

Pacific West Land, LLC

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5/1/2013

May 2013 Update

We are extremely happy to report four sales this month. This week we completed the sale of **Village at Surprise** in Surprise, AZ. The final sale price was \$6.01M. We purchased this property in March 2011 for \$3.1M. After stabilization, the property was ~64% occupied. Dennis Johnson, our leasing director, did a great job landing Sears Appliance Center and a couple of smaller tenants, and vacancy dropped to under 5%. The Distressed Asset Fund (PWDAF) owned 30% of this joint venture. We enjoyed net income of over \$200k while we owned Village at Surprise.

We also completed the sale of the Southern Building at **The Shops at Warm Springs** for \$3.195M, which closed on April 12th. The tenants for this building include Dunkin' Donuts, Firehouse Subs, and Affordable Dental. This property was purchased in November 2010 for \$6.75M. Sales of individual parcels now total \$9.105M. You may recall we previously sold a Wells Fargo, a gas station, a restaurant, and a cell tower that we acquired in the original investment. We have also collected \$160k in net operating income from the Shops at Warm Springs. We still own the North Warm Springs building, which has an estimated value of \$2.5M.

This month we're happy to have completed two property sales for the Real Estate Opportunity Fund (PWREO). On April 29 we sold **Palm Bay Commons** for \$1.35M. The funds are going into a 1031-exchange account for future REO purchases. Palm Bay Commons was purchased in May 2012 for \$923k.

We also sold the AT&T parcel at **Northlake Promenade**. The sale closed on April 23 for \$1.825M. The remaining property includes eight individual tenant spaces, including FedEx Kinko's.

The new drive-through Starbucks at the **Plaza at Scottsdale** is nearly open for business. Adjacent Potbelly Sandwiches has taken over their space to complete their tenant improvements (TI), and after a few

finishing touches both business will be able to open their doors. The new, very tall LED signs for the property are ready for installation and should be operational in the next few weeks.

In leasing news, **Desert Bloom Plaza** welcomes Text & Web Wireless into a 1,377-square-foot shop. The 5-year lease includes a 3% bump in years 2–5. This tenant filled the final vacancy at this property, and Desert Bloom Plaza is now 100% occupied.

A store called Yerberia San Juan, selling religious artifacts, herbal products, and party supplies, will open in **Cave Creek Plaza** this month. They have a 5-year lease. The shop space is 1,430 square feet, and there are no TI costs.

Nevada Life Services just expanded their lease at **Sunset Commons** from 1,600 to 4,700 square feet.

We welcome State Farm Mutual Insurance into Peoria Crossing at **91st and Northern**, renting 1,100 square feet.

This quarter we welcomed a new member to the Pacific West Team—Vera McGreer is Bruce’s new Executive Assistant. Originally from South Africa, Vera earned a degree in Marketing and Business Management from Damelin Management School. Vera has worked in executive support roles for over 20 years and brings vast knowledge in everything from payroll support to project management. She lives on Bainbridge Island with her husband, Brendan.

Sarah Kutner, who previously worked as Bruce’s assistant, has moved into a support role with our acquisitions and leasing teams, where she manages escrows, leasing documents, and other related tasks.

In April our Leasing Director, Dennis, and Property Manager, Zach, took their annual property tour in Arizona. They visited every Pacific West Land commercial property in Arizona, and met with brokers and property managers to discuss leasing strategy and potential management issues/fixes. As anticipated, things continue to run smoothly and there were no unexpected surprises. This tour is in addition to many individual property visits the team takes throughout the year.

Last week I was invited to join the discussion panel for the Investment Forum's annual real estate event in Seattle, where I got to talk about Pacific West Land's read on market conditions and the current spot in the cycle. The event was a success, and feedback was great from those who attended.

Last week we also hosted a lunch in San Francisco for our Bay Area. We have one or two such lunches in San Francisco each year.

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

Best --

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Distressed Asset Fund Scorecard
(approximate investment by the Fund)
all data as of 3/31/2013

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. *We expect to restate the numbers below next month based on the final close of sale.*

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. Negative NOI reflects payment of Second Half 2012 property taxes.

Fund Net Investment	Occupancy	MTD NOI	YTD NOI
\$1,120,722	44%	\$-10,238	\$-2,104

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. Lease signed with Text N’ Web Wireless for final vacant space.

Fund Net Investment	Occupancy	MTD NOI	YTD NOI
\$376,620	100%	\$3,417	\$7,091

Sunset Commons—Retail property located on Sunset Road in Las Vegas, NV, 100% owned by the Fund. Sold Popeye’s lease for ~\$605k.

Fund Net Investment	Occupancy	MTD NOI	YTD NOI
\$627,458	66%	\$6,052	\$14,360

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.

Fund Net Investment	Occupancy	MTD NOI	YTD NOI
\$162,554	63%	\$1,367	\$11,064

Laveen Village (\$1.6M)—Property 20% owned by the Fund, purchased for \$8.5M in August 2010 in conjunction with a JV partner. Originally 65,529 leasable square feet. Jack in the Box pad sold in December 2010 for \$1.225M.

Fund Net Investment	Occupancy	MTD NOI	YTD NOI
\$715,000	60%	\$13,219	\$41,857

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%	\$4,669	\$8,612

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%. 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. *Note: Occupancy percentage will change next month to reflect sale of south building at this property.*

Fund Net Investment	Occupancy	MTD NOI	YTD NOI
\$168,000	68%	\$6,295	\$15,109

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.

Fund Net Investment	Occupancy	MTD NOI	YTD NOI
\$932,638	18%	\$2,926	\$7,103

Ahwatukee Hills Plaza (\$710k)—Note purchased by the Fund in December 2010 collateralized by retail property with 7,040 square feet in Phoenix, AZ.

Fund Net Investment	Occupancy	MTD NOI	YTD NOI
\$732,073	71%	\$4,178	\$20,692

Shops at Tatum & Dynamite (\$1.25M)—8,725 square foot retail property purchased by the Fund in January 2011. Signed lease with Pieh Tools for 1,500 SF. Construction of suite is underway and tenant has opened in adjacent suite in the interim.

Fund Net Investment	Occupancy	MTD NOI	YTD NOI
\$1,252,078	58%	\$3,961	\$19,759

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. Foot Solutions tenant closed without notifying Landlord. *Next month we will restate the numbers below based on the property's sale.*

Fund Net Investment	Occupancy	MTD NOI	YTD NOI
\$939,139	95.12%	\$11,518	\$24,621

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. Negative NOI reflects payment of Second Half 2012 property taxes.

Fund Net Investment	Occupancy	MTD NOI	YTD NOI
\$661,670	72%	\$-8,882	\$-5,350

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. Turnover for Starbucks and Potbelly Sandwiches completed. Suite turned over to Cosmo Prof for tenant build-out.

Fund Net Investment	Occupancy	MTD NOI	YTD NOI
\$1,020,000	50%	\$5,143	\$16,242

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%	\$15,579	\$39,565

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

Due to the length of these messages, our monthly updates will now alternate scorecards of our Real Estate Opportunity Fund and our Distressed Asset Fund.