

Informational Overview 2023

westwood
FINANCIAL

Location is **Everything.**

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COMPANY OVERVIEW

Portfolio Overview

Properties

70+ Owned | 50+ Managed



Top 10 Grocers Avg. Sales PSF

\$750+

Owned GLA

50M+ Square Feet



Loan to Value

47%

Occupancy

97%



Weighted Avg. Cost of Debt

4.2%

Grocery

92% of Total Portfolio Value



Weighted Avg. Lease Term

4.5 Years

Total Employees

55+



Years in Business

50+

Strategic Advantages in Open-Air Retail



Attractive Growth Market Exposure

Irreplaceable locations in suburban areas provide cash flow resilience and significant growth potential underpinned by demographic trends



6.3

Sun Belt Population Growth vs. US Avg.



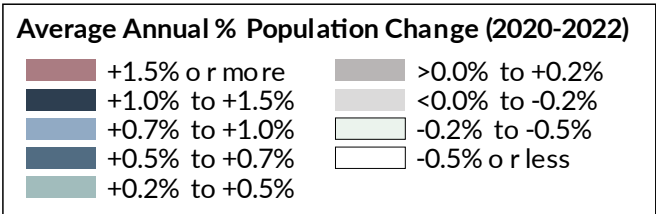
55%

Projected % of Total US Population by 2030

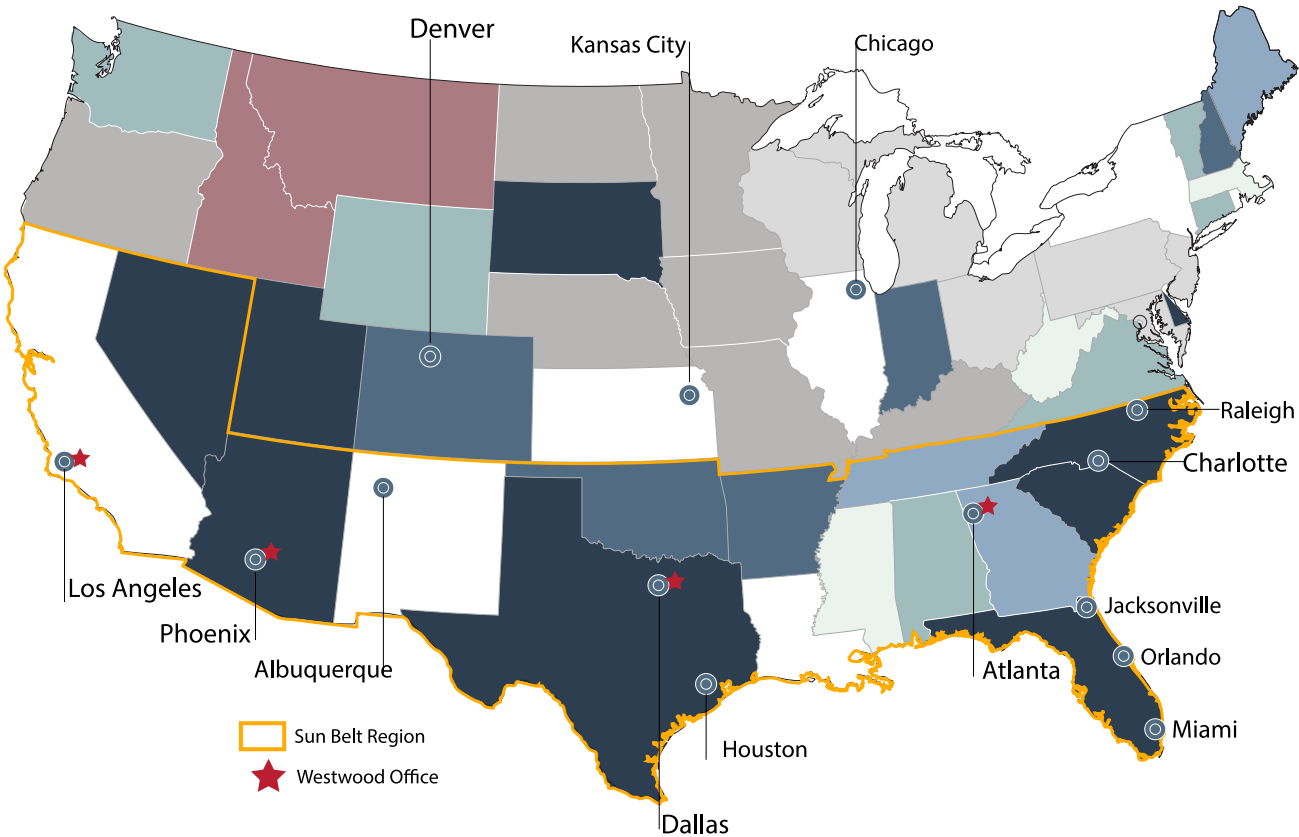


2.0x

5-year Avg Rent Growth in Sun Belt vs. US Avg.

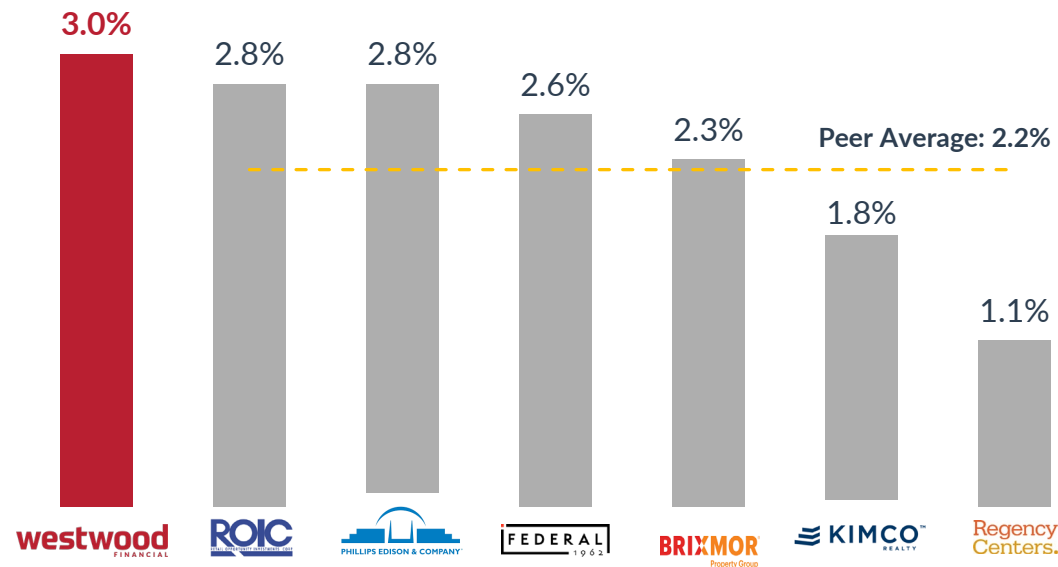


85% of Annual Base Rent Stems From Sun Belt Markets



High-Quality, Sunbelt Portfolio of Assets

2023 Same-Store NOI Projected Growth



Top 5 Markets (GLA / % of Total Portfolio GLA)

(SF in Thousands)

Atlanta	831	16%
Dallas	808	15%
Phoenix	801	15%
Denver	442	8%
Charlotte	418	8%

1. SCALE

- 1,000+ Leases
- Top 10 tenants comprise 61 leases and 2.0Mm SF

2. DIVERSITY

- Only 5 tenants with ABR exposure greater than 1.0%
- Top 10 tenants comprise <25% of ABR

3. STABILITY

- Fixed, contractual rents with bumps
- Remaining WALT of 4.5 years
- Tenant retention rate over 70%

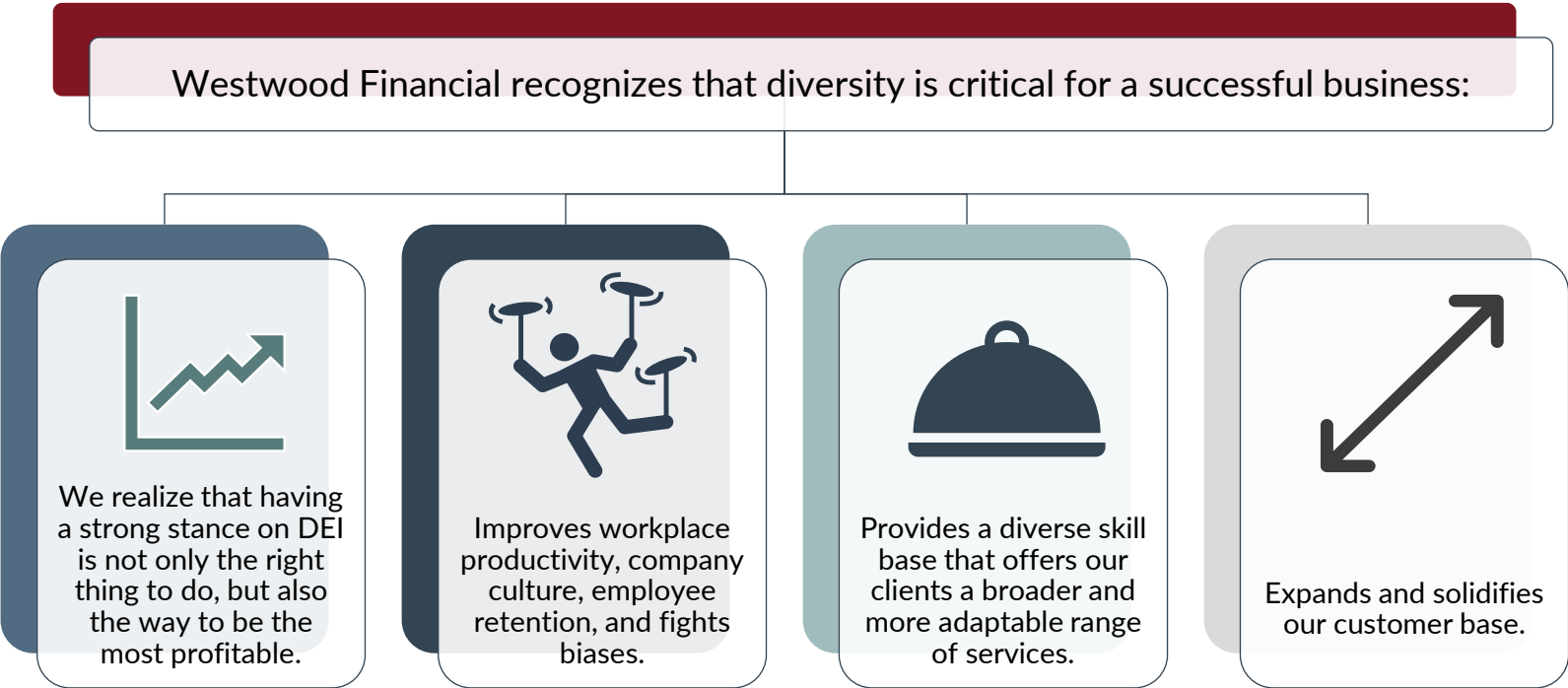
4. PERFORMANCE

- Grocery tenants in Westwood portfolio have avg. sales PSF 23% higher than national/regional avg. respective tenants

5. ESSENTIAL

- Grocers, services, and food/beverage tenants combined make up ~75% of total portfolio avg. base rent

Westwood Financial defines diversity in the broadest context – beyond race and gender – to encompass ethnicity, lifestyle, age, culture, education, religion, and other characteristics that make us unique as individuals. Our outlook on Diversity, Equality, and Inclusion aligns with and connects our mission, values, and strategic priorities.



Notable Statistics



 **DEI/ESG**
Qualified
*CrowdStreet 2022

Thoughtful environmental sustainability and corporate governance is important to Westwood. We are dedicated to reducing our carbon footprint through multiple channels and initiatives.



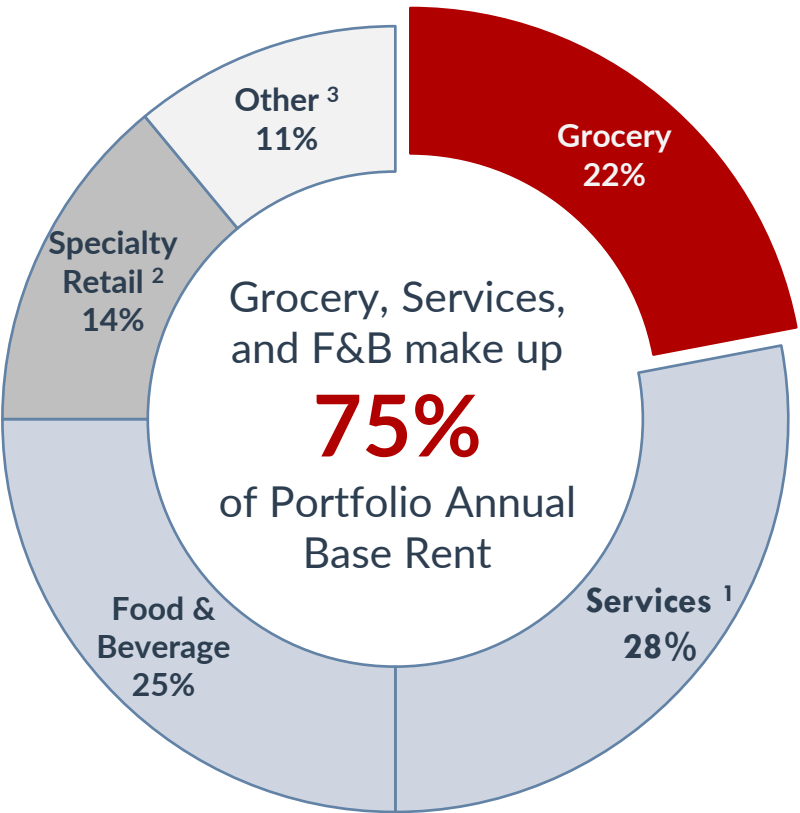
CAPITAL DEPLOYMENT TO SUPPORT ENERGY SAVINGS

- a. LED Lighting Property Upgrades ongoing – over half of the properties owned by Westwood Fund have been upgraded, with an additional subset done each year.
- b. Utility Consumption Management with analytics

COMMITMENT TO AUTOMATION TO REDUCE WASTE

- a. Electronic document management system including use of DocuSign for routing and execution of legal documents
- b. Fully Automated Accounts Payable and Accounts Receivable/Tenant Portal
- c. New Investor Portal planned to be released by Q3 2023

Tenant Category Allocation



1. Includes beauty, medical, financial, health & wellness
2. Includes pet stores, game stores, discount/dollar stores
3. Includes apparel, drug stores

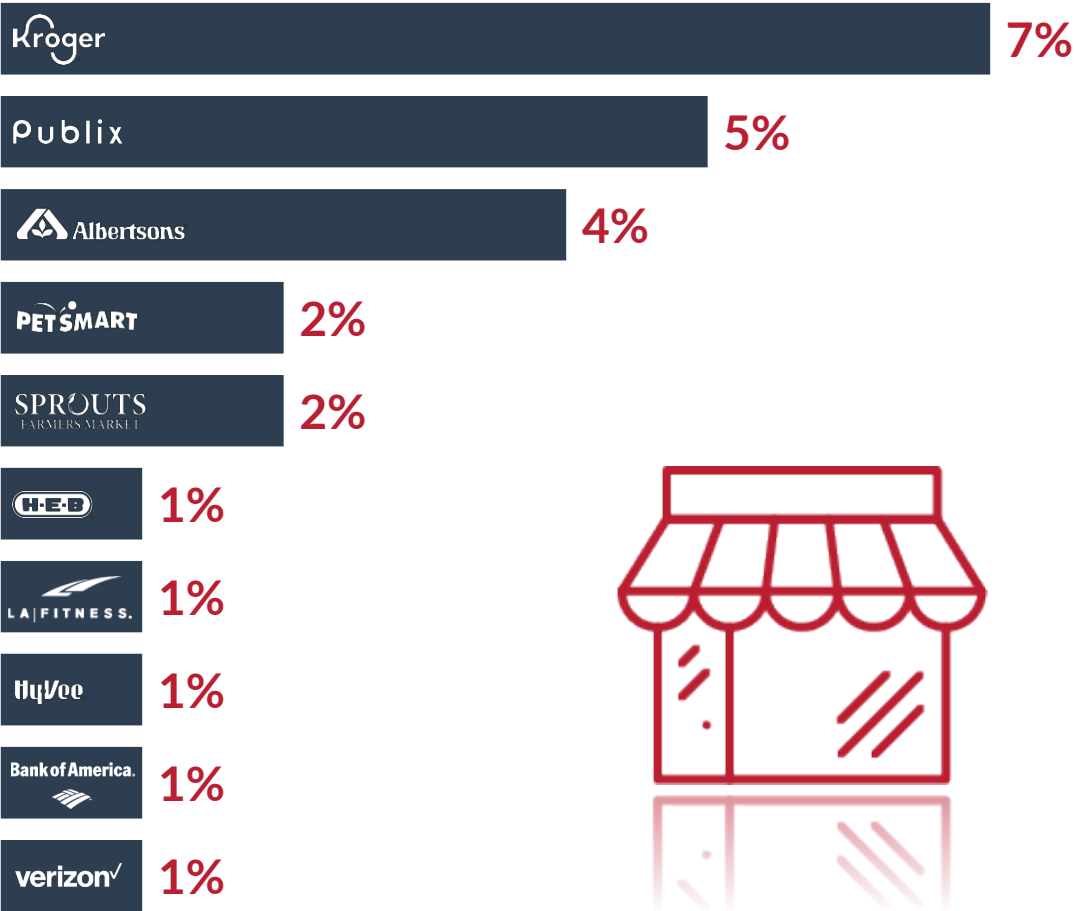
Top 10 Tenants
comprise less than 25% of ABR

40%
of total portfolio SF is from top ten tenants
~1.8Mm+ SF

22%
of total portfolio ABR is from grocery anchors

Top 10 Tenants by ABR

SF and Base Rent Figures in \$Thousands



OPEN-AIR FOCUSED



Positive Outlook and a Shift in Demand for Open-Air Retail Centers

Consumer Shifts and Lifestyle Trends

- **Macroeconomic shift** toward suburbs as millennials and gen z populations age
- **Work-from-home flexibility** results in more **localized shopping trends** and focus on convenience
- Post-pandemic trends like click-and-collect are here to stay

Retail Tenant Demand Turning Towards Open-Air

- Open-air stores allow goods and services retailers to get closer to their customers
- **Reputable anchors and convenience to local shops and restaurants** serve as catalysts for higher trip frequency
- **Lower occupancy costs**

Multi-channel Retail Strategy Becoming Critical

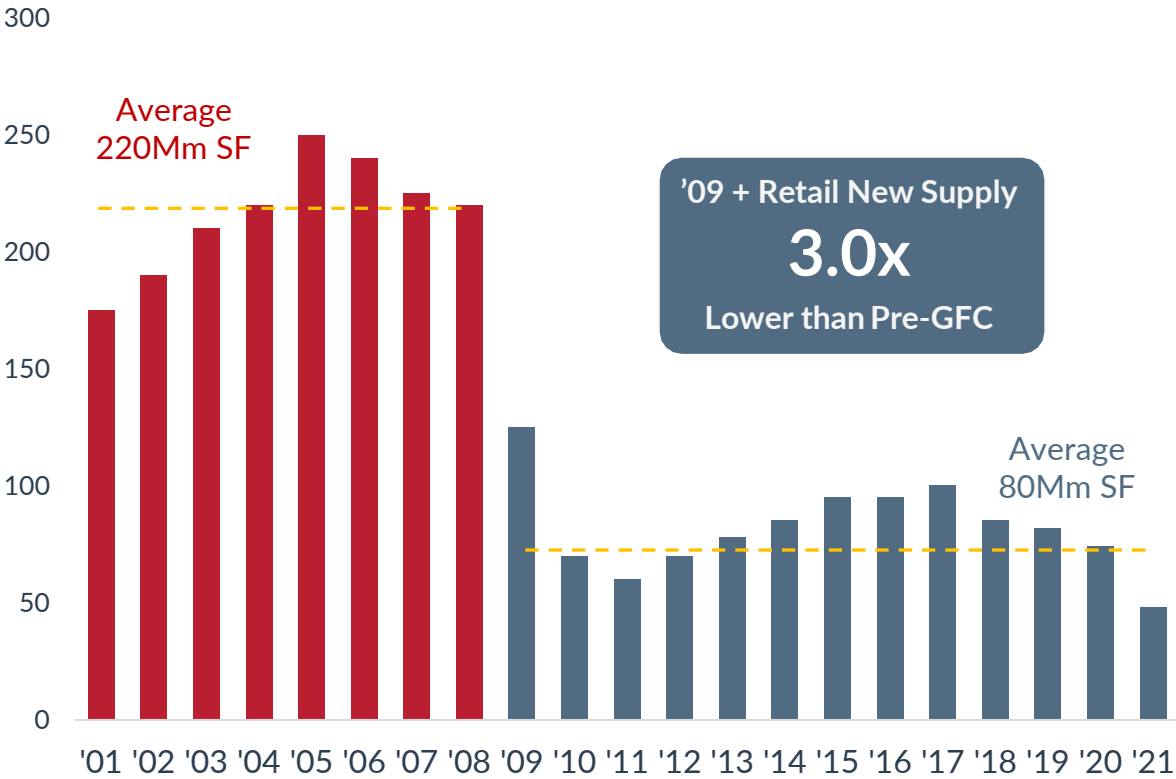
- Physical stores critical to **multichannel strategies**
- Retail locations are now a last-mile **logistics hub** for e-commerce, fulfillment and distribution businesses
- Brick-and-mortar is a retailers' best touch point to **connect with consumers**

Low Supply Growth Facing Robust Demand

- Very **limited open-air retail development** in most markets since 2010
- **New store openings outpace store closings** without increasing retail supply
- **Healthy rent growth** resulting from a favorable demand/supply imbalance
- Acquisition costs well **below replacement costs**

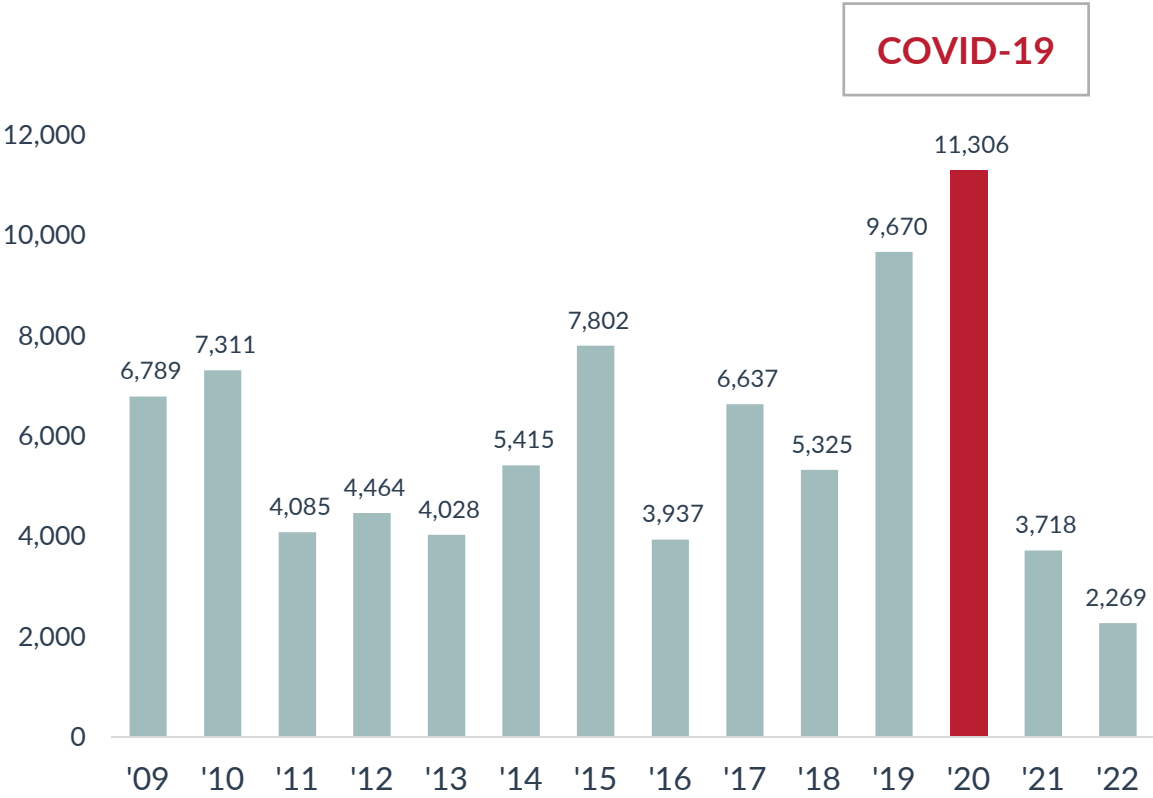
Limited New Retail Supply

(Retail GLA by sf, in millions)



Store Closures Near Historic Lows

(Number of stores closed in period)



The pandemic accelerated store closures which improved the quality of the tenant base

Stores are Critical for Retailers

Supply chain and logistics for retailers are becoming more critical as shipping costs continue to rise

Grocery Is the Largest Omnichannel Category

89%

Customer Engagement with Omnichannel Strategies

70%

of Online Shoppers Use Both Online and In-Store Services

72%

of Shoppers Consider In-Store Experiences Most Important

+19%

YoY Increase in Search Advertisement Cost Per Lead

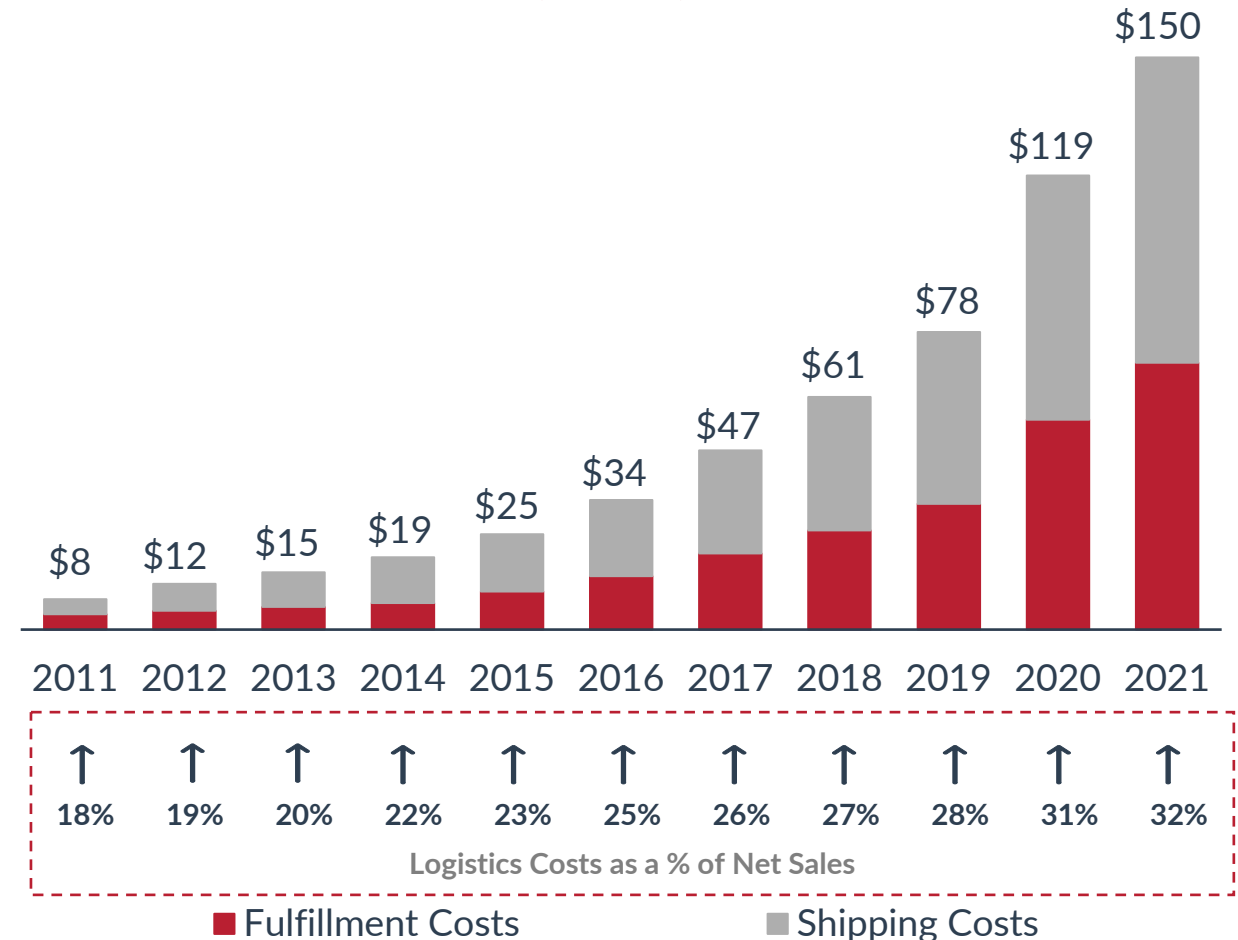
-14%

YoY Decrease in Search Advertisement Conversion Rate

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Amazon's Rising Shipping Costs

(\$ in billions)

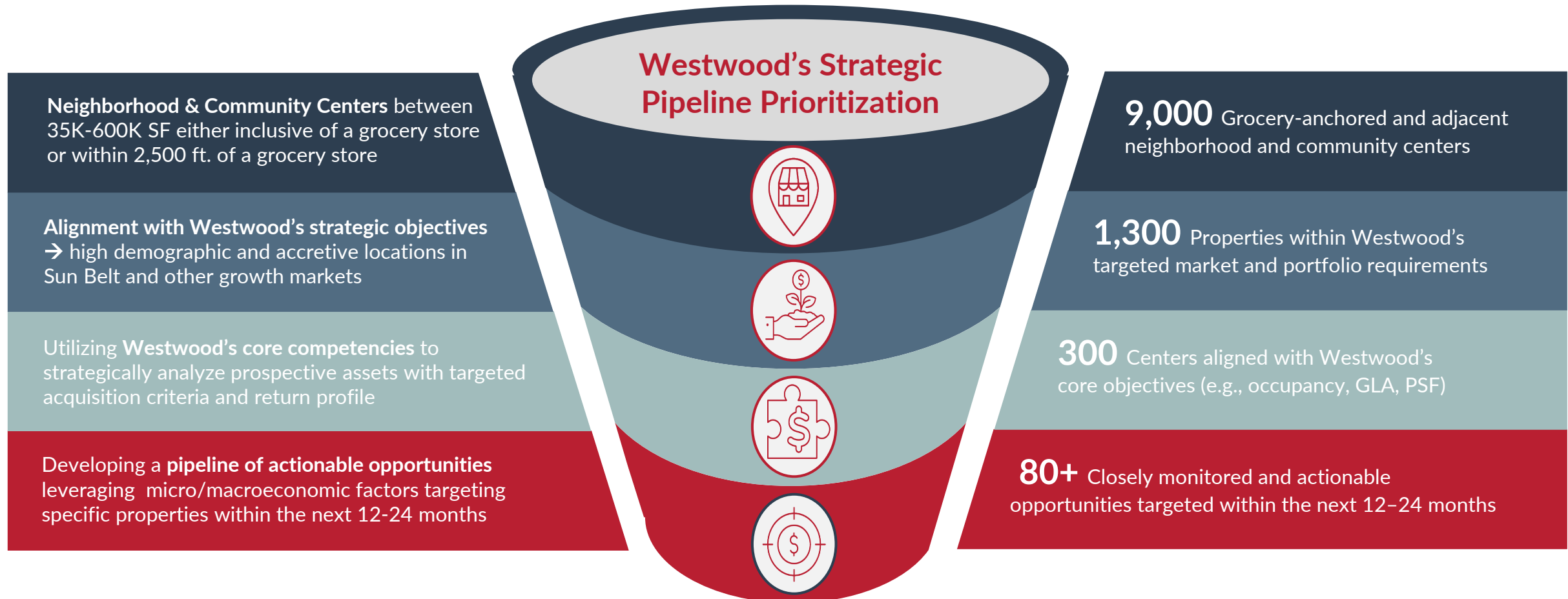




ATTRACTIVE ACQUISITION OPPORTUNITIES

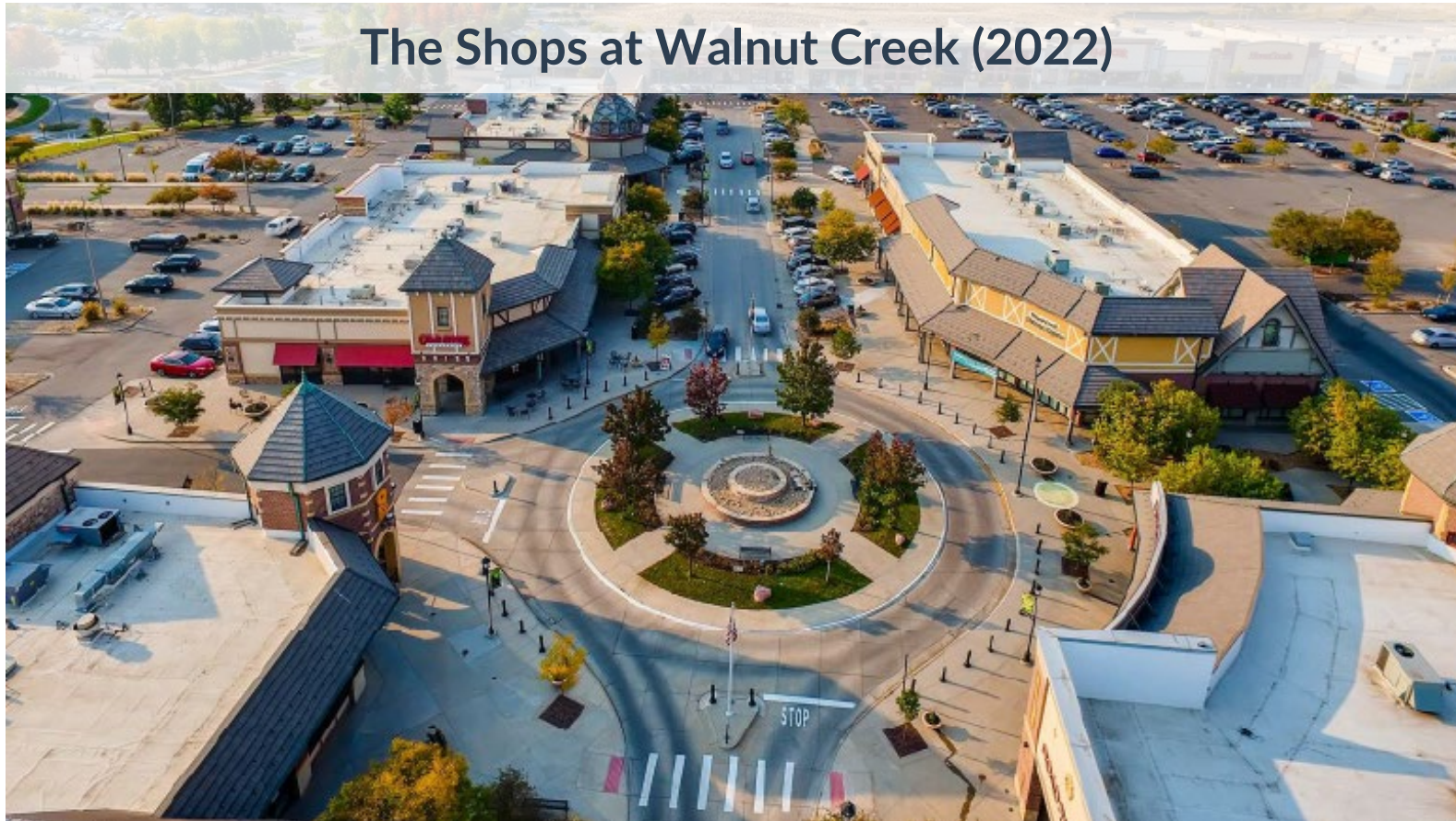
Profiles for Attractive Acquisition Opportunities

Westwood's 50+ year operating history and decades of deep, fortified relationships within local, regional, and national retail markets allow for critical knowledge of both on and off-market acquisition opportunities.



Investment Property Highlight

westwood
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13.9%
Target
Projected
Levered IRR

10.2%
Cash
on
Cash

1.8x
Target
Equity
Multiple

5 Year
Target
Asset Hold
Period



> 58% of GLA
45% of Revenue

Investment Property Highlight

The Village at Peachtree Corners (2021)



16.8%

Target
Projected
Levered IRR

8.3%

Avg. Cash
on
Cash

1.5x

Target
Equity
Multiple

3 Year

Target
Asset Hold
Period



23,500 SF
26.4% of GLA



20,184 SF
22.7% of GLA

Investment Property Highlight (Realized)

Ahwatukee Mercado (2019)



26%
Levered IRR

7%+
Cash on Cash

2.2x
Equity Multiple

4 Year
Asset Hold
Period

63.8%
Leased at Time
of Acquisition



95%
Leased at Time
of Sale



16.9%
Unlevered IRR



13.8%
NOI CAGR



61.3%
Total Growth

INVESTMENT OFFERINGS



LEARN MORE:

- This fund is Westwood's newest fund offering and is suited as the right option for investors who want higher total returns and more investment diversity.
- Westwood uses its operational platform and market knowledge to acquire assets that typically need lease-up or redevelopment.
- **This investment opportunity is coming soon. Please contact Matthew Loving for more information.**



Value-Add
Opportunity



8-10% Target
Cash-on-Cash
Return



13-15%
Targeted Total
Return

LEARN MORE:

- This is the right option for investors who like **picking individual investment opportunities** and not investing in an entire Fund.
- The investments selected for this option are meant to provide a stable tax-deferred return on equity.
- Focus of these opportunities remains consistent with Westwood's core investment strategy on retail, with a broader, opportunistic scope.
- **Additional investment opportunities in this category are coming soon. Please contact Matthew Loving for more information.**



**7%-9% Target
Return on
Equity**



**11%-13% Total
Return Target**



**3-7 Year Hold
Period**

LEARN MORE:

- Existing, **primarily grocery-anchored** portfolio in the growth states.
- **4% to 5% cash-on-cash yield** and total returns in the high single digits.
- Investment opportunity based on existing unitholders who want to sell. Provides purchasing investors with a step-up in tax basis to their purchase price.
- **This fund is closed-end.** There are periodic tenders to redeem investors who need liquidity.
- Please select the attached link to the fund's overview for more information.



Annual NOI
Growth 4.8%*



96.8%
Leased**



Loan-to-Value
of 43.5%

Hilgard Single Tenant Net Lease (STNL) Fund

LEARN MORE:

- Hilgard is an open-ended fund that invests in **single-tenant net lease** properties in the growth states.
- 5% to 6% cash-on-cash returns with total returns between 8-9%, It provides **redemption features** (after a two-year period) and a stable tax-deferred return on equity.
- **This fund is currently closed** and is anticipated to reopen soon.
- **Please select the attached link to the fund's overview for more information.**



19 Assets in 8
States



9.7 Yr. Avg.
Lease Term



Creditworthy
Tenants

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Mark Bratt is the Chief Executive Officer of Westwood Financial. Before joining Westwood, he served as a Senior Managing Director with CBRE's Capital Markets and led Retail Investment Services for the Americas. Mark oversaw over 125 commercial real estate professionals, with 25 focused on institutional clients. Before joining CBRE, Mark was Chief Investment Officer for SITC (formerly DDR), responsible for acquisitions and dispositions. SITC is a publicly traded REIT focused on open-air shopping centers with 400 properties across the United States. During his tenure, SITC acquired over \$4 billion and sold over \$2 billion in retail centers. Before SITC, Mark was an Executive Director with Morgan Stanley Real Estate, providing investment leadership for the firm's opportunity funds and separate account clients.



Lauren Ball is the Chief Operating Officer of Westwood Financial. She joined the company as Senior Vice President and Head of Leasing in 2021. Since then, she has led the leasing team to the highest percentage of leased space in the company's history. Ball oversees a team of top leasing, construction, legal, marketing, and property management professionals. Before joining Westwood, Ball served as Vice President of Leasing for SITE Centers. She and her team were responsible for leasing a retail portfolio of shopping centers throughout the Southeast totaling 18 million SF. Her commercial real estate career includes more than \$1 billion in transactions across the United States. Ball earned a bachelor's degree in economics from the University of Colorado.



Juyuan Wei is the Chief Financial Officer. He joined Westwood in 2018 and previously served as Senior Vice President of Finance and Accounting. Wei is pivotal in strategic planning, business development, and risk management. He oversees a team of dedicated accounting, capital markets, finance, tax, and investor relations professionals. Wei previously served as Senior Finance Manager for Irvine Company, overseeing real estate strategy, financial analysis, and development planning for the 60 million-sq. ft. portfolio in both Irvine's Office and Retail divisions. Wei received a bachelor's degree from the University of California, Los Angeles, and a master's degree from the Paul Merage School of Business at the University of California, Irvine.



Aaron Johnson is the Senior Vice President of Transactions. He has over 17 years of retail real estate experience. Before joining Westwood, he served as a managing principal for SRSRE's Investment Properties Group. Over the course of his career, Aaron has been a critical contributor to over \$5 billion in commercial real estate transactions and investments. Before his time at SRS, Johnson was a Director in the Retail Investment Sales Team at JLL Capital Markets and an Associate with LaSalle Investment Management. He is a University of North Texas graduate with a bachelor's degree in real estate.



Doug Howell is the Vice President of Property Management and has been with Westwood Financial for nearly 12 years. Doug manages a team of 16 Property Managers and Assistant Property Managers, handling all day-to-day operations and management of Westwood's portfolio. Before joining Westwood, Doug was with Cencor Realty Services for nine years.



Matthew Loving is the Director of Investor Relations at Westwood, overseeing the firm's investor, public, and media relations and special projects. Matthew has over ten years of industry experience with diversified expertise in investor reporting, capital markets, deal origination, and asset management. Before Westwood, Matthew served as an Asset Manager at IHP Capital Partners. He co-managed a portfolio of 14 assets across four different submarkets and assisted the underwriting team in originating new deals. Before IHP, Matthew was part of the investor relations team at Essex Property Trust, a publicly traded REIT focused on west-coast multifamily properties with ownership interests in 250+ communities.

Note: No assurances can be given that a management team member will remain employed by Westwood for the life of the Fund or that any replacement of a departed management team member will have the same sophistication or experience as the team member they replace.

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