

BIXBY
LAND COMPANY

EST 1896

2023

ANNUAL

Report

TEAMWORK • INTEGRITY • FOCUS • DISCIPLINE • EXECUTION

SHAREHOLDER LETTER

FROM CEO & CHAIRMAN

Dear Fellow Shareholders,

2023 presented continued macroeconomic challenges and headwinds for the entire commercial real estate industry. Increasing interest rates and spreads dramatically increased borrowing costs. New industrial supply continued to outpace demand in most U.S. markets leading to increased U.S. industrial vacancy and although vacancy remained below pre-covid averages, rent growth slowed significantly and in some markets even turned negative. These softening industrial fundamentals combined with increased buyer return requirements led to limited transaction volume and falling asset values.

Despite this challenging environment, the team was able to accomplish all the goals that were set at the beginning of the year. Our gross rental revenue was \$72.1 million, and our net operating income was \$55.2 million, an increase of 5.7% and 3.4%, respectively, over last year. The dividend increased for the tenth consecutive year to \$70 per share, and although we experienced falling property values, we still closed 2023 with over \$1.7 billion in assets under management. Additional 2023 highlights include the expansion into another new market (Greenville-Spartanburg submarket in South Carolina), the addition of a new joint-venture partner, exceeding budgeted rental rates for expiring tenants and new leases on vacant space, negotiating investor commitments for our first discretionary fund vehicle, executing multiple renewals of tenants expiring in 2024 and 2025 limiting future vacancy risk and averaging over 96% occupancy across the industrial portfolio.

The team also continued to progress across the Environmental, Social, and Governance (E.S.G.) spectrum. We invested capital through our environmental initiatives in 2023 to increase operating efficiency and reduce energy consumption, including LED lighting retrofits on almost 90,000 square feet of space and reflective roof coatings on over 177,000 square feet of space. 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 including \$51,000 in charitable contributions, 136 volunteer hours and almost 200 hours of diversity training. We also continued to invest in our employees with the implementation of a leadership development program for the rising leaders in the organization, an enhanced maternity leave policy, an improved onboarding process and the addition of multiple new software platforms allowing our team to operate with higher efficiency.

We anticipate new industrial construction deliveries will continue to drive overall U.S. vacancy slightly higher in 2024, but we are projecting it to peak in the second half of the year. Industrial demand drivers are slowly improving with a generally strong consumer, positive retail sales trends, increasing inventories and increased import volumes. The U.S. economy continues to be resilient, so we expect interest rates to stay at current levels through the balance of the year. However, even if rates do not drop so long as there is limited volatility, we are likely to see a stabilization of property values and increased liquidity. Through the first quarter there have been limited trades making it difficult to pinpoint asset values, but based on closed sales and the ones under contract it appears values are at or very near the bottom for this cycle.

Bixby is well positioned to capitalize on the opportunities we believe will emerge in 2024. Industrial (logistics) along with living (multi-family and single-family for rent) appear to have the most demand from the estimated \$400 billion of real estate capital that is currently on the side-lines. With the U.S. Federal Reserve usually leading the interest rate cycles, more of this capital will likely move to U.S. focused investments. The higher cost of capital and corresponding higher required returns will drive most of this dry powder to value add and opportunistic strategies over core and core-plus, with an emphasis on investing with active asset managers/general partners that have a proven track record of investment in these strategies.

We are prepared for another challenging year, but we have confidence in our talented team to deliver exceptional results for you again in 2024. 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,

2023 proved to be a challenging year for commercial industrial real estate, with high interest rates and recessionary pressures contributing to the deterioration of market fundamentals in the majority of the markets where the Company operates. This economic backdrop was the driving force behind the Company's 8% stock price reduction and the decrease in the weighted average occupancy for the Company's portfolio to 95% for 2023 compared to 99% in 2022.

However, despite a challenging economic environment, the Company's rental revenue increased 5.7% to \$72.1M and net rental revenue increased 3.4% to \$55.2M. This juxtaposition in the Company's performance compared to the market decline is a result of the Company's ability to capitalize on imbedded market rent growth for 13% of its portfolio, executing leases for 976,000 square feet during 2023. This increase enabled us to increase the annual dividend by 3% in 2023, paying \$70 per share.

Transaction volume for the Company was moderate during 2023. During the first quarter of the year, the Company received \$5.0M in net sale proceeds from the sale of property owned by our Savannah joint venture. During the year, the Company also entered into a new \$30M portfolio loan, increasing cash on the balance sheet. Additionally, the Company sold an asset in California via a 1031 exchange and used the net sale proceeds of \$27.7M plus an added \$4.1M of cash to purchase an asset in the Dallas, Texas market, increasing the Company's presence outside of California.

A decline in asset values during 2023 combined with the added \$30M debt obligation led to a slight increase in the Company's year-end enterprise leverage ratio (ratio of total liabilities to total assets); 26.4% for 2023 compared to 22.1% for the prior year, which still maintains our conservative leverage strategy. The weighted average interest rate for the Company's outstanding mortgage debt increased from 4.55% at the end of 2022 to 4.84% at the end of 2023 due to higher interest rates for variable rate loans, which represents 12% of the total mortgage debt outstanding for the Company.

The Company's balance sheet continues to be extraordinarily strong with a year-end cash balance of \$85M and \$30M of availability on its secured line of credit, providing ample liquidity to fund potential growth opportunities and help with the \$78M of debt obligations maturing in 2025.

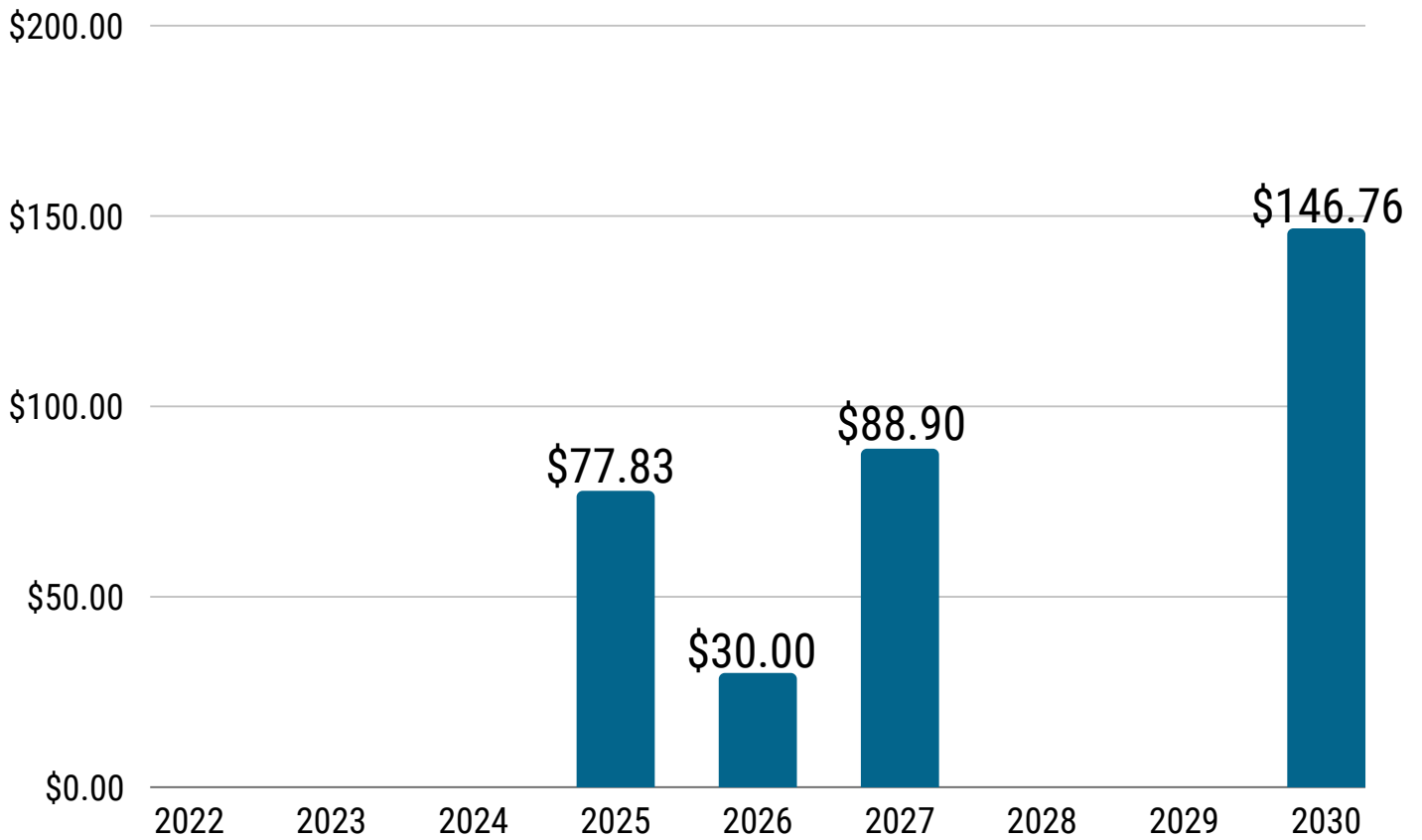
Sincerely,



Regina A. Schafnitz
Chief Financial Officer

DEBT MATURITIES

(\$ IN MILLIONS)



4.84%

Weighted Average
Interest Rate
(at 12/31/2023)

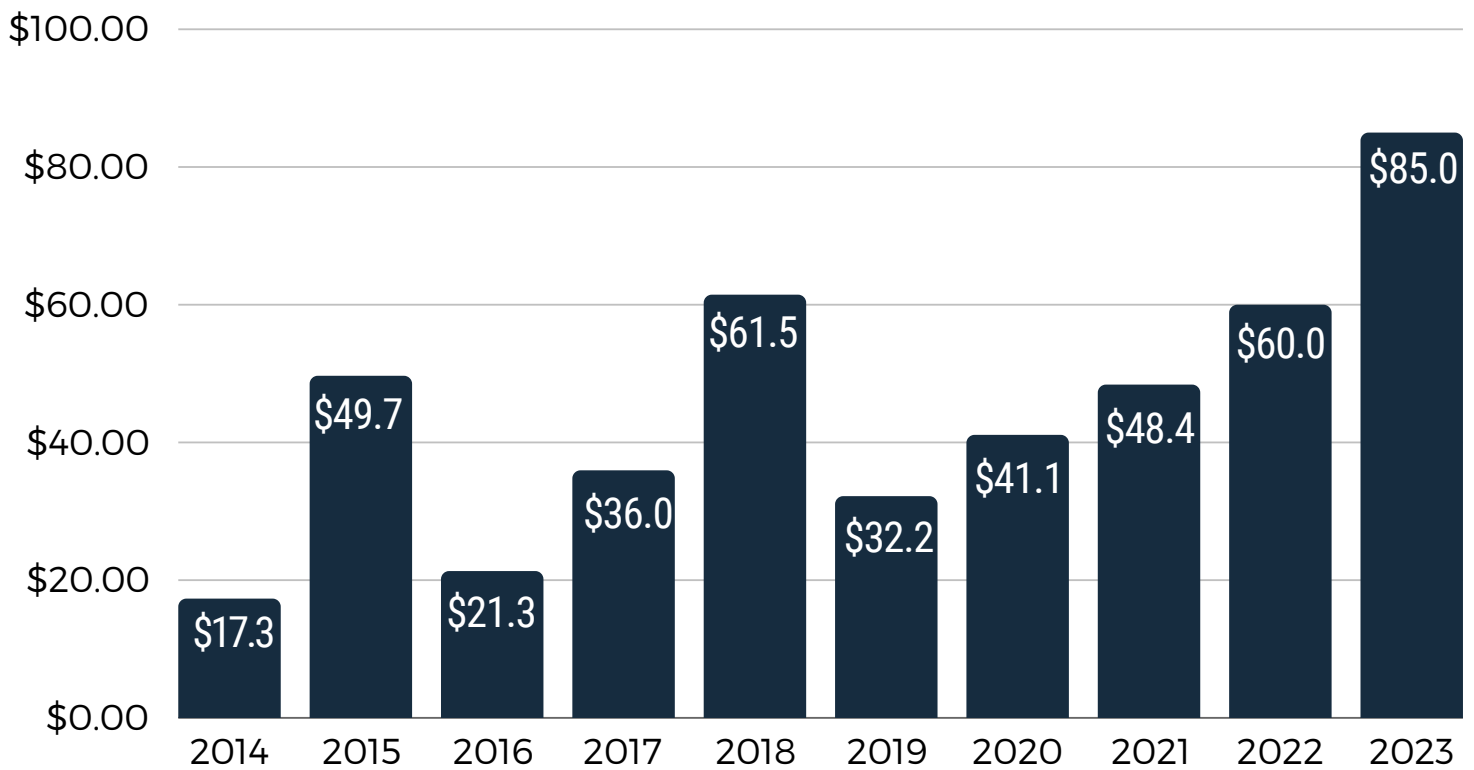
88%

Fixed Rate Debt

12%

Variable Rate Debt
(all in 2025)

CASH BALANCE (\$ IN MILLIONS)



\$25M
Increase from 2022



(REIT) SCHEDULE OF PROPERTIES

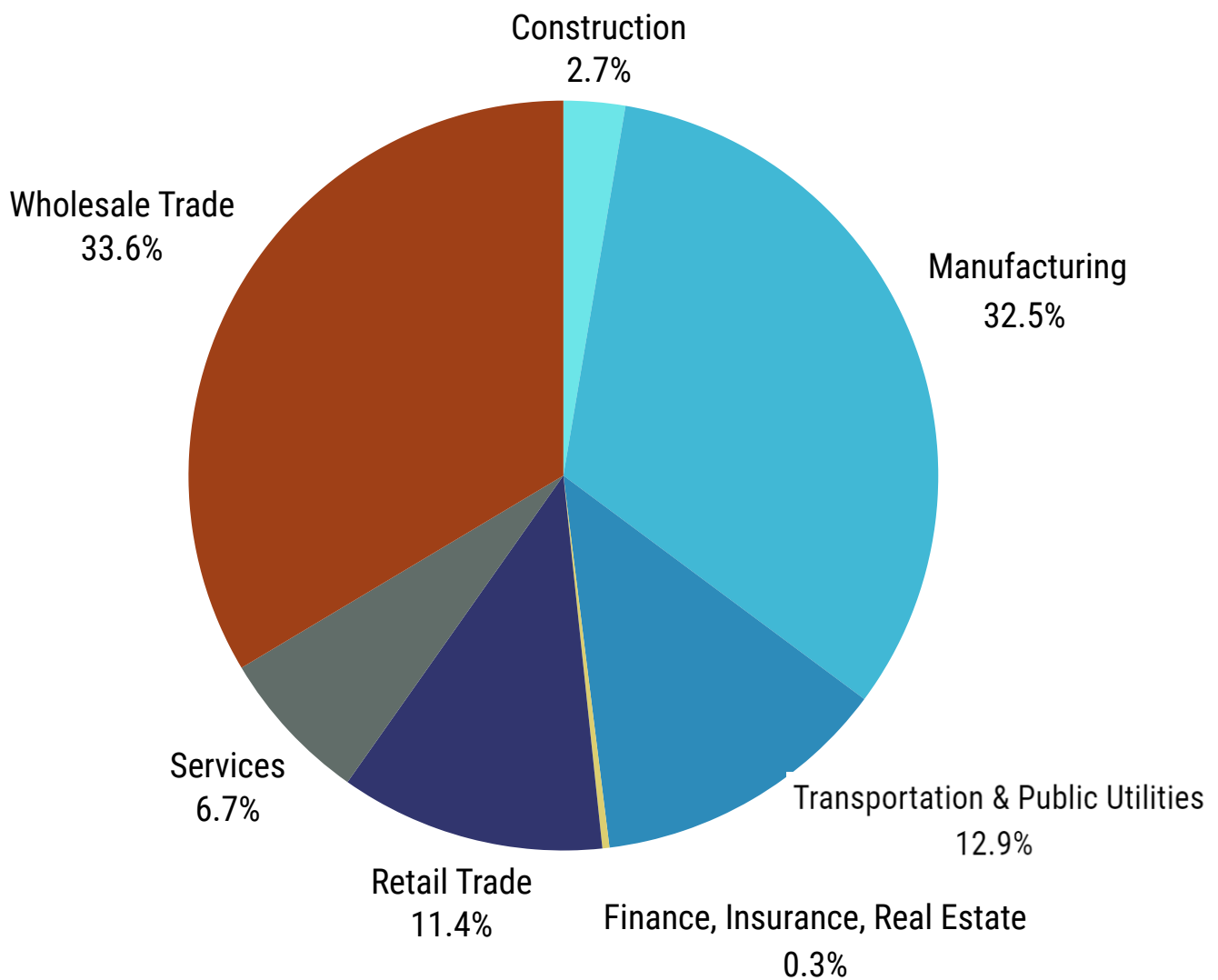
AS OF 12.31.2023

PROPERTY	LOCATION	SQUARE FEET	% LEASED	YEAR BUILT
INDUSTRIAL				
15365 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
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	91%	1999
10404 6th and 10401 7th Streets	Rancho Cucamong	316,145	56%	1984
1601 Fairway Drive	Colton, CA	179,233	0%	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 East 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 51st Street	Phoenix, AZ	108,287	100%	1994
10232 South 51st Street	Phoenix, AZ	39,280	100%	1985
4703 West Brill Street	Phoenix, AZ	146,723	100%	1998
1417 West Valley Highway North	Auburn, WA	34,432	100%	2015
14513 32nd Street	Sumner, WA	63,768	100%	2015
1565 Fryar Avenue	Sumner, WA	206,463	100%	2015
1800 Fryar Avenue	Sumner, WA	55,660	100%	2017
3625 Royal South Parkway	Union City, GA	304,320	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
951 East Pleasant Run Road	Lancaster, TX	269,009	0%	2023
OFFICE				
Bixby University Station	Santa Clara, CA	226,507	62%	1999
18231 McDermott West	Irvine, CA	46,182	100%	1985
1501 Quail Street	Newport Beach, C.	46,052	100%	1973
TOTAL PORTFOLIO		7,759,057	91%	



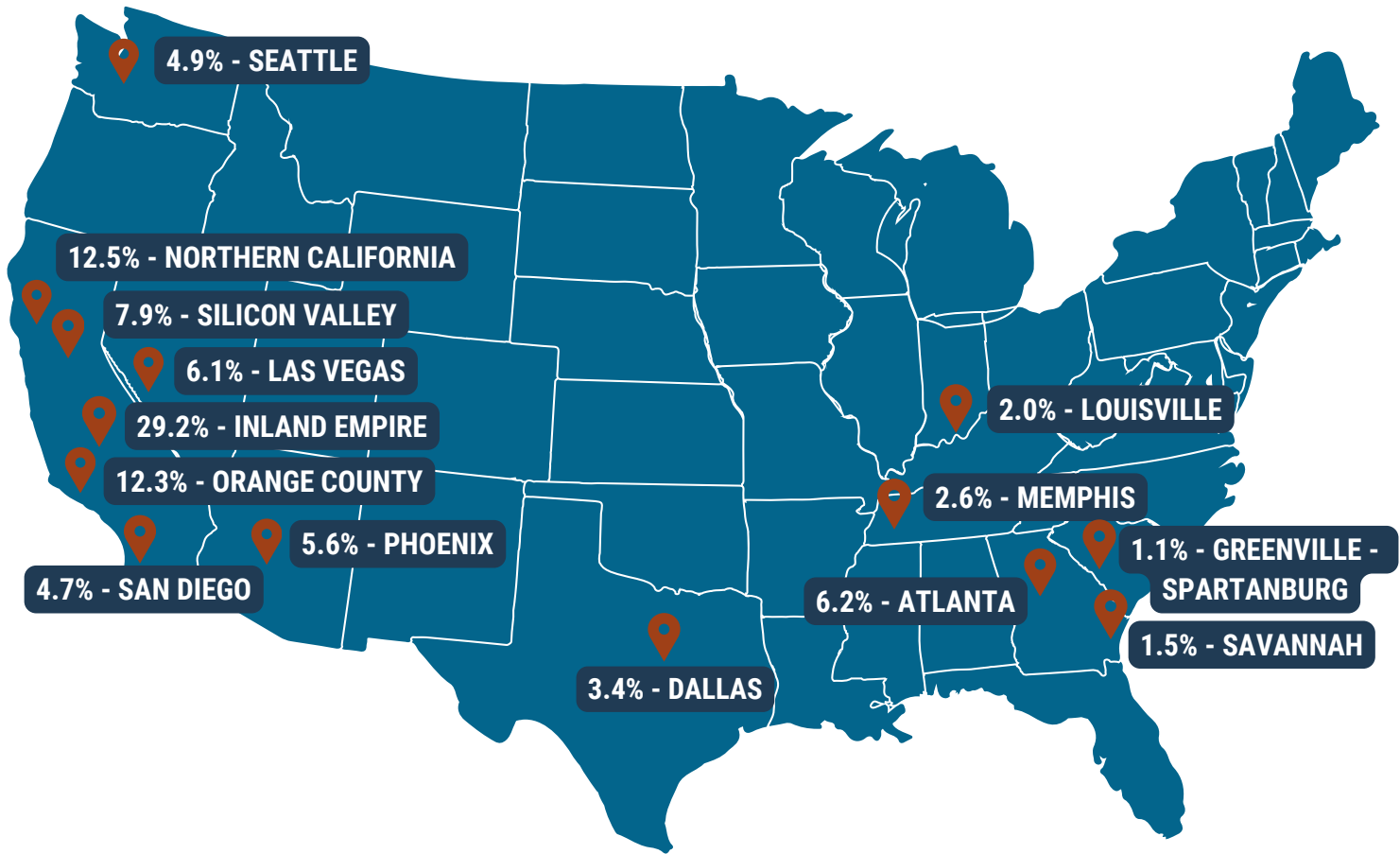
Bixby

PORTFOLIO OF TENANTS BY TRADE

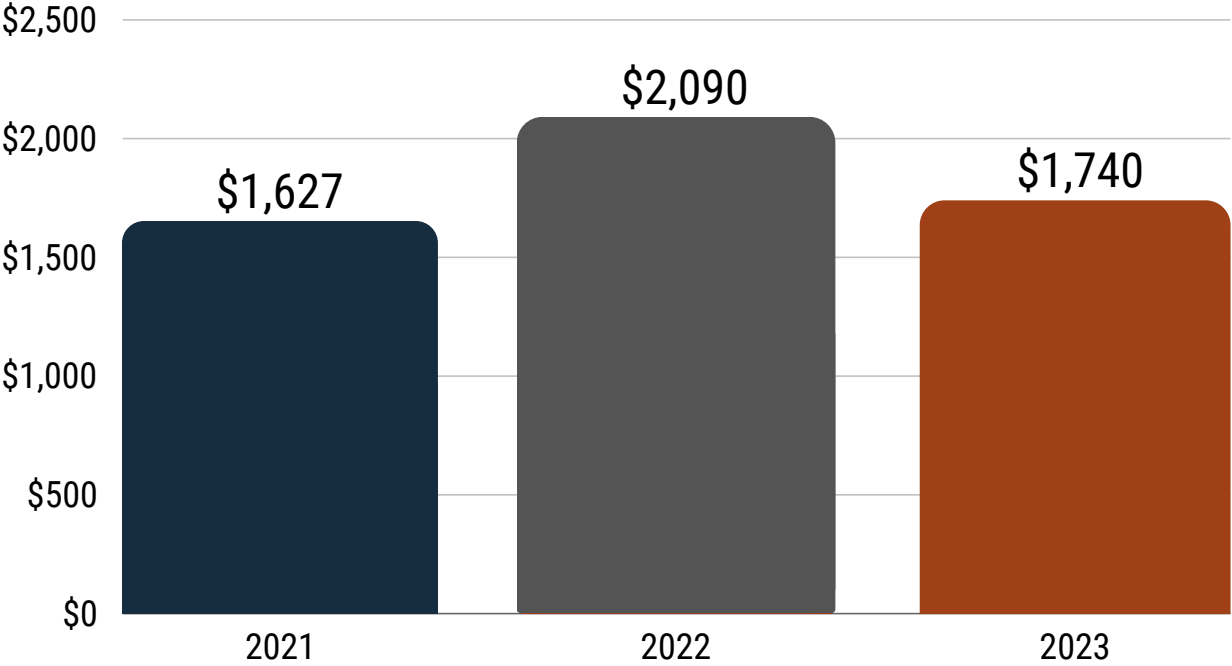


Real Estate ASSETS UNDER MANAGEMENT AS OF 12.31.2023

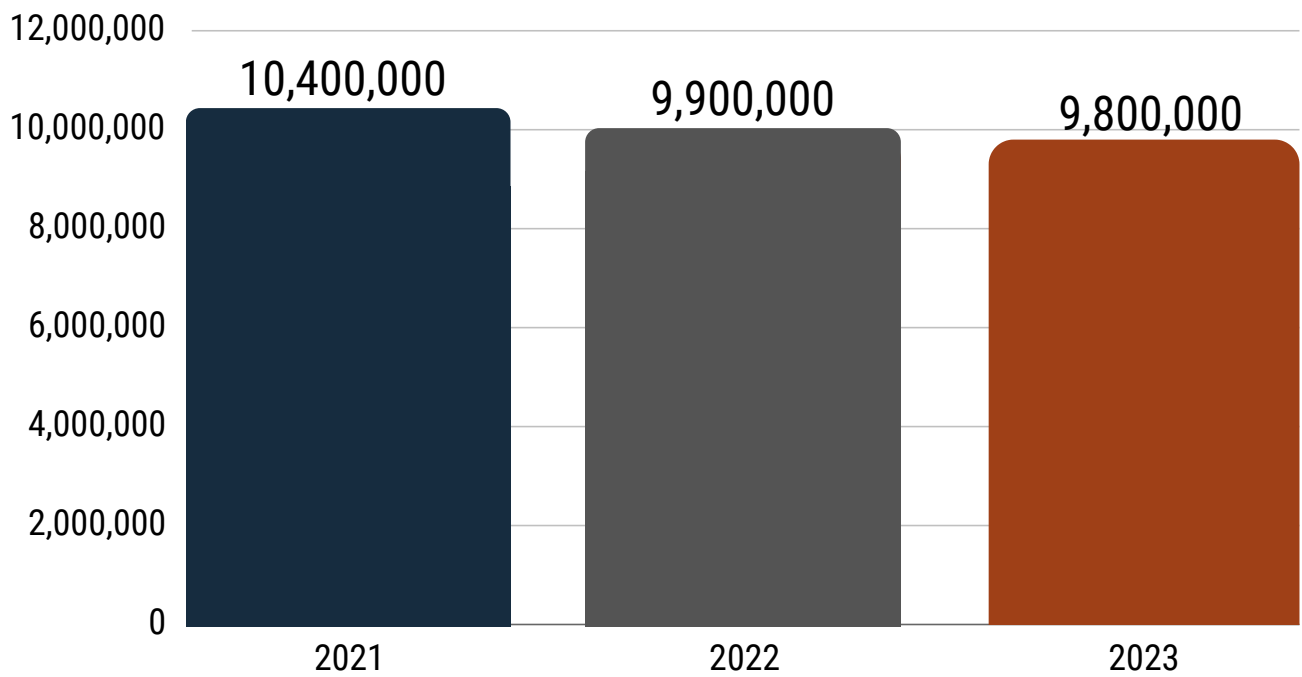
PERCENTAGE BY MARKET



GROSS VALUE (\$ IN MILLIONS)



SQUARE FEET



Real Estate ASSETS
 UNDER MANAGEMENT
 BY INVESTMENT VEHICLE
 AS OF 12.31.2023

VEHICLE	S F	GROSS VALUE
BIXBY		
Industrial	7,440,000	\$1,299,127,000
Office	319,000	\$94,846,000
Total Bixby Portfolio	7,759,000	\$1,393,973,000
HATHAWAY		
Industrial	2,006,000	\$346,078,000
Total Hathaway Portfolio	2,006,000	\$346,078,000
Total Industrial	9,446,000	\$1,645,205,000
Total Office	319,000	\$94,846,000
TOTAL	9,765,000	\$1,740,051,000

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



REGINA SCHAFNITZ

CHIEF FINANCIAL OFFICER

Joined Company in 2009



MATT ELA

CHIEF OPERATING OFFICER

Joined Company in 2017



MIKE SEVERSON

CHIEF INVESTMENT OFFICER

Joined Company in 2006

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



JIM SULLIVAN
Board Member Since 2016



RAYMOND G. KENNEDY, JR.
PRINCIPAL & PORTFOLIO MANAGER
HOTCHKIS AND WILEY CAPITAL
MANAGEMENT
Board Member Since 2014



DANIELA GASTNER
MANAGING DIRECTOR, UNIVERSITY OF
PENNSYLVANIA OFFICE OF INVESTMENTS
Board Member Since 2023



AARON HILL
CEO & PRESIDENT
BIXBY LAND COMPANY
Board Member Since 2022



MARTIN T. O'HEA
Board Member Since 2023

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.

