

Pacific West Land, LLC

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

1/8/2015

January 2015 Update

Happy New Year! We hope that your holidays were full of good cheer. We hosted our largest ever Seattle-area Investor lunch the week before Christmas with over 50 people attending, and our company party was that same evening. There was a celebratory mood at both events, as 2014 was a good year for Pacific West Land. The business grew at a healthy pace with several profitable realizations, and we added 1.5 employees to the staff.

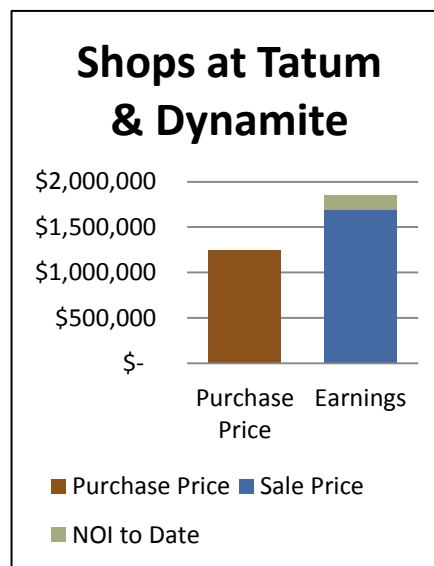
Investors in our **Pacific West Distressed Asset Fund (PWDAF)** received a distribution last month. We sold the **Shops at Tatum & Dynamite** on December 10th for \$1,687,912 net with a holdback of \$71,954. PWDAF originally purchased the property in December 2010 for \$1,252,078. The property earned an NOI of ~\$175,808 over the hold period. The gross IRR for the investment is ~9.98% with a multiple of 1.41x.

PWDAF still owns 7 of the 16 investments it originally made. We estimate the value of PWDAF's portion of those remaining properties to be ~\$10M. PWDAF has no loans outstanding and following this distribution we have over \$200,000 in the bank. In short, PWDAF is working out quite well.

The **Pacific West Real Estate Income Fund (PWREI)** had its final administrative close in December 2014 with a **final commitment amount of \$49,662,000**. Total received capital as of the end of 2014 was \$16,735,000.

PWREI made two acquisitions in December. On December 12th we completed our purchase of **Little Corona**. This 6,074-square-foot shopping center is adjacent to another property owned by PWL in Chandler, AZ. It is 100% occupied by Greek Grill & Fry, Korea Taekwondo Academy, and Fuller Bar & Grill. Total purchase price was \$1,010,000.

Our second December acquisition closed on December 22nd. With a purchase



price of \$1,522,500, **Dail Center** is a 16,145-square-foot shopping center in Myrtle Beach, South Carolina. It is located off a major highway in the tourist corridor of this vacation town. The center is 62% occupied. This is PWREI's seventh purchase.

We signed three new leases at PWL properties last month. ICC Development will open work centers at **Stonebridge Shops** (PWREO) in 1,939 square feet and in **Cave Creek Plaza** (PWDAF) in 3,041 square feet over five years. **Northlake Promenade** (PWREO) will welcome In and Out Smart Repair, a phone and electronics repair franchise. They will lease 2,440 square feet over five years.

Best --

Martin A. Stever
206-780-3944
martin@pacificwestland.com

Distressed Asset Fund Scorecard
(approximate investment by the Fund)
all data as of 11/30/2014, 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	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	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	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	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	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	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 \$3.38M, 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 was sold in July 2014 for \$3.025M.

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

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	78%	\$9,796	\$98,172

Siena Canyon — 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. Remaining space is 6,000 square feet. 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
\$3,219,290	\$0	70%	\$5,113	\$31,677

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	35%	\$1,859	\$17,897

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.

Fund Initial Investment	Fund Net Investment	Occupancy	MTD NOI	YTD NOI
\$1,123,362	\$1,103,023	56%	\$11,323	\$26,505

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%	\$1,835	\$86,993

Shops at Tatum & Dynamite — This 8,725-square-foot retail property was purchased by the Fund in December 2010. ** Please note this property was sold on 12/10/14 for \$1.9M. This will be reflected in the scorecard next month.*

Fund Initial Investment	Fund Net Investment	Occupancy	MTD NOI	YTD NOI
\$1,252,078	\$1,252,078	100%	\$13,875	\$71,077

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%	\$6,805	\$77,400

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	79%	\$22,271	\$102,847

Note: MTD and YTD numbers reflect the Distressed Asset Fund's portion of the totals. All profit, NOI, 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.