



March 2020 Update

As I write this, we don't know if the **coronavirus** will be as severe as the Spanish flu of 1918, or if it's the next annual health hazard, along with many others, that will be relatively common, sometimes fatal, but cause fewer deaths than the flu bug. The market is moving like a yoyo, as investors consider these two possible outcomes. A flight to safety along with an aggressive Federal Reserve has driven interest rates to hit their lowest levels ever, which generally is good for real estate. Reading my own optimistic tea leaves-- testing is ramping up faster than was anticipated, which means very soon people who are sick will sequester, rather than everyone staying home.

About a third of our staff is working from home, about one-third is coming in each day, and about one-third is coming in for a very small number of hours one or two days each week, while primarily working from home. Like all real estate firms, we are doing what we can to help our tenants. We use far less leverage than other real estate firms, giving us the flexibility we need to ride out storms like this one.

We finished mailing all tax information out the door to our investors last week. Over the next week or two I expect [BDO](#) to complete and publish their 2019 audit reports.

We are currently accepting accredited investors into our newest [Qualified Opportunity Zone Fund](#) (QOF). The unlevered 10-year yield, *yield only, excluding gains*, on this QOF pencils to 7.3%.* When we consider the effects of the depreciation shield, the Opportunity Zone tax incentives, and the application of very low leverage, our QOF's after-tax return projects to 2.5-3x what you may get from junk bonds (assuming they make it to maturity without cratering) and runs about 6x the expected return from holding large bond funds. If you need income in your portfolio, low-leverage real estate remains the best alternative. (*Note: 7.3% yield is our projection, not a promise.)

We are hiring a new Assistant Marketing Manager. This role has duties on both our property management team and investor relations team. Strong writing, organizational, and Excel skills are required. This could be a great first job for someone just graduating (perhaps 3 months earlier than expected), especially for a graduate who studied business or math. Our compensation package includes flexible hours, summer hours, fully paid health insurance, the maximum HSA contribution, and a 401-k savings match. Our 14-person office is located on Bainbridge Island. If you know of someone who may be interested, please have him or her contact me for details.

For over 10 years each of these monthly emails has ended with an open invitation to visit our office. This month, we're going phone conversations only.

Thanks –

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PWREI Scorecard

Approximate investment by PWREI

Data as of 01/31/2020

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 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 NOI
\$5,625,000	\$2,889,595	100%	\$439,564

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 NOI
\$1,900,000	\$1,978,735	86%	\$174,569

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 Traveler, Edible Arrangements, Ideal Image, and a Sushi restaurant.

Initial Investment	Net Investment	Occupancy	2019 NOI
\$2,740,600	\$3,008,091	100%	\$306,611

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 NOI
\$1,000,000	\$1,031,598	100%	\$143,859

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 NOI
\$2,960,000	\$1,945,965	81%	\$212,312

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. The property is now 100% occupied. Current tenants include Athletico, a Greek restaurant and Fullers Bar & Grill.

Initial Investment	Net Investment	Occupancy	2019 NOI
\$1,010,000	\$1,039,430	100%	\$77,903

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 NOI
\$1,522,500	\$1,652,989	100%	\$177,577

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

Initial Investment	Net Investment	Occupancy	2019 NOI
\$2,677,500	\$2,772,719	96%	\$333,580

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

Initial Investment	Net Investment	Occupancy	2019 NOI
\$1,850,000	\$2,034,581	82%	\$225,231

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. A new lease was signed with 10-Gym in November and landlord and tenant work will begin as soon as permits are approved.

Initial Investment	Net Investment	Occupancy	2019 NOI
\$13,415,287	\$6,849,395	100%	\$376,362

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, Great Clips, Empress Nail Spa, and an insurance agency.

Initial Investment	Net Investment	Occupancy	2019 NOI
\$1,191,750	\$1,270,600	89%	\$71,902

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. 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 NOI
\$8,618,667	\$2,457,590	85%	\$294,781

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 & 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 NOI
\$12,512,000	\$3,436,069	84%	\$465,055

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

Initial Investment	Net Investment	Occupancy	2019 NOI
\$2,030,055	\$2,228,040	100%	\$338,444

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 NOI
\$1,100,000	\$976,903	91%	\$139,019

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 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 NOI
\$5,117,333	\$2,062,671	86%	\$194,685

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 NOI
\$2,660,000	\$2,704,587	100%	\$225,834

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, Grimaldi's Restaurant and Arise Chiropractic.

Initial Investment	Net Investment	Occupancy	2019 NOI
\$2,906,000	\$3,026,130	93%	\$248,591

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 NOI
\$2,922,500	\$2,965,380	92%	\$211,702

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.