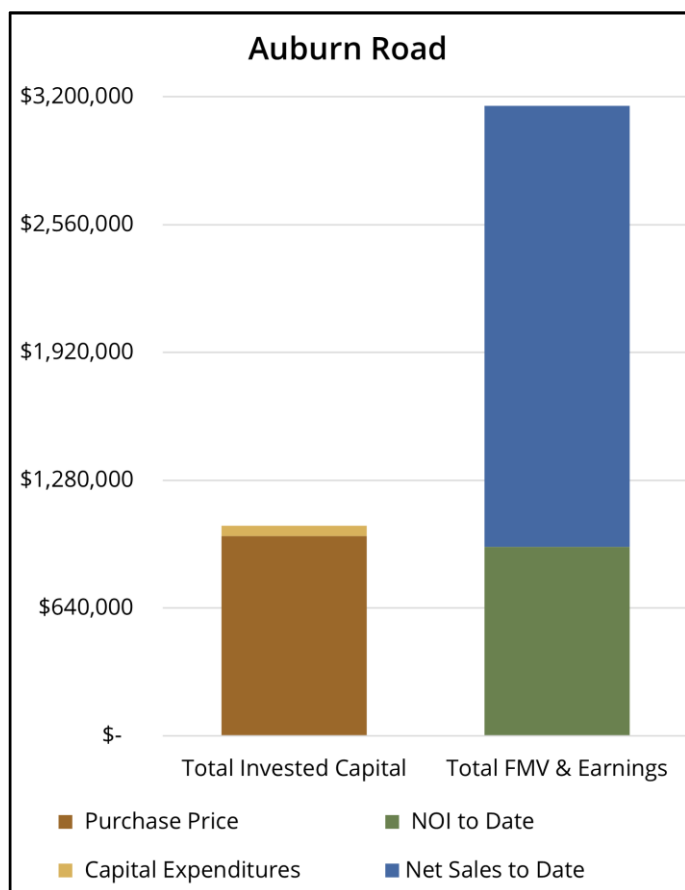


October 2023 Update

As we announced last month, we sold [Auburn Road](#) from Pacific West Real Estate Income Fund, LLC (PWREI)!



Deal Multiple | 3.10x

Unlevered Deal IRR | 16.3%

Purchase Price (July 2014)	\$ 1,000,000
Capital Expenses	\$ 51,877
Total	\$ 1,051,877
Net Sale Price (Aug 2023)	\$ 2,209,054
NOI through Aug 2023	\$ 945,109
Total	\$ 3,154,163

At purchase, Auburn was less than 60% occupied. We were able to fill the vacant spaces by expanding an existing tenant's space and adding two small tenants by splitting the remaining medium-sized space. All this was done while we navigated difficult use and development restrictions put in place by the neighboring gym parcel.

We are often asked, "How does PWL keep its investors informed of how their investments are performing?" We produce monthly emails and quarterly reports including the financials and notes from management. We also host meetings in the Seattle area at least three times a year, and two of these are broadcast on the Internet. The next such meeting will be a lunch in Bellevue with a simultaneous broadcast. It's a point of pride that we answer every question posed by investors.

We also host investor meetings irregularly in other cities including the SF Bay area, Fort Myers, and Boise. Also, for the second year running, we are hosting an investor lunch on Whidbey Island a couple of weeks from now.

It would be a surprise to me if anyone reading this had not also recently read that the Wall Street fear gauge has been flashing red in recent weeks. With interest rates this high, while the Federal government runs massive deficits, doing little to help the Fed fight inflation, we are in uncharted

territory. I have received significantly more emails and phone calls from investors than is the norm, asking, in short, “**What’s going on?**” These calls are a reflection of the worry in the market.

In the world of commercial real estate, transaction volume is down something like 75% year-over-year, primarily because interest rates have shot up. Strangely, however, prices haven’t been impacted much except in the office sector. I just sat through a market update yesterday with a couple of learned real estate economists, and the price apartments have been trading at is down from last year while unchanged from 2020. 2022 is now looking like a spike in prices, as the sector attracted more participants than normal, in part because the office sector has been doing so badly. Pricing today looks just like what had been the long-term norm prior to the pandemic.

As the WSJ has reported a few times this year, neighborhood retail remains the best-performing commercial retail sector. Across our portfolio, vacancy is about as low as it has ever been. Leasing activity is strong. Rents are increasing. A couple of costs have been increasing faster than the rate of inflation: insurance and turnover (the cost to fix up an apartment after a moveout). Josh and I are hassled seven days a week by brokers who want us to sell every retail center (*off-market, only to their special client*).

Our most important barometer of the overall health of PWL’s holdings is aggregate distributions, which are a direct result of aggregate net operating income (NOI). Although PWL’s asset base is down slightly from a year ago due to net property sales, **our aggregate distributions to investors have been up slightly this year.**

Club Deals

In our monthly reports, we note when PWL has purchased a new property, like [Magna Carta Place](#). These new investments are 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 & PWRE2. We charge a 1% one-time acquisition fee and 1% of asset value per year. 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 suits you, we would happily 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 call me. One important note, the more advance notice we receive about a possible 1031 exchange, the more likely 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.

PWL signed three new leases and one lease extension in September:



SALON MACCLESH

Salon Macclesh, a full-service hair salon, signed a new 5-year 1,293 sq. ft. lease at East West Market.

AL-MEDINAH
RESTAURANT

Al-Medinah signed a new 5-year 1,200 sq. ft. lease at Lexington Commons.



Also at Lexington Commons, Chanello's, the popular Virginian pizza chain, signed a new 10-year 1,400 sq. ft. lease.

OLIVA

Café Oliva, an Italian and Mediterranean restaurant, signed a 5-year lease extension at Sauk Point Square.

Stay healthy & keep smiling –

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PWREI Scorecard

Approximate investment by PWREI

Data as of 8/31/2023

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

\$2,943,228

Occupancy

100%

2023 Q1-Q2 NOI

\$239,389

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	2023 Q1-Q2 NOI
\$1,900,000	\$2,069,607	100%	\$103,741

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. *Sold August 31, 2023. The sale will be reflected in the next month's scorecard.*

Initial Investment	Net Investment	Occupancy	2023 Q1-Q2 NOI
\$1,000,000	\$1,051,877	100%	\$78,974

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, World Finance, Super Cuts, Republic Finance, The Nutrition Store, Pizza Hut, and a Wells Fargo ATM.

Initial Investment	Net Investment	Occupancy	2023 Q1-Q2 NOI
\$2,677,500	\$2,889,380	100%	\$287,564

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

Initial Investment	Net Investment	Occupancy	2023 Q1-Q2 NOI
\$1,850,000	\$2,179,603	94%	\$164,916

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. of

leasable space. Massard Farms tenants include an IHOP, Savers, Sports Clips and Pad Thai Cuisine.

Initial Investment	Net Investment	Occupancy	2023 Q1-Q2 NOI
\$13,415,287	\$7,401,127	94%	\$282,800

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-Q2 NOI
\$8,618,667	\$2,502,750	86%	\$118,695

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 16 local and national tenants. The most recognizable tenants are Jimmy John's, Great Clips, GameStop, GNC, Rent-A-Center, Feeder's Pet Supply, Goodwill, and Bath & Body Works.

Initial Investment	Net Investment	Occupancy	2023 Q1-Q2 NOI
\$12,512,000	\$3,884,907	70%	\$174,579

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-Q2 NOI
\$2,030,055	\$2,233,215	100%	\$166,571

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-Q2 NOI
\$1,100,000	\$745,182	100%	\$67,233

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-Q2 NOI
\$5,117,333	\$2,161,342	90%	\$116,249

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-Q2 NOI
\$2,660,000	\$2,206,308	100%	\$162,025

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 Kumon Learning, Castleberry Ale House, and Ovo Salon.

Initial Investment	Net Investment	Occupancy	2023 Q1-Q2 NOI
\$2,906,000	\$3,237,237	96%	\$215,318

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-Q2 NOI
\$2,922,500	\$3,030,034	100%	\$133,601

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: 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.