



June 2024 Update



Later this month, PWL and some of our investors will be gathering to celebrate the retirement of our Leasing Director, Dennis Johnson. Investors in PWREI, PWRE2, and all of our pooled investments owe Dennis their thanks for his dedication, hard work, and excellent results over many years. He has certainly improved our returns! If you know Dennis and would like to be invited to his retirement party, raise your hand! Please send any cards of congratulations to our office; he won't become a stranger.

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Each year, we host 3 meetings in the Seattle area for PWL investors and their advisors, and on a less rigid schedule, investor meetings are held in other cities around the country. Next month, we will host our 2024 Summer Investor Lunch in Bellevue. The meeting is open to invited Members of any PWL-managed entity, as well as investment advisors who have clients invested with PWL. It will also be made available via Zoom to those who can't attend in person. At the meeting, we will review the results for PWREI, PWRE2, and our Qualified Opportunity Funds. We will also provide some market insights based on our recent experiences. We think it's important that we regularly host a public forum during which we take all questions from investors.

Members of PWREI and PWRE2 received their 2023 Audits last week. **Both PWREI and PWRE2 are doing well.** The bottom-bottom line for **PWREI** shows revenue up \$300K for the year while operating expenses were unchanged. Net Income of \$4M against unreturned capital of under \$30M is very healthy. The number investors are often most interested in is how much the investors' portion of PWREI was worth, roughly, if we had sold all the assets on December 31 and distributed the proceeds in an orderly fashion. This year's total, **\$54M**, is down about \$1M from last year. However, during last year we sold one property, [Auburn](#), and distributed the proceeds from the sale.

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PWRE2's 2023 results were also excellent. Revenue and expenses were both down because we have been selling off properties and, therefore, working off a smaller asset base. **Net Income of \$11M against unreturned capital of \$33M is just excellent.** The Members' Equity to end 2023

was **\$50.1M**. This is down about \$600K from last year. During that year, however, we made significant distributions every quarter.

Please remember that these fair market values in the audit are approximations. These audits are prepared by a large [PCAOB \[link\]-registered](#) public accounting firm, with the support of our accounting team. Together, they put a lot of work into making it as accurate as possible. However, like all real estate owners, we only really know the value of a property on the day it sells.

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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. **Typically, Club Deals are only circulated to past PWL investors who ask about participating.**

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 six new leases and two lease extensions in May:



[Body20](#), a boutique fitness studio, signed a new 5-year, 1,250 sq. ft. lease at [The Village at Las Sendas](#).



[Golden Spoon](#), a national frozen yogurt chain, exercised its option to renew its 1,240 sq. ft. lease for another 5 years at [The Village at Las Sendas](#).



[Bocata Arepa Bar](#) exercised its option to renew for 5 years in its 1,500 sq. ft. space at [Lexington Commons](#).



[Play It Again Sports](#) signed a new 3,200 sq. ft. 5-year lease at [Meridian Marketplace](#).

Affordable Dentures and Implants signed a new 5-year, 2,800 sq. ft. lease at [Dublin Village](#).

Hair Clips signed a new 10-year 900 sq. ft. lease at [44 Renton Center](#).

Salon Nouveau signed a new 5-year 1,600 sq. ft. lease at [44 Renton Center](#).

Tsuyoi Ramen signed a new 5-year, 2,655 sq. ft. lease at [Massard Farms](#).

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.

Final thought: Never send email formatted in a font sized smaller than 12-pt. Pixels are free.

Stay healthy & keep smiling –

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PWREI Scorecard

Approximate investment by PWREI
Data as of 4/30/2024

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	Net Investment	Occupancy	2024 Q1 NOI
\$5,625,000	\$2,943,228	78%	\$111,409

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	2024 Q1 NOI
\$1,900,000	\$2,069,607	100%	\$53,173

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	2024 Q1 NOI
\$2,677,500	\$2,889,380	83%	\$78,498

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	2024 Q1 NOI
\$1,850,000	\$2,179,603	90%	\$69,185

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	2024 Q1 NOI
\$13,415,287	\$7,401,127	94%	\$133,475

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	2024 Q1 NOI
\$8,618,667	\$2,502,750	87%	\$83,005

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	2024 Q1 NOI
\$12,512,000	\$3,884,907	93%	\$64,813

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	2024 Q1 NOI
\$2,030,055	\$2,233,215	100%	\$79,520

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	2024 Q1 NOI
\$1,100,000	\$745,182	100%	\$46,967

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	2024 Q1 NOI
\$5,117,333	\$2,161,342	95%	\$77,162

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	2024 Q1 NOI
\$2,660,000	\$2,206,308	100%	\$82,416

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	2024 Q1 NOI
\$2,906,000	\$3,237,237	96%	\$47,370

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	2024 Q1 NOI
\$2,922,500	\$3,030,034	92%	\$62,303

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.