W | FINANCIAL

JULY 31, 2025
W FINANCIAL FUND, LP
INVESTOR LETTER
Q2 2025

Re: W Financial Fund, LP — 2nd Quarter 2025 Update and Statement

Dear W Financial Investors,

It seems like everyone we talk to is travelling far and wide this summer! Wherever you are spending the summer, all of us at W Financial hope that you are having an exceptional time and creating lifelong memories with your friends, families and loved ones.

Q2 Portfolio Performance

During Q2, W's lending team closed eleven new loans, totaling $43,875,000 (with one $4,500,000 loan being the earn-out portion of a $19,500,000 loan that closed in Q1). We are pleased to report that all investor capital remained deployed during Q2.

W Financial posted a .60% fund-level return for April, a .60% return for May, and a .63% return for June, (which was our 264th consecutive month of positive performance). Our 1, 3 and 5-year trailing net returns through June 30th were: 1-year: 9.14%, 3-year: 8.76%, and 5-year: 7.87%.

From our 2003 inception through June 30, 2025, W has provided an average annual compound, fund-level return of 8.96%, net of fees*. Thus, $100,000 invested at our 2003 launch had increased to $636,088 as of June 30, 2025, resulting in a total return of 560.09%.

New W Financial Loan Origination During Q2

During the second quarter, W Financial provided eleven loans for properties located in Manhattan, New York; Bedford Heights, Cleveland and Columbus, Ohio; Bridgeport, Connecticut; Aloha, (near Portland), Oregon; Opa Locka, Florida; Hoboken, New Jersey; Dallas, Texas; Sarasota, Florida and Staten Island, New York.

Loan highlights and pictures are provided on the following pages:

- a $3,000,000 first mortgage bridge loan, secured by a portfolio of four commercial condominium units located within a premier pre-war, 33-story, 422-unit, Central Park West condominium building in the Lincoln Square neighborhood on Manhattan's Upper West Side. In addition, there is one retail condominium unit located in a separate building in the same neighborhood. The borrower owns these medical and professional units free and clear and required a bridge loan to generate funds for another business opportunity. The borrower's exit plan is to refinance the W Financial loan with a conventional bank mortgage or sell the portfolio.

- an $800,000 first mortgage bridge loan secured by a mostly occupied multifamily property located in Bedford Heights, Ohio. Our loan is cross-collateralized and cross-defaulted with another loan we made to the same borrower, with a property located in Cleveland, Ohio. The property was free and clear of any mortgages prior to this loan closing, and the borrower has owned the property for more than two decades. The borrower tapped into his equity in this property to utilize the funds for another business transaction. He plans to refinance W Financial's loan with conventional financing.

- a $1,200,000 first mortgage bridge loan secured by a mostly occupied multifamily property located in Cleveland, Ohio. The loan is cross collateralized



UPPER WEST SIDE – MANHATTAN



BEDFORD HEIGHTS – OHIO



CLEVELAND – OHIO

and cross-defaulted with the Bedford Heights, Ohio property described above. This property was also free and clear of any debt prior to the current loan. The borrower decided to tap into his equity in this property to utilize the funds for another business transaction. He plans to refinance W Financial's loan with conventional financing.

- a $15,475,000 first mortgage bridge loan secured by a mostly occupied and cash flowing multifamily property located in Bridgeport, Connecticut. The borrower recently completed converting the property from office to multifamily and required a bridge loan in order to refinance his construction loan. He plans to exit the bridge loan upon stabilization of the property.

- a $2,200,000 first mortgage bridge loan secured by a fully occupied single-tenant industrial property located in Aloha, (near Portland), Oregon. The borrower needed the bridge loan for the acquisition of the property and to fund light renovations. The borrower's exit plan is to refinance W's loan with a conventional mortgage.

- a $1,300,000 first mortgage bridge loan collateralized by a vacant industrial property located in Opa Locka, Florida. The borrower needed the bridge loan to satisfy existing debt on the property and plans to repay the W Financial loan with conventional financing once he obtains a tenant for the space.

- a $750,000 first mortgage bridge loan secured by a mixed-use property located in Hoboken, New Jersey. The property was free and clear, and the borrower wanted to finance the property in order to fund a separate business transaction. The borrower's exit plan is to sell the property.



BRIDGEPORT – CONNECTICUT



ALOHA – OREGON



OPA LOCKA – FLORIDA



HOBOKEN – NEW JERSEY

- W closed a $19,500,000 bridge loan in February 2025, located in Columbus, Ohio, structured with a $15,000,000 initial loan amount, with an available $4,500,000 earn-out provision, which was funded during Q2. The borrower expects to complete the lease-up of the property and then refinance with an agency loan.



COLUMBUS – OHIO

- an $8,700,000 first mortgage bridge loan secured by a mostly occupied multifamily property located in Dallas, Texas. The borrower needed the bridge loan to refinance existing debt on the property. The borrower plans to refinance W's bridge loan with an agency loan.



DALLAS – TEXAS

- a $3,250,000 first mortgage bridge loan collateralized by a luxury condominium unit located in Sarasota, Florida. The sponsor unit was free and clear, and the borrower wanted to access his equity to fund a separate business transaction. The borrower plans to repay the W Financial loan upon the sale of the condominium.



SARASOTA – FLORIDA

- a $2,700,000 first mortgage bridge loan secured by a fully occupied multi-family property located in Staten Island, New York. The borrower needed a bridge loan to refinance a maturing bank loan. The borrower is in the process of refinancing the W Loan with a bank.



STATEN ISLAND – NEW YORK

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, eight loans were repaid that were secured by properties located in Pittsfield, Massachusetts; Salem, Oregon; Salisbury, Maryland; Griffin, Georgia; West Babylon, New York; Boca Raton, Florida; Woodside (Queens), New York and Brooklyn, New York totaling $30,692,167. We also received partial paydowns on nine loans totaling $10,084,529.

Update on REO and Loan Defaults

East 79th Street at Lexington Avenue, Manhattan:

We have the assemblage listed with James Nelson of Avison Young. Here is a link to the listing: www.avisonyoung.us/properties/150-east-79th-street. We are currently negotiating with several developers and expect to sign a contract with one of them soon. Once a deal has been reached and a contract has been signed, along with a hard deposit, we shall report the news to our investors. Meanwhile, if you have any questions, please do not hesitate to reach out to Gregg or David by phone, per our contact information below.

Sale of One of our Units at The Marquand – 11 East 68th Street:

After a long-time tenant passed away, we have possession of this vacant two-bedroom condominium unit. We painted and virtually staged the unit, which is now on the market with Wesley Stanton of Douglas Elliman and listed for $3,495,000. Here is a link to the listing: www.elliman.com/listing/11-e-68th-st-7ce-new-york-ny-10065/14659449

The sale of this unit will further reduce our carrying costs and our basis in our five remaining condominium units.

The Marquand is a beautiful Beaux-Arts-Revival style luxury pre-war condominium building right down the block from Central Park, in a neighborhood otherwise dominated by co-op buildings. Many prospective buyers would prefer to buy a condominium unit to give them greater flexibility with financing and board approval as well as having the ability to rent the unit out (which can be difficult or impossible for co-op apartments), thus we hope to sell it before the end of the year.

129 West 46th Street, Times Square Area, Manhattan:

As previously reported, last year our borrower defaulted on a $16,650,000 first mortgage secured by a 79-room hotel located on West 46th Street, between Sixth and Seventh Avenues, in the Times Square area of Manhattan. Our Motion for summary Judgment was fully briefed to the court on January 24, 2025. The borrower did not file any opposition and we are currently waiting for the court to rule.

Fortunately, our waiting time for a decision by the court on granting Summary Judgment is unfolding against a backdrop of a strong hotel market in Manhattan. Per the recent *Wall Street Journal* article on the link shown below: “New York City’s Hotel Market is Envy of the Country”, in 2025, NYC hotels are performing 20% stronger than the national average. It is also worth noting two other factors: a law passed in 2023 limits the construction of new hotels, which has significantly constrained new supply (good for us, if we will soon be selling a Manhattan hotel). A second factor is that the number of short-term rentals competing with hotel rooms has dwindled, after increased city enforcement of restrictions on Airbnb and similar rental listing platforms.

Given these favorable metrics, the tardiness of the judge's decision may actually work to W Financial's benefit.

Here is the July 15th WSJ article: www.wsj.com/real-estate/commercial/nyc-hotel-industry-307fcf72?st=Cw7oeg&reflink=desktopwebshare_permalink

So, given the vitality and currently favorable conditions in the Manhattan hotel market, we are optimistic that W Financial will be able to achieve a positive outcome for our investors.

Baton Rouge, Louisiana:

During Q2, we continued to make steady progress leasing up our 100-unit multifamily property located in Baton Rouge, near LSU (Louisiana State University). We signed a number of new leases, increasing occupancy to 86%. Once the property is fully leased and has six months of stabilized cash flow, we plan to list it for sale.

West 44th Street, Minneapolis:

We took ownership on March 7, 2025, of this cash-flowing, 36-unit multifamily building, with views overlooking Lake Harriet in an upscale residential neighborhood of Minneapolis. The property was built in 2020 and is currently 78% leased. Leasing activity has been slow, so we are changing leasing brokers and modifying our advertising campaign. Once fully stabilized, we will decide whether to hold it for the cash flow, or to sell it.

53 East 67th Street, Manhattan:

53 East 67th Street is a pre-war, 5-story, 7,800 square foot multifamily building with 8 apartments and a ground floor professional office in a superb location, between Madison and Park Avenues on Manhattan's Upper East Side, near Central Park.

We originally closed this $10 million loan in July 2018, and the balance was reduced over time to $9,751,000. During this time, the property was intentionally left vacant in order to facilitate its renovation into a high-end, single-family townhome.

The borrower eventually exhausted his funds and after lengthy negotiations with us, he executed a Deed in Lieu of Foreclosure agreement ("DIL"), which is our preferred alternative method to avoid a lengthy foreclosure. The DIL agreement provided the borrower a limited window of time to sell the property (which expired on June 1, 2025), and thereafter W Financial has been marketing the property for sale. At our discretion we can take title any time during the following six months.

The property is currently listed as follows: 53 East 67th Street, New York, NY, 10065 | Lenox Hill

10 Norden Place, Norwalk, Connecticut:

We closed a $12,500,000 first mortgage loan in March 2022 secured by a large, vacant industrial building suitable for a distribution/logistics center use, situated on 32 acres of land located

in Norwalk, Connecticut. The 615,000 square foot building is adjacent to Interstate I95, with good on/off access to the highway.

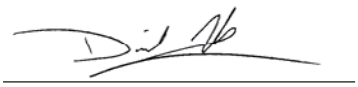
In 2024 our borrower was approached to subdivide and sell three acres of the land to a plant nursery, which reduced our collateral to 29 acres. We agreed to approve the land sale, subject to a $2,100,000 reduction in our loan to $10,400,000. One of the two guarantors is in litigation on several other properties and is unable to continue to pay our debt service out of pocket. As such, the borrower defaulted, and we have entered into negotiations with them about giving us the deed to the property or engaging in a friendly foreclosure.

Contact Us

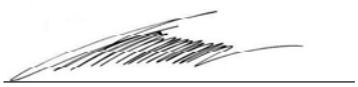
If you have updated your email or mailing address, please let Karen Mannoia in Investor Relations know. Karen can be reached at karen@w-financial.com | (631) 750–0937 or (212) 532–9178. Our office is located at 60 Cutter Mill Road, Suite 601, Great Neck, NY 11021. Come visit us when you are in the New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