

## Pacific West Land, LLC

403 Madison Avenue North, Suite 230  
Bainbridge Island, WA 98110

1/7/2013

January 2013 Update

Happy new year! We hope that you and yours had a safe and enjoyable holiday season.

The most important news this month is that our property manager, Zach Garrett, and his wife, Jessica, welcomed a son, Harrison Drew. The boy was born on January 3<sup>rd</sup> at 7:14 p.m., and weighed in at 7 lbs. 11 oz. Both mom and baby are home and healthy. Congratulations, Zach.

Progress continues on the Starbucks pad at **The Plaza in Scottsdale**. After demolishing the old building and leveling the site, construction has begun on the first drive-through Starbucks in Scottsdale.

We closed the year with one more acquisition, purchasing the **Shoppes of Maitland** in Orlando, Florida, for \$4,100,000. The property includes a Regions Bank with 3,820 square feet, plus a drive-through containing five drive-through lanes. The accompanying retail space contains 8,580 square feet of shops, with a second story of office space. The retail/office building is 54% occupied. NOI at purchase was \$280,837.

In leasing news, **International Promenade** welcomes Covington Technology into a 1,260 sq. ft. space. The rent is \$12/ft. with built-in escalators of 3% annually. There are no TI costs, and the business will open in January, 2013.

Herbal Life joins **Fairway Park Plaza** at \$7/sq. ft. into a 1,100 square foot shop. The two-year lease includes a \$2 bump in year two. There are no TI costs.

Yun Song Wu Asian Restaurant will open in **The Shoppes at Andover**, offering traditional Japanese and Chinese food. The 5-year lease starts at \$11.50/sq. ft., escalating to \$13.50 in year two, \$15 in year three, \$16 in year four, and \$17 in the fifth year. The restaurant is 1,750 square feet total and will open in March, 2013.

**The Plaza in Scottsdale** welcomes Blue Diamond Spa, a luxury day spa, into a 1,400 sq. ft. space. Rent starts at \$16/sq. ft. with a 3% escalator

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built in annually. This is a 5-year lease with an estimated opening date of March, 2013.

Plans are in the works for our next offering, and we'll keep you posted as these plans develop.

Please remember that if you'd like to visit our office for an in-person update, you are always welcome.

Best --

**Martin A. Stever**  
**206-780-3944**  
[martin@pacificwestland.com](mailto:martin@pacificwestland.com)

**Real Estate Opportunity Fund Scorecard  
(approximate investment by the Fund)  
all data as of 11/30/12**

**Eastern and St. Rose** —The PWREO Fund owns 22% of this property. Purchased for \$3.21M, this 20,180 square foot commercial property is located at the northwest corner of Eastern Ave and St. Rose Parkway in Henderson, NV. Extreme Mattress construction complete. Phenix Salons TI work started at the end of November.

Fund Net Investment	Occupancy	MTD NOI	YTD NOI
\$709,000	91%	\$6,485	\$70,948

**Arrowhead Festival** — The PWREO Fund owns 100% of this property. Purchased for \$1.73M in March, this 12,611 square foot commercial property is located at the northeast corner of Bell Road and 73rd Ave. in Glendale, AZ. Tenants include America's Best Contacts and Eyeglasses, and Avis Car Rental.

Fund Net Investment	Occupancy	MTD NOI	YTD NOI
\$1,732,500	68%	\$16,940	\$115,614

**International Promenade** —The PWREO Fund owns 100% of this property. Purchased for \$3.15M in April, this 35,296 square foot commercial property is located at the corner of US Highway 192 and Vineland Road in Kissimmee, FL. Tenants include Taco Bell, Kissimmee Dental, and T&C Spa. Lease signed with E-Cig retailer for 1,260 sq. ft. Negative NOI reflects payment of property taxes.

Fund Net Investment	Occupancy	MTD NOI	YTD NOI
\$3,150,000	96%	\$-18,042	\$155,671

**Jonesboro-Towne Crest** —The PWREO Fund owns 100% of this property. Purchased for \$1.55M in May, this 24,966 square foot commercial property is located at the corner of Jonesboro Road and Vinings Drive in McDonough, GA. Tenants include Quiznos and a U.S. Armed Services recruiting station. Negative NOI reflects payment of property taxes.

Fund Net Investment	Occupancy	MTD NOI	YTD NOI
\$1,548,750	60%	\$-16,545	\$50,263

**Palm Bay Commons** —The PWREO Fund owns 100% of this property. The note was purchased in May for \$923,000 and a deed in lieu of foreclosure was completed in early June. The 9,000 square foot property is located in Melbourne, FL. The tenants include Mattress One, L.A. Tan, and Sushi Mori Restaurant. Negative NOI reflects payment of property taxes.

Fund Net Investment	Occupancy	MTD NOI	YTD NOI
\$923,000	100%	\$-3,158	\$57,199

**91<sup>st</sup> and Northern** —The PWREO Fund owns 100% of this property. Purchased for \$1.06M in June, this 7,900 square foot commercial building is located in the popular Peoria Crossings shopping center just off Arizona Loop 101. The building is anchored by 2,700 sq. ft. Streets of New York restaurant. Negative NOI reflects ongoing maintenance costs until tenants begin paying rent in December.

Fund Net Investment	Occupancy	MTD NOI	YTD NOI
\$1,055,000	52%	\$-489	\$-15,692

**Bell West Ranch Shops** —The PWREO Fund owns 100% of this property. Purchased for \$4.34M with an assumed loan in August 2012. The 7,000 square foot O'Reilly auto parts pad sold last month for \$2.07M, which was used to pay down the loan. The remaining shop space is 20,225 square feet. The center is located on Bell Road near the growing Loop 303 corridor in Surprise, AZ.

Fund Net	Occupancy	MTD NOI	YTD NOI
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Investment			
\$4,340,000	100%	\$23,254	\$57,910

**Westminster Crossings** —The PWREO Fund owns 50% of this property located in Westminster, CO. The property was purchased for \$4.05M in August 2012. The property boasts a drive-thru Starbucks, Subway, and several local tenants. The total property is 28,713 sq. ft. and is shadow-anchored by Lowe’s Home Improvement. Lease signed with Rockley Music for 1,300 sq. ft.

Fund Net Investment	Occupancy	MTD NOI	YTD NOI
\$2,090,263	71%	\$14,668	\$34,786

**Shoppes of Andover** —This property in Orlando, FL is 100% owned by the fund and was purchased in August 2012 for \$2.89M. The property consists of 21,599 square feet. Tenants include a local pizza restaurant and TrustCo Bank. The location is easily accessible from the interstate and benefits from Publix as a shadow-anchor.

Fund Net Investment	Occupancy	MTD NOI	YTD NOI
\$2,887,500	63%	\$23,529	\$51,830

**Shoppes at Summerlin** —The PWREO Fund owns 50% of this property located in the affluent Summerlin area of Las Vegas, NV. The property was purchased in August 2012 for \$2.86M. Tenants include Sprint, Nationwide Insurance, and many popular local businesses. The center consists of 16,147 square feet. It is shadow anchored by K-Mart, Lowe’s and Trader Joe’s.

Fund Net Investment	Occupancy	MTD NOI	YTD NOI
\$1,480,794	93%	\$25,081	\$37,248

**Stonebridge Shops** —This property is located in Mesa, AZ and is 50% owned by the fund. The purchase price was \$2.65M and was completed in August 2012. The property consists of 30,235 square feet of shops, shadow-anchored by Safeway. Tenants include Moki’s Hawaiian Grill, Hungry Howie’s Pizza, and Edward Jones.

Fund Net Investment	Occupancy	MTD NOI	YTD NOI
\$1,289,293	41%	\$3,234	\$-2,787

**Kings Crossing** —The Fund owns 100% of this property located in Kennesaw, GA, just outside of Atlanta. The property was purchased in September 2012 for \$850,000. The property is located next to a busy Bank of America branch and has excellent visibility from the street. It provides easy access to I-75 and is a tremendous lease-up opportunity. Working with CPA on long-term lease renewal.

Fund Net Investment	Occupancy	MTD NOI	YTD NOI
\$850,000	10%	\$-1,514	\$-6,575

**Northlake Promenade** —This property, located in Atlanta, GA, was purchased in September 2012 for \$3.4M. The property is 80% owned by the PWREO Fund. Tenants include AT&T, FedEx Office, and Coast Dental. The property is located on a busy intersection across from the Northlake Mall and has easy access.

Fund Net Investment	Occupancy	MTD NOI	YTD NOI
\$2,589,411	85%	\$50,503	\$108,197

**Vistancia Marketplace** —This property, located in Peoria, AZ, was purchased in October 2012. The 130,516 square foot property includes Safeway, Chase Bank, and Walgreens, as well as multiple in-line shops buildings and undeveloped pad sites. The center is located in the master planned community of Vistancia which will have over 17,000 homes at final build-out.

Fund Net Investment	Occupancy	MTD NOI	YTD NOI
\$3,237,500	55%	\$39,516	\$39,516

**Fairway Park Plaza** —This property is located in Phoenix, AZ at the hard corner of 59<sup>th</sup> Ave and W Indian School Rd, a high-volume stabilized intersection. The property consists of 31,955 sq. ft. of shops space, shadow anchored by a CVS Pharmacy.

Fund Net Investment	Occupancy	MTD NOI	YTD NOI
\$925,000	52%	\$8,829	\$8,829

**Hickory Flats** —This property is located in Holly Springs, GA within the greater Atlanta metropolitan area. . The center includes 19,285 sq. ft. of retail space in two separate buildings. Tenants include a freestanding Wendy's, a 6,000 sq. ft. liquor store and Papa John's Pizza.

Fund Net Investment	Occupancy	MTD NOI	YTD NOI
\$2,273,756	70%	N/A	N/A

**Note: MTD and YTD numbers reflect Real Estate Opportunity Fund portion of the totals.**

**Distressed Asset Fund Scorecard  
(approximate investment by the Fund)  
all data as of 11/30/2012**

**San Diego County Loan—REPAID** \$1M hard money loan at 18% interest. Borrower paid in full and Fund profit amounted to ~\$130.4k.

**Oasis at the Islands—SOLD** The Fund sold this 7,200 square foot commercial property located in Gilbert, AZ for \$1,255,000. Original purchase price was \$546k.

Fund Net Investment	Profit	Multiple	IRR
\$610,078	\$541,817	1.9x	30.79%

**Foothills Park Plaza—**Commercial center located in the Ahwatukee neighborhood of Phoenix, AZ, with 20,173 leasable square feet. The Fund owns 50% of this property. New lease signed with Force Karate for 3,250 sq. ft. Construction underway in Force Karate space.

Fund Net Investment	Occupancy	MTD NOI	YTD NOI
\$1,120,722	44%	\$4,163	\$11,505

**Desert Bloom Plaza—**The Fund acquired this 5,099 square foot Las Vegas retail property through a trustee's sale. The note had a face value of \$800k.

Fund Net Investment	Occupancy	MTD NOI	YTD NOI
\$376,620	73%	\$2,603	\$28,971

**Sunset Commons—**Retail property located on Sunset Road in Las Vegas, NV, 100% owned by the Fund. Sold Popeye's lease for ~\$605k. Assigned Sin City Burger lease to a new Thai Restaurant.

Fund Net Investment	Occupancy	MTD NOI	YTD NOI
\$627,458	66%	\$3,607	\$43,982

**Siena Canyon**—The Fund is the sole owner of this 15,074 square foot property on Tropicana Ave in Las Vegas, NV. The Jack in the Box pad sold for \$1.747M and the Arby's pad sold for \$1.374M. Acquired in August 2010, the Fund currently owns 8,990 square feet. New auto care tenant scheduled for grand opening soon.

Fund Net Investment	Occupancy	MTD NOI	YTD NOI
\$162,554	83%	\$557	\$-51,035

**Laveen Village (\$1.6M)**—Property 20% owned by the Fund, purchased for \$8.5M in August 2010 by the Fund in conjunction with a JV partner. Originally offered 65,529 leasable square feet. Jack in the Box pad sold in December 2010 for \$1.225M. Located at the corner of 35<sup>th</sup> & Southern in Phoenix, AZ.

Fund Net Investment	Occupancy	MTD NOI	YTD NOI
\$715,000	57%	\$10,140	\$75,936

**Pepper Ridge Plaza (\$900k)**—19,818 square foot property in Phoenix acquired in September 2010 for \$1.805M. 50% owned by the Fund.

Fund Net Investment	Occupancy	MTD NOI	YTD NOI
\$969,730	29%	\$1,154	\$-6,679

**Shops at Warm Springs (\$1.35M)**—The Fund purchased a distressed note collateralized by this 35,242 square foot property in Las Vegas in November 2010 for \$6.5M and executed a deed in lieu of foreclosure. The Fund owns 20% of Shops at Warm Springs. A Wells Fargo ground lease sold for \$3.38M, Sinclair's gas station sold for \$1.4M, and Putter's restaurant sold for \$700k, all in July 2011. Firehouse Subs lease signed to replace Grand China in 2,330 sq ft. Dunkin' Donuts grand opening scheduled for end of December.

Fund Net Investment	Occupancy	MTD NOI	YTD NOI

\$168,000	68%	\$4,403	\$32,260
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**Walmart Country Club Shops (\$2.049M)**—Retail property 50% owned by the Fund in Mesa, AZ with 17,597 square feet of retail space. Purchased in December 2010. Vanilla shell build-out of the total property remains on hold pending potential leases.

Fund Net Investment	Occupancy	MTD NOI	YTD NOI
\$932,638	18%	\$2,697	\$-10,362

**Ahwatukee Hills Plaza (\$710k)**—Note purchased by the Fund in December 2010 collateralized by retail property with 7,040 square feet in Phoenix, AZ. Took title to the property at trustee's sale on 3/21/11. Negative NOI reflects payment of 1<sup>st</sup> Half 2012 Property Taxes.

Fund Net Investment	Occupancy	MTD NOI	YTD NOI
\$732,073	71%	\$-7,043	\$32,898

**Shops at Tatum & Dynamite (\$1.25M)**—8,725 square foot retail property purchased by the Fund in January 2011.

Fund Net Investment	Occupancy	MTD NOI	YTD NOI
\$1,252,078	41%	\$1,255	\$32,052

**Village at Surprise (\$1M)**—Note purchased in February 2011 for \$3.1M collateralized by this 27,205 square foot shopping center located at the intersection of Bell & Litchfield in Surprise, AZ. Property is 100% leased. Construction on Sears Home Appliance and relocation of C&A Nail salon underway.

Fund Net Investment	Occupancy	MTD NOI	YTD NOI
\$939,139	100%	\$9,768	\$85,861

**Safeway Plaza (\$660K)**—The Fund purchased this 6,000 square foot retail end cap at Safeway Plaza at the southwest corner of Elliot & McClintock in Tempe, AZ in March 2011. Lease signed with Tempe Smiles Dentist for 2,814 sq ft. Currently working on adding electrical capacity to



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building.

Fund Net Investment	Occupancy	MTD NOI	YTD NOI
\$661,670	72%	\$2,240	\$-29,412

**Plaza in Scottsdale (\$1.315M)**—Shopping center with 67,441 leasable square feet, 20% owned by the Fund, located at the intersection of Scottsdale & Thunderbird in Scottsdale, AZ. Purchased for \$6.44M in May 2011. Building refurbishment is complete. Construction underway on new Pad building for Starbucks and Pot Belly Sandwiches. Lease signed with Paw Wash Grooming for 1,563 sq. ft. Negative NOI reflects payment of 1<sup>st</sup> Half 2012 Property Taxes.

Fund Net Investment	Occupancy	MTD NOI	YTD NOI
\$1,020,000	46%	\$-14,281	\$20,470

**Cave Creek Plaza (\$1.58M)**—Shopping center with 21,595 leasable square feet owned by the Fund, located at the intersection of Bell & Cave Creek in north Phoenix, AZ. Purchased in June 2011.

Fund Net Investment	Occupancy	MTD NOI	YTD NOI
\$1,584,035	53%	\$7,689	\$94,444

**Note: MTD and YTD numbers reflect Distressed Asset Fund portion of the totals.**