W

FINANCIAL

SPECIAL SITUATION FINANCING
FOR COMMERCIAL REAL ESTATE℠

January 21, 2010

Mr. John Smith
1234 Forest Avenue
Forest Hills, NY 11375

re: W Financial Fund, LP – 4th Quarter 2009 Update and Statement

Dear John,

First of all we would like to wish you and your families a happy and a healthy 2010! We are pleased to enclose your 4th Quarter 2009 statement. If you have elected to receive interest distributions, your check is also enclosed. W Financial has just completed 78 months of operation. Through the end of December 2009 we have delivered an average net annual compound return of 10.71% since inception.

As you have recently received a detailed update letter from us, we will keep this one brief. We are continuing to find desirable loans to originate and add to our loan portfolio. During the 4th quarter of 2009 we closed a **$2,500,000 bridge loan** collateralized by a leasehold mortgage on a newly constructed retail property with a long term, triple-net lease to CVS located in New York City. There were many challenges and complications that needed to be overcome in order to close this transaction ranging from zoning and land-use issues, to a D.O.B. (Department of Buildings) requirement to re-test the concrete in numerous locations around the property prior to their issuance of the final C of O. W Financial worked with the borrower to successfully resolve all of these issues and close the loan. Our loan-to-value ratio on this credit-tenant transaction is less than 50%, and it is worth noting that the borrower brought approximately $2,700,000 of additional cash equity to the closing table.

Since our December 22nd letter detailing the litigation with 20 Bayard Street, I am pleased to report that we have been successful in our efforts to have the court require that all the January net cash flow from this investment be directed to W Financial. Thus we are realizing positive cash flow from this investment even as we continue to work with our attorneys to achieve the best possible result, as quickly as possible, within the court system. We are confident that we will achieve a positive resolution on this transaction.

In terms of overall transaction volume, we are very busy reviewing new loan submissions and we are encouraged to see the overall pace of deal making beginning to pick up. We expect that 2010-11 will present the Fund with a larger than usual number of opportunities from which to choose. **$100,000 invested at our July 2003 launch had increased to $190,359 as of December 31, 2009.**

For those investors whose funds were in Special Escrow during any portion of the fourth quarter, a copy of your bank statement is also included.

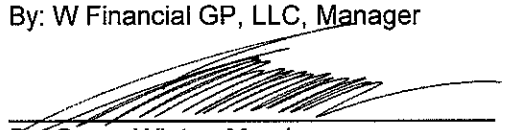
Please use our latest subscription agreement for any add-on investments that you may wish to make. That form, and our other fund documents are available at this link: www.w-financial.com/documents (username: w, password: financial). We expect to be able to admit new investments to the Fund as of March. Contact Karen Mannoia (karen@w-financial.com) or (212) 684-2283 x112 for the forms, or with any questions you may have on how to complete them.

We have also included the New York State tax withholding form (which we send every other year) along with instructions and a pre-stamped envelope. This form is only applicable for those of you who are not full-time residents of New York State. If you have any questions on this, please contact your accountant or tax advisor.

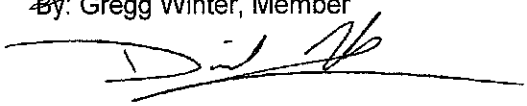
As always, please feel free to call Gregg Winter at (212) 684-2283 x111, David Heiden at x114, or Marc Bailin at (212) 935-0900 with any questions that you may have. Alternatively, you can email us directly at gregg@w-financial.com, david@w-financial.com and marc@w-financial.com.

Very truly yours,

W FINANCIAL FUND, LP
By: W Financial GP, LLC, Manager



By: Gregg Winter, Member



By: David Heiden, Member



By: Marc Bailin, Member