

November 2021 Update

October was very busy for us! One of the highlights is that we acquired 2 new properties. Each was purchased with investors who are not new to PWL and who self-identified as interested in joining any one-off deals we organize.

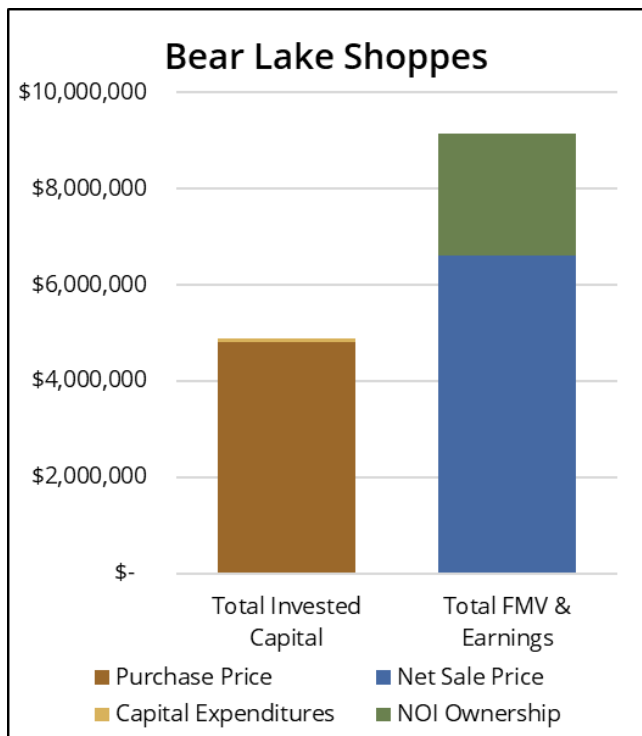


[Southgate Retail Center](#), located in Olathe, Kansas, is a 25,515 square-foot neighborhood shopping center consisting of one building of multi-tenant shops, which was 87% occupied at the time of purchase. We purchased Southgate for ~\$5.8M with 8 individual investors that included a TIC investor who used 1031-exchange dollars.



Located about 20 minutes south of Seattle, [44 Renton Center](#) is a single-building retail strip center in Renton, Washington. Although in Renton, most people will think this address is in Newcastle, WA because of the odd and irregular border between the two cities. Those living in the Puget Sound area will recognize the road, directly across the highway from the Seattle Seahawks training facility and practice fields on Lake Washington. This Center consists of 19,002 square feet of leasable space and was 86.6% occupied at the time of purchase. Built on a grade, the ground floor facing 44th Ave. is retail space, while the uphill side second floor is office space. We acquired 44 Renton for ~\$4.7M with 5 individual investors. If you have [1031-exchange](#) dollars you may want to roll into a deal similar to either of these, please remember well before your 1031-exchange deadline clock starts ticking.

Revisiting a winner! When we reported on the sale of Bear Lake Shoppes in the last monthly report, we understated the results of one of our recent exits. This updated version includes a pad sale that took place in 2015.



Purchase Price (Feb 2013)	\$4,800,000
Capital Expense	\$ 86,302
Total	\$4,886,302
Net Sale Price (Aug 2021)	\$5,012,439
Starbucks Pad Net Sale Price (Feb 2015)	\$1,603,111
NOI Thru 9/30/2021	\$2,531,693
Total	\$9,147,243

Congratulations to Melissa Bartenbach of BDO who was just made Partner. Melissa has been our point person for audits of all our various real estate entities for about a decade, first with Clothier and Head, which merged with Peterson Sullivan, and then with Peterson Sullivan through its merger with BDO a couple of years ago. Melissa has been a terrific resource for us. The BDO partnership is lucky to now count her as one of their number. Josh and I are tremendously proud of her!

When we started writing these monthly emails 12 years ago, we would sometimes include investing and real estate definitions. At the suggestion of a couple of investors, we are going to rehash some of our own material, starting this month.

Here is a review of the **valuation methods** we use at PWL, where they are published, and their strengths and weaknesses. We offer a variety of methodologies because there is no single correct answer until the day a sale is completed.

Capital Ledger Balance - most conservative and used by many Members. This is reported on each Member's individual capital ledger, which is issued with each distribution. This method "breaks" when an investor's capital balance hits zero even though the investor still owns a piece of a valuable asset(s).

Book Value - this is the accounting valuation, which is great for looking in the rearview mirror. It does not move up or down based on market conditions, and no change in market value of what PWL owns is driven back into the balance sheet until a property sells. This is reported to Members quarterly.

Appraised Value - PWL typically does not get appraisals, as they are costly. An appraisal is one person's opinion on one day. Occasionally we are obliged to get an appraisal done, and when this happens, we provide the information in the quarterly report.

Assessed Value - PWL reports to Members assessed values on a quarterly basis. Like appraisals, assessed values are one person's opinion on one day. Unlike appraisals, they are free, provided by municipalities as part of the property taxation process. "Free" is the assessed value's only positive attribute. These values typically lag the market by up to two years. This tremendous lag, which is of an unpredictable duration, is the greatest weakness of using assessed values. They are updated on a rolling basis as modifications are made by the local taxing authorities. We provide assessed value as a conservative valuation method used by some Members. Internally, we do not use assessed values to make any decisions. Assessed values are included in quarterly reports.

Estimated Fair Market Value (FMV) plus cash minus debt - This is a number we use internally and update quarterly. As part of the audit process, each property's fair market value is established once per year. The values are summarized in the audit report issued to Members. The quarterly adjustments mentioned are to the cash and debt values, not to the FMV. Members should keep in mind these are estimates and they are **always wrong**. Our hope is that they are only wrong a small amount and that they are wrong to the upside as often as they are wrong low.

PWL signed a new lease in October. Captain Grappo's Gluten Free Foods, a gluten free food manufacturer and seller, has signed a 1,200 sq. ft. lease at [Gulf Breeze](#) for 5 years.

Our office remains open for visitors with an appointment. Please contact me if you'd like to get a visit on the calendar.

Stay healthy & 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

PWREI Scorecard

Approximate investment by PWREI

Data as of 9/30/2021

Willow Hill Center

The 21,082 sq. ft. center located in Puyallup, WA was purchased in May 2014 with an 83% stake for PWREI. We sold the Starbucks pad in October 2014 for ~\$2.35M net and the Ivar's pad in April 2015 for ~\$1.27M net. The property currently has 10 tenants with the most recognizable being Moneytree, Pho Tai Vietnamese, and Rainier Growlers.

Initial Investment	Net Investment	Occupancy	2021 Q1 – Q2 NOI
\$5,625,000	\$2,889,595	100%	\$213,165

Benjamin Square

PWREI purchased this 9,950 sq. ft. property in May 2014. Benjamin Square is in a highly visible center just off of I-5 in Woodland, WA. The property currently has 5 tenants; the national tenants include Starbucks (drive thru), Subway, Papa Murphy's, and H&R block.

Initial Investment	Net Investment	Occupancy	2021 Q1 – Q2 NOI
\$1,900,000	\$1,978,735	86%	\$56,295

Shoppes at Buford

This 20,844 sq. ft. property was purchased by PWREI in May 2014 and is located in Buford, GA. The centers' location across from the Mall of Georgia puts it in a retail corridor ideal for drawing shoppers. The Shoppes at Buford has a total of 10 tenants, which include Edible Arrangements, Ideal Image, and Design House of Flowers.

Initial Investment	Net Investment	Occupancy	2021 Q1 – Q2 NOI
\$2,740,600	\$3,011,339	100%	\$174,205

Auburn Road

Located in Dacula, GA, this 8,400 sq. ft. property was purchased by PWREI in August 2014. The center is located at the busy intersection of Auburn Rd. and Jim Moore Rd. and is at the center of a sprawling residential area. Auburn Road's 3 tenants include World Finance, Intracore Healthcare, and Georgia Veterinary.

Initial Investment	Net Investment	Occupancy	2021 Q1 – Q2 NOI
\$1,000,000	\$1,031,598	86%	\$63,240

Roosevelt Place

This 14,000 sq. ft. property was purchased in August 2014 by PWREI. The property is located in the industrial corridor of Phoenix, AZ by I-10. This location allows for heavy daytime traffic. In May 2016, the Jack in the Box pad sold for ~\$1.08M. Roosevelt Place currently has 7 tenants, the two largest being Cash America and Filiberto's Mexican Food.

Initial Investment	Net Investment	Occupancy	2021 Q1 – Q2 NOI
\$2,960,000	\$2,025,019	100%	\$111,577

Gulf Breeze

PWREI purchased this 27,739 sq. ft. property located in Port Arthur, TX in January 2015. The property is shadow anchored by the major grocery store, H-E-B, and maintains great visibility from both HWY 347 and HWY 365. Gulf Breeze's national tenants include Edward Jones, Sprint, World Finance, Super Cuts, Republic Finance, The Nutrition Store, Pizza Hut, and a Wells Fargo ATM.

Initial Investment	Net Investment	Occupancy	2021 Q1 – Q2 NOI
\$2,677,500	\$2,810,431	96%	\$179,374

Log Pond Plaza

Located in a dense residential area just north of State Route 16 in Newark, OH, this 27,368 sq. ft. property was purchased by PWREI in March 2015. The property is shadow anchored by a Walmart Super Center with a Home Depot across the street. Log Pond boasts a healthy mix of 10 local and national tenants, which include Hertz, Cheng's Chinese, Fiesta Salon, and CATO.

Initial Investment	Net Investment	Occupancy	2021 Q1 – Q2 NOI
\$1,850,000	\$2,037,905	85%	\$99,608

Massard Farms

Located in Fort Smith, AR, this large shopping complex was purchased in April 2015. In September 2018, the Kohl's building sold for \$8.9M net. After its sale, PWREI still owns 71,592 sq. ft. leasable space. Massard Farms tenants include an IHOP, Savers, Sports Clips, Firehouse Subs, and Pad Thai Cuisine.

Initial Investment	Net Investment	Occupancy	2021 Q1 – Q2 NOI
\$13,415,287	\$6,896,494	94%	\$211,433

Oak Creek Commons

This small 10,462 sq. ft. strip center located in Oak Creek, WI was purchased by PWREI in May 2015. Being south of Milwaukee, the area's population growth and average household income are projected to outpace the national average over the next five years. Oak Creek Commons has a healthy mix of 6 tenants, with the most recognizable being Dunkin' Donuts and Great Clips.

Initial Investment	Net Investment	Occupancy	2021 Q1 – Q2 NOI
\$1,191,750	\$1,286,386	90%	\$74,876

Massillon Commons

Located along the busy Lincoln Way corridor in Massillon, Ohio, this property was purchased in June 2015 for a 66.7% stake for PWREI. In June 2016, the Home Depot pad sold for ~\$9.36M net with the proceeds used to pay off debt. In addition to a 50,503 sq. ft. Dunham's Sports, Massillon Commons boasts 63,048 sq. ft. of leasable space that include 11 tenants, the largest being P.S. Cook's, OakPark Preschool, and Stark Medical.

Initial Investment	Net Investment	Occupancy	2021 Q1 – Q2 NOI
\$8,618,667	\$2,475,340	89%	\$158,133

Greensburg Commons

Purchased in July 2015 for a 66.7% stake for PWREI, this large 88,953 sq. ft. shopping center is located at the intersection of I-74 and State Rd. 3 in Greensburg, IN. In December 2016, the Walmart Parcel sold for ~\$13.9M net with most of the proceeds used to pay off debt. Greensburg Commons holds a mix of 15 local and national tenants. The most recognizable tenants are Jimmy John's, Great Clips, GameStop, GNC, Rent-A-Center, Goodwill and Bath & Body Works. A new lease was signed with Feeder's Pet Supply for 10,812 square feet at the end of September 2021.

Initial Investment	Net Investment	Occupancy	2021 Q1 – Q2 NOI
\$12,512,000	\$3,638,151	71%	\$165,661

Gateway Center

PWREI purchased this 28,056 sq. ft. mixed retail space, located in Newberry, SC, in October 2015. Gateway Center sits at the intersection of US 76 and Main St. and is shadow anchored by a Walmart. With 12 tenants, the center's most notable occupants include GameStop, Quick Credit, Nexien, and T-Mobile.

Initial Investment	Net Investment	Occupancy	2021 Q1 – Q2 NOI
\$2,030,055	\$2,233,215	100%	\$182,214

Powder Springs

Purchased in October 2015 by PWREI, this 15,050 sq. ft. strip center is located on Richard D. Sailors Pkwy in Powder Springs, GA. Upon purchase of the property, we acquired a vacant pad that was sold in February 2016 for ~\$280K net. Powder Springs is shadow anchored by a Home Depot and has a total of 6 tenants including Hanger Prosthetics and Premier Martial Arts.

Initial Investment	Net Investment	Occupancy	2021 Q1 – Q2 NOI
\$1,100,000	\$976,903	72%	\$147,658

Sugarcreek Crossing

Located in Centerville, OH, PWREI purchased Sugarcreek Crossing in October 2015 and holds a 66.7% stake. Upon purchase, the property included three parcels: a ground leased Cracker Barrel pad that was eventually sold in May 2016 for ~\$2.28M net; a Tire Discounters pad that was sold in December 2016 for ~\$2.96M net; and a multi-tenant retail building containing a UPS store, a Chiropractic office, and Edward Jones, among others. Work to create an additional 3,425 sq. ft. of retail space in a former bank drive-thru is now complete, and a second new tenant for the space, Bubbakoo's Burrito is now open.

Initial Investment	Net Investment	Occupancy	2021 Q1 – Q2 NOI
\$5,117,333	\$2,118,513	100%	\$133,345

East West Market

Purchased as a joint deal with Castleberry Promenade, PWREI acquired this 17,017 sq. ft. property in February 2016. East West Market is located along the East West Connector in Austell, GA. The 1.09-acre Dunkin Donuts pad sold in June 2020 for ~\$522K net. The property currently holds 6 tenants, the largest being WellStar Health System, American Hearing Imaging, and Thumbs Up Diner.

Initial Investment	Net Investment	Occupancy	2021 Q1 – Q2 NOI
\$2,660,000	\$2,188,287	100%	\$162,220

Castleberry Promenade

PWREI acquired this 26,651 sq. ft. property in February 2016 as a joint deal with East West Market. Castleberry Promenade is located at the busy intersection of Bethelview Rd. and Castleberry Rd. in Cumming, GA. Upon purchase, the property included leasable space as well as two small developable pads. This property currently has 10 tenants, among them Liberty Tax, Kumon Learning, Castleberry Ale House, and Ovo Salon.

Initial Investment	Net Investment	Occupancy	2021 Q1 – Q2 NOI
\$2,906,000	\$3,121,006	95%	\$237,110

Village at Las Sendas

PWREI purchased this 39,144 sq. ft property in June 2016 for a 33.4% stake. The Village at Las Sendas is located at the intersection of McDowell Rd. and Power Rd. in Mesa, AZ. This shopping center has a diverse mix of 16 national and local tenants, with the most recognizable being Chipotle, Jimmy John's, and Smashburger.

Initial Investment	Net Investment	Occupancy	2021 Q1 – Q2 NOI
\$2,922,500	\$3,007,936	97%	\$113,813

Little Corona – SOLD August 2020

Located at the busy intersection of Rural Rd. and Ray Rd. in Chandler, AZ, this 6,074 sq. ft. property was purchased by PWREI in December 2014. Little Corona was sold in August 2020 for \$1.55M. At the time of sale, Little Corona held 100% occupancy.

Initial Investment	Profit	Deal Multiple	Gross IRR
\$1,010,000	\$1,170,646	1.84x	13%

Dail Center – SOLD August 2020

Dail Center was purchased by PWREI in December 2014. This 16,145 sq. ft. center is located along US Route 17 in famous Myrtle Beach, SC. Due to its popular location, the area attracts over 14 million visitors each year. In August 2020, Dail Center was sold for \$2.4M and was 100% occupied.

Initial Investment	Profit	Deal Multiple	Gross IRR
\$1,522,500	\$1,990,807	2.08x	16%

Note: 2021 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.