

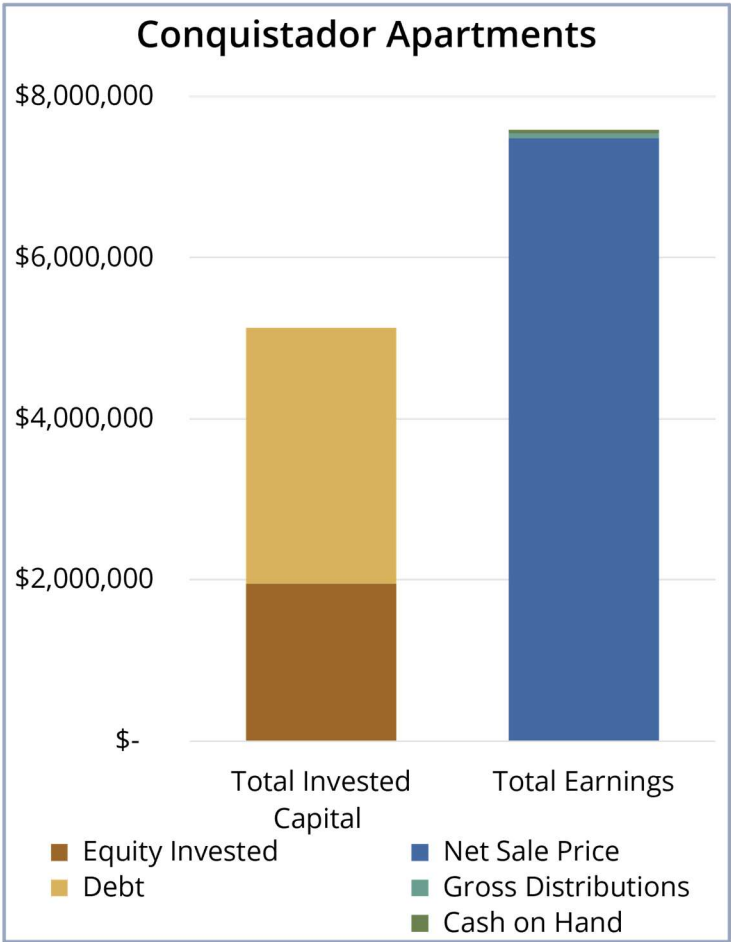
Don't miss the
party invite at the
end of this email!

We host 3 meetings in the Seattle area each year for PWL investors and their advisors, and on a less strict schedule investor meetings are held in other cities around the country. Last month we held our annual *official* investor meeting. This event took place at the Washington Athletic Club and was hosted both in person with a luncheon and virtually via Zoom. **Thank you to everyone who attended or tuned in to PWL's annual meeting earlier this month.** Here are a few highlights:

- In the aggregate, PWL had a good year in 2023. Looking at everything we manage, net income was up 12.1%, and free cash flow was up 9.3% over the previous year.
- While there were a couple of significant sales from the PWL portfolio, our assets under management (AUM) were up.
- Across our portfolio, retail vacancy remains very low while rents continue their upward trajectory.
- **PWREI** has an unreturned capital balance of \$28.3M, enjoyed net income of \$4M, and free cash flow of \$3.7M. Free cash flow was up 10%, even though the asset base was smaller.
- PWREI just signed a major lease at [Greensburg Commons](#) with Marshalls, the national department store chain, who will be taking over 20,000 square feet.
 - PWREI will be investing over \$700,000 in tenant improvements
 - The lease adds over \$2M in value to the property, without any cap rate adjustment
 - Marshalls' presence acts as a draw for other tenants
 - Marshalls should lower the cap rate (increase the value) for the entire property
- **PWRE2** has an unreturned capital balance of \$22.8M, enjoyed net operating income of \$2.1M, free cash flow of \$1.6M, and net income including gains on sales of \$11.3M.
- **2023 was an outstanding year for PWL, PWREI, and PWRE2**

We are very pleased to announce that PWL has completed its 1031 Exchange of Conquistador Apartments. In January, we announced that PWL hit a home run when we closed on the sale of [Conquistador Apartments](#). As a recap, the 94-unit apartment complex in Casper, Wyoming, was initially purchased in February 2021 for ~\$4.2M on a capital raise of just ~\$1.95M. The Property sold in December 2023 for ~\$7.5M. The funds from this sale were rolled into a 1031 exchange account and used to acquire [Anderson Central](#).

Levered*



Equity Invested (Feb 2021)	\$ 1,947,235
Debt	\$ 3,185,000
Total	\$ 5,132,235

Net Sale Price (Dec 2023)	\$ 7,476,139
Gross Distributions	\$ 62,106
Cash on Hand	\$ 45,945
Total	\$ 7,584,190

	Gross	Net
IRR	33.2 %	27.7 %
MOIC	2.2 x	2.0 x

*Unaudited, subject to adjustment

[Anderson Central](#) is a 223,211 sq. ft. neighborhood shopping center located in Anderson, South Carolina. In April, the same LLC that owned the Conquistador apartments purchased this property for \$18.4M. Anchored by Walmart, the center has a solid tenant mix of national and local businesses. The property is located in one of Anderson's most affluent neighborhoods, which is home to several major companies, including Techtronic Industries TTI, AnMed Health, One World Technologies., and Hampshire Holdings, Inc. This investment should provide a favorable return based on its current in-place cash flow, with further upside from the remaining lease-up of vacant space.



What was the benefit of going through a 1031 exchange process? The profits on the sale of Conquistador Apartments were about \$2.4M. The Federal tax due on this gain would be about \$571K, and would be even higher when we consider some investors reside in California. By making the exchange into Anderson, the \$571K in taxes due have been deferred until we sell the Anderson property. The \$571K+ remains invested, continuing to work for investors providing excellent returns going forward.

What was the cost of going through the 1031 exchange process? The proceeds from the Conquistador sale, ~\$4.34M sat in a bank account earning almost no interest for about 5 months. In addition, about \$2,000 in fees were paid to a 1031 exchange accommodator.

As I have done for many years, I offer this rock-solid advice to all of our investors: **"Don't do your own taxes."** Every year, at least 1 or 2 investors tell me, *"I finally followed your advice; I paid a tax accountant. I had not wanted to pay the expense, but it turns out they are saving me a lot of money. Also, my spouse is much happier with me without those 2 or 3 weeks when I would have been grumbling/gripping/complaining/swearing about taxes."* Taxes today are impossibly complex. While strongly in favor of tax simplification, we have to play the hand we are dealt. If you have not done so already, hire a tax accountant. You'll probably save money, and your spouse may thank me.



It is with mixed emotions that we announce the upcoming retirement of Dennis Johnson, our Leasing Director. Dennis joined PWL in 2012 and brought over 20 years of experience as a shopping center developer and operator. Dennis has played an essential role in PWL's success. He exhibited a terrific work ethic and unwavering dedication to PWL throughout his tenure, making significant contributions toward the growth and development of our portfolio. We are truly grateful for his hard work, dedication, and tremendous contributions to the company over the years. He has also been a tone setter in our office, making it a better place to come to work each day for all of us here. We wish him all the best in his well-deserved retirement.

PWL will be hosting a retirement party for Dennis at Wing Point Country Club this June or July. Golfers, there will be tee times available before the festivities begin.

Please contact Caroline (caroline@pacificwestland.com) if you would like details on celebrating Dennis' retirement with us.



We are pleased to introduce Matt McCarthy as our new Leasing Director. Matt joined PWL at the beginning of April, after moving from Atlanta, Georgia. He brings over 15 years of experience in national and regional tenant leasing. We are confident that Matt will continue to propel our leasing department toward unprecedented growth and achievement.

We wish Dennis all the best in his retirement and are excited to have Matt join the team.

Club Deals

As you can see from our recent sales, we continue to source high-quality, tax-advantaged real estate investments even in this challenging market. If you're interested in participating, please give me a call. The terms for club deals are very similar to those underlying PWREI & PWRE2. We charge a 1% one-time acquisition fee and 1% per year of asset value. We split the profits 80/20, in favor of investors. The minimum investment is typically

\$250K.

1031 Exchanges

In the last two years, PWL helped facilitate **eight 1031 exchanges** for investors, including the very recent [Conquistador Apartments](#) to [Anderson Central](#) exchange. The tight 45-day property identification period is the biggest challenge of the 1031 exchange process. Unlike most of us, Josh and his team analyze every single property that comes onto the market, which is critical to not miss a potentially excellent investment in the current, challenging market. This wide-net view of the current offerings, along with our thorough and conservative evaluations, means we only put opportunities in front of potential investors that we feel will make for truly high-quality investments.

We do not reduce the rigorousness of our evaluation process on properties simply because we have an investor needing to make a 1031 exchange, so the more advance notice we have, the higher the likelihood you will make a successful exchange.

PWL signed four new leases and five lease extensions in March:



[Marshall's](#), the national department store chain, signed a new 21,650 sq. ft. 10-year lease at [Greensburg Commons](#).



[Mattress Firm](#) exercised its option to extend its 5,000 sq. ft. lease for 5 years at [Clinton Crossing](#).



[BenchMark Physical Therapy](#) exercised their option to renew for 5-years in their 2,000 sq. ft. space at [Loggins Corner](#).



Overman Designs renewed their 1,300 sq. ft. lease for another 3 years at [Ponderosa Village](#).



[Templo Mexican Grill](#) signed a new lease for 2,700 sq. ft. and a 5-year term at [Castleberry Promenade](#).



[Rose Garden Chinese Restaurant](#) exercised its option to extend its lease for another 5 years in its 2,390 sq. ft. space at [Willow Hill](#).



[Premier Martial Arts](#), a local martial arts school, signed a 5-year lease extension for their 3,150 sq. ft. space at [Powder Springs](#).

Red Carpet Boutique signed a new 5-year, 1,300 sq. ft. lease at [Main Street Commons](#).

Queen Nails signed a new 5-year lease for 1,400 sq. ft. at [Meridian Marketplace](#).

Newberry Liquor & Spirits signed a new 3-year lease for 1,680 sq. ft. at [Gateway Shopping Center](#).

If you'd like to meet for breakfast or lunch, please give me a shout so we can get something on the calendar. Office visitors with an appointment are welcome, and I'm always happy to get out of the office.

Stay healthy & keep smiling –

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PWREI Scorecard

Approximate investment by PWREI

Data as of 2/29/2024

Willow Hill Center

The 21,082 sq. ft. center located in Puyallup, WA, was purchased in May 2014 with an 83% stake by PWREI. We sold the Starbucks pad in October 2014 for ~\$2.35M net and the Ivar's pad in April 2015 for ~\$1.27M net. The property currently has 9 tenants, the most recognizable being F45 Fitness, Pho Tai Vietnamese, and Rainier Growlers.

Initial Investment

\$5,625,000

Net Investment

\$2,943,228

Occupancy

78%

2023 Q1-Q4 NOI

\$452,596

Benjamin Square

PWREI purchased this 9,950 sq. ft. property in May 2014. Benjamin Square is in a highly visible center just off of I-5 in Woodland, WA. The property has 7 tenants and is now 100% leased; the national tenants include Starbucks (drive-thru), Subway, Papa Murphy's, T-Mobile, and H&R Block.

Initial Investment	Net Investment	Occupancy	2023 Q1-Q4 NOI
\$1,900,000	\$2,069,607	100%	\$181,290

Gulf Breeze

PWREI purchased this 27,739 sq. ft. property located in Port Arthur, TX in January 2015. The property is shadow-anchored by the major grocery store, H-E-B, and maintains great visibility from both HWY 347 and HWY 365. Gulf Breeze's tenants include Edward Jones, World Finance, Super Cuts, Republic Finance, The Nutrition Store, Pizza Hut, and a Wells Fargo ATM.

Initial Investment	Net Investment	Occupancy	2023 Q1-Q4 NOI
\$2,677,500	\$2,889,380	96%	\$552,156

Log Pond Plaza

Located in a dense residential area just north of State Route 16 in Newark, OH, this 27,368 sq. ft. property was purchased by PWREI in March 2015. The property is shadow-anchored by a Walmart Super Center with a Home Depot across the street. Log Pond boasts a healthy mix of 12 local and national tenants, which include Hertz, Cheng's Chinese, Fiesta Salon, CX Staffing, and CATO.

Initial Investment	Net Investment	Occupancy	2023 Q1-Q4 NOI
\$1,850,000	\$2,179,603	90%	\$360,543

Massard Farms

This large shopping complex in Fort Smith, AR was purchased in April 2015. In September 2018, the Kohl's building sold for \$8.9M net. After its sale, PWREI still owns 71,592 sq. ft. of leasable space. Massard Farms tenants include an IHOP, Savers, Sports Clips, and Pad Thai Cuisine.

Initial Investment	Net Investment	Occupancy	2023 Q1-Q4 NOI
\$13,415,287	\$7,401,127	94%	\$ 523,405

Massillon Commons

Located along the busy Lincoln Way corridor in Massillon, Ohio, this property was purchased in June 2015 for a 66.7% stake for PWREI. In June 2016, the Home Depot pad sold for ~\$9.36M net, with the proceeds used to pay off debt. In addition to a 50,503 sq. ft. Dunham's Sports, Massillon Commons boasts 63,048 sq. ft. of leasable space that includes 10 tenants, the largest being P.S. Cook's, OakPark Preschool, and Stark Medical.

Initial Investment	Net Investment	Occupancy	2023 Q1-Q4 NOI
\$8,618,667	\$2,502,750	87%	\$300,606

Greensburg Commons

Purchased in July 2015 for a 66.7% stake for PWREI, this large 88,953 sq. ft. shopping center is located at the intersection of I-74 and State Rd. 3 in Greensburg, IN. In December 2016, the Walmart parcel sold for ~\$13.9M net with most of the proceeds used to pay off debt. Greensburg Commons holds a mix of 15 local and national tenants. The most recognizable tenants are Jimmy John's, Great Clips, GameStop, GNC, Rent-A-Center, Feeder's Pet Supply, Goodwill, and Bath & Body Works.

Initial Investment	Net Investment	Occupancy	2023 Q1-Q4 NOI
\$12,512,000	\$3,884,907	93%	\$424,198

Gateway Center

PWREI purchased this 28,056 sq. ft. mixed retail space, located in Newberry, SC, in October 2015. Gateway Center sits at the intersection of US 76 and Main St. and is shadow-anchored by a Walmart. With 10 tenants, the center's most notable occupants include GameStop, Quick Credit, Nexien, and T-Mobile.

Initial Investment	Net Investment	Occupancy	2023 Q1-Q4 NOI
\$2,030,055	\$2,233,215	100%	\$342,326

Powder Springs

Purchased in October 2015 by PWREI, this 15,050 sq. ft. strip center is located on Richard D. Sailors Pkwy in Powder Springs, GA. Upon purchasing the property, we also acquired a vacant pad that we sold in February 2016 for ~\$280K net. Powder Springs is shadow-anchored by a Home Depot and has 8 tenants total, including Hanger Prosthetics, Premier Martial Arts, and Esteem Dental Studio. The property is now 100% leased.

Initial Investment	Net Investment	Occupancy	2023 Q1-Q4 NOI
\$1,100,000	\$745,182	100%	\$141,344

Sugarcreek Crossing

Located in Centerville, OH, PWREI purchased Sugarcreek Crossing in October 2015 and holds a 66.7% stake. Upon purchase, the property included three parcels: a ground leased Cracker Barrel pad that was eventually sold in May 2016 for ~\$2.28M net; a Tire Discounters pad that was sold in December 2016 for ~\$2.96M net; and a multi-tenant retail building containing a UPS store, a Chiropractic office, and Five Guys burgers, among others.

Initial Investment	Net Investment	Occupancy	2023 Q1-Q4 NOI
\$5,117,333	\$2,161,342	95%	\$265,992

East West Market

Purchased as a joint deal with Castleberry Promenade, PWREI acquired this 17,017 sq. ft. property in February 2016. East West Market is located along the East-West Connector in Austell, GA. The 1.09-acre Dunkin Donuts pad sold in June 2020 for ~\$522K net. The property currently holds 6 tenants, the largest being WellStar Health System, American Health Imaging, and Thumbs Up Diner.

Initial Investment	Net Investment	Occupancy	2023 Q1-Q4 NOI
\$2,660,000	\$2,206,308	100%	\$350,708

Castleberry Promenade

PWREI acquired this 26,651 sq. ft. property in February 2016 as a joint deal with East West Market. Castleberry Promenade is located at the busy intersection of Bethelview Rd. and Castleberry Rd. in Cumming, GA. Upon purchase, the property included leasable space as well as two small developable pads. This property currently has 10 tenants, among them Kumon Learning, Castleberry Ale House, and Ovo Salon.

Initial Investment	Net Investment	Occupancy	2023 Q1-Q4 NOI
\$2,906,000	\$3,237,237	86%	\$ 508,799

Village at Las Sendas

PWREI purchased this 39,144 sq. ft property in June 2016 for a 33.4% stake. The Village at Las Sendas is located at the intersection of McDowell Rd. and Power Rd. in Mesa, AZ. This shopping center has a diverse mix of 16 national and local tenants, with the most recognizable being Chipotle, Jimmy John's, and Smashburger.

Initial Investment	Net Investment	Occupancy	2023 Q1-Q4 NOI
\$2,922,500	\$3,030,034	96%	\$271,786

Auburn Road – SOLD August 2023

Located in Dacula, GA, this 8,400 sq. ft. property was purchased by PWREI in August 2014. The center is located at the busy intersection of Auburn Rd. and Jim Moore Rd. and is at the center of a sprawling residential area. Auburn Road's 4 tenants include State Farm, Intracore Healthcare, Georgia Veterinary, and Center Stripe Golf. Auburn Road sold in August 2023 for \$2.2M

Initial Investment	Profit	Deal Multiple	Deal IRR
\$1,000,000	\$2,457,306	3.1x	16.3%

Oak Creek Commons– SOLD June 2022

This small 10,462 sq. ft. strip center located in Oak Creek, WI was purchased by PWREI in May 2015. Being south of Milwaukee, the area's population growth and average household income are projected to outpace the national average over the next five years. Oak Creek Commons sold in June 2022 for \$2.5M.

Initial Investment	Profit	Deal Multiple	Deal IRR
\$1,191,750	\$2,499,248	2.81x	18.4%

Shoppes at Buford – SOLD June 2022

This 20,844 sq. ft. property was purchased by PWREI in May 2014 and is located in Buford, GA. The center's location across from the Mall of Georgia puts it in a retail corridor ideal for drawing shoppers. Shoppes at Buford sold in June 2022 for \$5.7M.

Initial Investment	Profit	Deal Multiple	Deal IRR
\$2,740,600	\$5,699,583	2.68x	15.1%

Roosevelt Place – SOLD November 2021

This 14,000 sq. ft. property was purchased in August 2014 by PWREI. The property is located in the industrial corridor of Phoenix, AZ, by I-10. This location allows for heavy daytime traffic. In May 2016, the Jack in the Box pad sold for ~\$1.08M. Roosevelt Place sold in November 2021 for \$5.02M.

Initial Investment	Profit	Deal Multiple	Deal IRR
\$2,960,000	\$4,620,030	2.55x	19.9%

Dail Center – SOLD August 2020

PWREI purchased Dail Center in December 2014. This 16,145 sq. ft. center is located along US Route 17 in famous Myrtle Beach, SC. Due to its popular location, the area attracts over 14 million visitors each year. In August 2020, Dail Center was sold for \$2.4M and was 100% occupied.

Initial Investment	Profit	Deal Multiple	Deal IRR
\$1,522,500	\$1,990,807	2.08x	16%

Little Corona – SOLD August 2020

Located at the busy intersection of Rural Rd. and Ray Rd. in Chandler, AZ, this 6,074 sq. ft. property was purchased by PWREI in December 2014. Little Corona was sold in August 2020 for \$1.57M. At the time of sale, Little Corona held 100% occupancy.

Initial Investment	Profit	Deal Multiple	Deal IRR
\$1,010,000	\$1,170,646	1.82x	13%

Note: 2023 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 audited results on an annual basis from a PCAOB-registered public accounting firm.