W | FINANCIAL

OCTOBER 30, 2025
W FINANCIAL FUND, LP
INVESTOR LETTER
Q3 2025

Re: W Financial Fund, LP — 3rd Quarter 2025 Investor Update and Statement

Dear W Financial Investors,

We've had a very busy and productive Q3. While our typical day-to-day business is sourcing, analyzing, negotiating and making loans that get repaid as agreed, we are always prepared to deal with the unforeseen, and we always do our best to achieve a profitable outcome for our investors.

Before we delve into all the Q3 details, let's take a moment to preview some exciting Q4 news:

Big News!

The five-year-long saga of our Upper East Side, 5-building assemblage, located on the corner of East 79th Street and Lexington Avenue has now been successfully concluded!

After the borrower defaulted, we foreclosed on our original $43.6 million loan, eventually took over ownership, negotiated a lease termination agreement with JP Morgan Chase, and then signed a contract to purchase the one intervening building (the "Pizza Building") that added to the development potential of the corner site. On Tuesday, October 21st, a very successful Chinese, multi-billionaire developer named Zhang Xin paid nearly $62.6 million for our five buildings (and in addition to our five buildings, she also purchased an assignment of the contract to acquire the Pizza Building), bringing her total cost for the rare, 6-building, corner development site to $76 million.

Since the closing, many articles have appeared in business and real estate publications ranging from *Bloomberg* to *Crain's New York Business, Commercial Observer* and *The Real Deal*. We have posted some of these articles in the Press section of W Financial's public website: w-financial.com/press/

The positive result of this REO sale will hit our October numbers and will be reflected in our Q4 results. Our best estimate is that our October results, once finalized, should exceed 2.4%.

We appreciate the confidence that our investors have placed in us. When curveballs are thrown at W Financial, we like to turn them into solid base hits, doubles or triples, but accomplishing these things invariably takes time. As you will see in the following pages, we have been seeing many new loan origination opportunities. We will now have the opportunity to redeploy the capital from the property sale into new loans, generating interest payments expected to have a positive effect on our returns going forward.

We will now return to our regularly scheduled Q3 letter:

Q3 Portfolio Performance

W Financial posted a .61% fund-level return for July, a .61% return for August, and a .82% return for September, (which was our 267th consecutive month of positive performance). Our 1, 3 and 5-year trailing net returns through September 30th were: 1-year: 8.99%, 3-year: 8.87%, 5-year: 7.95%.

From our 2003 inception through September 30, 2025, 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 $648,896 as of September 30, 2025, resulting in a total return of 573.66%.

All investor capital was fully deployed during the third quarter, and we ended Q3 with $74,200,000 drawn on our $125 million revolving line of credit. As of quarter-end, our portfolio was comprised of 80 loans and four REO (real estate owned) properties totaling $447,885,951.

Eleven loans totaling $61,024,937 were repaid during the third quarter. These loans were secured by properties located in Cedar Rapids, Iowa; Brooklyn, Manhattan, Wainscott and East Hampton, New York; and Edwards, Colorado.

We also received partial loan paydowns totaling $4,304,134 on nine other loans located in Saugerties, Queens, Long Island City and Manhattan, New York; Los Gatos and Rancho Santa Fe, California; and Wilkes-Barre Township, Pennsylvania.

The total amount of these loan repayments and partial paydowns was $65,329,071.

Geographically, as of quarter end, the dollar value of our loan portfolio was approximately 45% in the New York Metropolitan area and 55% in other markets around the U.S.

A Noteworthy Loan Repayment

Aside from all the routine loan payoffs and paydowns that we see in any quarter, we also had one noteworthy loan payoff of the oldest loan in our portfolio during Q3:

Our $21,000,000 bridge loan was collateralized by an assemblage of properties whose highest and best use was as a condominium development site, located in Manhattan's Turtle Bay neighborhood on East 44th Street, near the United Nations. This was a repeat borrower who we have known for almost 25 years. Our loan was secured by two mixed-use properties, and we increased the principal balance over time as development value was created, leases were bought out and the property was eventually, completely vacated.

During the period of Covid, the borrower was struggling to make payments to us out of pocket. We negotiated with him and agreed to defer a portion of the interest due each month and several extension fees, provided he would pay back all the deferred interest and fees when the property was sold or refinanced.

In September, the borrower refinanced the property with a construction loan and successfully repaid our loan. When the loan was repaid, we received our loan principal along with the deferred interest and extension fees, amounting to approximately $1,600,000. The property is now in the process of being re-developed as a 131-unit, 470-foot-tall, 35-story condominium tower as described on the following link: **https://newyorkyimby.com/2025/02/revised-rendering-revealed-for-303-east-44th-street-in-midtown-east-manhattan.html**

New W Financial Loan Origination During Q3

During Q3, W Financial provided eleven new bridge loans totaling $51,650,000, secured by properties located in Manhattan, Babylon, Brooklyn, Batavia and East Hampton, New York; Philadelphia, Pennsylvania; Trenton, New Jersey; Tacoma, Washington; Palm Beach, Florida; and Huntsville, Alabama. Loan highlights are provided below:

- a $3,750,000 first mortgage bridge loan on a mostly occupied multifamily property located in Trenton, NJ. The borrower needed the bridge loan to satisfy existing debt on the property and plans to repay the W Financial loan with an agency loan.

- a $5,250,000 first mortgage bridge loan on two occupied penthouse units in a condominium building located in Manhattan's Murray Hill neighborhood. The borrower needed the bridge loan to refinance the existing debt on the condominium units. The borrower's exit plan is to refinance the W Financial loan with a conventional loan.

- a $6,650,000 first mortgage bridge loan on a partially occupied industrial condominium site in Huntsville, Alabama. The borrower needed the loan to refinance the existing debt on the property and fund Cap X/TI/LC reserves to lease-up and stabilize the property. The Borrower will lease the remaining vacant spaces, and then either sell the parcels in part or whole or refinance the W Financial loan with a conventional loan.

- a $3,000,000 first mortgage bridge loan on a mostly occupied multifamily property located in Tacoma, Washington. The borrower needed the bridge loan to acquire the property and plans to repay the W Financial loan with a conventional loan.

- a second mortgage bridge loan of $300,000. W Financial had originally provided a $3,000,000 first mortgage bridge loan on the portfolio of 21 commercial condominium units located in Manhattan's Upper West Side. The borrower owned the condominium units unencumbered of any mortgages and needed the second mortgage for another business opportunity. The borrower's exit plan is to refinance the W Financial loan with a conventional loan.



TRENTON – NEW JERSEY



MURRAY HILL – MANHATTAN – NEW YORK



HUNTSVILLE – ALABAMA



TACOMA – WASHINGTON

- a $700,000 first mortgage bridge loan on a residential condominium unit located in Palm Beach, Florida. The borrower needed the bridge loan to refinance existing debt on the property, and plans to repay the W Financial loan with the sale of the property.

- a first mortgage bridge loan of $8,250,000 on a boutique 47-key hotel in the Fishtown neighborhood of Philadelphia, Pennsylvania. The borrower required the bridge loan to refinance the existing debt and payoff existing vendors. The borrower's exit plan is to refinance the W Financial loan with a conventional loan once the hotel has been seasoned with a strong performance history.

- a first mortgage bridge loan of $2,750,000 on a mostly occupied retail center in Batavia, in upstate New York. The borrower needed the bridge loan to acquire the property and needed to close expeditiously. The borrower's exit plan is to refinance the W Financial loan with a conventional loan.

- a first mortgage bridge loan of $15,000,000 secured by three occupied commercial properties in Brooklyn, New York. The first property is a mixed-use building with a mix of retail and office tenants located in Brighton Beach, the second being two occupied retail condominiums, also in Brighton Beach, and the third being a retail property located in Sheepshead Bay. The borrower owns all three properties unencumbered of debt and needed the bridge loan to fund other active real estate investments. The borrower's exit plan is to refinance the W Financial loan with a conventional loan.

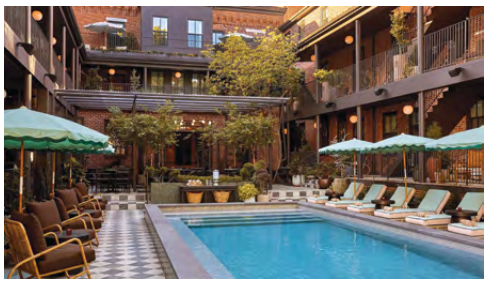
- a $4,400,000 first mortgage bridge loan secured by an occupied mixed-use property in East Hampton, Long Island, New York. The property has two ground-floor retail tenants and two residential apartments above, that are both two bedrooms. The borrower



CENTRAL PARK WEST – MANHATTAN – NEW YORK



PALM BEACH – FLORIDA



PHILADELPHIA – PENNSYLVANIA



BATAVIA – UPSTATE NEW YORK

needed the bridge loan to acquire the property and needed to close expeditiously. The borrower's exit plan is to stabilize the asset with a new ground floor retail tenant and then refinance the W Financial loan with a conventional loan.

- a first mortgage bridge loan of $1,600,000 collateralized by an occupied, single-tenant retail bank branch located in Babylon, Long Island, New York. The borrower owned the property free and clear of debt and needed the bridge loan to buy out a family member. The borrower's exit plan is to refinance the W Financial loan with a conventional loan.

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.



BROOKLYN – NEW YORK



EAST HAMPTON – LONG ISLAND – NEW YORK



BABYLON – LONG ISLAND – NEW YORK

Notable Updates on REO:

Pending Sale of Unit 7CE at The Marquand – 11 East 68th Street, Manhattan:

In October, we signed a contract to sell one of our remaining condominium apartments in The Marquand for $2,950,000. We expect the closing to occur in November.

Updates on Loan Defaults

129 West 46th Street, Times Square area, Manhattan

We are still awaiting the court's decision on approving our Summary Judgment and expect to receive it soon.

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.

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. At our discretion, we can take title any time during the following six months. W Financial has been marketing the property for sale, while simultaneously, the borrower is working to refinance our loan.

10 Norden Place, Norwalk, Connecticut

The 615,000 square foot building is situated on 29 acres, adjacent to Interstate I95, with good on/off access to the highway, suitable for use as a distribution/logistics center.

One of our two guarantors is in litigation on several other properties and was unable to continue to pay our debt service out of pocket. After lengthy negotiations, in October we signed a settlement agreement which will require the borrowers to jointly cooperate with W in a friendly foreclosure. For certain legal reasons, we opted for the settlement agreement instead of obtaining a deed-in-lieu of foreclosure, as being more advantageous in this particular case. While we continue our foreclosure action, we are simultaneously in discussions with a third party to buy our note.

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.

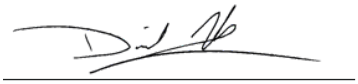
We are pleased to enclose your Q3 statements. As a reminder, note that we have a guide for our investors called "How to Read Your Statement" which is available on our private investor website: private.w-financial.com username: W-Private, password: delta14six.

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.*