



## January 2020 Update

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### Happy New Year!

We're in audit and tax season here at Pacific West Land (PWL). Our accounting staff is sending files, spreadsheets, and documentation to the auditors at [BDO](#) (formerly Peterson Sullivan) and we are on track to deliver K-1's in early March and the audit a few weeks later.

In December we hosted our annual winter Seattle lunch for PWL investors with over 40 attendees. Earlier this month we hosted a dinner for about 20 of our SF Bay Area investors. Spirits were good, as the results for 2019 are excellent. There were many questions about how the multifamily investments by Pacific West Real Estate Income II (PWRE2) are progressing. All five of these multifamily investments were value-add in nature, and those plans are progressing about as we expected. PWRE2's projected income is up about 1/3 from a year ago, and that reflects the progress our staff has made in getting those investments through the improvement process.

When I look at our November to November comparison of results, Pacific West Real Estate Income's (PWREI's) vacancy declined from 103,000 square feet to 55,000 square feet. As we'd expect, this is translating into higher net operating income, free cash flow, and profits. Most of PWREI's vacancy is concentrated in just two properties. Despite the vacancy, these two properties have performed well.



- Still Owned
- Sold
- Not Apart

<https://www.arcountydata.com/Maps/Map?county=SEBTAX&mapResults=true>

As you may recall, at [Massard Farm](#) we reduced the size of the primary tenant's location. That tenant is Kohl's. When we shrunk Kohl's, we created a large vacancy, which makes the results for Massard look odd. The income for the center has been going up, even though the vacancy jumped considerably. We've signed a lease with a new gym tenant, who will fill 100% of the former Kohl's space. This will considerably improve Massard's results and value.

PWL continues to make Opportunity Zone investments. We initiated three OZ projects in 2019 and we currently have three more under contract to buy. We go into these OZ investments expecting they will have an improvement phase lasting 1 or 2 years, a holding period of 8 years during which investors will receive quarterly distributions, followed by a sale. The gain on the sale is free from Federal capital gains tax, which substantially improves investors' post-tax results. This is the big OZ tax incentive you've probably been reading about. In addition, these are true impact investments, substantially improving the living conditions for tenants. If you would like to be on our Opportunity Zone interest list so we may contact you about potential OZ investment, please let Sally or me know. Our Opportunity Zone educational flyer is also available [here](#).

**PWL signed a new lease in December.** Athletico, a physical and occupational therapy clinic, signed a new 7-year lease for 2,519-sq. ft. at [Little Corona](#).

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

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**Approximate investment by PWREI.**

**Data as of 11/30/19.**

### Willow Hill Center

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PWREI purchased this property in May 2014. The 21,082 sq. ft. center is located in Puyallup, WA. Tenants include Money Tree, Rainier Growler, Omar Beauty, 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-Q3 NOI
\$5,625,000	\$2,889,710	100%	\$304,738

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### Benjamin Square

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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 Q1-Q3 NOI
\$1,900,000	\$1,978,735	86%	\$126,696

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### Shoppes at Buford

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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 Q1-Q3 NOI
\$2,740,600	\$3,008,091	100%	\$255,402

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## Auburn Road

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

Initial Investment	Net Investment	Occupancy	2019 Q1-Q3 NOI
\$1,000,000	\$1,043,791	100%	\$119,078

## 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, Boba Donuts, 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-Q3 NOI
\$2,960,000	\$1,945,965	81%	\$145,346

## 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-Q3 NOI
\$1,010,000	\$1,039,430	59%	\$45,019

## 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, Painting with a Twist, Guardian Security, and Palmetto School.

Initial Investment	Net Investment	Occupancy	2019 Q1-Q3 NOI
\$1,522,500	\$1,661,489	100%	\$133,648

## Gulf Breeze

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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, The Nutrition Store, World Finance, and Fancy Nails.

Initial Investment	Net Investment	Occupancy	2019 Q1-Q3 NOI
\$2,677,500	\$2,772,719	96%	\$226,549

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## Log Pond Plaza

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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 Hertz, Cheng's Chinese, Fiesta Salon, Big Apple Cafe, and CATO.

Initial Investment	Net Investment	Occupancy	2019 Q1-Q3 NOI
\$1,850,000	\$2,034,581	87%	\$176,866

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## Massard Farms

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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. A new lease was signed with 10-Gym in November.

Initial Investment	Net Investment	Occupancy	2019 Q1-Q3 NOI
\$13,415,287	\$6,849,395	100%	\$297,066

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## Oak Creek Commons

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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, Great Clips, Empress Nail Spa, and Yen Hwa Chinese Restaurant.

Initial Investment	Net Investment	Occupancy	2019 Q1-Q3 NOI
\$1,191,750	\$1,270,600	77%	\$71,624

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## Massillon Commons

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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. Home Depot sold on June 30, 2016 for ~\$9.36M net and proceeds were used to pay off debt. In addition to a 50,503 sq. ft. Dunham's Sports, this property boasts 63,048 sq. ft. of leasable shop space. Tenants include Oakpark Preschool, Stark Medical, P.S. Cook's, and Agavero Bar & Grill.

Initial Investment	Net Investment	Occupancy	2019 Q1-Q3 NOI
\$8,618,667	\$2,434,274	85%	\$183,814

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## Greensburg Commons

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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 & 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 Q1-Q3 NOI
\$12,512,000	\$3,435,897	84%	\$261,621

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## Gateway Center

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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, Nexien, Newberry Nails & Spa, CATO, It's Fashion, Shoe Show, Groucho's Deli, and China Town Restaurant.

Initial Investment	Net Investment	Occupancy	2019 Q1-Q3 NOI
\$2,030,055	\$2,228,040	100%	\$209,038

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## Powder Springs

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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 Q1-Q3 NOI
\$1,100,000	\$976,903	91%	\$99,779

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## Sugarcreek Crossing

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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 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-Q3 NOI
\$5,117,333	\$2,066,160	86%	\$148,415

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## East West Market

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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 Q1-Q3 NOI
\$2,660,000	\$2,704,587	100%	\$194,288

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## Castleberry Promenade

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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, Grimaldi's Restaurant and Arise Chiropractic.

Initial Investment	Net Investment	Occupancy	2019 Q1-Q3 NOI
\$2,906,000	\$3,034,952	93%	\$196,944

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## Village at Las Sendas

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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-Q3 NOI
\$2,922,500	\$2,965,380	92%	\$158,791

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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 • January 23, 2020**

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