October 24, 2023
W FINANCIAL FUND, LP
INVESTOR LETTER
Q3 2023

Re: W Financial Fund, LP — 3rd Quarter 2023 Investor Update and Statement

Dear W Financial Investors,

We hope that you are enjoying the change of seasons and the Autumn weather, especially as many of us had an unusually hot summer this year.

During Q3, we continued to be highly selective in choosing our loan opportunities and maintained a consistent level of volume of new loan originations compared with Q2. Based on recent economic news and statements from the Federal Reserve Chairman, it appears that we will either see interest rates remain flat, or possibly see one last rate increase from the Fed at their next meeting, scheduled for early November.

Q3 Portfolio Performance

W Financial posted a .69% fund-level return for July, a .70% return for August, and a .65% return for September, (which was our 243rd consecutive month of positive performance). Our 1, 3 and 5-year trailing net returns through September 30th were: 1-year: 9.15%, 3-year: 7.44%, 5-year: 7.43%.

From our 2003 inception through September 30, 2023, W Financial has provided an average annual compounded, fund-level return of 8.97%, net of fees*. Thus, $100,000 invested at our 2003 launch had increased to $551,032 as of September 30, 2023, resulting in a total return of 469.78%.

All investor capital was fully deployed during the third quarter of 2023, and we ended the quarter with $63,300,000 drawn on our $125 million revolving line of credit. As of quarter-end, our portfolio was comprised of 74 loans and three REO (real estate owned) properties totaling $405,359,683.

Five loans totaling $8,317,000 were repaid during the third quarter. These loans were secured by properties located in Miami, Florida; Kissimmee, Florida; Brooklyn, New York; Naples, Florida and Brooklyn, New York.

We also received partial loan paydowns totaling $1,783,170, on five other loans located in Manhattan, New York; Kissimmee, FL and Bloomfield, New Jersey. The total amount of these loan repayments and partial paydowns was $10,100,170.

New W Financial Loan Origination During Q3

We continue to work to diversify our loan originations and to focus on lending in strong markets nationally. During Q3, W Financial provided nine new loans totaling $49,737,500, secured by properties located in Amagansett, Long Island, NY; Houston, Texas; Salisbury, Maryland; Plumsteadville, Pennsylvania; New Orleans, Louisiana; Yonkers, New York: Jersey City, New Jersey and Washington, D.C. Loan highlights are provided below:

- a $1,575,000 first mortgage bridge loan for the acquisition of a partially occupied mixed-use property in Jersey City, New Jersey. The borrower plans to renovate the residential units as they become vacant, as the current rents are below market. Once the property has been stabilized, the borrower plans to refinance the W Financial loan with a conventional lender.
- a $625,000 first mortgage bridge loan secured by a mixed-use property in the Williamsburg neighborhood of Brooklyn, NY. The borrower required capital for a separate business transaction and needed the funds quickly. Once the property has been stabilized, the borrower plans to refinance the W Financial loan with a conventional lender.



JERSEY CITY, NEW JERSEY



GRAND STREET, WILLIAMSBURG, BROOKLYN

- a $13,387,500 first mortgage bridge loan for the purchase of a shopping center in New Orleans, Louisiana. The total loan amount was $26,775,000 and we closed this loan in participation with another lender with whom we have successfully worked previously. The borrower plans to sell off individual pads/buildings, with the sale proceeds of each parcel going towards the reduction and payoff of our loan.
- a $5,500,000 first mortgage bridge loan for the refinance of a shopping mall in Salisbury, Maryland. The borrower needed the bridge loan to fulfill a settlement agreement with its existing lender in a timely fashion. The center has several credit tenants such as Sunglass Hut, Lens Crafters, HomeGoods and many others. The borrower plans to refinance the W Financial loan with a conventional loan.
- a $500,000 first mortgage bridge loan on an owner-occupied industrial property in Plumsteadville, Pennsylvania. The borrower needed the loan in order to refinance the existing lender and plans to repay the W Financial loan with a sale of the property.
- a $8,200,000 first mortgage bridge loan for the refinance of a brand-new, ~12,000 square foot 9-bedroom, 9-bath, single-family home located in Amagansett, Long Island, New York. The borrower recently completed construction of the house and received a final certificate of occupancy. The borrower plans to pay off the W Financial loan with a sale of the home.
- a $2,800,000 first mortgage bridge loan for the acquisition of 21 condominium units in Yonkers, New York. The borrower also pledged an additional 7 units that they already owned free and clear, as additional collateral for our loan. In total, the borrower will own seventy-three out of the eighty-four units in the building. The borrower plans to offer existing tenants the right to stay in the units with a new lease. He expects to repay the W Financial loan by refinancing with a conventional lender.



NEW ORLEANS, LOUISIANA


SALISBURY, MARYLAND


PLUMSTEADVILLE, PENNSYLVANIA


AMAGANSETT, LONG ISLAND, NEW YORK


YONKERS, NEW YORK

- a $12,500,000 first mortgage bridge loan secured by two industrial properties located near Houston and San Antonio Texas. The borrower needed to close on the acquisition of the property located near San Antonio. The borrower already owned the property in Houston, free and clear and agreed to pledge it as additional collateral for W Financial. Upon stabilization, the borrower plans to either refinance our loan, or sell the properties.



VON ORMY AND HOUSTON, TEXAS

- a $4,650,000 first mortgage bridge loan for the acquisition of a 70,000 square foot retail and office building in Washington, DC. The borrower is purchasing the property through an auction, thus needed capital in a short timeframe. The borrower plans to refinance the W Financial loan with a conventional lender, upon the property's stabilization.



WASHINGTON, D.C

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 with any questions regarding the transactions described, or to simply hear more in-depth descriptions than space allows in these letters.

150 East 79th Street at Lexington Avenue — Status Update:

To briefly recap, we took title to these five properties located at the corner of East 79th Street and Lexington Avenue on February 28th. Our sole tenant (in two of the five buildings) was First Republic Bank. On May 1st, 2023, First Republic bank (FRB) was taken over by the FDIC and then sold to JP Morgan Chase Bank (JPMC).

We originally launched litigation in New York State Supreme Court, back in 2022 against FRB, thus that litigation has now been taken over by JPMC. During Q3, we filed a motion seeking Summary Judgment based upon the premise that one of JPMC's leases was subordinate to our mortgage, therefore once our foreclosure was completed, that lease was wiped out. We anticipate that both sides will finish filing their motion papers by early December. Thereafter, it is likely that the judge will render his decision in early 2024.

If we prevail in the litigation and wipe out the aforestated lease, this decision by the Court will clarify the endgame in our discussion with JPMC and determine whether they will agree to leave both buildings. Given the corner location on a prime block on the Upper East Side, we feel that the highest and best use of the site would be as a vacant development site.

With regard to the 1133 Lexington Avenue litigation, the judge ruled in our favor allowing us to enter the litigation filed by the owner of the adjacent lot located at 1133 Lexington Avenue, who is seeking to nullify the Zoning Lot Development Agreement which has existed since 2016 (years before we made our original loan in 2020). In September, they filed a new motion for summary judgement which we are in the process of vigorously opposing.

Progress Report on Baton Rouge:

This rental community is located near LSU (Louisiana State University) and has several buildings with a total of 100 apartments. We are close to completing the renovation of the seven vacant units in the 10-unit building. We also anticipate commencing renovations to the vacant units in the other two buildings in October. We have decided to reposition the buildings within the market by upgrading the exteriors with new signage, flags, and paint. We are also rebranding the name of the rental community from Gaslite Apartments, to City View Apartments.

W Financial is Open for Existing Investors:

The fund is open only to our existing investors for additions to existing accounts. As usual, you can coordinate the process of adding to one of your accounts on November 1 or December 1, with Karen Mannoia per her contact information provided below.

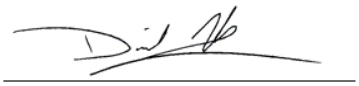
We are pleased to enclose your Q3 statements. As a reminder, note that we have a guide for our investors called “How to Read Your Statement” which is available on our private investor website: private.w-financial.com username: W-Private, password: delta14six.

Contact Us

If you have changed your email or mailing address, please let Karen Mannoia in Investor Relations know. Karen can be reached at karen@w-financial.com | (212) 532-9178 or (631) 750-0937.

As a reminder, always feel free to call or email David Heiden at (516) 633-1424 | david@w-financial.com and Gregg Winter at (212) 532-9170 | 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 (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 you 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.*