

BIXBY
LAND COMPANY

EST 1896

2022

ANNUAL

Report

TEAMWORK • INTEGRITY • FOCUS • DISCIPLINE • EXECUTION

SHAREHOLDER LETTER

FROM CEO & CHAIRMAN

Dear Fellow Shareholders,

We would like to begin our letter this year with an acknowledgement of the extraordinary performance of the entire Bixby Land Company team, including our outstanding board of directors. 2022 was another unique and challenging year, with a significant amount of volatility across all sectors of commercial real estate. The year began strong with near historically low unemployment, robust consumer spending and a Fed Funds Rate near zero. Strong industrial real estate fundamentals (low occupancy, rising rents and more than sufficient demand for new supply) combined with low borrowing costs continued to drive industrial property values well in excess of prior peaks. However, once the Federal Reserve decided that the high U.S. inflation was no longer transitory and began to move forcefully, pushing the Fed Funds Target Rate up 4.5% over the year, debt became exponentially more expensive. This significant increase in the cost of debt, combined with growing recession concerns essentially froze the commercial real estate investment market (both debt and equity), even though there wasn't a material slowdown in industrial property fundamentals.

The team expertly managed this volatility, taking advantage of opportunities and mitigating risk and again delivered exceptional financial results for our shareholders. Our gross rental revenue was \$68.2 million, and our net operating income was \$53.4 million, an increase of 33% and 37%, respectively, over just five years ago. The dividend increased for the ninth consecutive year to \$68 per share and the gross enterprise value (as determined by Stout Risius Ross, LCC) increased to over \$1 billion for the first time, resulting in a total shareholder return of \$775.9 million over the last 10 years and \$587.9 million over the last 5 years. We ended 2022 with \$2.1 billion of assets under management in 9.9 million square feet of property, across 13 different markets in 9 different states.

We do anticipate that industrial property values will continue to fall from their 2022 peak, however, we believe they will stabilize in 2023 at more sustainable valuations. This may negatively impact the independent valuation of Bixby Land Company's common stock by Stout Risius Ross, LLC, when it is completed later this year. However, we are confident we will still be able to deliver increases in revenue and net operating income in 2023.

Demand for industrial space was extremely strong in 2022. While e-commerce was still a significant driver of leasing activity, we started to see a diversification of demand to other occupiers including logistics & distribution, third-party logistics providers (3PL), traditional retailers, along with food & beverage. This diverse tenant demand led to over 450 million square feet of industrial net absorption across the United States in 2022 and a national vacancy rate in the low 3% range. With low vacancy, continued tenant demand and limited new construction deliveries in 2022 rents continued to grow at a rapid pace. We continue to monitor new construction deliveries for potential risks of oversupply and although new deliveries will likely increase the overall U.S. vacancy in 2023, we do not believe new supply will be able to materially change the tight supply/demand dynamics of most in-fill markets. We are not projecting rents to grow at the scorching pace of 2022, however, we are projecting above average rent growth in most of our markets.

The team continued making progress across the Environmental, Social, and Governance (E.S.G.) spectrum. We invested capital through our environmental initiatives in 2022 to increase operating efficiency and reduce energy consumption. Our Diversity, Equity, and Inclusivity committee led Bixby's efforts to make a positive impact on the communities in which we invest, work and live with charitable contributions to organizations like the LGBTQ Center of Orange County that provides services to more than 14,000 individuals annually, Love in the Mirror located in Long Beach, to purchase holiday gifts for women and children, and Children's Hospital of Orange County (CHOC) in support of emergency room toys for children and the annual Deck the Halls patient celebration. During the holiday season we were also able to support nine different community food banks located in areas in which we operate.

We are preparing for another volatile year, but we have confidence in our talented team and the strength of our balance sheet to deliver exceptional results for you again in 2023. Thank you for your continued trust and confidence in us.

Sincerely,



Aaron D. Hill
Chief Executive Officer and President



David C. Kibbee
Chairman of the Board

SHAREHOLDER *Letter* FROM CFO

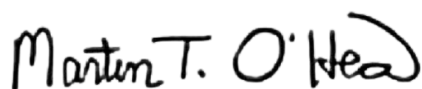
Dear Shareholder,

Against the backdrop of a challenging macro-economic landscape the Company's gross revenue increased 2.7% to \$68.2M and net operating income increased by 2.8% to \$53.4M. Despite the fact that all of the industrial markets that the Company operates in continue to have strong fundamentals from both an occupancy and rent growth perspective, we were not able to fully capitalize on the growth as the portfolio had virtually no vacancy and limited lease maturities. The total portfolio was 99% occupied at year-end and the weighted average occupancy for all of 2022 was also 99%. These strong operating fundamentals were evident in the Company's stock price, which increased 24.5% and provided us with the confidence to increase the annual dividend by 3% to \$68 per share. While it might appear that the growth in the dividend was muted when compared to the increase in the stock price and the strength of our operating fundamentals, given the rapid and continual increase in interest rates as engineered by the Federal Reserve combined with recessionary concerns for the U. S. economy, we decided to preserve cash as a hedge as we head into 2023.

The Company had a very light transaction volume in 2022. Early in the year we paid down approximately \$10.7M of debt to free up collateral for future financing flexibility and we collected in full a \$3.1M Note Receivable. We also sold one asset within our AXA joint venture portfolio which netted the Company \$2.1M. We ended the year in a strong liquidity position as we had \$60M of cash and short-term investments and no outstanding balance on our \$30M line of credit. The balance sheet remains strong with no scheduled debt maturities until 2025, which provides the Company with sufficient time to manage through the current interest rate cycle. The weighted average interest rate on all outstanding mortgage debt increased from 4.0% at the end of 2021 to 4.55% at the end of 2022 due to a higher interest rate on the one variable rate loan that we have but our exposure is limited as variable rate debt constitutes less than 12% of our total mortgage debt at the end of 2022. Our strong balance sheet combined with the appreciation in our real estate portfolio is reflected in the Company's year-end enterprise leverage ratio which stood at an extremely conservative 22.1% (the ratio of our total liabilities to total assets) which is down from 28.9% at the end of 2021. Our real estate portfolio now comprises 9.9 million square feet and our aggregate assets under management (AUM) is approximately \$2.1 billion.

As we enter a potentially challenging economic environment in 2023 the Company remains in a solid financial position with the resources to take advantage of selective opportunities.

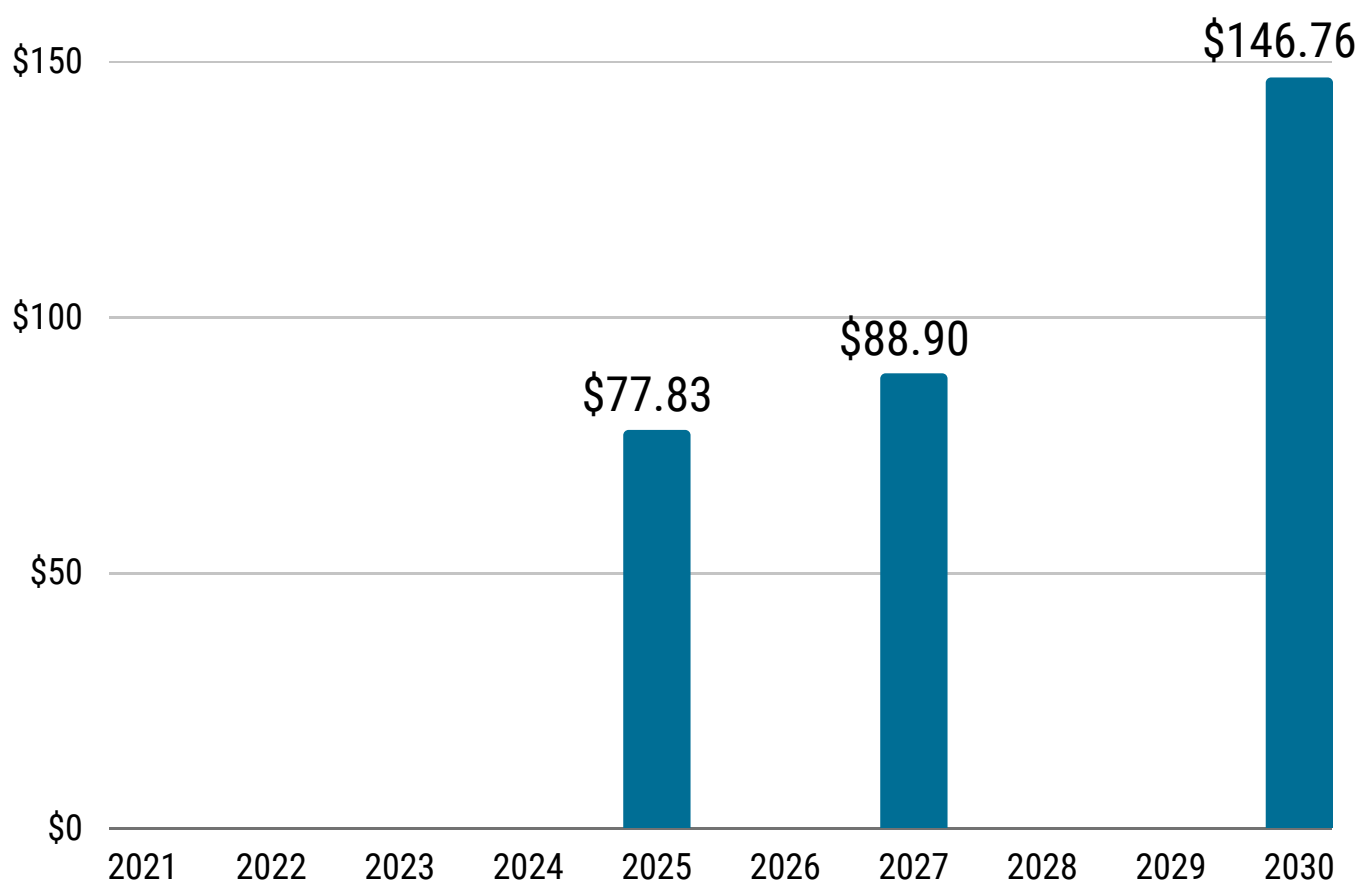
Sincerely,



Martin T. O'Hea
Executive Vice President & Chief Financial Officer

DEBT MATURITIES

(\$ IN MILLIONS)



4.55%

Weighted Average
Interest Rate
(at 12/31/2022)

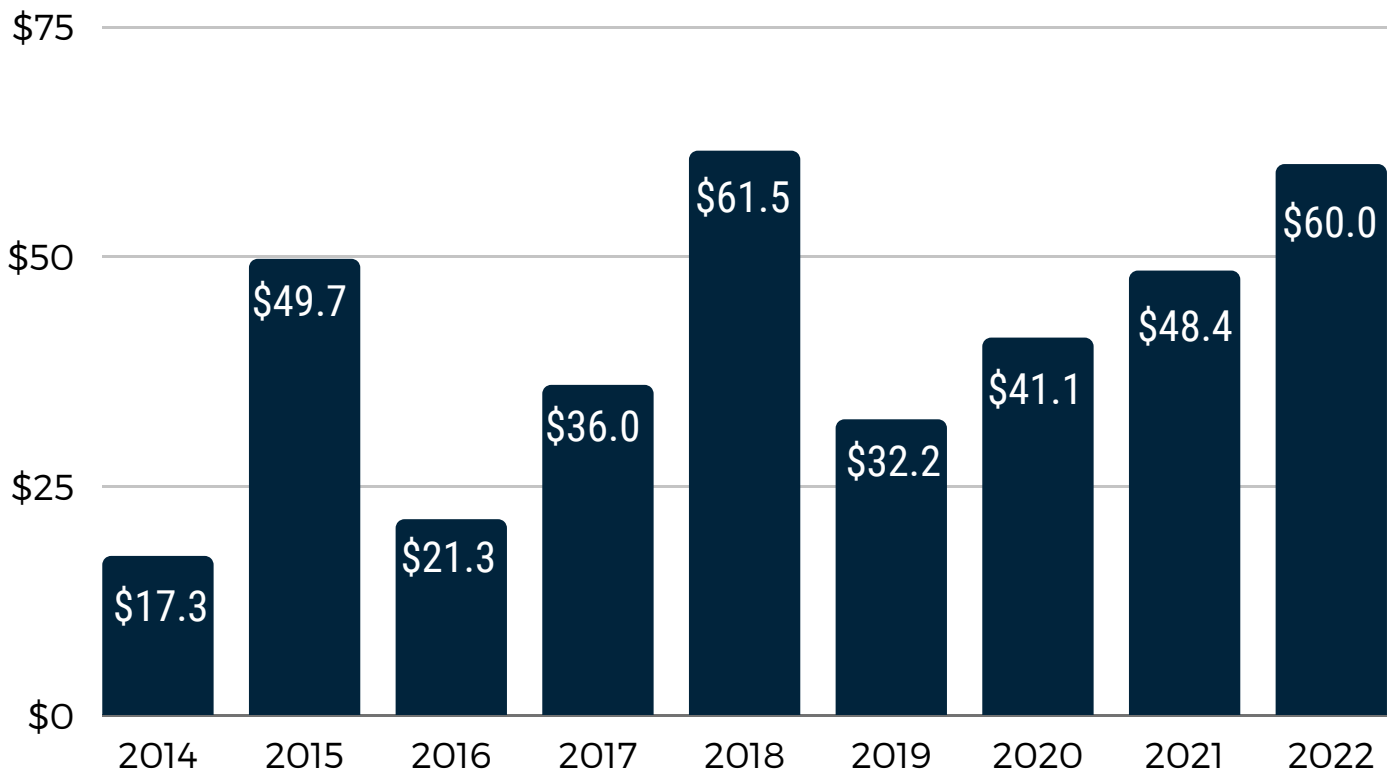
87%

Fixed Rate

13%

Variable Rate
(all in 2025)

CASH BALANCE (\$ IN MILLIONS)



\$11.6M
Increase from 2021

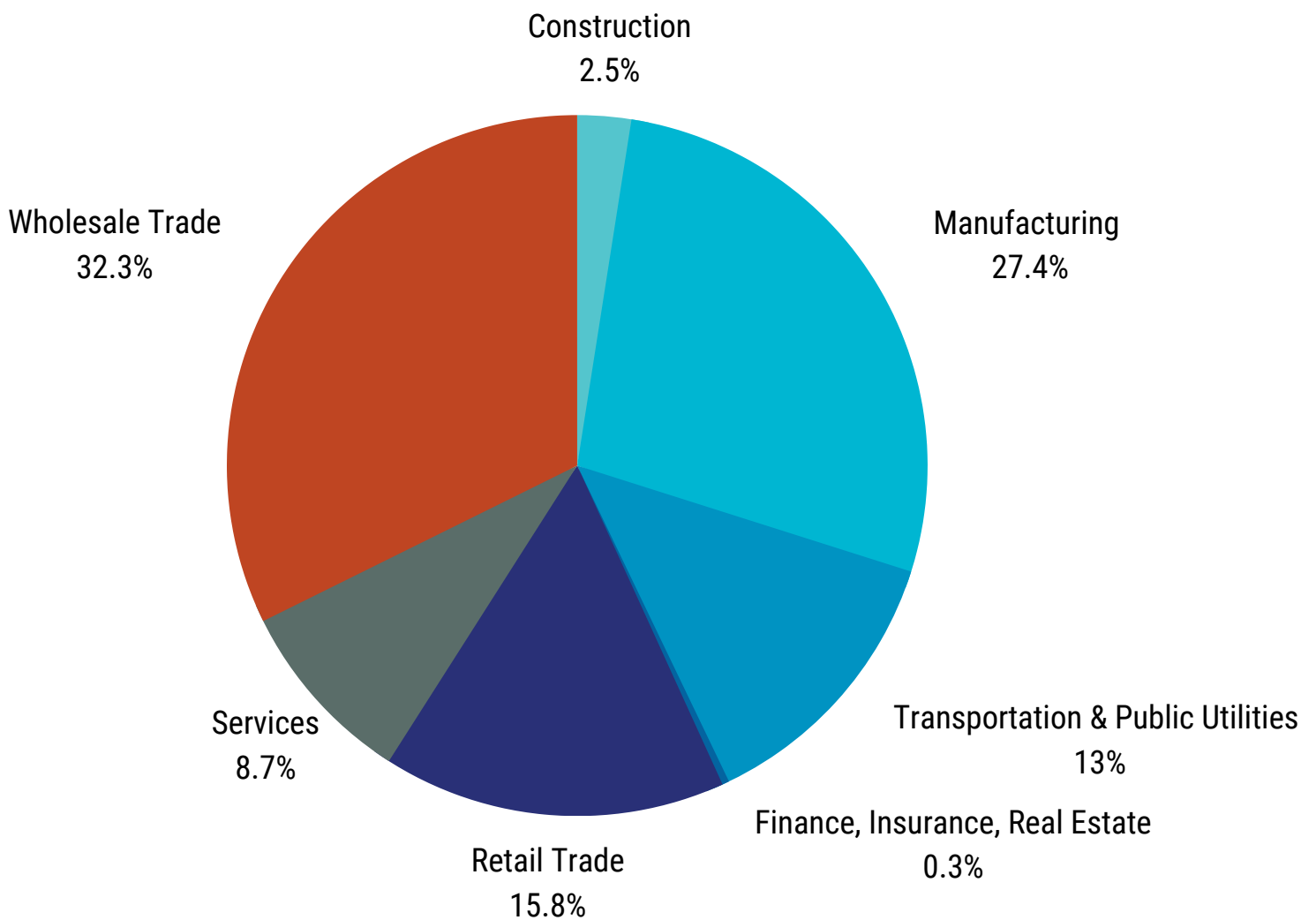
Bixby (REIT)

SCHEDULE OF PROPERTIES

PROPERTY	LOCATION	SQUARE FEET	% LEASED	YEAR BUILT
INDUSTRIAL				
1535 Barranca Parkway	Irvine, CA	53,600	100%	1989
1111 Bell Avenue	Tustin, CA	114,500	100%	2005
1201 Bell Avenue	Tustin, CA	126,957	100%	1973
12350-60 Edison Way	Garden Grove, CA	56,000	100%	1973
5665 Corporate Avenue	Cypress, CA	159,943	100%	1990
1400 Allec Street	Anaheim, CA	121,341	100%	1970
2690 East Cedar Street	Ontario, CA	136,347	100%	1999
2095 South Archibald Avenue	Ontario, CA	133,445	100%	2006
1050 and 1150 South Dupont Avenue	Ontario, CA	151,000	100%	1987
Empire Business Center	Eastvale, CA	393,096	100%	1999
10404 6 th and 10401 7 th Streets	Rancho Cucamonga, CA	316,145	100%	1984
1601 Fairway Drive	Colton, CA	179,233	100%	2017
710 Dado Street	San Jose, CA	106,057	100%	1997
2650 North MacArthur Drive	Tracy, CA	517,458	100%	1990
1110 Performance Drive	Stockton, CA	452,000	100%	1996
4114 South Airport Way	Stockton, CA	264,579	100%	2000
3030 Mulvany Place	Sacramento, CA	249,048	100%	2014
2959 Thomas Place	Sacramento, CA	138,455	100%	2016
4875 Cheyenne Avenue	Las Vegas, NV	130,000	100%	2007
4335 Arcata Way	Las Vegas, NV	219,068	100%	1992
4750 North Lamb Boulevard	Las Vegas, NV	180,000	100%	2005
7600 Eastgate Road	Henderson, NV	141,815	100%	2003
640 South 51 st Street	Phoenix, AZ	108,287	100%	1994
10232 South 51 st Street	Phoenix, AZ	39,280	100%	1985
41703 West Brill Street	Phoenix, AZ	146,723	100%	1998
1417 West Valley Highway North	Auburn, WA	34,432	100%	2015
14513 32 nd Street	Sumner, WA	63,768	100%	2015
1565 Fryer Avenue	Sumner, WA	206,463	100%	2015
1800 Fryer Avenue	Sumner, WA	55,660	100%	2017
3625 Royal South Parkway	Union City, GA	281,090	100%	2019
7375 Graham Drive	Fairburn, GA	281,090	100%	2019
200 Nordic Drive	Pooler, GA	229,085	100%	2019
185 and 195 Innovation Way	Newnan, GA	403,648	100%	2020
2911 South Great Southwest Parkway	Grand Prairie, TX	271,794	100%	2019
1453 Commerce Parkway	Horn Lake, MS	328,355	100%	2020
8921 Airways Boulevard	Southaven, MS	156,825	100%	2020
13150 Plantside Drive	Louisville, KY	322,831	100%	2020
OFFICE				
Bixby University Station	Santa Clara, CA	226,507	73%	1999
18231 McDermott	Irvine, CA	46,182	100%	1985
1501 Quail Street	Newport Beach, CA	46,052	100%	1973
TOTAL PORTFOLIO		7,611,389	99%	

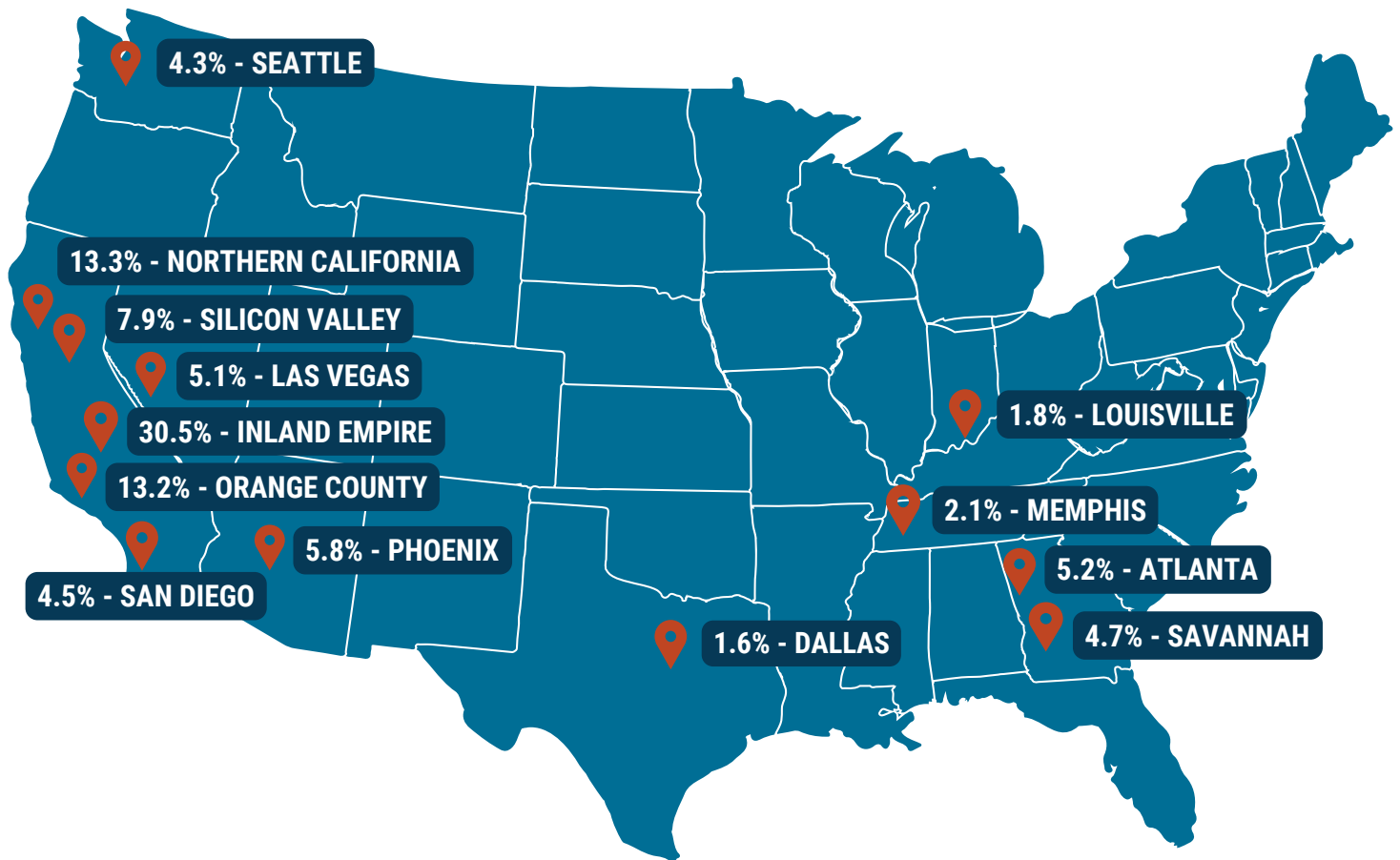
Bixby

PORTFOLIO OF TENANTS BY TRADE

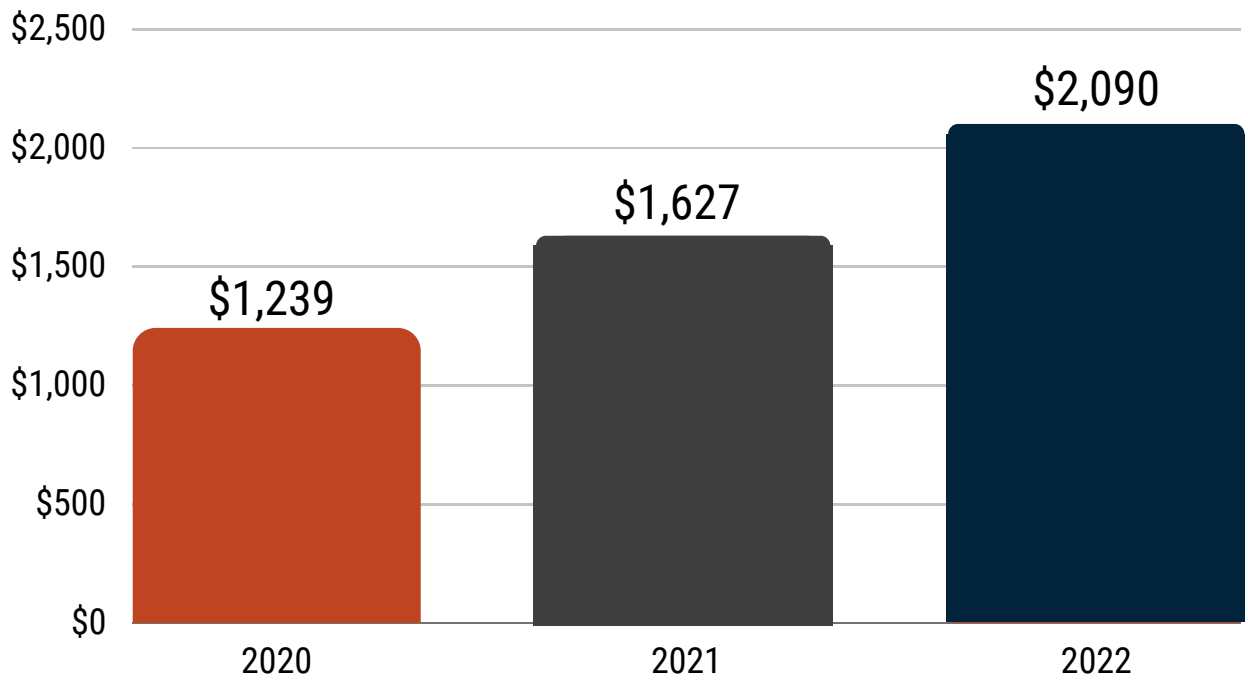


Real Estate ASSETS UNDER MANAGEMENT AS OF 12.31.2022

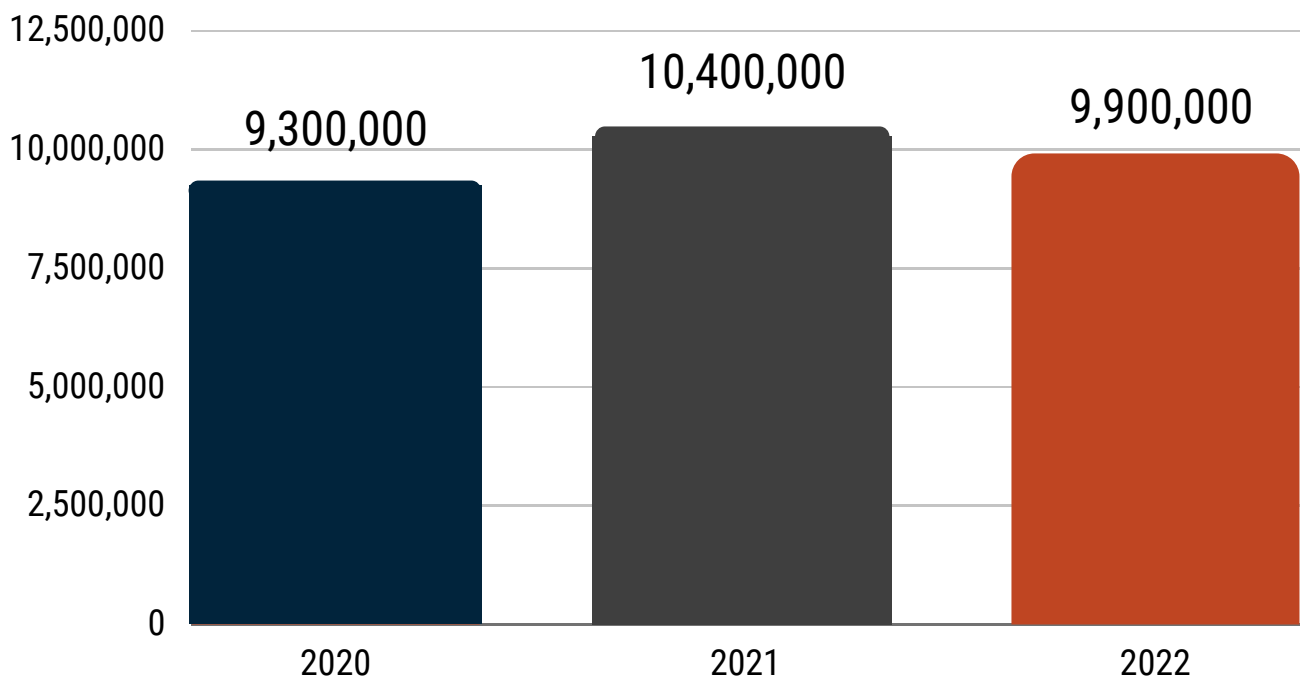
PERCENTAGE BY MARKET



GROSS VALUE (\$ IN MILLIONS)



SQUARE FEET



Real Estate ASSETS
 UNDER MANAGEMENT
 BY INVESTMENT VEHICLE
 AS OF 12.31.22

Vehicle	SF	Gross Value
<u>Bixby</u>		
Industrial	7,300,000	\$ 1,486,989,000
Office	300,000	\$ 116,628,000
Total Bixby Portfolio	7,600,000	\$ 1,603,617,000
<u>Hathaway</u>		
Industrial	2,300,000	\$ 486,695,000
Total Hathaway Portfolio	2,300,000	\$ 486,695,000
Total Industrial	9,600,000	\$ 1,973,684,000
Total Office	300,000	\$ 116,628,000
TOTAL	9,900,000	\$ 2,090,312,000

THE *People* BEHIND BIXBY

The Bixby executive team is recognized for their skills, expertise and accomplishments in real estate. Driven by results, backed by experience and mindful of the company's heritage, our team is committed to pioneering exceptional value for our shareholders and investors.



AARON HILL

CHIEF EXECUTIVE OFFICER & PRESIDENT

Joined Company in 2006



MARTY O'HEA

EXECUTIVE VICE PRESIDENT & CFO

Joined Company in 2010



MIKE SEVERSON

CHIEF INVESTMENT OFFICER

Joined Company in 2006



MATT ELA

EXECUTIVE VICE PRESIDENT,
OPERATIONS

Joined Company in 2017



REGINA SCHAFNITZ

SENIOR VICE PRESIDENT,
FINANCE & ACCOUNTING

Joined Company in 2009

THE *Board* OF DIRECTORS



DAVID C. KIBBEE

**CHAIRMAN
BIXBY LAND COMPANY**

Board Member Since 1990



THOMAS H. PURCELL

**CHAIRMAN & CEO
CURCI COMPANIES**

Board Member Since 2009



RAYMOND G. KENNEDY, JR.

**PRINCIPAL & PORTFOLIO MANAGER
HOTCHKIS AND WILEY CAPITAL
MANAGEMENT**

Board Member Since 2014



T. ANTHONY PREMER

Board Member Since 2014



JIM SULLIVAN

Board Member Since 2016



AARON HILL

New Board Member

For more information on the Company, please visit our website at www.bixbyland.com.
For access to additional financial information on the Company, please visit the Company
shareholder site at www.shareholder.bixbyland.com.

