



June 2023 Update

A quick comment on PWREI's Q1 results: A number we like to focus on is the difference in **Total** projected return year-over-year. For PWREI, that's sitting at ~\$97.5M, an increase of \$5.4M from a year ago or an increase of 10.8% of the original capitalization. Given the headwinds the real estate sector faced over the last 12 months, we are especially pleased with this *projected* result.

Commentary on PWRE2's Q1 results: The last four quarters' distributions have been 28% of Members' original contributions. At the same time, free cash flow has increased 20%. That's compelling!

The other number that jumps out from PWRE2's Q1 results is the high cash balance in the bank. We have been working on lining up a potential development project for one of PWRE2's vacant pads. We have been retaining cash to fund this development, should it move forward.

This week the real estate headlines are focused on large investors handing substantial properties back to the bank, rather than paying off mortgages. This is rational behavior if the value of the property is less than the amount of the outstanding debt. We see this happening in three specific instances. First, the office sector is under substantial stress, especially in those urban markets where vacancies are high. Second, in cities with persistently high levels of crime, commercial real estate is in trouble. Third, we see some developers with new projects squeezed due to the rapid rise in interest rates. Typically, new construction is funded with a 3-year construction loan, and once a building is completed, that loan is replaced with permanent financing. Three years ago, developers were planning on permanent financing borrowing rates to be at half of what is currently available.

While rising interest rates and macroeconomic conditions are affecting PWL holdings, none of the properties in PWL's portfolio are described by the three circumstances above. Please remember that the media lives in NYC and LA, and therefore anything that happens in those two cities is reported as though it is generally happening everywhere to everyone. Real estate investments in NYC and LA are currently under particular pressure. This is impacting the media's reporting on real estate as an asset class. The media also forgets that if an office building has been levered up 75% — they often are, especially in major cities — and the value of the office building moves down by 20%, it is less expensive for the building's owner to turn the keys over to the lender than to hang on awaiting a recovery in value. The press gets very confused and sometimes reports that a building has been "wiped out". For a highly levered asset, a 15 or 20% reduction in value can be enough to send it back to the bank.

I'm going to talk some more about this at the July investor meeting.



PWL has purchased another property in Alabama! In Huntsville, Alabama, [Magna Carta Place](#) is a 22,378 sq. ft., 3-building neighborhood shopping center. In May, PWL purchased this property for \$4.85M. The property is on one of Huntsville's most heavily trafficked intersections and just off Memorial Parkway. The Huntsville metro area has the most educated population thanks to the presence of NASA and the Army's Redstone Arsenal. The area is regularly named one of the most affordable and top 5 places to live in the U.S. It is a superior location.

Club Deals

In our monthly reports, we note when PWL has purchased a new property, like [Magna Carta Place](#). Each of these new investments is organized as a stand-alone LLC funded by a handful of current PWL investors. The terms for club deals are very similar to those underlying PWREI and PWRE2. We charge a 1% one-time acquisition fee and 1% per year of asset value. We split the profits 80/20, in favor of investors. The minimum investment is typically \$250K. We keep a rolling list of current PWL investors who would like to participate in such opportunities. If such an investment might suit you, we would be happy to add you to this list at your request.

1031-Exchanges

PWL's recent purchase of [Meridian Marketplace](#), the property we discussed in the May update, satisfied the **1031-exchange** need of an investor. This investor is a client of a financial advisor who has incorporated PWL investments into their clients' portfolios for 14 years. If you are selling a property and looking at 1031-exchange options, please give me a call. Please remember, the more advance notice we receive about a possible 1031-exchange, the more likely it is we will be able to make a successful exchange. The tight 45-day identification period is the most difficult challenge of the 1031-exchange process. Advance notice and planning can overcome this potential obstacle.

Golf

Office visitors with an appointment are welcome, although ferry rides are more fun when the sun is shining. We really, really enjoy reasons to get out of the office during the summer. Throw us a line. If you'd like to hit the links with Josh at [Wing Point Country Club](#) some Friday this summer, let's get it on the calendar. Martin usually joins for lunch before or after the round.

PWL signed three new leases and two lease extensions in May:



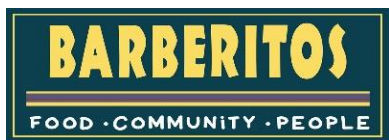
Johnny's Music Shoppe signed a new lease at [Massillon Commons](#) to expand their 1,761 sq. ft. space into an adjacent 1,022 sq. ft. unit, and exercised their option to extend their lease for another 7 years.

Another tenant at [Massillon Commons](#), Burdette Tax Service, exercised their option to extend their 1,040 sq. ft. lease for another 3 years.



Maya Whole Health Studio signed a new 5-year, 2,457 sq. ft. lease at [44 Renton Center](#).

Andy Winger Chiropractic also signed a new 5-year lease at [44 Renton Center](#) for 661 sq. ft.



Barberitos exercised their option to extend their 2,800 sq. ft. lease for another 10 years at [The Pointe at Epps Bridge](#).

We have extra copies of "The Snow Goose" here in our office. If you'd like a copy to gift to a friend or family member, please email caroline@pacificwestland.com.

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Stay healthy & keep smiling –

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PWREI Scorecard

Approximate investment by PWREI

Data as of 4/30/2023

Willow Hill Center

The 21,082 sq. ft. center located in Puyallup, WA was purchased in May 2014 with PWREI buying an 83% stake. 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 9 tenants with the most recognizable being Moneytree, Pho Tai Vietnamese, and Rainier Growlers.

Initial Investment

\$5,625,000

Net Investment

\$2,943,228

Occupancy

100%

2023 Q1 NOI

\$105,371

Benjamin Square

PWREI purchased this 9,950 sq. ft. property in May 2014. Benjamin Square is in a highly visible center just off I-5 in Woodland, WA. The property currently has 6 tenants; the national tenants include Starbucks (drive thru), Subway, Papa Murphy's, T-Mobile and H&R block.

Initial Investment	Net Investment	Occupancy	2023 Q1 NOI
\$1,900,000	\$2,069,607	86%	\$43,506

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 4 tenants include State Farm, Intracore Healthcare, Georgia Veterinary, and Center Stripe Golf.

Initial Investment	Net Investment	Occupancy	2023 Q1 NOI
\$1,000,000	\$1,051,877	100%	\$40,115

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	2023 Q1 NOI
\$2,677,500	\$2,889,380	100%	\$164,130

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 11 local and national tenants, which include Hertz, Cheng's Chinese, Fiesta Salon, and CATO.

Initial Investment	Net Investment	Occupancy	2023 Q1 NOI
\$1,850,000	\$2,179,603	94%	\$72,514

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	2023 Q1 NOI
\$13,415,287	\$7,401,127	96%	\$146,519

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 includes 12 tenants, the largest being P.S. Cook's, OakPark Preschool, and Stark Medical.

Initial Investment	Net Investment	Occupancy	2023 Q1 NOI
\$8,618,667	\$2,502,750	87%	\$47,531

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, Feeder's Pet Supply, Goodwill, Open Box Outlet and Bath & Body Works.

Initial Investment	Net Investment	Occupancy	2023 Q1 NOI
\$12,512,000	\$3,884,907	91%	\$99,703

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	2023 Q1 NOI
\$2,030,055	\$2,233,215	100%	\$77,684

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	2023 Q1 NOI
\$1,100,000	\$745,182	81%	\$30,726

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.

Initial Investment	Net Investment	Occupancy	2023 Q1 NOI
\$5,117,333	\$2,161,342	96%	\$56,184

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	2023 Q1 NOI
\$2,660,000	\$2,206,308	100%	\$100,776

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	2023 Q1 NOI
\$2,906,000	\$3,237,237	96%	\$159,147

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	2023 Q1 NOI
\$2,922,500	\$3,030,034	100%	\$59,786

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 \$1.57M. At the time of sale, Little Corona held 100% occupancy.

Initial Investment	Profit	Deal Multiple	Deal IRR
\$1,010,000	\$1,170,646	1.82x	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	Deal IRR
\$1,522,500	\$1,990,807	2.08x	16%

Roosevelt Place – SOLD November 2021

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 sold in November 2021 for \$5.02M.

Initial Investment	Profit	Deal Multiple	Deal IRR
\$2,960,000	\$4,620,030	2.55x	19.9%

Shoppes at Buford – SOLD June 2022

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. Shoppes at Buford sold in June 2022 for \$5.7M.

Initial Investment	Profit	Deal Multiple	Deal IRR
\$2,740,600	\$5,699,583	2.68x	15.1%

Oak Creek Commons– SOLD June 2022

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 sold in June 2022 for \$2.5M.

Initial Investment	Profit	Deal Multiple	Deal IRR
\$1,191,750	\$2,499,248	2.81x	18.4%

Note: 2023 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 audited results on an annual basis from a PCAOB registered public accounting firm.