

Pacific West Land, LLC

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11/12/2018

November 2018 Update

I'll be on a panel discussing **Opportunity Zone investing on December 4th at the Washington Athletic Club from 7:30am – 9am**. Peterson Sullivan, the public accounting firm that prepares many PWL audits and tax returns, is hosting the panel. Opportunity Zones were created in the Federal tax bill that was signed into law earlier this year. If done correctly, real estate investments in Opportunity Zones come with some very nice tax incentives. If you would like to join Sally and me at this free event, [click here](#) to register. A buffet breakfast will be served, and the breakfast at the WAC is pretty good.

You may be asking yourself, ***"What is an Opportunity Zone?"*** There is a small section in the recently passed tax bill creating Opportunity Zones. Essentially, these are areas designated by each state's governor in which residents have lower incomes than surrounding neighborhoods. Investments made correctly in Opportunity Zones by the end of 2019 have two very big advantages available to taxpayers:

- If an investor sells a profitable investment (real estate, stock, art, etc.) in 2018 or 2019 and invests the capital gains from that sale into a properly structured Opportunity Zone (OZ) fund, the capital gains tax that is due now can be deferred for up to 7 years. If the OZ investment is still held 7 years after purchase, think 2026, the tax would then be due, but discounted 15%. Let's say you sell your Apple stock today and make \$100K in profits. You then immediately invest \$100K in an Opportunity Zone fund, rather than pay \$20,000 in capital gains tax in 2019, you would instead pay \$17,000 in 2026.
- In addition, if the investment is still in place in the OZ fund after 10 years, think 2029, then the capital gain tax rate on that investment is **ZERO (0%)!** *IF* all the IRS rules are followed. That's an important *"IF."* The example above is simplified, rather than spelling out the many details of *"IF."*

A quick note on **privacy**, we don't share our investor's personal information with anyone other than Peterson Sullivan, along with the IRS and state governments, as we prepare and file tax returns each year.

PWL signed three new leases in October. At PWRE2 Main Street Commons Beto's Tacos, a new Mexican restaurant, signed a 5-yr term for 2,600 sq.ft. PWREO Village Shoppes signed with **two new tenants** in October. A dentist is opening a practice. They signed a 5-year term for 2,228 sq. ft. To ensure the dentist always has clients, Cookie Dough Bliss, which sells cookie dough like it's ice cream, has a new franchise. CDB signed a 5-year term for 1,125 sq. ft.

If you'd like to meet for breakfast or lunch, please give me a shout.

Thanks –

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PWREI Scorecard
(approximate investment by PWREI)
all data as of 9/30/18

Willow Hill Center — PWREI purchased this property in May 2014. The 21,082 sq. ft. center is located in Puyallup, WA. Tenants include Money Tree, Kumon Learning, Rainier Growlers and F45. PWREI owns 83% of this property. Starbucks' parcel sold for ~\$2.35M net on October 15, 2014. Ivar's pad sold for ~\$1.27M net on April 28, 2015.

Initial Investment	Net Investment	Occupancy	2018 Q1-Q3 NOI
\$5,625,000	\$2,839,765	100%	\$244,574

Benjamin Square — PWREI purchased this property in May 2014. The 9,950 sq. ft. center is located in Woodland, WA, and is just off I-5. Tenants include Starbucks, Subway, Papa Murphy's, and H&R Block.

Initial Investment	Net Investment	Occupancy	2018 Q1-Q3 NOI
\$1,900,000	\$1,967,475	70%	\$114,396

Shoppes at Buford — PWREI purchased this 20,844 sq. ft. property in May 2014. The property is located in Buford, GA, and is located across from the Mall of Georgia. The tenants include Edible Arrangements, a hair salon, a Sushi restaurant and Play It Again Sports.

Initial Investment	Net Investment	Occupancy	2018 Q1-Q3 NOI
\$2,740,600	\$2,949,141	94%	\$198,763

Auburn Road — PWREI purchased this property in August 2014. The 8,400 sq. ft. property is located in Dacula, GA. The tenants include a medical care facility, a large veterinary office, and a hair salon.

Initial Investment	Net Investment	Occupancy	2018 Q1-Q3 NOI
\$1,000,000	\$1,025,100	100%	\$66,830

Roosevelt Place — PWREI purchased this property in August 2014. The 14,000 sq. ft. center is located in Phoenix, AZ, off of busy I-10. The tenants include Port of Subs, Teramar Staffing, and a drive-thru Filiberto's Mexican restaurant. The Jack in the Box pad sold on May 2, 2016 for ~\$1.08M net.

Initial Investment	Net Investment	Occupancy	2018 Q1-Q3 NOI
\$2,960,000	\$1,943,078	70%	\$207,978

Little Corona — PWREI purchased this property in December 2014. The property consists of 6,074 sq. ft. of leasable space located at the busy intersection of Rural Rd and Ray Rd in Chandler, AZ. Current tenants include a Greek restaurant and Fullers Bar & Grill.

Initial Investment	Net Investment	Occupancy	2018 Q1-Q3 NOI
\$1,010,000	\$1,033,939	59%	\$37,741

Dail Center — This property was purchased in December 2014. The 16,145 sq. ft. strip is located along US Route 17 in Myrtle Beach, SC, which boasts over 14 million visitors a year. Current tenants include Batteries Plus, Atlantic Kitchens, State Farm, Tao Wellness Spa, and Painting with a Twist.

Initial Investment	Net Investment	Occupancy	2018 Q1-Q3 NOI
\$1,522,500	\$1,605,866	88%	\$81,687

Gulf Breeze — PWREI purchased this 27,736 sq. ft. property in January 2015. The property is located in Port Arthur, TX, and is shadow anchored by H-E-B, a major grocery chain based out of San Antonio, with great visibility from both Hwy 365 and 347. Current tenants include Edward Jones, Sprint, Fancy Nails, Supercuts, and Pizza Hut.

Initial Investment	Net Investment	Occupancy	2018 Q1-Q3 NOI
\$2,677,500	\$2,756,538	88%	\$289,474

Log Pond Plaza — PWREI purchased this 27,368 sq. ft. property in March 2015. This property, located in Newark, OH, is shadow anchored by a Walmart Super Center and across the street from a Home Depot, in a dense residential area just north of SR-16. The center boasts a healthy mix of local and national tenants including Cheng's Chinese, Fiesta Salon, Big Apple Cafe, and CATO.

Initial Investment	Net Investment	Occupancy	2018 Q1-Q3 NOI
\$1,850,000	\$2,026,094	81%	\$164,249

Massard Farms — PWREI purchased this large shopping complex in April 2015, located in Fort Smith, AR. We own a total of 71,592 sq. ft. of leasable space, consisting of the Kohl's remainder space, Savers, IHOP, and an 8,000 sq. ft. mixed tenant building including Catherine's, Sport Clips, Firehouse Subs, and Pad Thai Cuisine. The Kohl's building sold in September for \$8.9M net. The revised Net Investment and Occupancy numbers are shown below with the Occupancy number reflecting the reduced square footage of the overall owned property.

Initial Investment	Net Investment	Occupancy	2018 Q1-Q3 NOI
\$13,415,287	\$4,530,306	66%	\$796,959

Oak Creek Commons — PWREI purchased this small strip center in May 2015. Located south of Milwaukee, the population growth and average household income of Oak Creek, WI, are projected to outpace the national average over the next five years. The 10,462 sq. ft. property has a healthy mix of tenants including Express Cleaners, Yen Hwa Chinese Restaurant, and Dunkin' Donuts.

Initial Investment	Net Investment	Occupancy	2018 Q1-Q3 NOI
\$1,191,750	\$1,256,205	70%	\$97,284

Massillon Commons — PWREI is 66.7% owner of this shopping center purchased in June 2015. It is located along the busy Lincoln Way corridor in Massillon, OH. In addition to a 50,503 sq. ft. Dunham's Sports, this property boasts 63,048 sq. ft. of leasable shop space. Home Depot sold on June 30, 2016 for ~\$9.36M net and proceeds were used to pay off debt.

Initial Investment	Net Investment	Occupancy	2018 Q1-Q3 NOI
\$8,618,667	\$2,379,809	80%	\$143,907

Greensburg Commons — This property was purchased in July 2015 and is 66.7% owned by PWREI. The large shopping center is located at the intersection of I-74 and State Rd 3 in Greensburg, IN. It currently consists of 88,953 sq. ft. of leasable retail space and boasts a healthy mix of tenants including Jimmy Johns, Great Clips, GameStop, GNC, Rent A Center, Goodwill, Cricket Wireless, and Bath and Body Works. The Walmart parcel sold on December 2, 2016 for ~\$13.9M net, with most of the proceeds used to pay off debt. Goodwill officially opened for business at the property.

Initial Investment	Net Investment	Occupancy	2018 Q1-Q3 NOI
\$12,512,000	\$3,431,264	84%	\$255,074

Gateway Center — PWREI purchased this center in October 2015. It consists of 28,056 sq. ft. of mixed retail space located at the intersection of US 76 and Main St in Newberry, SC. It is shadow anchored by a Walmart. Current tenants include GameStop, Sally Beauty, Newberry Nails & Spa, CATO, It's Fashion, Shoe Show, Groucho's Deli, and China Town Restaurant.

Initial Investment	Net Investment	Occupancy	2018 Q1-Q3 NOI
\$2,030,055	\$2,164,563	100%	\$245,534

Powder Springs — This property was purchased by PWREI in October 2015. It is located on Richard D Sailors Pkwy in Powder Springs, GA, and is shadow anchored by a Home Depot. The small strip center has a total of 15,050 sq. ft. and has Allen Chiropractic, Johnny's Pizza, Hanger Prosthetics and Benchmark Therapy as tenants. The vacant pad we bought with the building was sold on February 12, 2016 for ~\$280k net.

Initial Investment	Net Investment	Occupancy	2018 Q1-Q3 NOI
\$1,100,000	\$837,805	70%	\$26,914

Sugarcreek Crossing — PWREI is 66.7% owner of this shopping center in Centerville, OH, purchased in October 2015. The property at purchase included three parcels – a ground leased Cracker Barrel pad, a Tire Discounters pad, and a multi-tenant retail building containing a UPS Store, a Chiropractic office, and Godfather's Pizza, among others. The Cracker Barrel parcel was sold on May 6, 2016 for ~\$2.28M net. The Tire Discounter's parcel sold on December 23, 2016 for ~\$2.96M net. Work is complete on the project to create an additional 3,425 sq. ft. of retail space in what used to be a bank drive-thru in the middle of the strip center.

Initial Investment	Net Investment	Occupancy	2018 Q1-Q3 NOI
\$5,117,333	\$2,068,083	94%	\$131,870

Castleberry Promenade — PWREI purchased this property as a joint deal with East West Market in February 2016. It consists of 26,651 sq. ft. of leasable space with two small developable pads, and is located at the busy intersection of Bethelview Rd and Castleberry Rd in Cumming, GA. Current tenants include Castleberry Ale House, My Running Store, Fitness Foundation, Kumon Learning, Arise Chiropractic, and Liberty Tax.

Initial Investment	Net Investment	Occupancy	2018 Q1-Q3 NOI
\$2,906,000	\$2,937,800	86%	\$164,284

East West Market — PWREI purchased this property as a joint deal with Castleberry Promenade in February 2016. This center is located along East West Connector in Austell, GA, and consists of 17,017 sq. ft. of leasable space and a 1.09-acre developable pad. Current tenants include 100% Chiropractic, WellStar, and American Health Imaging.

Initial Investment	Net Investment	Occupancy	2018 Q1-Q3 NOI
\$2,660,000	\$2,688,980	100%	\$152,136

Village at Las Sendas — PWREI purchased a 33.4% stake in this property in June 2016. The shopping center is located in Mesa, AZ, at the intersection of McDowell Rd and Power Rd and consists of 39,144 sq. ft. of leasable space. Current tenancy is a diverse mix of local and national tenants including Sunnyside Breakfast, Jimmy Johns, Pacino's Italian, D'Vine Wine, Smashburger, Two Wheel Jones, Royal Tobacco, Chipotle, and Echo 5 Sports Pub. A new lease was signed with Performance & Recovery Lab in August 2018 for 1,710 square feet.

Initial Investment	Net Investment	Occupancy	2018 Q1-Q3 NOI
\$2,922,500	\$2,939,265	81%	\$152,327

Note: 2018 NOI numbers reflect the PWREI's portion of the total. All profit, NOI, Gross IRR, and Deal Multiple calculations presented are unaudited gross estimates.

All numbers within this report are unaudited and should be considered as close approximations. Members receive the audited results on an annual basis.