's store, before selling the Kohl's.

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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PWRE2 Scorecard

Approximate investment by PWRE2.
Data as of 10/31/19.

Lexington Commons

PWRE2 purchased this property in August 2017. The 21,857 sq. ft. center is located in Glen Allen, VA. Tenants include Pho Saigon, Gojo Ethiopian, Patti P Tailors, Hillary Nail & Spa, Ariya Family Chiropractic, Chanello's Pizza, and Adnan Halal Meat & Grocery, among others.

Initial Investment	Net Investment	Occupancy	2019 Q1-Q3 NOI
\$4,099,862	\$4,114,658	100%	\$229,397

Rosemount Crossing

PWRE2 purchased a combined 59.37% stake in this property in September 2017. It is located in Rosemount, MN, and consists of 26,767 sq. ft. of mixed retail space, as well as a 17,427 sq. ft. ALDI grocery store that serves as an anchor to the center. Tenants include Starbucks, Domino's, Snap Fitness, Fantastic Sams, Sprint, Orchid Nails, and Park Dental. The Aldi building was sold on January 19, 2018 for ~\$3.194M net. Because PWRE2 owned 100% of the Aldi building, its stake in the remaining property is now 29.24%.

Initial Investment	Net Investment	Occupancy	2019 Q1-Q3 NOI
\$4,621,712	\$1,323,446	95%	\$111,319

Main Street Commons

PWRE2 purchased this property in November 2017. The center consists of 24,388 sq. ft. of mixed retail space and is located just north of I-85 along State Route 317 in Suwanee, GA. Tenants include Staffing Solutions, C2 Education, Suwanee Karate, TADA Coffee and an Asian restaurant.

Initial Investment	Net Investment	Occupancy	2019 Q1-Q3 NOI
\$3,509,813	\$3,593,325	100%	\$218,410

The Pointe at Epps Bridge

PWRE2 purchased this property in November 2017. It is located in Athens, GA, along a busy commercial corridor and is shadow anchored by Trader Joes and Ashley Furniture, with Walmart and Lowe's directly across Epps Bridge Pkwy, among others. The center consists of 14,145 sq. ft. of mixed retail space and includes tenants such as Sprint, Jittery Joe's coffee, a Mexican restaurant, American Deli, and a Barber Shop/Salon.

Initial Investment	Net Investment	Occupancy	2019 Q1-Q3 NOI
\$3,208,250	\$3,214,610	100%	\$207,976

Bellevue West Shopping Center

PWRE2 purchased a 45.42% stake in this property in December 2017. The 30,210 sq. ft. strip center is located in Nashville, TN, along the busy Hwy 70 S corridor. Neighboring developments include Home Depot, Goodwill, Staples, Bed Bath & Beyond, Hampton Inn, and a Sprouts Market. The property boasts a healthy mix of tenants, including State Farm, Subway, Asahi Asian Restaurant, Scrub Shoppe, Susan Randall Hair Salon, and Sir Pizza.

Initial Investment	Net Investment	Occupancy	2019 Q1-Q3 NOI
\$1,943,374	\$2,141,272	100%	\$114,678

Hamilton Pointe

PWRE2 purchased an 86.08% stake in this property in February 2018. It is located in northeast Columbus, OH, just off of OH-161 and I-270. The center consists of 12,166 sq. ft. of mixed retail space and includes tenants Sylvan Learning, Vetcare, and Scrambler Marie's Restaurant.

Initial Investment	Net Investment	Occupancy	2019 Q1-Q3 NOI
\$1,868,000	\$1,903,044	100%	\$103,789

Loggins Corner

PWRE2 purchased this large multi-building shopping center anchored by a Kroger grocery store (not owned) in April 2018. It is located in Jefferson, GA, along US-129 just south of I-85 and consists of 29,800 sq. ft. of leasable space including a standalone Beef O'Brady's restaurant pad and two mixed-retail strips. Tenants include Little Caesars, H&R Block, Great Clips, Etcon Employment, and Radiance Tanning, as well as a variety of medical uses including Benchmark Rehabilitation and Northeast Georgia Physicians, among others.

Initial Investment	Net Investment	Occupancy	2019 Q1-Q3 NOI
\$6,557,422	\$6,640,113	100%	\$434,683

Phoenix Place Apartments

PWRE2 purchased this 144-unit multi-family property in late August 2018. The complex was originally named Harmony Pointe Apartments and we are in the process of a complete re-branding. The property is located in the city of East Point, GA, less than 3 miles away from Hartsfield-Jackson International Airport. Its proximity to some of Atlanta's largest job centers and large townhome-style floorplans make it an attractive property for many of the city's residents.

Initial Investment	Net Investment	Occupancy	2019 Q1-Q3 NOI
\$6,775,000	\$7,096,488	85%	\$269,565

Dublin Village

PWRE2 purchased this 98,540 sq. ft. shopping center anchored by a Kroger grocery store in late August 2018. It is in Dublin, GA, and included two multi-tenant buildings, a Kroger grocery store and three vacant outparcel pads. The Kroger parcel sold in April 2019 for ~\$5.16M. The remaining tenants include Great Clips, Dublin Deli and Seafood, Little Tokyo Steak House, and Accordia Urgent Care among others. *Net Investment and Occupancy below has been adjusted for the Kroger sale.*

Initial Investment	Net Investment	Occupancy	2019 Q1-Q3 NOI
\$8,450,000	\$3,328,633	69%	\$271,429

Westminster Apartments

PWRE2 purchased this 40-unit multi-family property in late August 2018. The complex is in Macon, GA, and has significant value add opportunity through some hands-on management and simple changes/upgrades throughout the property.

Initial Investment	Net Investment	Occupancy	2019 Q1-Q3 NOI
\$918,750	\$1,050,146	50%	(\$5,352)

Brookfield Apartments

PWRE2 purchased this 120-unit multi-family property in late December 2018. The complex is in East Point, GA, less than 3 miles away from one of Atlanta's largest job centers: Hartsfield-Jackson International Airport. Brookfield Apartments is in good physical condition and has significant value add opportunity.

Initial Investment	Net Investment	Occupancy	2019 Q1-Q3 NOI
\$5,412,000	\$5,901,720	80%	\$85,293

Liberty Heights Apartments

PWRE2 purchased a 50% stake in this 105-unit multi-family property in January 2019. The complex is in Lexington, KY, in a quiet neighborhood location with easy access to an employment hub located on the outer beltway as well as downtown Lexington and University of Kentucky.

Initial Investment	Net Investment	Occupancy	*2019 Q1-Q3 NOI
\$1,900,000	\$2,156,326	66%	\$79,785

Colony East Apartments

PWRE2 purchased a 77.74% stake in this 104-unit multi-family property in June 2019. The complex is in Columbia, SC in a quiet neighborhood location with easy access to an employment hub located on the outer beltway as well as downtown Columbia and University of South Carolina.

Initial Investment	Net Investment	Occupancy	*2019 Q1-Q3 NOI
\$3,803,655	\$3,532,757	93%	\$70,186

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.

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