

Pacific West Land, LLC

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

9/4/2013

September 2013 Update

On August 2nd we completed the sale of the property at **Eastern and St. Rose** in Henderson, NV. The purchase was the Pacific West Real Estate Opportunity Fund's first, taking place in January 2012 for \$3,210,000. The property sold for \$6,500,000 and earned \$521,000 in operating income while we owned it. Gross IRR on the investment was over 45%. At the time we made the investment we predicted a Return on Invested Capital (ROIC) or multiple of 1.7x. Our realized ROIC for the property was ~1.8x. With a holding period of just 20 months, we are very happy with the result.

The demand for retail space in the Phoenix and Las Vegas MSAs is climbing. **Since the beginning of 2013, Pacific West Distressed Asset Fund properties have seen a 24% decrease in vacancies.** Four properties reached an occupancy rate of above 95%, including Sunset Commons which sold in July and Village at Surprise which sold in April. Total occupancy for all Fund properties reached 67%, compared to 56% at the beginning of the year. Occupancy for currently-held assets is 60%.

The market for investment property sales continues to improve. More multi-tenant properties sold in the Phoenix MSA in the second quarter of 2013 than any single quarter since 2006, and the sale price per square foot has risen 13% since 2012. Sales of multi-tenant retail properties in Las Vegas remain strong, with sales of non-distressed assets outpacing distressed assets at a rate of 12 to 1.

The Pacific West Real Estate Opportunity Fund completed the acquisition of the **Fort Apache Shopping Center** on August 12 via trustee sale. We purchased the note that was secured by this property in June for \$1,942,500. Now we own the property, rather than the note.

Leasing remains strong. Chimichurri Grill, a Dominican restaurant, signed a lease at **Buena Ventura Lakes** for 5 years, 2 months. They will lease 1,200 of space. There were no Tenant Improvement (TI) costs.

Crepevine, a crepe restaurant, will join **Village Shoppes** next month. They signed a 5-year lease for a 1,875-square-foot shop space.

F-H Fitness, an existing **Vistancia** tenant, will expand into 5,596 square feet of additional space with a 5-year lease.

Cabinets Beyond in **Cave Creek Plaza** will move to a larger 2,793-square-foot space with a new 5-year lease. They previously occupied a 1,440-square-foot shop. Anointed Hands will lease an additional 1,173 square feet at **Laveen Village**.

Safeway Plaza welcomes Traders Smoke Shop into 1,661 square feet with a 5-year lease to commence February 1, 2014.

Shoppes at Summerlin welcome Roll N Go Smoke Shop into a 1,118-square-foot space commencing in October for 3 years.

We continue to put together our new offering, the **Pacific West Real Estate Income Fund, LLC**. Watch our monthly updates for more details.

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 7/31/2013

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 in April 2012. The property was purchased in April 2010, with an original purchase price of \$546k.

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

Village at Surprise —SOLD The sale of this property was completed in April 2013 for \$6.01M. The property was purchased in March 2011 for \$3.108M, and was 30% owned by the Fund.

Fund Net Investment	Fund Profit	Multiple	IRR
\$939,139	\$781,492	1.89x	36.71%

Sunset Commons — This 10,742-square-foot retail property is located on Sunset Road in Las Vegas, NV, purchased in September 2010. The Popeye’s lease sold in February 2011 for ~\$605k. The sale of the remainder of this property was completed in July 2013 for \$1.85M. It was 100% owned by the Fund.

Fund Net Investment	Fund Profit	Multiple	IRR
\$627,458	\$1,033,790	1.86x	34.23%

Foothills Park Plaza — This commercial center is located in the Ahwatukee neighborhood of Phoenix, AZ, with 20,173 leasable square feet purchased in April 2011. The Fund owns 50% of this property.

Fund Initial Investment	Fund Net Investment	Occupancy	MTD NOI	YTD NOI
\$1,120,722	\$1,120,722	78%	\$3,723	\$10,031

Desert Bloom Plaza — The Fund acquired this 5,099-square-foot Las Vegas retail property through a trustee’s sale in August 2010. The note had a face value of \$800k.

Fund Initial Investment	Fund Net Investment	Occupancy	MTD NOI	YTD NOI
\$376,620	\$376,620	100%	\$2,097	\$19,768

Siena Canyon — The Fund purchased this 15,074-square-foot property on Tropicana Ave in Las Vegas, NV in August 2010. The Jack in the Box pad sold for \$1.747M and the Arby's pad sold for \$1.374M. Remaining space is 8,990 square feet.

Fund Initial Investment	Fund Net Investment	Occupancy	MTD NOI	YTD NOI
\$3,219,290	\$162,554	33%	\$2,569	\$38,720

Laveen Village — This property is 20% owned by the Fund and was purchased in August 2010 for a total purchase price of \$8M. The Jack in the Box pad sold in December 2010 for \$1.225M. Remaining space has 47,106 leaseable square feet. Signed new lease with Anointed Hands to take an additional 1,173 square feet.

Fund Initial Investment	Fund Net Investment	Occupancy	MTD NOI	YTD NOI
\$1,600,000	\$715,000	69%	\$14,281	\$63,892

Pepper Ridge Plaza — This 19,818-square-foot property in Phoenix was acquired in September 2010 for \$1,939M. It is 50% owned by the Fund.

Fund Initial Investment	Fund Net Investment	Occupancy	MTD NOI	YTD NOI
\$969,730	\$969,730	29%	\$6,171	\$14,618

Shops at Warm Springs — The Fund owns 20% of a 35,242-square-foot property in Las Vegas purchased November 2010 for \$6.75M. 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. We sold the SBA cell phone tower September 2011 for \$260,000, and completed the sale of the South Building in April 2013 for \$3.195M. Remaining building has 15,760 leasable square feet. Occupancy reflects remaining building. Fund Net Investment is zero because we have earned back more than our capital investment.

Fund Initial Investment	Fund Net Investment	Occupancy	MTD NOI	YTD NOI
\$1,350,000	\$0	40%	\$1,399	\$25,979

Walmart Country Club Shops — This Retail property is 44.9% owned by the Fund. It is located in Mesa, AZ with 17,597 square feet of retail space, purchased in December 2010 for \$2.5M.

Fund Initial Investment	Fund Net Investment	Occupancy	MTD NOI	YTD NOI
\$1,123,362	\$1,123,362	18%	\$2,859	\$2,208

Ahwatukee Hills Plaza — This note was purchased by the Fund in December 2010 collateralized by retail property with 7,040 square feet in Phoenix, AZ.

Fund Initial Investment	Fund Net Investment	Occupancy	MTD NOI	YTD NOI
\$732,073	\$732,073	71%	\$3,072	\$24,610

Shops at Tatum & Dynamite — This 8,725-square-foot retail property was purchased by the Fund in January 2011.

Fund Initial Investment	Fund Net Investment	Occupancy	MTD NOI	YTD NOI
\$1,252,078	\$1,252,078	58%	\$5,348	\$20,576

Safeway Plaza — The Fund purchased this 6,039-square-foot retail end cap at Safeway Plaza at the southwest corner of Elliot & McClintock in Tempe, AZ in March 2011.

Fund Initial Investment	Fund Net Investment	Occupancy	MTD NOI	YTD NOI
\$661,670	\$661,670	72%	\$-431	\$-4,292

Plaza in Scottsdale — This shopping center with 67,441 leasable square feet is 20% owned by the Fund, and is located at the intersection of Scottsdale & Thunderbird in Scottsdale, AZ. It was purchased for \$6.44M in May 2011.

Fund Initial Investment	Fund Net Investment	Occupancy	MTD NOI	YTD NOI
\$1,300,000	\$1,020,000	65%	\$11,804	\$27,558

Cave Creek Plaza — This shopping center with 21,595 leasable square feet is located at the intersection of Bell & Cave Creek in north Phoenix, AZ. It was purchased in June 2011 for \$1.58M.

Fund Initial Investment	Fund Net Investment	Occupancy	MTD NOI	YTD NOI
\$1,584,035	\$1,584,035	63%	\$19,168	\$71,552

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.