W

FINANCIAL

April 17, 2015

"Sample"
Most Recent Quarterly Letter

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

re: W Financial Fund, LP – 1st Quarter 2015 Update and Statement

Dear John,

It's been nearly twelve years since the Fund was launched with approximately $2 million and eighteen investors back in April 2003. In the early days, we often had only 10 or 12 loans at a time in our portfolio. Today our portfolio consists of **sixty-four loans totaling more than $225,000,000** with an **average position size of $3,517,936**. Back when the fund closed its very first loan in July 2003, our vision was to originate an increasingly diversified portfolio of loans providing investors with a well-protected and consistent income stream. Over time, that vision continues to be realized. Today, having funded ~188 loans totaling ~$598,000,000, we continue to employ the same lending philosophy which focuses on making quality short-term real estate bridge loans that will generate regular interest payments while seeking to provide reliable high-single-digit net returns.

Portfolio Performance:

From our 2003 inception through March 31st, 2015, W has provided an average annual compound return of 9.75%, net of fees. Thus, $100,000 invested at our 2003 launch had increased to $294,186 as of March 31st, 2015, resulting in a total return of 198.33%.

We are pleased to report that W Financial has completed the first quarter of 2015 with all investor capital fully deployed, and with the majority of our $35 million credit line being utilized. Ten new loans totaling $36,850,000 closed during the quarter.

New Loan Origination During Q1:

During the month of February, W Financial funded three new loans totaling **$21,250,000**. Highlights are provided below.



Eleventh Avenue, West Side, Manhattan

- a **$10,750,000** loan utilized for the acquisition of a one-story, commercial property located on **Eleventh Avenue** in the **Hell's Kitchen** neighborhood on the **West Side** of **Manhattan**. The loan was also used to provide working capital for the Borrower's businesses. W Financial's loan is secured by a first mortgage loan covering both the Eleventh Avenue property as well as five

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contiguous properties located in the **Corona** section of **Queens.** Our borrower expects to refinance the bridge loan with a traditional bank loan or via the sale of one of his properties.



Bloomingburg, Upstate NY

- an **$8,000,000** loan (with W Financial having a $4,000,000 parri passu participation) collateralized by a townhouse complex located in Bloomingburg, New York. The completed complex will consist of 396 townhomes. Phase One of the construction is complete and the developer is in the process of obtaining the Certificates of Occupancy for the first 51 homes. The borrowers have completed extensive infrastructure work to support the development, including constructing a brand new waste water treatment plant. The project is being marketed to a fast growing demographic that is being priced out of Brooklyn. The funds were used to refinance a $2,000,000 existing mortgage and to recoup a portion of the Borrower's initial equity investment. W Financial also holds a blanket mortgage encumbering several commercial and residential properties in Bloomingburg as additional collateral. As the townhomes are sold, the borrowers will repay the W Financial loan pursuant to a release price schedule.


West Dayton Street, Pasadena, CA

- a **$2,500,000** loan collateralized by two commercial properties located on **Dayton Street** and **West Greene Street** in **Pasadena**, **California**. The collateral properties (a one-story building and an adjacent two-story building) in this strong Los Angeles sub-market are used as office space and a recording studio. The borrowers refinanced an existing mortgage and used the surplus cash to infuse fresh working capital into their business. The borrowers plan to refinance the W Financial loan with a traditional bank loan.

During the month of March, W Financial funded seven new loans totaling **$15,600,000**. Highlights are provided below.


Bedford Avenue, Brooklyn

- a **$3,800,000** loan collateralized by a five-story, four-unit commercial property located on **Bedford Avenue** in the **Williamsburg** neighborhood of **Brooklyn**. The borrower originally closed on the property all-cash and used the W Financial loan to recoup a portion of their equity. The borrower is an experienced real estate owner and developer who plans to renovate the property and to then lease the units at market. Once fully stabilized the borrower intends to refinance the bridge loan with conventional financing.


Grand Street, Brooklyn

- a **$2,000,000** loan secured by a partially completed, four-story, six-unit, ground-up development located on **Grand Street** in the **Williamsburg** neighborhood of **Brooklyn**. The borrower will use the W Financial loan to recoup a portion of their equity. Once the building has been completed and the units have been rented, then the borrower, an experienced developer and owner of similar properties, intends to refinance the bridge loan with a permanent mortgage provided by a local bank.

- a **$750,000** loan for the acquisition of an ~4,800 square foot single-family home located on **West Silver Palm Road** within the **Royal Palm Yacht & Country Club**, a luxury gated community in **Boca Raton, Florida**. The developer needed to close quickly and intends to renovate the property and then plans to market and sell the property. It is anticipated that W Financial's loan will be repaid upon the closing of the sale.



Boca Raton, Florida



Borough Park, Brooklyn

- an **$875,000** loan for the acquisition of a six-unit multifamily building located in the **Borough Park** section of **Brooklyn**. The property is currently fully cash-flowing and the borrower needed the bridge loan to facilitate a time-of-the-essence closing. The borrower intends to refinance the W Financial loan with a traditional bank loan prior to the end of the loan term.



Freeman Street, Brooklyn

- a **$6,800,000** blanket mortgage which was utilized to acquire two **Brooklyn** properties: one located on **DeKalb Avenue** in the **Bedford-Stuyvesant** neighborhood, and the other located **Freeman Street** in the **Greenpoint** section. The collateral for W's loan included first mortgages on the Freeman and DeKalb properties as well as a second mortgage on a property located on **Grand Street** in the **East Williamsburg** neighborhood of Brooklyn. The borrower is an experienced developer who acquired the properties in an off-market transaction who intends to finalize his plans and approvals and then refinance the bridge loan with a traditional bank construction loan.



Nevins Street, Brooklyn

- an **$825,000** loan collateralized by several cash-flowing properties including a first mortgage on a three-unit, mixed-use property located on **Nevins Street**, as well as second mortgages on two other properties with a total of five apartments located on **State Street** in the **Boerum Hill** neighborhood of **Brooklyn**. The borrower required a quick-close bridge loan in order to satisfy a lien which encumbered the Nevins Street property. The borrower expects to refinance W's loan prior to the end of the loan term with permanent financing provided by a local bank.

- a **$550,000** loan utilized to finance the acquisition of a three-story, seven-unit multifamily property located on **East 216th Street** in the **Williamsbridge** section of **the Bronx**. The borrower was originally pursuing traditional bank financing however with a time-of-the-essence closing deadline looming, he decided that he needed a bridge loan in order to meet the closing deadline. The borrower expects to refinance the bridge loan with bank financing prior to the end of W's loan term.



216th Street, the Bronx

<u>W Financial's 2014 Audited Financial Statements are now available:</u>

Marcum LLP (www.marcumllp.com) has completed our 2014 audited financial statements, and they are now available for your review by visiting the following link: www.w-financial.com/2014audit (please note that this link is case sensitive) - and then entering username: fund, password: 1delta1. If you would prefer to have a copy mailed to you, kindly contact Karen Mannoia at karen@w-financial.com or (212) 532 1122 x2 or Wendy Ngai at wendy@w-financial.com | (212) 532-1122 x118, and we will be happy to mail you a hard copy.

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 a reminder, always 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 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.

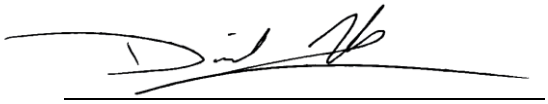
Very truly yours,

W FINANCIAL FUND, LP

By: W Financial GP, LLC, Manager



By: Gregg Winter, Member



By: David Heiden, Member



By: Marc Bailin, Member