JULY 26, 2023
W FINANCIAL FUND, LP
INVESTOR LETTER
Q2 2023

Re: W Financial Fund, LP — 2nd Quarter 2023 Update and Statement

Dear W Financial Investors,

We hope that you are enjoying the summer with your family and friends!

The Federal Reserve expressed optimism this week that we will be able to achieve the elusive goal of a "soft landing", where inflation is tamed and a recession is avoided. We remain hopeful that the economy will continue to grow as it has been doing year to date.

Q2 Portfolio Performance

During Q2, W's lending team closed eleven new loans, totaling $49,550,000. All investor capital remained deployed during the quarter.

W Financial posted a .69% fund-level return for April, a .69% return for May, and a .67% return for June, (which was our 240th consecutive month of positive performance). Our 1, 3 and 5-year trailing net returns through June 30th were: 1-year: 8.82%, 3-year: 7.30%, 5-year: 7.44%.

From our 2003 inception through June 30, 2023, W has provided an average annual compound, fund-level return of 8.98%, net of fees*. Thus, $100,000 invested at our 2003 launch had increased to $540,199 as of June 30, 2023, resulting in a total return of 458.28%.

W Financial Plans to Re-open Only to our Existing Investors on September 1st

Many of our investors have been asking us when we expect to re-open the fund, so they can add to their existing accounts. We wanted to let you know that we plan to re-open the fund on September 1st only to our current investors. As usual, you can prepare and coordinate the process of adding to one of your accounts with Karen Mannoia per her contact information below.

New W Financial Loan Origination During Q2

During the second quarter, W Financial provided eleven new loans for properties located in Brooklyn, New York; Water Mill, Long Island; White Plains, New York; Fort Meyers, Florida; Griffin, Georgia; Pittsfield, Massachusetts; Deal, New Jersey; Doral, Florida; Buffalo, New York and Manhattan, totaling $49,550,000. Loan highlights and pictures are provided on the following pages:

- A $3,875,000 first mortgage bridge loan secured by a three-unit condominium building located in the Williamsburg neighborhood of Brooklyn, New York. The borrower needed the loan in order to pay off its existing debt and finish construction. The borrower plans to repay the W Financial loan as they sell off the units.
- A $1,325,000 first mortgage bridge loan secured by a corner retail store in White Plains, New York. The borrower required financing in order to pay off the existing debt and complete tenant improvements to the space. The borrower has signed a lease for the store, and the tenant plans to take occupancy in the near future.



WILLIAMSBURG, BROOKLYN

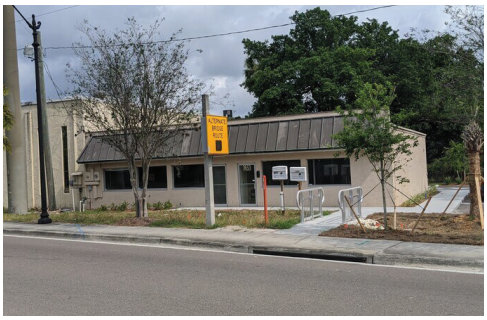


WHITE PLAINS, NEW YORK

- A $10,200,000 first mortgage bridge loan secured by a neighborhood retail center located in Water Mill, Long Island, in an area known as the Hamptons. W Financial's loan facilitated the borrower's acquisition of the property and lease buyouts for two of the existing tenants. The borrower plans to lease the vacant space and then sell the property.
- A $1,100,000 first mortgage bridge loan secured by four vacant retail properties in Florida. The properties are located in Fort Myers, Chipley, Big Pine Key, and Okeechobee. The borrower utilized the W Financial loan to refinance the existing debt on two of the properties. The borrower also needed acquisition financing for one of the properties, and W Financial took a fourth property, which was unencumbered as additional collateral. The borrower plans to lease the vacant spaces to a third-party cannabis tenant and plans to refinance with a conventional bank thereafter.
- A $4,425,000 first mortgage bridge loan on a multi-tenant industrial building just south of Atlanta, Georgia. The property is mostly occupied, and the borrower needed the bridge loan to close on the property expeditiously.
- A $3,700,000 first mortgage bridge loan on a vacant corner retail condominium unit within a larger residential condominium project located in the Chelsea neighborhood of Manhattan. The borrower owns the property free and clear and is utilizing the loan proceeds for another business transaction. W Financial also held money in escrow for tenant improvements and leasing commissions in order to lease up the vacant space at which time the borrower plans to either sell the property or refinance the loan.
- A $1,125,000 first mortgage bridge loan secured



WATER MILL, LONG ISLAND


FORT MYERS, FLORIDA


GRIFFIN, GEORGIA


CHELSEA, MANHATTAN

by a vacant industrial property located in Pittsfield, Massachusetts. The borrower utilized the W Financial loan to finance the acquisition of the property. The borrower will partially owner-occupy the warehouse and lease the remaining vacant space to a third-party tenant.

- A $3,000,000 first mortgage bridge loan secured by an ~11,000 square foot, single-family residence located in Deal, New Jersey. The property is unencumbered, and the borrower has funded the entire project thus far with his own equity. The borrower needed the bridge loan in order to complete the remaining construction.
- A $3,300,000 first mortgage bridge loan secured by three properties located in Brooklyn, New York. One of the properties is a development site, and the other two properties are multifamily properties. The borrower utilized the W Financial loan to refinance the properties. The borrower plans to stabilize each of the properties and then either sell or refinance them once stabilized.
- A $4,500,000 first mortgage bridge loan secured by nine, mixed-use properties in Buffalo, New York. The borrower needed to refinance the mostly occupied portfolio within a short time frame, and W Financial was able to close expeditiously.
- A $13,000,000 first mortgage bridge loan secured by an industrial property located in Doral, Florida. The borrower has owned the site for many years and plans to demolish the current building and develop a new industrial building on the site. W Financial funded $5,000,000 at the closing for the borrower to begin predevelopment and will fund the additional $8,000,000 as the borrower continues to develop the site.



PITTSFIELD, MASSACHUSETTS



DEAL, NEW JERSEY



BROOKLYN, NEW YORK



BUFFALO, NEW YORK



DORAL, FLORIDA

Note that the deal descriptions that you see in these quarterly letters are intended to be a high-level overview, and, as always, we invite you to contact us to discuss any questions that you may have regarding the transactions described, or to simply hear a more in-depth description than space allows in these letters.

During Q2, ten loans were repaid secured by properties located in Roseville, Michigan; Boca Raton, Florida; New Port Richey, Florida; San Marcos, Texas; Brooklyn, New York; Ellenwood, Georgia; East 10th Street, Brooklyn; Cathedral City, California; Brooklyn, New York and Manhattan totaling $25,374,300 (this total also includes scheduled paydowns on a loan located in the West Chelsea neighborhood of Manhattan and partial paydowns on another Manhattan property).

Update on our properties located at Lexington Avenue and East 79th Street:

As you know from our previous reporting, we took title to these five properties located at the corner of East 79th Street and Lexington Avenue on February 28, 2023.

As mentioned in our Q1 investor letter, First Republic Bank, our sole tenant (occupying two of our five buildings), was severely impacted by the banking crisis. On May 1, 2023, First Republic Bank failed, and the FDIC (Federal Deposit Insurance Corporation) was appointed as Receiver. Simultaneously, JPMorgan Chase Bank (JPMC) took over all the deposits and substantially all the assets of First Republic Bank. JP Morgan Chase is one of the highest-rated credit tenants and commenced paying the rent, which equates to nearly $1,100,000 per year, plus their share of the real estate taxes.

We had previously reported that we were in litigation with First Republic, with W Financial claiming that once our foreclosure was completed on February 28th, that, as a result of that lease being subordinate to our ownership interest, that one of the two leases was thus terminated. This litigation continues with JPMC stepping into the shoes of First Republic, and in the meantime, JPMC continues to operate a bank branch and pay their rent. If the Judge decides in favor of W Financial, then we will have the right to terminate the 150 East 79th Street lease, which we feel would make the branch less desirable for JPMC to retain and increase the likelihood that they would ask to be released from their lease. If the Judge ultimately decides in favor of JPMC, then it will have the right to remain in the second, smaller space (where their ATM and some office space is located), in addition to the adjacent, corner building, paying rent for the full term of both leases.

Just as a reminder, the highest and best use of the property would be as a vacant development site. Therefore, this is the goal we are working towards. This is all developing in real time, and we will report more on this in our next letter. As always, we invite you to call us if you have any questions or would like to discuss further.

In a separate matter, the longtime owner of 1133 Lexington Avenue (a mixed-use building located in between two of our five properties) started an action seeking to nullify the ZLDA ("Zoning Lot Development Agreement") that has been in place since 2016 (years before we made our loan). The ZLDA affects the transfer of development rights between properties. If 1133 were to be successful in their action, this could reduce a portion of the development rights. W Financial filed a motion to enter the case with the owner of 1133 Lexington Avenue to argue that the original ZLDA should remain in place. The judge granted our motion, and our counsel is working to retain and enforce our rights.

Update on Baton Rouge:

W Financial took ownership of this property on May 17, 2023. After taking ownership, W Financial performed a comprehensive inspection of most of the apartments with our new local management company. We observed that it was generally in good condition but had maintenance deficiencies which we are in the process of addressing. We plan to clean and perform light renovations to the individual apartment units, paint the exterior and re-brand the property with a new name.

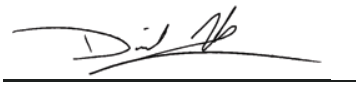
Contact Us

If you have updated your email or mailing address, please let Karen Mannoia in Investor Relations know. Karen can be reached at karen@w-financial.com | (631) 750-0937 or (212) 532-9178. Our office is located at 60 Cutter Mill Road, Suite 601, Great Neck, NY 11021. Come visit us when you are in the New York area!

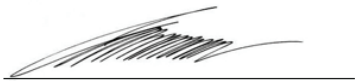
As a reminder, always feel free to call or email David Heiden at (516) 633-1424 | david@w-financial.com or Gregg Winter at (212) 532-9170 or (917) 885-0990 | gregg@w-financial.com with any questions that you may have about our investment activities, (including any questions about any of the content or real estate terminology discussed in this letter that you would like

us to explain in greater detail). Contact our Chief Financial Officer, Adam Windwer, with any questions regarding your account statement or with any questions you may have about our audited financial statements (212) 532- 9284 | adam@w-financial.com. Along with Gregg and Karen, Ryan DeLissio (212) 684-2259 | ryan@w-financial.com is also available to assist our investors with any questions that may arise, or materials they may need.

Very truly yours,
W FINANCIAL FUND, LP



By: David Heiden, Member



By: Gregg Winter, Member



By: Marc Bailin, Member

**Returns are calculated for the limited partner class taken as a whole and are computed using a time-weighted methodology whereby the returns for individual accounting periods are geometrically linked and proforma incentive allocations are taken into account. An individual limited partner's return may vary based on different management fee arrangements as outlined in the Private Placement Memorandum and the Limited Partnership Agreement, as well as by the timing of capital transactions. The monthly returns and other performance calculations are prepared internally and have not been audited or verified by a third party. The use of a different methodology for preparing, calculating or presenting performance returns may lead to different results and such differences may be material.*