January 26, 2024
W FINANCIAL FUND, LP
INVESTOR LETTER
Q4 2023

Re: W Financial Fund, LP — 4th Quarter 2023 Investor Update and Statement

Dear W Financial Investors,

Everyone at W Financial would like to wish you and your families a very happy, healthy, and prosperous New Year!

W Financial will soon begin it's twenty-first year of successful operation, on April 30, 2024. During this time, which encompassed many economic challenges, including the Great Recession back in 2007–2009, and the disruptions caused by the Covid pandemic, we have originated more than $2.2 billion of loans, with 246 consecutive months of positive returns. During 2023, our lending team originated 39 new loans, totaling $200,262,500 ($198,012,500 net of participations).

You may recall that early last year, there was a wave of bank failures across the country (Silicon Valley Bank, Signature Bank and First Republic Bank were three of the largest). One residual effect has been to make banks more cautious in order to avoid the same fate. This has resulted in less aggressive bank lending, which has had the effect of increasing the number of opportunities presented to private lenders. Borrowers who prioritize fast turnaround and certainty of execution, continue to utilize private lenders to reliably get their deals closed.

Q4 and 2023 Portfolio Performance:

W Financial provided a .67% compounded, fund-level return in December 2023, a .67% return in November and a .69% return in October. Our compounded, fund-level return was 8.78% for the

year, net of management and performance fees. December marked our 246th month of positive fund performance. Our 1, 3 and 5-year trailing net returns through December 31, 2023, were as follows: 1-year: 8.78%, 3-year 7.54% and 5-year 7.42%.

Since our 2003 inception through December 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 with distributions reinvested, grew to $561,984 as of December 31, 2023, resulting in a total return of 481.41%. Total investor capital in the fund (our closing capital balance for the year), was $341.52 million.

As of year-end our portfolio was comprised of 75 loans with an average loan size, net of participations, of $4,973,224. Our loan and investment portfolio totaled $429,322,019 as of the end of the year ($420,822,019 net of loan participations). Geographically, we ended the year with approximately 55% of our loans in the New York Metropolitan area, and with approximately 45% of our loans located in other markets nationwide. We expect that the percentage of New York Metro loans in our portfolio will continue to decrease over time, as we continue to originate the majority of our loans in other markets across the country.

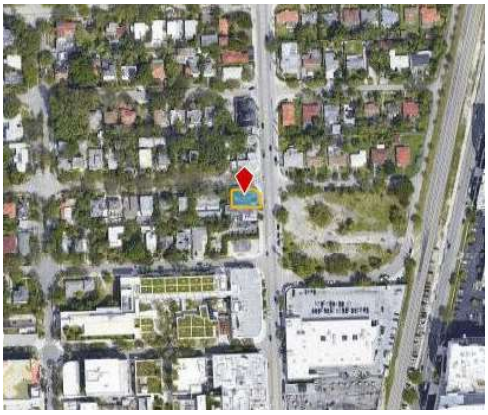
During 2023, 31 of W's loans were repaid in the normal course of business, and we also received partial paydowns on 10 other loans. Loan repayments for the year totaled $127,318,078.

We ended the year with all investor capital fully deployed, and with $85,700,000 drawn on our $125 million revolving line of credit, which helps us to optimize our cash management.

New W Financial Loan Origination During Q4:

During Q4, W Financial provided ten new loans totaling $55,675,000. Loan highlights are provided below:

- a $10,000,000 first mortgage bridge loan to enable our borrower to complete the assemblage of a development site, located in the Design District of Miami, Florida. The loan allowed our client to acquire three of the four total lots at closing, and to refinance the existing debt on the property. W Financial has also established a future funding reserve for the acquisition of the last lot, which will take place post-closing. W Financial's loan is expected to be refinanced with a construction loan once all plans have been completed and approvals have been obtained.



MIAMI, FLORIDA

- a $5,775,000 loan on an industrial property in Conroe, Texas. The borrower needed to refinance their existing debt. Upon stabilization of the property, the borrower plans to refinance with a conventional lender.
- a $3,500,000 first mortgage loan collateralized by a shopping mall located in Wilkes-Barre Township, Pennsylvania. The borrower needed to refinance existing debt and required funds to buy out a partner in the deal. The center has several credit tenants such as Bath & Body Works, Lens Crafters, Victoria's Secret, and many others. Upon stabilization of the property, the borrower plans to refinance the bridge loan with a conventional lender.
- a $650,000 first mortgage bridge loan collateralized by an occupied multifamily property in the Astoria neighborhood of Queens, New York. The building was unencumbered, and the loan allowed our borrower to recapture equity for another business opportunity. It is expected that the W Financial loan will be refinanced with a conventional loan.
- a $10,300,000 first mortgage bridge loan for the acquisition of three separate, stand-alone properties. The portfolio consists of a Regions Bank branch in Atlanta, Georgia, a 7-Eleven in Coral Springs, Florida, and an SQRL located in Fort Pierce, Florida. All three tenants recently signed long-term leases, and two of the three tenants are credit rated. We expect that the W Financial bridge loan will be refinanced with a conventional loan.
- a $6,100,000 first mortgage bridge loan for the acquisition of a 69-unit multi-family property in Clifton Heights, Pennsylvania. The borrower plans to complete renovations to the property and then will begin leasing units. Upon stabilization of the property, the borrower plans to refinance with a conventional lender.



CONROE, TEXAS



WILKES-BARRE, PENNSYLVANIA



ASTORIA, QUEENS, NEW YORK



ATLANTA, GEORGIA



CLIFTON HEIGHTS, PENNSYLVANIA

- a $6,000,000 first mortgage bridge loan for the acquisition of two adjacent townhomes in the SoHo neighborhood of Manhattan. The borrower plans to gut-renovate the two properties and combine them into a single luxury townhome. The borrower plans to refinance W Financial's bridge loan with a construction loan.
- a $2,900,000 first mortgage bridge loan for the refinancing of a mixed-use property on Manhattan's Upper East Side. The property consists of one, ground-floor retail tenant and six residential units above, all of which are occupied. The W Financial loan is expected to be refinanced with a conventional loan.
- a $1,650,000 first mortgage bridge loan for the acquisition of a penthouse condominium unit in the Red Hook neighborhood of Brooklyn, NY. The unit is currently in shell condition and the borrower plans to renovate the unit into a luxury penthouse. Once complete, the borrower plans to refinance with a conventional lender.
- an $8,800,000 first mortgage bridge loan, for the acquisition of a former hotel in Olympia, Washington. The borrower plans to convert the property into a residential building. The borrower plans to refinance the W Financial loan with a construction loan.



SOHO, MANHATTAN



UPPER EAST SIDE, MANHATTAN



RED HOOK, BROOKLYN



OLYMPIA, WASHINGTON

Note that the deal descriptions that you see in our 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.

K-1s for 2023 will be issued by the end of March:

Every year, we get a flurry of emails and phone calls inquiring when our K-1s will be issued. **As always, you can expect to receive your K1 Tax Reporting forms during the last week of March 2024.**

Updates on Properties Owned:

Further to our reporting in Q3, we are approaching an important decision by the judge in our New York State Supreme Court litigation with JP Morgan Chase, (JPMC is our tenant in two of the five buildings we now own at the corner of Lexington Avenue and East 79th Street. JPMC became our tenant when they took over First Republic Bank, which was one of the notable bank failures in early 2023).

Now that the case has been fully briefed by both sides, the judge will soon decide whether to grant our motion for summary judgement (which would terminate one of JPMC's leases on its bank branch). While we cannot predict exactly when or how the Court will rule on our summary judgment request, based on the time frames we have observed on previous motions, we are hopeful that the Court will render its decision during Q1 2024.

Baton Rouge Update:

We successfully foreclosed and took title to this property on May 17th, 2023. This 100-unit rental community is located near LSU (Louisiana State University) and is comprised of several buildings. We have already completed the renovation of the seven vacant units in the 10-unit building. We have also commenced renovations to the vacant units in the other two buildings and anticipate completing most of the renovations by the end of Q1 2024. As the existing leases expire, we are vacating those units and renovating them, bringing the property up to a consistent standard. We are also approximately 50% finished with upgrading the exteriors of the buildings with new signage, flags, and paint. We have also completed rebranding the name of the rental community from Gaslite Apartments to City View Apartments. During the course of 2024, we expect to complete all renovations and then once fully rented, we plan to list this property for sale.

W Financial is Open for Existing and New Investors:

The fund remains open to our existing investors for additions to existing accounts and as of April 1st, W Financial will also reopen to new investors. As usual, you can coordinate the process of

adding to an account or opening a new account with Karen Mannoia. Karen's contact information is provided below.

We are pleased to enclose your Q4 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 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.

Note that we have posted 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

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.*