FINANCIAL

April 15th, 2013

"Sample"
Most Recent Quarterly Letter

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

re: W Financial Fund, LP – 1st Quarter 2013 Update and Statement

Dear John,

Propelled by the efforts of our lending team and our ever-expanding and deepening network of contacts in the NYC real estate marketplace, W Financial has continued to experience robust deal flow and has completed the first quarter of the year with **the capital of the fund fully deployed** in a portfolio of 29 loans with portfolio performance continuing to be excellent.

The New York City market remains one of the most sought after for buyers of investment real estate, and with demand for properties far outstripping supply, an ever-increasing number of active buyers are seeking smart and reliable capital from private lenders like W to help and ensure a timely and successful closing.

The Value Proposition:

Often the greatest challenge for buyers is not about finding the cheapest source of capital – it's about finding the most reliable and timely source of capital. Once they find it, they want to use it again and again, deal after deal, success after success. Why? Inevitably the best "buys" always have a "story" attached to them and issues that need to be resolved; tenants that need to be bought out, work and improvements that need to be done, etc. A property that has no "issues" tends to be overpriced and uninteresting for serious real estate pros (meaning buyers with the staff, knowledge and requisite expertise needed to perform the work necessary to enhance and create value). Some of our repeat borrowers focus on this specialized niche. They possess the experience and have the infrastructure needed to make the necessary improvements to optimize a property and to thus unlock its true value. Nine to twelve months after they close on a property with acquisition financing from a dependable private lender like W Financial, and once they have enhanced both the NOI (net operating income) and the cosmetics of a property, they tend to refinance (typically at much higher proceeds and at a much lower interest rate) with a conventional bank. Many of our typical borrowers have also developed the crucial capability of knowing how to find off-market properties, giving them a significant market advantage.

Using W gives them one less thing to worry about when closing on a new acquisition, thus they view the delta paid in higher interest rates for a year or less as a modest price to pay for the assurance of knowing that when W says it will close, that the closing will happen.

Portfolio Performance:

During Q1, all loans in our portfolio have paid as scheduled. As of the end of the quarter, our loan portfolio consisted of **29 loans with an average portfolio-wide loan-to-value ratio of 58%** and an **average loan size of $3,109,967. Investor capital continues to be fully deployed**, consistent with our business plan. The fund provided a **.65% return, net of fees for the month** of March.

W's Track Record Approaches the 10-year Mark:

W Financial has now completed **117 consecutive months of positive returns**. In fact, over the next few months we will be celebrating an important milestone: our first full decade of operation, and we are currently well on track to complete our first decade achieving forecasted results **with no down months**.

Since its inception nearly 10 years ago, W has provided an average annual compound return of 9.86%, **net of fees**. $100,000 invested at our 2003 launch had increased to $247,733 as of March 31, 2012, resulting in a Total Compounded Return since inception of **150.13%.**

W Financial's 2012 Audited Financial Statements are now available:

Our auditors, Marcum LLP have just completed our 2012 Audited Financial Statement which is available for your review at this link: www.w-financial.com/2012audit - username: fund, password: 1delta1. If you would prefer to have a hard copy mailed to you, please call or email Karen Mannoia at (212) 683-2283 x112 or karen@w-financial.com and she will mail or fax it to you per your preference.

New Loan Origination during Q1:



West 71st Street, Upper West Side, NYC

During the first quarter, W originated four loans totaling **$11,090,000.** On February 14th the fund provided a **$1,590,000 first mortgage bridge loan** to refinance a four-story, six-unit multifamily building located on **West 71st Street** on Manhattan's **Upper West Side**, and on February 19th the fund closed a **$950,000 first mortgage bridge loan** on a desirable 23,913 square foot mixed-use development site in **Ridgewood, Queens.** W Financial's loan will enable the borrower to utilize the proceeds to invest in another property.



Grand Street, Williamsburg, Brooklyn NY

On March 1st W provided a **$3,800,000 first mortgage bridge loan** to facilitate the off-market acquisition of two adjacent, five-story loft buildings on **Grand Street** near the waterfront in **Williamsburg, Brooklyn**. This repeat borrower will seek to realize considerable upside by replacing and upgrading the retail tenants and thus the rents as leases expire and by renovating and seeking to convert the upper floors to residential condominiums.



13th Street, Park Slope, Brooklyn NY

On March 22nd the fund provided a **$4,750,000 first mortgage bridge loan** for another repeat borrower for the off-market acquisition of a 5-story, 25-unit, 22,000 square foot apartment building on 13th Street between Fourth and Fifth Avenues in the **Park Slope** neighborhood of **Brooklyn, NY**. The experienced buyers plan to make modest improvements and to possibly buy out a few tenants in order to increase the property's NOI (net operating income) and thus its value. While the greatest likelihood is that our borrowers will "flip" the property within less than a year for a significant profit, they would also be perfectly happy to own and operate it over the long haul. The borrowers brought approximately $1.5 million of cash equity to the closing table.

New or Add-on Investments:

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 1. 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.

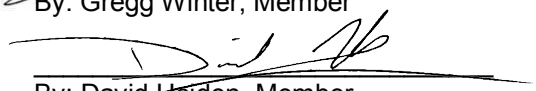
As always, please feel free to call Gregg Winter at (212) 532-1122 x1, David Heiden at (212) 684-8484 or Marc Bailin at (212) 935-0900 with any questions that you may have, (including any questions about any content or terminology used that you would like us to explain in greater detail). Alternatively, you can always email us directly at gregg@w-financial.com, david@w-financial.com and marc@w-financial.com.

Very truly yours,

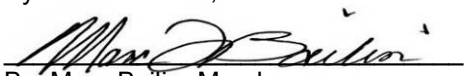
W FINANCIAL FUND, LP
By: W Financial GP, LLC, Manager



By: Gregg Winter, Member



By: David Heiden, Member



By: Marc Bailin, Member