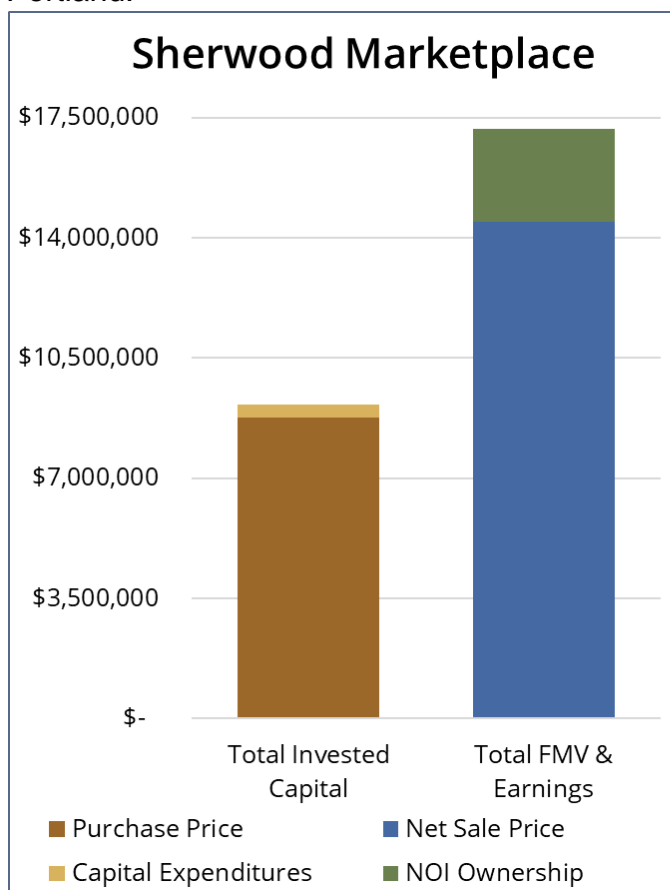


November 2022 Update

Last month Martin was in **Boise** for our first in-person meeting of area investors in three years. We had a nice turn-out. *Thank you to everyone who joined us, especially those who trekked from distant parts of Idaho.* Reporting on results and fielding questions in person is far preferable to online meetings, at least it is for me. It's our hope that in 2023 our regular slate of meetings in the Puget Sound region and around the country will return to a pre-pandemic pace.

Pacific West Land is sponsoring the [Stella Maris House Star of Hope Gala](#) on Saturday, November 19th at the Kitsap County Golf and Country Club. Stella Maris House is one of Kitsap County's two shelters for women and children. The organization also operates a food bank. For more information on this vital community organization, check them out on [Facebook](#).

PWL is pleased to announce the sale of Sherwood Marketplace! We are very happy with the results of this project. Sherwood Marketplace was purchased as part of a 7-property investment pool funded by a single well-known Seattle-area investor (who we are not permitted to publicly name). It is located in Sherwood, OR just off of Pacific Highway, approximately 16 miles southwest of downtown Portland.



Purchase Price (Oct 2013)	\$ 8,750,000
Capital Expenditures	\$ 403,506
Total	\$ 9,153,506
Net Sale Price - Front Shops (Oct 2022)	\$ 3,372,723
Net Sale Price - Uphill Portion (Sep 2021)	\$ 3,836,208
Net Sale Price - Kohls Pad (Aug 2014)	\$ 7,257,317
NOI During Ownership	\$ 2,705,463
Total	\$ 17,171,711

Unlevered Gross Returns	
Deal Multiple	1.63x
Deal IRR	17%

This 87,336 sq. ft. property was originally purchased for \$8.75M in October 2013. The first of three sales occurred in August 2014 when we sold the Kohl's pad for ~\$7.3M after splitting it off onto its own tax parcel. This center is built on a hillside, with Kohl's and a row of multi-tenant retail shops facing into a shared parking area. On the uphill side of the center is a combination of retail and office tenants, the largest being a private school. The uphill portion sold in September 2021 for ~\$3.8M, and the sale of the final parcel just closed in October 2022 for ~\$3.4M. This impressive, combined sale price of ~\$14.5M is the outcome of [Josh](#)'s highly disciplined strategic approach to both buying and selling properties. By splitting the property into three separate tax parcels, he was able to substantially increase the total return.

The property was 90% occupied at the time of purchase and 100% occupied at the time of sale. This was a particularly powerful return profile, as 90% of the original capital was back in investors' pockets after just 1 year. The results shown here do not include the amplification effect of debt. These results also do not reflect PWL's participation. Through a management entity, we collected a fee equal to 20% of the profits. **A huge shoutout to Josh, and our Leasing & Property Management team on another very successful investment!**

Reviewing the Q2 quarterly reports that went out last month, PWREI 2022 YTD revenue and net operating income have declined from the previous year due to asset sales. Net profits are up substantially because of the same property sales. Member distributions are now over 84% of the original capitalization, while PWREI continues to hold substantial assets. Overall vacancies are very low, and the vacancies we do have are concentrated in 2 properties. PWRE2 2022 YTD revenue, net operating income, and free cash flow, from continuing operations, are all up substantially. Net profits are also up, both from continuing operations and the proceeds from the Westminster sale. This result is especially good given the extraordinary challenges faced in 2020 and 2021.

In August PWL sold a multifamily property located in Georgia that we had purchased in 2019. For the investors in that project, things did not go as planned. It was a serious rehab project, with every unit calling for substantial investment. In the plans we had made, we did not forecast a pandemic, a government mandated work stoppage, an eviction moratorium that lasted a couple of years (and extended to criminals), a labor shortage, supply chain issues that led to a massive rise in material costs, and a dramatic increase in property and violent crime.

Sometimes a new potential investor will ask, "*What is your black swan event?*" My new answer is, "*You only want one? I got a whole flock over here!*"

When getting the pitch on a potential investment with us, most of our investors have heard us emphasize, "***This is a plan, not a promise.***" If we look back at the Excel model we presented to investors in this 2019 Georgia apartment rehab investment, it looks NOTHING like what really happened. In this case, the plan lasted until about March 1, 2020. After things started shutting down, we did not spend any time worrying if we were adhering to our plan; we knew we were not. We focused on getting the best long-term result for investors. We completed substantial property improvements, which took 18 months longer than we originally anticipated. The housing units went from substandard — meaning places none of our investors would agree to live in — to modestly nice. We received many positive comments and reviews from tenants. The apartments had been the worst in the neighborhood; now it is the place with a waiting list. We sold the property in August, achieving a solid low-teens IRR for investors. Given the unanticipated headwinds, Josh and I know the PWL team did a tremendous job getting to the finish line. Any of these investors could say, "*This series of events is nothing like what you said would, or even might, happen,*" and they would be correct.

I'm writing about this now because we have just exited a 14-year period during which interest rates have been held artificially low. Some things in the market will change, and the potential changes are not easily predicted. As always, we will be doing what we believe is in the best interest of our investors, while also being good landlords, good employers, and good neighbors. If anyone calls or writes to say, "I'm surprised by a change from the routine," we will respond, "Us too!"

We are also watching the market for new potential investments, as some real estate operators are not wired to perform in anything other than an ultra-low interest rate environment, and they may be forced to the doors.

Robert "Bob" Linz was very helpful to PWL when we just started growing our staff and scope. Bob facilitated our first few "all-hands all-day" meetings. Always smiling and quick of wit, he was an excellent public speaker who made his career in commercial real estate and investment management. Bob was very active in the community, especially with Bainbridge Island Rotary, where he had been president. He passed away in October. Our prayers go out to his family. **RIP Bob.**

If you would like to meet for breakfast or lunch, please give me a shout so we can get something on the books. Office visitors with an appointment, even with short notice, are welcome.

Stay healthy & keep smiling –

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PWREI Scorecard

Approximate investment by PWREI

Data as of 8/31/2022

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 9 tenants with the most recognizable being Moneytree, Pho Tai Vietnamese, and Rainier Growlers.

Initial Investment

\$5,625,000

Net Investment

\$2,897,139

Occupancy

100%

2022 Q1-Q2 NOI

\$221,793

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

\$1,900,000

Net Investment

\$2,020,457

Occupancy

86%

2022 Q1-Q2 NOI

\$82,532

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

\$1,000,000

Net Investment

\$1,043,791

Occupancy

100%

2022 Q1-Q2 NOI

\$51,861

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

\$2,677,500

Net Investment

\$2,874,743

Occupancy

100%

2022 Q1-Q2 NOI

\$246,545

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

\$1,850,000

Net Investment

\$2,151,567

Occupancy

88%

2022 Q1-Q2 NOI

\$98,393

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

\$13,415,287

Net Investment

\$7,333,966

Occupancy

96%

2022 Q1-Q2 NOI

\$278,487

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	2022 Q1-Q2 NOI
\$8,618,667	\$2,456,425	91%	\$131,851

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	2022 Q1-Q2 NOI
\$12,512,000	\$3,644,190	91%	\$165,983

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	2022 Q1-Q2 NOI
\$2,030,055	\$2,233,215	100%	\$189,027

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	2022 Q1-Q2 NOI
\$1,100,000	\$997,146	81%	\$82,482

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	2022 Q1-Q2 NOI
\$5,117,333	\$2,135,840	82%	\$98,483

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	2022 Q1-Q2 NOI
\$2,660,000	\$2,206,308	100%	\$155,187

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	2022 Q1-Q2 NOI
\$2,906,000	\$3,207,943	100%	\$202,616

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	2022 Q1-Q2 NOI
\$2,922,500	\$3,012,222	100%	\$127,119

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	Gross 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	Gross 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: 2022 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.

