FINANCIAL

April 15, 2012

Mr. John Smith
ABC Company
123 Smith Street
New York, NY 10001

re: W Financial Fund, LP – 1st Quarter 2012 Update and Statement

Dear John,

2012 is off to a good start. During the 1st quarter all loans paid as scheduled, and new loan activity was brisk, with several new deals meeting our tough selection criteria. Our current loan portfolio consists of 19 mortgages with an **average portfolio-wide loan-to-value ratio of just under 50%.** Our auditors, Marcum LLP have just completed our 2011 financial statement which you can view at www.w-financial.com/2011audit (username: fund, password: 1delta1), or let Karen know if you would prefer to have it mailed to you.

Given the healthy supply of good loan opportunities being presented to W, we have been able to issue numerous term sheets offering new loans to borrowers, some of which are likely to close in the next couple of weeks redeploying cash realized from recently repaid loans.

The Fund added three new loans during the 1st quarter. Q1 also saw robust turnover in our loan portfolio where 4 loans totaling $9,060,000 were successfully repaid, and two others were paid down by a total of $4,400,000 as units or parcels were sold. This is a dynamic and healthy time for us in the market's cycle.

W Financial has now completed **105 consecutive months of positive returns,** posting an **11.91%** compounded return in 2011, net of fees. Since inception, W Financial has provided an **average annual compound return of 10.05%**, **net of fees**. $100,000 invested at our 2003 launch had increased to $229,486 as of March 31, 2012.

New loans closed during the first quarter:

- In January W closed a new **$3,700,000 bridge loan** secured by a cash-flowing townhouse on one of Manhattan's most desirable streets: **East 95th Street between Fifth and Madison Avenues**. The property is currently a partially-occupied, 10-unit townhouse acquired by our Borrower at an extremely attractive price in an off-market transaction. We have completed several transactions with this borrower whose end game will be to convert the townhouse to a single-family home, which he has done successfully twice before. In this neighborhood, steps from Central Park on the Upper East Side, it is not unusual to see single family homes in premium Manhattan locations selling in the $2,000 - $3,000 per square foot range. Our Borrower and his professionals have expertise in negotiating buy-out deals with tenants in order to unlock the true value of such properties. W Financial was selected by the Borrower, an active player in NYC's real estate market, based on our reputation for fast and dependable execution.



East 95th St. Manhattan

- On March 8th W closed a **$2,025,000 bridge loan** that our borrower utilized to acquire a mixed-use building on Flatbush Avenue near the Barclays Center Sports Arena in downtown Brooklyn. This area is undergoing a major transformation with a revitalized transportation hub and a new basketball arena that will house the New Jersey Nets (soon to be renamed the Brooklyn Nets) along with Forest City Ratner's and other developers' new large scale residential developments either in the pipeline or already under construction. For more on this, you can Google a recent article called "Brooklyn Arena Pulls More Retail" that recently appeared in the Wall Street Journal, which highlights another transaction that the fund closed Q4 2011 near the arena.



Flatbush Ave., Brooklyn

- On March 16th W closed a **$1,220,000 bridge loan** to facilitate the acquisition of a 5-unit townhouse on **Henry Street** in **Brooklyn Heights**. The savvy buyers were able to purchase the building at an excellent price, and they plan to vacate the building, and then sell to a user or developer likely to convert the building to a single-family residence. This loan was closed within a very short time frame in order to accommodate the opportunistic, off-market acquisition.



Henry Street, Brooklyn Heights

All the above-referenced mortgage loans were also personally guaranteed by the borrowers. At the close of March 2012, our nicely diversified portfolio currently has an **average loan size of $2,865,650**.

Please use our **Additional Subscription Form** for any add-on investments that you wish to make www.w-financial.com/add. That form as well as our other Fund documents are available at this link: www.w-financial.com/documents (username: w, password: financial) or you can call Karen, and she will email or mail you the form. We expect to be able to admit new investments as of May 1st. Contact Karen Mannoia (karen@w-financial.com) or (212) 684-2283 x112 with any questions on how to complete the forms.

If you have updated your email or mailing address, please let Karen know. If you have elected to receive interest distributions, your check is also enclosed.

As always, please feel free to call Gregg Winter at (212) 532-1122 x1, David Heiden at (212) 684-8484 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. Finally, you are always invited and encouraged to visit our offices when you are in town to review any of our due diligence materials or simply to say hello.

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