

June 2020 Update

Our office partially reopened on Monday. Hallelujah! Sitting alone here all day has been exhausting. Based on their personal preferences, some of our staff is working from home, some are coming in every day, and most are coming to the office on a limited basis but working from home most of the time.

Manufactured housing is less likely than other types of real estate to rise or fall depending on how many jobs are getting produced or destroyed in the broader U.S. economy, according to an analysis by Green Street.

National Real Estate Investor newsletter, May 2020

PWL's new Qualified Opportunity Fund (QOF) focusing on Manufactured Home Communities, i.e., Mobile Home Parks, in Opportunity Zones, is open. We expect the QOF to provide regular cash flow, while fully taking advantage of Opportunity Zone tax incentives. We like the manufactured home community niche, as it tends to do well even when the economy is going through a rough patch.

Opportunity Zone investment dollars can be sourced from any taxable gain. If you're showing gains on any 2019 K-1, those gains are eligible for an OZ investment today. Non-gain dollars may be invested, but they will not receive the OZ tax incentives. **If you would like to receive the brochure we wrote explaining Opportunity Zone tax incentives** or would like information about potentially investing in our Qualified Opportunity Fund, please contact me or Sally. The minimum investment is \$250,000.

One more note on **Opportunity Zone deadline relief** in response to coronachaos: the 6-month deadline for investors to make an Opportunity Zone investment has been extended. Any gain from last year flowing through a K-1, as well as any direct gain booked **September 28, 2019 or later**, is eligible to be invested in a QOF anytime in 2020.

Another on this year's list of surprises: the need for an announcement that none of our properties have been burnt down or otherwise damaged during civil unrest. Like you, we are shocked and angered by the death of George Floyd, as well as by the crime spree that has followed. We pray for Mr. Floyd's family. We can't imagine the pain and horror they must feel, seeing how he was killed and by whom. We also grieve for the many people who have seen their businesses vandalized, looted, and torched. This has been especially on my mind, not only because of the business we are engaged in, but because a bookstore I first did business with over 30 years ago was senselessly burnt down by an arsonist in Minneapolis. Callous destruction like this by instigators only creates tragedy and distracts from addressing the societal shortcomings accentuated by Mr. Floyd's tragic death.

My personal philosophy and our company's policy have always been that we treat each person as an individual, without regard to ethnicity. While I wish this would go without saying, today I feel that we do need to publish it and repeat it, until this policy becomes ubiquitous intrinsic behavior.

I've gotten a few calls and emails asking what the government-mandated coronacrisis shutdowns hammering our tenants' businesses means to our investment's stability and value. Across the board, our leverage is very low, and our debt coverage ratio is very high. This equates to being very stable. Sadly, we do expect to lose some tenants, which will affect the value of the holdings and ultimately the sale values of properties if those tenants are not replaced. We are not facing any deadline pressure, giving us time to ride out the storm and then find replacement tenants.

The Wall Street Journal had a good article on commercial real estate values over the weekend in [Jason Zwiag's recent "Intelligent Investor" column](#). (The article is behind the WSJ paywall at this writing.) It's a good read, as are most of Jason's columns. The bottom line: by one measure commercial real estate is off 21% this year, but another measure it's down only 1.1%. Ultimately the answer for the market as a whole is somewhere near the middle of these two numbers. Because of our very low leverage and because we have no exposure to the office sector, our commercial properties are far from the 21% number and near the low end of the range, in my opinion. We never know true value until the day we sell.

In the multifamily segment, we see increases in supply and increases in demand, and those two forces have generally balanced themselves out. In the last week, everyone has started watching to see if the increase in suburban multifamily demand will translate into higher prices. Answer—too early to say.

Earlier this month, our Assistant Property Manager, Kevin, and his wife, Erika, welcomed their first child into the world. We are very happy to announce Emery Rose's arrival. We need more good news like this! Congratulations to Kevin, Erika, and Emery Rose's grandparents.

Stay healthy and keep smiling –

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PWRE2 Scorecard

Approximate investment by PWRE2.

Data as of 04/30/2020

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	2020 Q1 NOI
\$4,099,862	\$4,114,658	100%	\$87,192

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	2020 Q1 NOI
\$4,621,712	\$1,334,461	95%	\$39,485

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	2020 Q1 NOI
\$3,509,813	\$3,612,455	100%	\$93,426

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	2020 Q1 NOI
\$3,208,250	\$3,214,610	100%	\$74,152

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, Burn Boot Camp, and Sir Pizza.

Initial Investment	Net Investment	Occupancy	2020 Q1 NOI
\$1,943,374	\$2,182,307	93%	\$46,068

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, Hamilton Pointe Dental Care and Scrambler Marie's Restaurant.

Initial Investment	Net Investment	Occupancy	2020 Q1 NOI
\$1,868,000	\$1,919,490	100%	\$28,606

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	2020 Q1 NOI
\$6,557,422	\$6,643,613	100%	\$153,568

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	2020 Q1 NOI
\$6,775,000	\$7,114,129	98%	\$98,568

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, a local BBQ restaurant, 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	2020 Q1 NOI
\$8,450,000	\$3,332,456	69%	\$61,087

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 changes/upgrades throughout the property.

Initial Investment	Net Investment	Occupancy	2020 Q1 NOI
\$918,750	\$1,068,146	35%	(\$58,165)

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	2020 Q1 NOI
\$5,412,000	\$6,032,490	86%	(\$70,606)

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	2020 Q1 NOI
\$1,900,000	\$2,169,128	75%	\$16,890

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	2020 Q1 NOI
\$3,803,655	\$3,579,981	89%	\$21,543

Note: 2020 NOI numbers reflect the PWRE2'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.