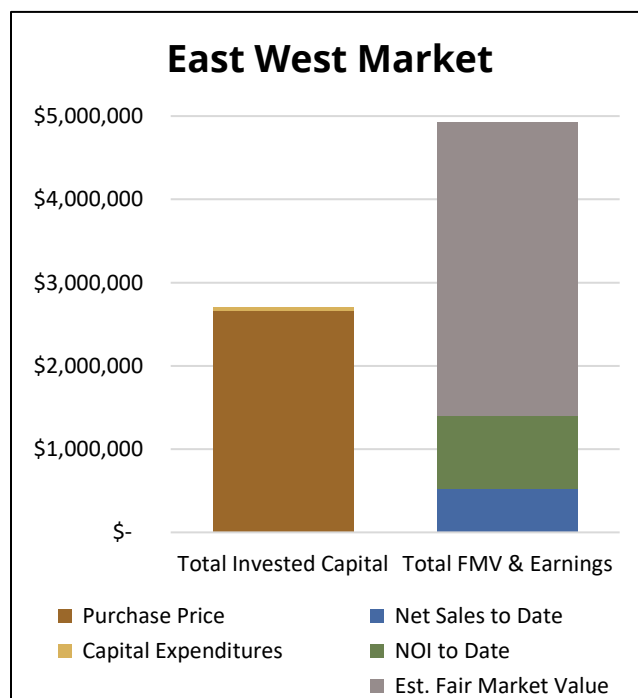


## July 2020 Update

Our office is now open. Each employee decides whether to work at home or come in. Over the last month we've had as few as 2 and as many as 9 people in on any particular day. On a typical day there are 4 people here in the office, which is a vast improvement over sitting alone.

We are pleased to announce the sale of the vacant pad at [East West Market](#) in June, which was owned by Pacific West Real Estate Income Fund, LLC. The net sale price was \$522K. This is excellent news. When we bought East West, it felt like the vacant pad was almost free as part of the deal. When we made our return estimations, we treated the pad as though it would neither sell nor be developed. Even with these ultra-pessimistic assumptions, East West Market looked like a good investment to us. From the beginning, we felt that something would happen with this pad during our planned 10-year hold, and it's worked out just as we expected. The new buyer plans to build a Dunkin' Donuts with a drive-thru and possibly a Baskin-Robbins as well, which should improve traffic for the center's tenants. Kudos to Dennis Johnson who shepherded the sale for us.



Purchase Price (Feb 2016)	\$ 2,660,000
Capital Expenses	\$ 44,587
<b>Total</b>	<b>\$ 2,704,587</b>
Vacant pad sale (June 2020)	\$ 521,824
<i>Est. Value of Remaining Property</i>	<i>\$ 3,522,970</i>
NOI thru 6/30/20	\$ 881,249
<b>Total</b>	<b>\$ 4,926,043</b>

## Opportunity Zone Tax Incentive Deadlines Extended!

Thanks to a **deadline relief notice from the IRS** in response to Corona chaos, the 6-month deadline for investors to join a QOF 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.**

*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*

One misconception some investors have about Opportunity Zone (OZ) funds is that their investment dollars are held for 10-years with no returns, or minimal returns, during the mandatory 10-year hold period. I have seen some OZ investments that are structured that way, with the entire return coming only after ten years. That's not how we're doing it. We project our Qualified Opportunity Fund (QOF) to have **quarterly distributions** that will grow to double digit returns over the 10-year hold.

**PWL's QOF focused on Manufactured Home Communities, i.e., Mobile Home Parks, in Opportunity Zones, remains open.** The QOF will hold at least three properties, all in the Midwest, providing diversification and regular cash flow to investors. We like this niche as it tends to do well even when the economy is going through a rough patch.

**Tax incentives for Opportunity Zone investments will increase after-tax returns for high earners by about a third.** Normally we would not let the tax tail wag the investment dog, but an increase of over 30% is not like any other incentive. OZ investment dollars can be sourced from any taxable gain, including the sale of stocks, bonds, real estate, private companies, or collectibles. If you are 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 OZ tax incentives** or would like information about potentially investing in our current QOF, please contact me or Sally. The minimum investment is \$250,000.

Stay healthy and keep smiling –

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# PWREI Scorecard

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## Approximate investment by PWREI

Data as of 05/31/2020

### 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 Moneytree, Rainier Growlers, 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	2020 Q1 NOI
\$5,625,000	\$2,889,595	100%	\$102,139

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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	2020 Q1 NOI
\$1,900,000	\$1,978,735	86%	\$58,945

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

Initial Investment	Net Investment	Occupancy	2020 Q1 NOI
\$2,740,600	\$3,011,339	95%	\$83,440

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### Auburn Road

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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	2020 Q1 NOI
\$1,000,000	\$1,031,598	100%	\$37,340

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## Roosevelt Place

PWREI purchased this property in August 2014. The 14,000 sq. ft. center is located in Phoenix, AZ, off the 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	2020 Q1 NOI
\$2,960,000	\$1,945,965	81%	\$61,490

## 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	2020 Q1 NOI
\$1,010,000	\$1,053,737	100%	\$8,365

## 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	2020 Q1 NOI
\$1,522,500	\$1,661,489	100%	\$51,074

## 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 347 and 365. Current tenants include Pizza Hut, Edward Jones, Sprint, Supercuts, The Nutrition Store, World Finance, and Fancy Nails.

Initial Investment	Net Investment	Occupancy	2020 Q1 NOI
\$2,677,500	\$2,805,419	91%	\$86,596

## 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	2020 Q1 NOI
\$1,850,000	\$2,037,905	78%	\$52,934

## 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 2019.

Initial Investment	Net Investment	Occupancy	2020 Q1 NOI
\$13,415,287	\$6,896,494	100%	\$86,385

## 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	2020 Q1 NOI
\$1,191,750	\$1,275,862	89%	\$25,098

## 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	2020 Q1 NOI
\$8,618,667	\$2,457,590	84%	\$57,646

## 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	2020 Q1 NOI
\$12,512,000	\$3,450,124	81%	\$99,551

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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	2020 Q1 NOI
\$2,030,055	\$2,233,215	100%	\$90,352

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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 Johnny's Pizza, Allen Chiropractic, 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	2020 Q1 NOI
\$1,100,000	\$976,903	91%	\$41,437

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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, with new tenant Milan Laser scheduled to open in this space later in 2020.

Initial Investment	Net Investment	Occupancy	2020 Q1 NOI
\$5,117,333	\$2,069,157	92%	\$46,348

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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	2002 Q1 NOI
\$2,660,000	\$2,704,587	100%	\$67,279

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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. A new lease with HotWorx Yoga was signed in April 2020 for 1,760 square feet.

Initial Investment	Net Investment	Occupancy	2020 Q1 NOI
\$2,906,000	\$3,040,460	100%	\$81,441

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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, with Board & Brush scheduled to open mid-2020.

Initial Investment	Net Investment	Occupancy	2020 Q1 NOI
\$2,922,500	\$2,988,043	95%	\$56,011

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**Note: 2020 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.**