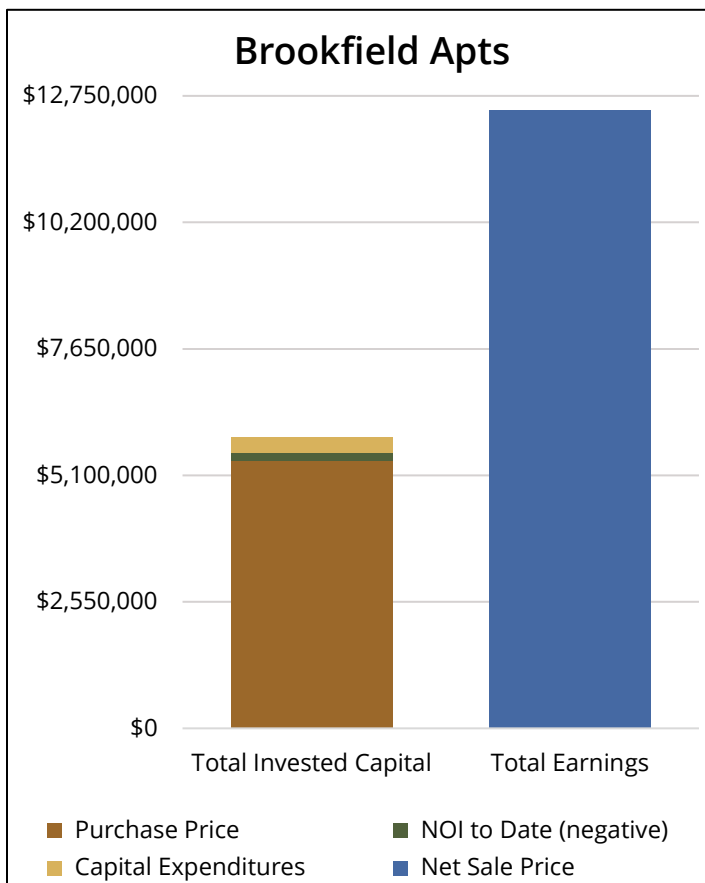


August 2022 Update

We are very pleased to announce that we closed on the sale of Brookfield Apartments!

On July 1, 2022, we closed with a net sale of \$12.5M. Pacific West Real Estate Income II, LLC (PWRE2) originally bought the 120-unit apartment complex in East Point, GA in December 2018 for \$5.4M.



Purchase Price (Dec 2018)	\$	5,400,000
Capital Expenses	\$	321,867
Total	\$	5,721,867
Net Sale Price	\$	12,458,950
NOI During Ownership	\$	(131,233)
Total	\$	12,327,717

Deal Multiple | 2.01x

Deal IRR | 23.8%

The sale of Brookfield was driven by top of the market offers. This was a super tax-efficient investment for PWRE2 investors, as all income from the property was consumed by property improvements, which led to a higher exit price. Rather than have Members taxed on the rental income at their marginal income tax rate, likely 35%+, Members will be taxed on the profits from the sale at the long term capital gains tax rate of 23.8%.

Meanwhile, depreciation on Brookfield shielded income from other PWRE2 properties from current taxes, delaying when those taxes shall be paid. The current income will be taxed later when we sell those other properties. Rather than be taxed today at regular income rates of 35%+, we will be taxed later at 25%, which is the depreciation recapture tax rate. In an inflationary environment, any delay in

taxation is meaningful for Members' after-tax return. The value of the delay along with the reduction in the rate of taxation represents significant potential to increase Member's after tax returns.

This explanation of tax strategy, which we sometimes call *tax alchemy* with a grin and a wink, is down in the weeds, but it matters. A tax reduction of 10 or 15% on the entire size of our gain is a big deal. At the same time it is mostly invisible, because no tax preparer says, "*Sign here; you owe \$xx,xxx this year, and damn those folks at PWL were clever again like last year.*" 23.3% IRR is pretty good, but if it were not for the pandemic, we would have hit something like a 36% IRR on Brookfield.

Whenever we sell a property, **we publish the "deal IRR."** This is not a perfect measuring stick. In doing the calculation, we presume time zero in the IRR formula is the day we bought the property, and the final date of the calculation is the date of the property sale. We know this is not exactly accurate, as we were calling investors' capital in the month leading into property purchases. We also know there is a delay before we distribute the money back to investors. If we were to estimate these delays on the cash coming in and the cash going out, the IRR would be a little lower.

On the other hand, we have reported the IRR and multiple on each sale as though the properties were unlevered. That has not been exactly true, for example, PWRE2 is levered up with some debt. Rather than have a mortgage on every property, it is more cost effective to have two properties highly levered while the whole PWRE2 portfolio in the aggregate uses only very low leverage, about 13% debt to value. If we were to include the effect of this debt, which improves IRR, as well as the delays in the cash in and cash out, which very slightly reduces IRR, our deal IRRs would be higher than the numbers we have been reporting out to Members.

Deal IRR does not take into account the Manager's 20% incentive payment or expenses paid at the fund level, for instance the income tax return preparation and the audit. Deal IRR should never be confused with net IRR. Net IRR measures how much investors actually took out of and put back in their own pockets. We will report net IRR when PWRE2 wraps up. It's very difficult to report net IRR until then, as it would only be an estimate or maybe just a guesstimate.

Last month, Pacific West Land hosted its first in-person Seattle investor event in over 2 years. We had a wonderful turnout and enjoyed a delicious breakfast hosted at 13 Coins. Things were a bit touch and go. Josh had spent the previous week on vacation, and he returned to town with the Coronavirus in tow. Our crack PWL staff duct taped together a technical solution that allowed Josh to hear everyone and for everyone to hear what he had to say. It all worked out <whew>. At the meeting, we discussed recent results for PWREI, PWRE2, and our Qualified Opportunity Funds. The conversation welcomed questions from investors and provided some market insights based on our recent experiences. It was clear that people were happy to be in the room with other people, much more satisfying than any video chat. We look forward to hosting two more in-person investor events in the coming months.

July's **21st Annual Bertha L. Johnson Memorial Golf Tournament** was a success. The tournament was a fun filled day out on the course that raised just over **\$11,600**. The Bertha L. Johnson Memorial Golf Tournament is an officially sanctioned event with all proceeds donated to the [Pancreatic Cancer Action Network \(PanCAN\)](#), a 501© non-profit that focuses on research, community building, knowledge sharing, and advocacy for those living with Pancreatic Cancer. A huge shoutout to our Leasing Director [Dennis Johnson](#) and his wife Mary for hosting another successful tournament that

supports an amazing cause. Thank you, to our generous investors who sent donations to support Dennis and Mary's efforts. PWL matched all such donations dollar-for-dollar.

PWRE2 signed a new lease in July. [Nautical Bowls](#), a superfood and acai bowl quick service restaurant, signed a 1,421 sq. ft. lease at [Rosemount Crossing](#) for 5 years.

We are always happy to host lunch for investors who visit Bainbridge Island. Now that the weather has improved, we hope you will stop by. Also, last year [Josh](#) hosted a few investor foursomes at [Wing Point Country Club](#). If you'd like to hit the links with Josh some Friday this summer, let's get it on the calendar.

Stay healthy & keep smiling –

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PWREI Scorecard

Approximate investment by PWREI

Data as of 6/30/2022

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	Net Investment	Occupancy	2022 Q1 NOI
\$5,625,000	\$2,897,139	100%	\$102,992

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 6 tenants; the national tenants include Starbucks (drive thru), Subway, Papa Murphy's, T-Mobile and H&R block.

Initial Investment	Net Investment	Occupancy	2022 Q1 NOI
\$1,900,000	\$2,020,457	86%	\$39,111

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	2022 Q1 NOI
\$1,000,000	\$1,043,791	100%	\$25,477

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	2022 Q1 NOI
\$2,677,500	\$2,874,743	100%	\$97,603

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	2022 Q1 NOI
\$1,850,000	\$2,151,567	84%	\$66,982

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	2022 Q1 NOI
\$13,415,287	\$7,333,966	96%	\$139,844

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

Initial Investment	Net Investment	Occupancy	2022 Q1 NOI
\$8,618,667	\$2,456,425	91%	\$68,182

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 NOI
\$12,512,000	\$3,644,190	90%	\$69,950

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 NOI
\$2,030,055	\$2,233,215	100%	\$96,418

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 NOI
\$1,100,000	\$997,146	72%	\$44,272

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 NOI
\$5,117,333	\$2,135,840	82%	\$57,978

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 NOI
\$2,660,000	\$2,206,308	100%	\$76,786

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 NOI
\$2,906,000	\$3,207,943	100%	\$100,421

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 NOI
\$2,922,500	\$3,012,222	97%	\$52,061

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	Gross 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.

Pacific West Land, LLC • 403 Madison Ave N, Ste 230 • Bainbridge Island, WA 98110 • September 2, 2022
