



October 2020 Update

We are happy to formally announce the newest member of our team, **Sean M. Tallarico, who joined us as Chief Financial Officer** in September. Sean had been the Controller at Pope Resources, a publicly traded timber and real estate MLP located in Poulsbo, WA, just down the road from Bainbridge Island. [Pope Resources was purchased](#) earlier this year by a larger timber REIT. Announced in January, the deal closed in May, which led to Sean's availability. Sean is a CPA who has worked in public accounting and for publicly held companies. His years at Pope have given him excellent real estate experience and we are very happy to have him on the team.

PWL rent collections have recovered from the lows of April and May. Collections had dropped to 82.1% of billed rent in April and May, while collections for September are over 100%. Collecting over 100% happens when tenants pay the rent that they were billed earlier in the year, in addition to their current rent. The tenants that continue to struggle are sit-down restaurants and physical fitness concepts (gyms, karate facilities, yoga studios, etc.). Most of our portfolio is in suburban locations within the South East United States. Because carry-out and delivery restaurant sales are way up and shopping close to home is also strong, it's natural that our holdings are outperforming the national averages.

When we see sour media reports on the retail sector, those reporters do a bad job of differentiating urban retail centers and malls (which are getting hammered) from the types of properties we manage for our investors. **We expect to see continued reports of sharp pain for investors in core (big city urban) offices, malls, and hospitality establishments.** This pain is increased because the real estate niche that typically uses the highest level of debt is hospitality. The niche that runs on the slimmest margin paid out to investors, because of what had been thought of as its absolute safety while also using a high level of debt, is core offices.

We are pleased to announce that our Greenwood Park Qualified Opportunity Fund (GPQOF) has closed on the purchase of two communities in Minnesota: Northdale Manufactured Home Community & Stoney Creek Estates. Northdale is an 86-lot community located in Montevideo, MN and is 140 miles west of Minneapolis. Located in Albert Lea, MN, Stoney Creek is a 111-lot community just 90 miles south of Minneapolis.

This Minnesota portfolio was purchased on June 26, 2020 for a combined total of \$4.3M. Northdale was purchased for \$1.5M and Stoney Creek was acquired for \$2.8M. The cities of Montevideo and Albert Lea have stable populations with a limited supply of rental housing. These two additions to the GPQOF portfolio are significant value add properties in Opportunity Zones. If you would like more information in regard to our new acquisitions or GPQOF in general, please see below and feel free to contact me or Sally at any time.

Manufactured housing properties are not only surviving the economic crisis created by the spread of the novel coronavirus. By some accounts, the sector is thriving compared to other types of real estate. – National Real Estate Investor, May 2020

The tax incentives of a properly structured Opportunity Zone investment **are huge**. It's been almost 3 years since Opportunity Zones became law in late 2017, and I am surprised how often I talk with people who have not understood the magnitude of the incentives: ZERO taxes on the gains of an investment held for 10 years.

We are projecting GPQOF will provide **regular quarterly income distributions**, growing to double digits over the required 10-year hold.

An investment in GPQOF is a socially conscious investment, as these properties are in areas that typically do not attract investment dollars. We are making housing available to senior citizens and others of limited means.

The minimum investment is \$250,000, and the investment dollars for Opportunity Zones must be sourced from a taxable gain to realize the full tax benefit of an OZ investment. Taxable gains could be from the sale of stocks, bonds, real estate, private companies, or collectibles. **If you would like to receive the brochure Sally and I wrote explaining Opportunity Zone tax incentives** or would like information about potentially investing in our Manufactured Home Community QOF, please contact me or Sally.

IRS Opportunity Zone Deadline Relief

The IRS has given Opportunity Zone investors [deadline relief](#) in response to the corona chaos. The 6-month deadline for investors to join a QOF after receiving a gain has been extended to [anytime in 2020](#). If you have any gains from last year that were reported to you via a K-1 you received earlier this year, those gains are eligible for OZ tax incentives if invested any time this year in a properly structured QOF. Any direct gain received, for instance from the sale of stocks, bonds, property, or a business that was booked October 2019 or later can also be used for Opportunity Zone investments this year

PWREI signed a new lease in September at [Gulf Breeze](#). Great Lakes Dock & Dredging signed a short-term 6-12-month lease for 1,200 sq. ft. Great Lakes offers construction, dredging, and land reclamation services. They will be using the Gulf Breeze space for offices.

Stay healthy and keep smiling –

Martin A. Stever

President

martin@pacificwestland.com

(206) 780-3944 direct

(206) 780-4040 office

Sally Erickson

Investor Relations & Marketing Manager

sally@pacificwestland.com

(206) 201-3212

PWRE2 Scorecard

Approximate investment by PWRE2.

Data as of 08/31/2020

Lexington Commons

This 21,857 sq. ft. center was purchased by PWRE2 in August 2017. The property is located in a busy retail and employment corridor in Glen Allen, VA. Lexington Commons holds 13 local tenants which include Pho Saigon, Gojo Ethiopian, Patti Alterations, Hillary Nail & Spa, and Ariya Family Chiropractic.

Initial Investment	Net Investment	Occupancy	2020 Q1 – Q2 NOI
\$4,099,862	\$4,114,658	91%	\$166,468

Rosemount Crossing

Originally purchased in September 2017, PWRE2 had a combined 59.37% stake in Rosemount Crossing. The property is located in Rosemount, MN which consists of 26,767 sq. ft. of remaining retail space after the sale of the ALDI grocery store in January 2018. The ALDI grocery store sold for \$3.19M net and was a total of 17,427 sq. ft. Having owned 100% of the ALDI building, PWRE2 owned a 29.24% sale in the property have the sale. Of the remaining retail space, the property consists of a healthy mix of national and local tenants with the most notable being Fantastic Sams, Domino's Pizza, Sprint, and Starbucks.

Initial Investment	Net Investment	Occupancy	2020 Q1 – Q2 NOI
\$4,621,712	\$1,334,461	90%	\$62,013

Main Street Commons

The 24,388 sq. ft. center was purchased by PWRE2 in November 2017. It is located just north of I-85 along State Route 317 in Suwanee, GA. The location of the property is within the busy upscale Suwanee area attracting a consistent flow of customers. Main Street Commons consists of 13 tenants with some being Beto's Tacos, C2 Education, Suwanee Karate, TADA Coffee, and Asian Fusion.

Initial Investment	Net Investment	Occupancy	2020 Q1 – Q2 NOI
\$3,509,813	\$3,612,455	100%	\$164,012

The Pointe at Epps Bridge

Located in Athens, GA, this PWRE2 property was purchased in November 2017. It sits along a busy commercial corridor and is surrounded by many busy national chains such as Walmart, Lowes, Trader Joes, and Ashley Furniture. The Point at Epps Bridge is 14,145 sq. ft. mixed retail space which includes 9 tenants such as Sprint, Jittery Joe's Coffee, Barberito's Mexican Restaurant, and American Deli.

Initial Investment	Net Investment	Occupancy	2020 Q1 – Q2 NOI
\$3,208,250	\$3,214,610	100%	\$137,883

Bellevue West Shopping Center

The 30,210 sq. ft. strip center in Nashville, TN was originally purchased in December 2017 with a 45.42% stake in the property by PWRE2. The Bellevue West Shopping Center is located along the busy HWY 70 S corridor. In the neighboring area, there well-known national chains such as Home Depot, Goodwill, Staples, Bed Bath & Beyond, Hampton Inn, and Sprouts Market that keep the overall area busy. The shopping center boasts a healthy mix of 14 tenants which include a Subway, Burn Boot Camp, Scrub Shoppe, Sir Pizza, and Katie's Plates.

Initial Investment	Net Investment	Occupancy	2020 Q1 – Q2 NOI
\$1,943,374	\$2,182,307	92%	\$70,488

Hamilton Pointe

Located in northeast Columbus, OH, just off of OH-161 and I-270, PWRE2 purchased an 86.06% stake of Hamilton Pointe in February 2018. The 12,166 sq. ft. mixed retail space includes the 5 tenants Sylvan Learning, Vetcare, Daneault Dentistry, Honey Nails, and Scrambler Marie's restaurant.

Initial Investment	Net Investment	Occupancy	2020 Q1 – Q2 NOI
\$1,868,000	\$1,919,490	100%	\$56,839

Loggins Corner

In April 2018, PWRE2 purchased this large multi-building shopping center located in Jefferson, GA along the US-129 just south of I-85. Loggins Corner consists of 29,800 sq. ft. leasable space which includes a standalone Beef O'Bradys restaurant pad and two mixed-retail strips. The mixed retail space consists of healthy mix of 18 local and national tenants. National tenants at the property include Little Caesars, H&R Block, and Great Clips.

Initial Investment	Net Investment	Occupancy	2020 Q1 – Q2 NOI
\$6,557,422	\$6,643,613	100%	\$281,577

Phoenix Place Apartments

The 144-unit multi-family property was purchased by PWRE2 in late August 2018. Originally named Harmony Pointe Apartments, we have completely re-branded making it Phoenix Place Apartments. The apartments have a large townhome-style floor plan which makes the property attractive to many city residents. Located in East Point, GA and less than 3 miles from the Hartsfield-Jackson Airport, the multi-family property is in excellent proximity to Atlanta's largest job centers.

Initial Investment	Net Investment	Occupancy	2020 Q1 – Q2 NOI
\$6,775,000	\$7,114,129	98%	\$228,289

Dublin Village

This 98,540 sq. ft. shopping center located in Dublin, GA was originally purchased in late August 2018 by PWRE2. Upon purchase, Dublin Village included two multi-tenant buildings, a Kroger store, and three vacant pads. In April 2019, the Kroger parcel sold for ~\$5.16M (Net investment and Occupancy below has been adjusted for the Kroger Sale). The small shop spaces, located on either side of Kroger, include Great Clips, Holy Smokes BBQ, Accordia Urgent Care, Nail Dynasty, Mariner Finance, Little Tokyo Steakhouse, and Marco's Pizza.

Initial Investment	Net Investment	Occupancy	2020 Q1 – Q2 NOI
\$8,450,000	\$3,332,456	54%	\$113,464

Westminster Apartments

This 40-unit multi-family property located in Macon, GA was purchased by PWRE2 in late August 2018. The Westminster Apartments is located less than 3-miles from Mercer university and through hands-on management, changes, and upgrades throughout the property and poses a significant value add opportunity.

Initial Investment	Net Investment	Occupancy	2020 Q1 – Q2 NOI
\$918,750	\$1,068,146	35%	(\$150,735)

Brookfield Apartments

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

Initial Investment	Net Investment	Occupancy	2020 Q1 – Q2 NOI
\$5,412,000	\$6,032,490	89%	(\$181,333)

Liberty Heights Apartments

Purchased in January 2019 for 50% stake towards PWRE2, this 105-unit multi-family property is located in a quiet neighborhood within Lexington, KY. The Liberty Heights Apartments are within easy access to employment hub located on the outer beltway as well as downtown Lexington and the University of Kentucky.

Initial Investment	Net Investment	Occupancy	2020 Q1 – Q2 NOI
\$1,900,000	\$2,169,128	70%	(\$16,563)

Colony East Apartments

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

Initial Investment	Net Investment	Occupancy	2020 Q1 – Q2 NOI
\$3,803,655	\$3,579,981	88%	\$36,521

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.