October 25, 2024
W FINANCIAL FUND, LP
INVESTOR LETTER
Q3 2024

Re: W Financial Fund, LP — 3rd Quarter 2024 Update and Statement

Dear W Financial Investors,

With many data points throughout 2024 indicating to the Federal Reserve that inflation in the U.S. economy has been brought under control, during Q3, the Fed began what is widely expected to be an ongoing process of reducing the Federal Funds rate, starting things off with a 50-basis point rate cut in September.

Based on recent economic news (such as the surprisingly strong September jobs report), along with statements from the Federal Reserve Chairman, it appears that we are likely to see at least one additional rate cut from the Fed before the end of the year. This is likely to further stimulate activity in the overall real estate marketplace, which in turn should benefit W Financial's loan portfolio, borrowers and thus our investors.

While there can be no guarantee that history will repeat itself, historically, lower borrowing costs have generated wide positive implications throughout the economy and they also tend to stimulate the overall investment real estate market, giving rise to more confidence, more buying, more selling, and generally lower cap rates. Simply put, the more deals that are happening around the country, the greater the need for bridge loans to facilitate them.

As of this writing, we are beginning to see an increase in loan applications and an incremental increase in offers and term sheets generated by W Financial's lending team for those loan opportunities that we feel would be worthy additions to our loan portfolio. As always, we continue to be highly selective in choosing which loan opportunities to pursue, and which ones to leave on the cutting room floor.

Q3 Portfolio Performance

W Financial posted a .92% fund-level return for July, a .63% return for August, and a .64% return for September, (which was our 255th consecutive month of positive performance). Our 1, 3 and 5-year trailing net returns through September 30th were: 1-year: 8.46%, 3-year: 8.12%, 5-year: 7.58%.

From our 2003 inception through September 30, 2024, W Financial has provided an average annual compounded, fund-level return of 8.95%, net of fees*. Thus, $100,000 invested at our 2003 launch had increased to $596,366 as of September 30, 2024, resulting in a total return of 518.00%.

All investor capital was fully deployed during the third quarter, and we ended Q3 with $37,000,000 drawn on our $125 million revolving line of credit. As of quarter-end, our portfolio was comprised of 72 loans and three REO (real estate owned) properties totaling $394,476,683.

Ten loans totaling $43,175,000 were repaid during the third quarter. These loans were secured by properties located in North Brunswick and Jersey City, New Jersey; Manhattan, Queens and Yonkers, New York; Hallandale Beach, Florida; and San Antonio, Texas.

We also received partial loan paydowns totaling $2,559,801 on five other loans located in Manhattan, New York; Berkeley, California and Norwalk, Connecticut. The total amount of these loan repayments and partial paydowns was $45,734,801.

Geographically, as of quarter end, the dollar value of our loan portfolio was approximately 46% in the New York Metropolitan area and 54% were loans in other markets around the U.S.

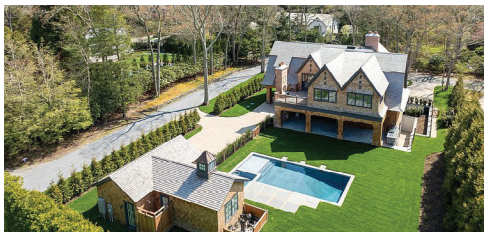
New W Financial Loan Origination During Q3

We continue to work to diversify our loan originations and to focus on lending in strong markets nationwide. During Q3, W Financial provided nine new bridge loans totaling $28,175,000, secured by properties located in Hollywood Hills, Los Angeles, California; East Hampton, Long Island; Statesboro, Georgia; Savannah, Georgia; Manhattan; Salem, Oregon; Fort Lauderdale, Florida; West Babylon, Long Island and Port Washington, Long Island. Loan highlights are provided below:

- a $4,380,000 first mortgage bridge loan secured by a single-family residence located in the Hollywood Hills neighborhood of Los Angeles, California. The property was unencumbered, and the borrower required the bridge loan proceeds to fund other business activities. The borrower plans to repay W Financial's loan with the sale of the property.
- a $6,200,000 first mortgage bridge loan secured by a single-family residence located in the Georgica neighborhood of East Hampton, New York. The borrower, who is a repeat client of W Financial, needed the bridge loan to refinance the existing construction loan. The borrower plans to repay W's loan upon the sale of the property.
- a $3,300,000 first mortgage bridge loan secured by a mostly occupied, multi-family property located in Statesboro, Georgia. The borrower required a bridge loan to refinance the property's existing debt. The borrower plans to repay the W Financial loan with a conventional bank upon stabilization of the property.
- a $1,750,000 first mortgage bridge loan secured by an industrial property located in Savannah, Georgia. The borrower is a repeat client of W Financial, who needed the bridge loan to acquire the property. The borrower plans to lease up the remaining vacant space and then repay the W Financial loan when he refinances with a conventional bank.
- a $4,000,000 first mortgage bridge loan secured by a mostly occupied, mixed-use property located in the Flatiron neighborhood of Manhattan. The borrower wanted to close expeditiously, as they were acquiring the distressed property from a lender. The borrower plans to repay W Financial's loan when they obtain conventional financing from a bank.
- a $1,900,000 first mortgage bridge loan secured by a fully occupied, newly constructed multi-family property located in Salem, Oregon. The borrower



LOS ANGELES – CALIFORNIA



EAST HAMPTON – LONG ISLAND – NEW YORK



STATESBORO – GEORGIA



SAVANNAH – GEORGIA



WEST 19TH STREET – MANHATTAN – NEW YORK

needed the bridge loan to refinance the property's existing construction loan. The borrower plans to repay the W Financial loan with a conventional loan.

- a $4,300,000 first mortgage bridge loan secured by a partially occupied retail condominium in Fort Lauderdale, Florida. The borrower needed the bridge loan to refinance existing debt on the property. The borrower plans to lease up the remaining vacant space and then repay the W Financial loan when he refinances with a bank.

- a $1,925,000 first mortgage bridge loan collateralized by two vacant industrial properties located in West Babylon, Long Island, New York. This loan is cross-collateralized and cross-defaulted with another loan that we made to this borrower, secured by another property located nearby in West Babylon. The borrower needed the bridge loan to acquire the properties and close expeditiously. The borrower plans to repay the W Financial loan when he refinances with a conventional bank.

- a $420,000 first mortgage bridge loan collateralized by a vacant retail property located in Port Washington, New York. The loan is cross-collateralized and cross-defaulted with an existing credit facility which is collateralized by several residential co-op units in Manhattan. The borrower needed the proceeds from the loan for other business opportunities and plans to repay the loan with a sale of the property.

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.



SALEM – OREGON



FORT LAUDERDALE – FLORIDA



WEST BABYLON – LONG ISLAND – NEW YORK



PORT WASHINGTON – LONG ISLAND – NEW YORK

Updates on REO and Loan Defaults:

150 East 79th Street at Lexington Avenue

We have made very good progress 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), to vacate their space and to terminate their lease. These are sensitive negotiations that require confidentiality; therefore, we feel it is best not to go into any greater detail in this letter. However, we hope to report positive developments in the next quarter. Meanwhile, if you have any questions, please reach out to Gregg or David by phone, per our contact information below.

129 West 46th Street, Times Square area, Manhattan

We had reported this loan being in default in our Q2 update letter. We are now pleased to report that this loan is no longer in default and is back to performing as scheduled.

In August, the borrower executed our forbearance agreement and paid us the requisite $1,040,000. In addition, the borrower paid the September and October payments on time. The 79-room, 9-story hotel is currently listed for sale with Meridian Capital Group, LLC, and the owners are negotiating with two potential purchasers.

Progress Report on City View Apartments, Baton Rouge

After the borrower defaulted, we successfully foreclosed and within a short time took title to this 100-unit multifamily property. We have completed the renovation of 91 units and the exterior, and we rebranded the name of the rental community to City View Apartments (liveatcityviewapartments.com). We have made very good progress and are currently 45% leased and will continue to work to stabilize the property.

2618 West 44th Street, Minneapolis

We originated this $11,500,000 loan in August 2021. This is a recently constructed, 36-unit multifamily apartment building, which was built in 2020 and is now 94% leased. It is located in an upscale residential area near Lake Harriet. The borrower had been struggling to make the monthly payments to us and we negotiated a forbearance agreement with them, which provided some relief and gave them time to refinance our bridge loan. They were current under the agreement and were supposed to make two payments to us on August 9th and August 21st. When they failed to make those payments, we commenced legal action.

This loan is a good example of the benefit of lending in states which provide expedited legal benefits for lenders. In this case, we were able to file our motion for a receiver (to enable us to collect the rents), on a Friday and the judge signed the motion on the following Monday. This turnaround time was amazingly fast and highly beneficial to us.

We now have a receiver in place who has collected all the cash held by the managing agent and is collecting the rents going forward. We anticipate taking title to the property in the next couple of months, with the income generating a positive return for the fund.

W Financial is Open for Existing and New Investors

The fund is open to both existing as well as new investors, and as usual, you can coordinate the process with our VP of Investor Relations, 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: https://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.*