

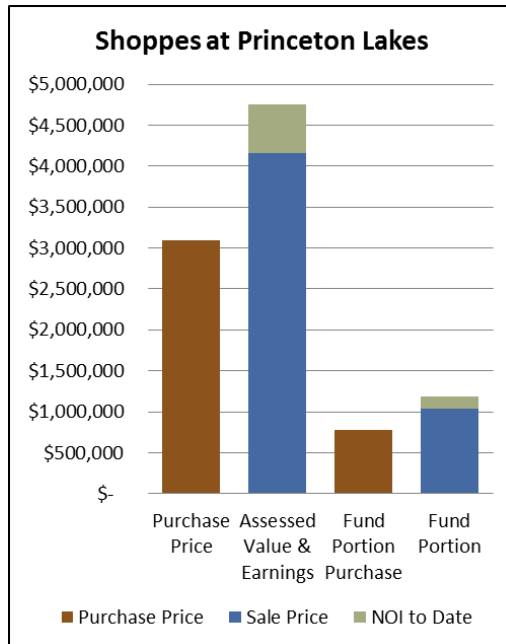
Pacific West Land, LLC

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

7/8/2015

July 2015 Update

We hope you had a happy and safe 4th of July. We have been having a lot of sun and hot weather in the Northwest, which we've been enjoying by being outside as much as possible.



We're happy to report the sale of **Shoppes at Princeton Lakes**, a property from the Pacific West Real Estate Opportunity Fund (PWREO), which closed on July 7. It may seem odd that PWREO formed a joint venture (JV) to purchase a property for the relatively small investment of 3 million dollars. Remember, the funds to make the purchase were from a [1031-exchange](#) following the sale of the Chase bank pad that was part of our investment in Vistancia

Marketplace. As Vistancia Marketplace was (and is) 25% owned by PWREO, it was mandated that PWREO must own 25% of Princeton Lakes in order for such a 1031-exchange to be valid. The reason for using a 1031-exchange was to defer the taxable gain on the Chase bank pad sale, which would have been characterized as short term gains. Profits from the Princeton Lakes sale will now be characterized primarily as long term capital gains.

The PWREO portion of the purchase price was \$775,000 in May of 2013. PWREO's portion of the sale price is ~\$1,038,489 net, plus ~\$150,544 in NOI through May 2015.

Purchase Price (May 2013)	\$775,000
Sale Price (June 2015)	\$1,038,489
NOI (through 5/15)	<u>\$150,544</u>
Total	\$1,189,033

On June 4th the Pacific West Real Estate Income Fund (PWREI) purchased **Massillon Commons**, a 245,945-square-foot shopping center in Massillon, Ohio. The property boasts Home Depot and Dunham Sports as anchors, with the opportunity to sell these parcels and reinvest. We intend to hold the shops for yield with tenants who include a preschool, dialysis center, and a check-cashing store. The center is 86% occupied.

We have one lease to report for PWREI. H&R Block signed a lease for 1,350 square feet at **Benjamin Square**. The initial lease will last nearly five years, and there are minimal Tenant Improvement (TI) costs.

PWREO welcomes Temperance at **Crabapple Station**. The restaurant and bar leased 2,571 square feet. Their 5-year lease includes ~\$40k in TI costs.

At the end of June on Bainbridge Island the local Rotary Club has a huge [rummage sale and auction](#). Bruce is a leading member of the local Rotary Club. PWL was a sponsor of this year's event, and I spent many hours as volunteer manual labor. Over \$480,000 was raised this year, which will flow back out in the form of charitable grants to dozens of worthwhile efforts.

As always, please don't hesitate to call with questions, and we always welcome visitors. [A summer ferry ride](#) is a great way to enjoy the Pacific Northwest.

Best --

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Distressed Asset Fund Scorecard
(approximate investment by the Fund)
all data as of 5/31/2015, 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	2.27x	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	1.87x	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	1.66x	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	1.49x	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	1.41x	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	62.14%

Pepper Ridge Plaza — SOLD This 19,818-square-foot property in Phoenix was acquired in July 2010 for \$1,939M. It is 50% owned by the Fund. The center was sold on May 12, 2015 for \$1.8M net.

Fund Initial Investment	Fund Profit	Multiple	Gross IRR
\$1,939,461	\$153,711	1.15x	3.40%

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	84%	\$6,016	\$37,509

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	85%	\$6,876	\$36,109

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	100%	\$8,101	\$45,041

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. Negative NOI this month is due to a large roof repair expense.

Fund Initial Investment	Fund Net Investment	Occupancy	MTD NOI	YTD NOI
\$1,300,000	\$442,353	87%	-\$3,005	\$41,146

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	86%	\$12,498	\$71,430

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.