

Pacific West Land, LLC

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5/4/2015

May 2015 Update

Now that we are done organizing **Pacific West Real Estate Income Fund, LLC (PWREI)** and have had our final close for commitments, we can report on the total Organization and Offering (O&O) expense. This covers the legal, printing, mailing, and marketing expenses of getting PWREI off the ground. We have spent approximately \$195,000, or 0.4%. This is well below the industry norm of 2%.

Coming up in July is the **7th Annual Bertha L. Johnson Memorial Golf Tournament**, organized by our leasing director Dennis Johnson. Last year's tournament raised over \$4,000 for pancreatic cancer research, and a number of PWL staff members turned out for a fun day of food, prizes, and great golf. This year's four-person scramble tournament will be on **Thursday, July 23rd, at 1:30 PM** at the Port Ludlow Golf Club. Contact Dennis (dennis@pacificwestland.com) for more details and to sign up.

We held our **Annual Investor Meeting** last month for members in our **Pacific West Distressed Asset Fund (PWDAF)**, **Pacific West Real Estate Opportunity Fund (PWREO)** and **PWREI**. All funds are in good shape.

In 2014 we signed ~30 leases for **PWREO** properties, increasing overall occupancy from 72% to 78%. We retired all debt, totaling ~\$2M, and made capital investments of ~\$1.2M. Our year-end in-place NOI was ~\$4.1M. Overall, we are on track to deliver mid-teen returns over the life of PWREO.

For **PWDAF** our year-end in-place NOI was ~\$770k. To put these numbers in context, remember we started with ~\$13.4M and we have made distributions of ~\$12.6M. If we think about \$770k as the numerator and (\$13.4M minus \$12.6M) as the denominator, that's a heck of a yield.

On April 28th PWREI sold the Ivar's parcel at our **Willow Hill Center** property. The net sale price was \$1,270,000, which was put into a 1031-exchange to be used for additional PWREI investments. This is the second parcel sale at Willow Hill. In October 2014 we sold a drive-through Starbucks for \$2,500,000. The fund initially purchased the property in May 2014 for ~\$6.725M. We still own 21,082 square feet in three separate buildings at this property.

On April 17th PWREI purchased **Massard Farms**, a 133,709-square-foot neighborhood shopping center in Fort Smith, Arkansas for \$12,960,000. The center is 100% occupied with national tenants such as Kohl's, Savers, IHOP. Located in a busy shopping corridor, this high-visibility center benefits from Lowe's and a movie theater as neighbors.

Leasing remains strong at Pacific West Land properties. In April we signed a lease with Magical Journey Learning Center at **Foothills Park Plaza**. This child care and learning center will lease 5,012 square feet of space over three years. Long Wong's will join **Cave Creek Plaza** starting with a five-year lease in a 2,200-square-foot space. Tenant improvement (TI) costs for both are minimal.

One of my favorite professors from the University of Chicago Booth School of Business, **Richard Thayer**, will be giving a lecture on behavioral economics in Seattle on the evening of May 28. We have purchased a few extra tickets for the event. If you'd like to attend as our guest, please drop me an email.

We're always available for a phone call or an office visit, so reach out any time you'd like to talk about how we're doing.

Best --

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Distressed Asset Fund Scorecard
(approximate investment by the Fund)
all data as of 3/31/2015, unaudited

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 March 2010, with an original purchase price of \$546k.

Fund Initial Investment	Profit	Multiple	Gross 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 February 2011 for \$3.108M, and was 30% owned by the Fund.

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

Sunset Commons —SOLD 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 Initial Investment	Fund Profit	Multiple	Gross IRR
\$627,458	\$1,033,790	1.86x	34.23%

Desert Bloom Plaza — SOLD The sale of this property was completed in November 2013 for \$780k. 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. It was 100% owned by the Fund.

Fund Initial Investment	Fund Profit	Multiple	Gross IRR
\$376,620	\$538,532	2.27	29.96%

Safeway Plaza — SOLD The sale of this property was completed at the end of January 2014 with a sale price of \$1,275,000 net. The fund acquired the building in March 2011.

Fund Initial Investment	Fund Profit	Multiple	Gross IRR
\$661,670	\$319,250	1.87	28.87%

Laveen Village — SOLD This property was 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. We sold an Office Max pad in June of 2011 for just over \$3M. The remainder of the property sold for \$7.15M on May 1, 2014.

Fund Initial Investment	Fund Profit	Multiple	Gross IRR
\$1,600,000	\$647,717	1.66	27.9%

Shops at Warm Springs — SOLD The Fund owns 20% of a 35,242-square-foot property in Las Vegas purchased November 2010 for \$6.5M. A Wells Fargo ground lease sold for \$3.55M, 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 was sold in July 2014 for \$3.025M.

Fund Initial Investment	Fund Profit	Multiple	Gross IRR
\$1,350,000	\$962,953	1.49	33.93%

Shops at Tatum & Dynamite — SOLD This 8,725-square-foot retail property was purchased by the Fund in December 2010. This property was sold on December 10th, 2014 for \$1,687,913 net, with a \$71,000 hold back on future rent collections.

Fund Initial Investment	Fund Profit	Multiple	Gross IRR
\$1,252,078	\$545,288	1.41	9.98%

Siena Canyon — SOLD The Fund purchased this 15,074-square-foot property on Tropicana Ave in Las Vegas, NV in July 2010. The Jack in the Box pad sold for \$1.835M and the Arby’s pad sold for \$1.417M. American Auto sold in October 2013 for \$700k. Sale of remaining 6,000 square feet closed on March 13th, 2015 for \$934.9K net.

Fund Initial Investment	Fund Profit	Multiple	Gross IRR
\$3,219,290	\$848,742	1.52x	62%

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

Fund Initial Investment	Fund Net Investment	Occupancy	MTD NOI	YTD NOI
\$1,120,722	\$1,155,622	59%	\$11,657	\$24,568

Pepper Ridge Plaza — This 19,818-square-foot property in Phoenix was acquired in July 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	41%	\$2,948	\$9,911

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 \$2.049M. New 10 year lease signed with Phenix Salons for 5,232 square feet.

Fund Initial Investment	Fund Net Investment	Occupancy	MTD NOI	YTD NOI
\$1,123,362	\$1,103,023	85%	\$5,956	\$19,057

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%	\$12,055	\$23,951

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. Jack in the Box sold in September 2011 for \$1.4M. Starbucks pad sold November 2013 for \$3M.

Fund Initial Investment	Fund Net Investment	Occupancy	MTD NOI	YTD NOI
\$1,300,000	\$442,353	87%	\$7,480	\$35,546

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. Negative NOI is due to payment on large HVAC maintenance project.

Fund Initial Investment	Fund Net Investment	Occupancy	MTD NOI	YTD NOI
\$1,584,035	\$1,584,035	83%	-\$2,261	\$31,914

Note: MTD and YTD numbers reflect the Distressed Asset Fund's portion of the totals. All profit, NOI, Gross IRR, and Multiple calculations presented are unaudited gross estimates.

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.