April 24, 2024
W FINANCIAL FUND, LP
INVESTOR LETTER
Q1 2024

# Re: W Financial Fund, LP — 1st Quarter 2024 Update and Statement

This month marks the twenty-first anniversary since the launch of W Financial Fund, LP. Since inception we have originated more than $2.2 billion of loans and we have been able to post positive results each month, each quarter, and each year.

As we begin our 22nd year, we continue to maintain our focus on protecting and growing our investors' capital, to the best of our ability, in all market conditions.

## Q1 Portfolio Performance:

W Financial ended the first quarter with $339.87 million of investor capital under management and a portfolio totaling $420.60 million.

The fund posted a .68% compounded, fund-level return for January, a .64% return for February, and a .66% return for March, (which was our 249th consecutive month of positive performance). Our 1, 3 and 5-year trailing net returns through March 31st were: 1-year, 8.42%, 3-year 7.71%, 5-year: 7.43%.

From our 2003 inception through the end of the first quarter of 2024, W Financial has provided an average annual compound return of 8.96%, net of fees*. Thus, $100,000 invested at our 2003 launch had increased to $572,876 as of March 31, 2024, resulting in a total return of 492.99%.

# New Loan Origination During Q1:

During Q1, W Financial provided eight new loans for properties located in Manhattan, Queens, Monticello and West Babylon, New York; Livingston, New Jersey; Fayetteville, North Carolina and Hallandale Beach, Florida totaling $25,375,000.

Highlights are provided below:

- a $575,000 first mortgage bridge loan on an occupied, mixed-use property in Monticello, NY. There are two ground-floor retail units and eight residential units. The borrower needed the bridge loan for another business opportunity. The W Financial loan will be refinanced with a conventional loan.
- a $4,900,000 first mortgage bridge loan for the refinance of a mixed-use property in the Greenwich Village neighborhood of Manhattan. There are two commercial units and five residential units. The borrower plans to refinance the W Financial loan, with a conventional loan upon stabilization of the property.
- a $4,550,000 first mortgage bridge loan on a boutique office building located in Livingston, NJ. The borrower needed the proceeds to refinance the existing debt. The borrower plans to lease up the remaining vacant units and then refinance the W Financial loan with a conventional loan.
- a $3,500,000 first mortgage bridge loan on three vacant retail condominiums in Hallandale Beach, FL. The three units are part of a brand-new development. The sponsor needed to raise cash quickly and expects to repay the W Financial loan in the next few months with a conventional bank.
- a $7,575,000 first mortgage bridge loan on a partially occupied multi-family property in Fayetteville, NC. The borrower needed the bridge loan for the acquisition of the property and needed to close expeditiously. The W Financial loan is expected to be refinanced with a conventional loan.



MONTICELLO, NEW YORK



GREENWICH VILLAGE, NEW YORK



LIVINGSTON, NEW JERSEY


HALLENDALE BEACH, FLORIDA


FAYETTEVILLE, NORTH CAROLINA

- a $2,000,000 first mortgage bridge loan on a retail condominium in the Lower East Side neighborhood of New York, NY. The borrower needed the bridge loan to refinance the existing debt on the property as they just signed a new lease with a cannabis tenant.
- a $1,450,000 first mortgage bridge loan on two occupied mixed-use properties, one in Queens, NY and one in Great Neck, NY. Both properties have ground floor retail tenants with residential units above. The borrower needed the bridge loan to refinance the existing debt on the property and utilized the excess proceeds for another business opportunity. The W Financial loan will be refinanced with a conventional loan.
- an $825,000 first mortgage bridge loan on a fully occupied industrial property in West Babylon, Long Island, NY. The borrower needed the bridge loan for the acquisition of the property and needed to close expeditiously. The W Financial loan will be refinanced with a conventional loan.



LOWER EAST SIDE, MANHATTAN


LONG ISLAND CITY, NEW YORK


WEST BABYLON, LONG ISLAND, NY

*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 Q1, eight loans were repaid on properties located in Manhattan, Brooklyn and Queens, New York and Dallas and Conroe, Texas totaling $30,965,000. In addition, there were partial paydowns in the amount of $4,762,217. During the quarter, all investor capital was fully deployed, and we were utilizing our revolving line of credit.

# Update on REO and Loan Defaults

## East 79th Street, Manhattan:

With the foreclosure successfully completed on this asset, we are currently in advanced negotiations with JP Morgan Chase (the sole tenant in two of the five buildings that we own at the corner of Lexington Avenue and East 79th Street) for a lease termination agreement where JPMC would vacate their space. If consummated, the agreement will allow us to begin marketing the 5-building property in earnest to developers, which is its highest and best use.

## 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 completed the light renovation of 91 units and have been expensing these costs as we incur them. We are holding off on completing the last 9 units as some of them are occupied and one is a leasing office. Once they are all vacant, we will renovate these units as well. We have also finished 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 (liveatcityviewapartments.com). We are focused now on leasing the units and stabilizing the property.

## West 46th Street, Manhattan:

As per our usual procedure in the event of a default, we have issued a default notice and then issued an acceleration notice to one of our borrowers, who owns a nine-story, 79-room hotel located at 129 West 46th Street, between Sixth and Seventh Avenues in the Times Square area of Manhattan.

The owner net-leased the property to a firm that has a rental occupancy contract with a New York City agency. The City agency is several months behind on their rent and as a result the tenant has fallen behind in their payments to the owner and consequently our Borrower has fallen behind in their mortgage payments to W Financial.

We are in regular contact with both the owner and the tenant, and they have agreed to pay their rent checks, when received, directly to W Financial. In addition, the Owner has signed an exclusive listing agreement to market and sell the property with Meridian Capital Group LLC. The marketing effort and sales listing went live on April 19th. The property is listed for $28 million.

Our borrower acquired the property for $24,000,000 in July 2019, not long before the pandemic began. Our loan amount is $16,750,000. We did not accrue any interest on this loan during Q1.

## W Financial's 2023 Audited Financial Statements:

W Financial completed 2023 with an 8.78%, compounded, fund-level return, net of fees*. Our auditor, Marcum LLP, (marcumllp.com) has completed our 2023 audited financial statement, which is now available for your review by visiting our secure, private, password-protected Investor Information website at the following link: private.w-financial.com — and then entering the username: W-Private and the password: delta14six.

Scroll down to "Audited Financial Statements" and click on the 2023 box. If you would prefer to have a copy mailed to you, please contact Karen Mannoia in Investor Relations (per contact info below), and we will be happy to mail you a hard copy.

## 2023 K-1 Tax Reporting:

You should have already received your 2023 Schedule K-1. Your K-1 reflects REIT Dividend Income. The REIT dividend income qualifies for the Qualified Business Income tax deduction. If you or your accountant or tax preparer have any questions, please feel free to contact our CFO Adam Windwer with any questions you may have on this. Adam's contact info is below.

## Latest Form ADV:

As required every March, W Financial's Investment Manager, Sag Harbor Capital Management, LLC, a Registered Investment Advisor, files an updated form ADV with the SEC. These regulatory documents (along with the latest versions of our other fund documents) are always available here: private.w-financial.com (username: W-Private, password: delta14six).

## W Financial is Open for Existing and New Investors:

The fund remains open to our existing investors for additions to existing accounts, and 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.

## Contact Us

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

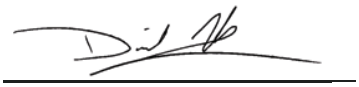
As a reminder, our door is always open to our investors. Always feel free to call David Heiden at (516) 633-1424 or Gregg Winter at (212) 532-9170 with any questions that you may have, (including any questions about any of the content or real estate terminology in this letter that you would like us to explain in greater detail). Contact our CFO Adam Windwer with any questions regarding our audited financial statements, or your quarterly statement at (212) 532-9284 | adam@w-financial.com. Alternatively, you can always email us directly at gregg@w-financial.com and david@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.

We are pleased to enclose your Q1 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.

Very truly yours,

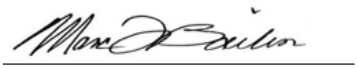
W FINANCIAL FUND, LP



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.*